You are connected to event:

ILRU

 - IL-NET Indirect Cost Rates for CILs.

 February 3, 2016.

 (Captions are ready. )

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 >> Hi, everyone. Good afternoon. This Fuchs

 with the National Council on Independent Living. Thank

 you for joining us, hor joining our conference. Today's

 presentation is being brought to you by the IL-NET for CIL

 and SILCses. Operated among NCIL and APRIL with support

 provided by the administration on community living

 Department of Health and Human Services.

 So we are recording today's call so that we can archive

 it on ILRU's website, and as all of you have noticed in

 the confirmation we are not doing a webinar today,

 regretfully. Until we can be sure that that webinar

 platform is going to be absolutely trouble-free, we are

 going to do the presentations conference-only. We've got

 a test next week and we're optimistic, so hopefully we

 will be back in March with the platform as usual.

 But we still want today's call to be as interactive as

 possible, and so we are going to break several times

 during the presentation to answer your questions.

 Given the technical nature of today's call and the

 large audience, too, we've got over 130 centers signed up,

 we are offering to take the call until 5:00 eastern. So

 it's longer. So we're going to take long Q and A breaks.

 We've got questions during the presentation, and as long

 as we need at the end, so don't hesitate to bring your

 questions, bring your Center specifics so you know what

 you need to do when you hang up the phone to develop your

 indirect cost rate professional.

 So because of that, and because we're just on the

 phone, I want to make sure that all of you have the

 PowerPoint open in front of you. Whether it's on your

 computer screen or printed out, do make sure that you have

 a copy of that PowerPoint. It's really important. It's

 going to make today's call a lot easier to follow along

 with. If you don't have that handy, you're welcome to

 email me at tim@ncil.org, and I'll send you a copy.

 You've got my email open. That's no problem. It was sent

 to you in a confirmation email, the same one that had the

 call-in number. If you don't have that handy, I'm happy

 to forward it to you.

 And before we finish the call today, please do take a

 moment to fill out the evaluation form. That's both in

 the live link is in the PowerPoint, if you're looking at

 the electronic copy. If you're looking at a print copy,

 that same evaluation link is in the confirmation email.

 It just takes a minute to fill out, but it's really,

 really important for us to know what you think of today's

 call. We want to make sure these are helpful to you. We

 take them really serious when we plan future trainings.

 Please do that for us. I'll remind you before the call

 is over. Anyhow, those are the things I want to mention

 the housekeeping to get us started today. As we move

 towards the presentation, I want to introduce our

 presenters. Many of you might have joined the

 introductory call on indirect cost rates in the fall or

 you may have been to our on-site training a few years ago,

 so these folks probably need no introduction but we have

 John Heveron and Paula McElwee. John's been working with

 nonprofit organizations including centers since 1959 and

 all aspects of their accounting and audits and he's been a

 tremendous resource to us here at IL-NET and the criminals

 as we have done trainings on financial and regulatory

 issues, so I'm thrilled to have him back with us.

 Paula is a technical assistance coordinator for the

 IL-NET project, ILRU, and Paula has been so helpful in

 these issues and I appreciate the time that you all have

 put into this to help us understand how to put together

 these proposals.

 So I'm going to kick it over to Paula who is going to

 start with Slide 4 on the objectives.

 >> PAULA McELWEE: Tim, thank you. Before we go

 through these objectives for this training, just to remind

 you, the training that we did in the fall was called an

 introduction to the new indirect cost rate requirements

 for centers. It is archived on our website. So if you're

 not familiar with how that archive looks, you can dp to

 our website anytime, it's ilru.org, and there's a training

 tab at the top, and if you click on On Demand training,

 which pops down, you'll see all kinds of topics, and in

 the Financial topics, it's the very first one. It's the

 most recent one we've archived under that topic. So

 you'll find it there.

 We aren't going to spend a lot of time telling you

 those pieces that were in that particular presentation

 that have to do with the when you need to do win and why

 you need to do one. What we're going to do today is talk

 about how you need to do it. So it's going to be

 hopefully a hands-on, really practical presentation for

 you to follow up then and just crank out your indirect

 cost proposal and get it submitted.

 We certainly want to encourage you if you don't know

 the deadlines and timelines and so forth to look at the

 other presentation as well.

 What you're going to learn today is the most efficient

 and effective way to submit your indirect cost proposal.

 You're going to need to prepare the proposal and you're

 going if to need to prepare a number of documents. The

 proposal is not a single document, so we're going to go

 through with you what that content is for that proposal

 and what the actual con teent of each piece is so that you

 have the tools you need to create your own. So with that

 in mind go ahead to Slide 5 and I'm going to turn it over

 to John to talk about the components of an indirect cost

 rate proposal.

 >> JOHN HEVERON: Thanks very much and welcome,

 everybody. I should probably mention that we had a chance

 to share this presentation with HHS. They've taken a look

 at it, and gave us some feedback that we have incorporated

 into it. So I think you can really use this information

 and expect that you're off to a goot start with your

 indirect cost rate proposal. With that let me start out,

 slide 5 is an over view of the entire thing.

 First, as an introduction to your organization with

 some background information about who and what you are,

 what you do. And then an explanation of how you allocate

 costs. And as you will see, we're going to give you some

 pretty specific examples of that. There's not a huge

 amount of flexibility, at least with some aspects of

 allocating costs, so some of the language you will follow

 pretty closely.

 Other language, as you will see, is going to be for

 your organization specifically. You're going to provide a

 schedule of the federal funding you receive, and actually,

 it's the amount that you spend. Probably those are the

 same each year, but they want to know about your federal

 expenditures of federal funding.

 There will be a fairly detailed schedule of payroll and

 related costs, but as you will see when we get to that, if

 you have different people doing the same thing, we may be

 able to group them. If not, then it will be pretty

 detailed, showing what each of your staff is responsible

 for.

 And then a schedule of Direct and Indirect Costs with a

 calculation of the indirect cost rate. Which you will see

 is simply going to be to divide those indirect costs by

 the direct costs and create a percentage. It will also be

 helpful to see the level of detail we're looking for here.

 So we will see an example of that.

 And then you're going to reconcile your total costs to

 either your financial statement or to your 990. And,

 again, we'll give you some better specifics on how you do

 that. And then there will be two certifications; one is a

 Lobbying Cost Certificate, and the other is just a

 certificate of the accuracy of the entire document.

 So that's an overview. That's really what an indirect

 cost rate proposal includes.

 Moving on to Slide 6, HHS is requiring that all

 indirect cost rate proposals be submitted electronically.

 This is part of the feedback we got. We heard this, but

 it was a reminder that they want two separate PDF files.

 You can send them through the website, but if they exceed

 25 MB, then they want them on CDs or flash drives.

 The first PDF is going to be marked "Proposal," and

 that will contain all of the stuff that I just showed you,

 or listed in that prior slide. And you're going to see

 that list again as we go through here.

 So the first file you're going to send to them is going

 to be marked "Proposal" with all of the content we just

 detailed.

 The second one is going to be your financial

 statements; in other words, what you reconcile to, or your

 990, if that's what you're actually doing.

 And we have provided a link, there are actually four

 regional offices you need to send this information to the

 proper office. If you follow this link, you'll find the

 correct office. If you have any difficulty with that, let

 Paula or I know, and we'll be able to get you to the right

 office without any difficulty. Pravg moving on to slide

 seven.

 >> PAULA McELWEE: John, if I could mention one thing

 here before you go on. That is, when you do these naming

 of these files, we would suggest that you put in the

 two-digit state marker on that, so I'm from California; I

 would put CA and then the initials of your CIL, and then

 the word "Financial Statement," and then do the same one

 for the proposal, so they can distinguish one proposal

 from another. So it would be helpful if you have some

 identifying information on those as well as the actual

 proposal and financial statements. Sorry.

 >> JOHN HEVERON: Okay, good. So, again, on Slide 7,

 now we're going to have an example for a relatively simple

 CIL. We call it PENN CIL. It has a limited number of

 cost objectives and a limited number of funding sources.

 It uses what's called a simplified allocation method, and

 it's appropriate for an organization like that, where your

 cost objectives benefit from indirect costs to

 approximately the same degree. And if that sounds like

 Latin or something, what we're saying is the indirect

 costs, the administration, your office, business, office

 overhead benefits each of your different service areas to

 the same extent. If that's the case, you qualify for the

 simplified allocation method.

 And in my experience the Centers I've worked with, most

 of them are in that situation.

 This example we're using also follows the direct al

 lobing method, which treats all costs as direct except

 general and administrative expenses. This procedure is

 going to work for most of you, probably all but the

 largest agencies. Paula, any thoughts on that?

 >> PAULA McELWEE: The only other thing that I would

 mention is as you do this, if what we present to you is

 not a good fit at any point, just jot down your notes and

 get ahold of us. And we will talk to you more about what

 these terms mean as we go through, too. Because cost

 objective has been a term that we need to explain a little

 bit as well, so we will talk about that as we proceed.

 >> JOHN HEVERON: Okay, good. So moving on to Slide 8,

 the first part of this is the introduction, and there is

 no format. They don't stipulate this. They really don't

 give us probably very good examples, but it should

 describe you.

 Your legal name, if you are doing business under

 another name, provide both of those in your introductory

 page; where your business office location is and any other

 service locations; the population you serve, generally

 defined by the communities, your serving populations; and

 the services that you provide. If they're different in

 different areas, then you should spell that out.

 The primary funding sources you receive; your legal

 structure and governance, you might say we're a nonprofit

 corporation governed by an independent board; the

 approximate FTE staff, size of your organization, and

 whether you lease or own your facility; and, again, if

 there are multiple facilities, you would note that.

 >> PAULA McELWEE: And anything that affects your plan

 and how you allocate things, if there are details that

 affect that, those need to be included here, so that's why

 those other locations are so important. If you do

 something in only one community that is different from

 everything else, it's going to become its own cost

 objective as we go through this, so you're going to have

 to allocate to it distinctly from the others. So this

 introduction should cover anything that makes one funding

 source or service location or aspect of what you do

 different from others, so we can help you sort out the

 cost objectives that way.

 >> JOHN HEVERON: Okay, good. Moving on to Slide 9,

 you need to describe how you allocate costs. This next

 section you can probably take this verbatim. This is what

 they're going to expect. So you follow U.S. generally

 accepted accounting principles, you use the accrual basis

 of accounting. That's expected more now than ever before

 with some of the new rules for federal monies, but if for

 some reason you're not on the accrual basis, then you

 should explain or it's modified somehow, you should

 explain that.

 And then you go on to say that the general approach in

 allocating costs to pick grants and contracts is as

 follows:

 And let me stop right there, because Paula said we're

 going to define the term cost objective and I've just used

 grants and contracts sort of interchangeably with that.

 But a cost objective is a service or a group of services

 for a population. And so that can actually be almost

 everything your agency does, and for many organizations

 other than fundraising as an example, it might be the

 entirety of what you do.

 But as Paula mentioned, if you perform a certain set of

 services for one population and different services for a

 different population, then those would be different cost

 objectives, or a different program probably is the term

 that you use most commonly.

 So the same set of services for the same population

 that is a single cost objective. When you change, when

 you have a different set of services for part of

 population, now you've got at least a second cost

 objective.

 >> PAULA McELWEE: Ate goot example of that would be

 age-specific funding, so if you get a youth grant and

 you're serving a different population, youth only as

 opposed to all ages with your other funds, and you're

 providing a specific service to them, leadership

 development, let's say that's what the grant is for. Well

 then your leadership grant development for use has its own

 cost objective and has to be allocated separately, and so

 it does have to absorb the related indirect costs and not

 just the direct costs.

 And I know sometimes -- John, sometimes when people are

 sorting this out, they have some really small grants. At

 what point is it big enough to have its own, to big its

 own cost objective?

 >> JOHN HEVERON: That really is a difficult question.

 I don't think, though, it's really so much a matter of

 size here. If it really is a different service or a

 different population, then it should be treated

 differently. Now, that may not be too big a deal here,

 because keep in mind a benefit of having an indirect cost

 rate is we're going to be applying this same process, the

 same way of allocating costs, across the board. We're

 going to do it with every program.

 So these small programs may not -- may not have as much

 impact there, but now you have a way of doing things.

 And, really, from the federal funders' point of view, to

 them it's all about we want to pay our fair share, nothing

 more. So if you have a small program that pays nothing

 for indirect or general and administrative, which are

 pretty much the same thing here, the federal funders are

 saying that's not our problem. You need to allocate costs

 to them just like you allocate costs to us. Whether or

 not the funding you get fully covers that. Maybe you need

 to go looking somewhere else for that other funding.

 Marry you're unable to carry on that program without the

 necessary funding for it. But really, I don't think it's

 a matter of size. We have a way of doing things, and

 we're going to do that across the board.

 >> PAULA McELWEE: So consistency with everything is

 going to be an important part of this implementation of

 this plan.

 >> JOHN HEVERON: Absolutely. The next sentence I want

 to read. So all allowable direct costs are charged

 directly to cost objectives, program grants, activities.

 I think you all know that there are federal rules about

 what costs are allowable and what costs aren't allowable.

 We won't get into a lot of details but alcoholic beverages

 are not allowable costs, so only allowable costs and only

 direct costs, and we're going to take a more careful look

 at direct versus indirect. All allow direct costs charge

 directly to the different cost objectives.

 Let's go on to Slide 10. If an allowable direct cost

 benefits, actually you can say one or more than one cost

 objective it is assigned directly to the cost objectives

 that benefit based on the level of benefit they receive.

 It sounds a little wordy, but while indirect may cover --

 will cover all of the programs, direct costs apply just to

 a single program or to a couple of programs and we're

 going to directly assign those costs to the programs that

 are benefited by it, and we're going to do it to the

 degree they benefit, and we'll talk about exactly how we

 measure that.

 And then all other allowable indirect costs, in other

 words, costs that benefit all cost objectives and aren't

 identified with a specific cost objective, are pools or

 combined and allocated to cost objectives based on direct

 costs.

 So, basically, what that's saying is we're going to

 assign direct costs to each of your different programs,

 and then we're going to see what the total of all those

 direct costs are, what they are by program, and we're

 going to assign indirect costs in total, one big lump

 number based on a percentage of direct costs. That will

 make a little bit more sense when you see some of the

 following slides here.

 Let's go to 11. Up to Slide 11, the last couple of

 slides, I think you can follow that wording very, very

 closely. When you get to Slide 11, you might want to

 change this a little bit. So we're going to say something

 like the following information summarizes the procedures

 used by our agency beginning October 1, 2016. Payroll and

 related costs are documented with time sheets and

 personnel activity reports showing time distributions for

 all employees. Payroll and related costs (taxes and

 benefits) are assigned to cost objectives based on actual

 work done. Payroll and related costs are charged directly

 to the cost objective for which services have been

 performed. Payroll and related costs that benefit all

 cost objectives, you know, like your business office

 people, are pooled and allocated as we explained above.

 So you should follow this fairly closely. You might be

 using a system other than PARs, although I think most

 organizations should be using something like that. But

 properly describe your methodology. But then you really

 do need to emphasize that the assignment is based on the

 actual work done.

 They're really concerned about things being allocated

 on budgets or some other basis, so it's got to be on

 actual work done.

 >> PAULA McELWEE: If I could before you move on, the

 PARs, I know continually are issues where some of the

 Centers struggle a little bit. Your wording may in fact,

 if you have a time sheet that is a PAR, you may word is

 slightly different when you do this part of your proposal.

 But that PAR is an allocation tool, and so we need to see

 it as that. Sometimes people get tangled up in it being

 something else. But its purpose is so you know how much

 time employees spent on different cost objectives, and

 that's why it's mentioned here. It's the important tool

 for accomplishing that.

 >> JOHN HEVERON: Yes. Okay. Let's move on to 12. So

 payroll and rooeltd costs; payroll taxes and fringe

 benefits, Social Security, unemployment,

 Workers'Compensation are assigned in the same manner as

 health and wages. Health insurance, dental life and

 disability and other fringe benefits are also allocated in

 the same manner as salaries and wages. And as a practical

 manner how we do that is if to say all of those things are

 15.3% of payroll, then we just tack on an extra 15.3% of

 payroll to cover all of those things. You don't have to

 do it that way. This is a logical way to do it.

 I have had -- I have seen funders ask questions about

 when it's not done that way, but there are other methods

 acceptable. You're certainly not forced to do it. It's a

 good, logical way to do it. You need to describe your

 way, though.

 Vacation, holiday and sick pay are assigned in the same

 manner as salaries and wages, so all of that leave time,

 as we sometimes call it, again, is assigned as part of an

 additional percentage of payroll.

 And we might even combine those. We might combine that

 leave pay, you know, vacation, holiday and sick pay with

 the other payroll overled items and use just a single

 percentage to add onto payroll. That will be acceptable

 not only for your indirect cost rate but for your funding,

 which is really good to know.

 Okay. Slide 13, rent and u difficulties, occupancy

 costs are charged to individual cost objectives or

 activities based on the square footage used by each

 facility's cost that benefit all cost objectives like your

 business office are included with general and

 administrative and allocated as described above.

 You don't need to follow that methodology. In fact,

 this one is really probably even more optional. Rent and

 utilities might very well be allocated based on payroll.

 It might be hard for some of your organizations to say,

 well, we don't have an area where we provide this service

 and an area where we provide that service. They sort of

 all continue.

 If that's the case, then don't follow this procedure.

 You could say in that case rent, utilities, occupancy

 costs are charge to individual cost objectives based on

 direct payroll, and that would be acceptable.

 The golden rule when it comes to these indirect cost

 rates is once you come up with a method, it needs to be

 logical and consistently applied. So just keep in might

 not whatever you decide you're going to do here, you have

 to stick with it. And so it should be solid.

 I was interested to see when I looked at some examples

 from agencies, other than HHS they want quite a bit of

 detail in all of the other categories of costs. HHS

 doesn't seem to be looking for that, so what we did is

 sort of in this next section pooled almost every else,

 other allowable costs that benefit single or multiple cost

 objectives are assigned directly to those cost objectives.

 And costs that benefit all cost objectives are included

 with general and administrative, you know, again, also aka

 indirect and allocated as described above.

 So we're going to take some time now and make sure that

 this is all making sense.

 Tim, you're going to take over here?

 >> TIM FUCHS: Yes. Thanks, John. So as John said,

 we're going to stop for questions now. And like I said,

 we really want this to be interactive, so go ahead and use

 this time. I'm going to ask Patricia our operator so help

 us open up the lines in order that your questions have

 come in. So Patricia, I believe it's star pound if they

 have a question. Is that correct?

 >> PATRICIA GILL: That is correct.

 >> TIM FUCHS: And also if you're on the kart

 captioning on CC productions.com you're welcome to type

 your question there. I'm logged in to the chat and I'd be

 happy to voice your questions for you. All right. We're

 ready.

 >> We have a few questions in the queue.

 >> TIM FUCHS: Okay. Go ahead.

 >> This is Laura with east center for IL. My question

 as it relates to the payroll and related costs, since

 programs have particular staff, like the non-ACL programs

 related to the allocations, of course, those programs that

 we can specifically attribute the staff people to other

 particular programs, those aren't being built into this

 allocation plan other than to state that that's the case;

 right?

 >> JOHN HEVERON: Well, this is the allocation program

 for all of your costs. So the answer is yes, but I don't

 think -- I don't think we need to think of it as anything

 more complicated, because we're simply saying all direct

 costs are allocated directly to programs. Well, you're

 saying well we've got people that work exclusively in this

 program so they're already allocated. And you're right, I

 don't think things are going to change in any dramatic

 way, but the statement we made that costs are allocated

 directly to the programs that benefit, well, you're doing

 that; you're doing that.

 The only thing you really need to be careful with is

 that you have documentation, because you know, you hired

 them to work in that program, and you know that they work

 in that program, but you're going to need some

 documentation for that, whether it be a PAR or some other

 confirmation they continue to work in that program.

 That's really a different topic that I don't want to

 get into too much detail. But so answer your question

 specifically, yes, they're included in this; those people

 would be included in this indirect cost rate proposal.

 >> Okay, well, that's the type of issue that we've

 struggled a little bit trying to distinguish it from the

 cost allocation plan that we already have. That does

 pretty much distinguish all of these things anyway, so I'm

 trying to identify what the real difference is.

 >> PAULA McELWEE: Well the difference is -- the first

 difference is this will replace your cost allocation plan,

 and it will be no more. So that's what HHS is moving us

 from one methodology to another. And so the cost

 allocation plans, the work you did is still this work that

 we're going through right now, it's similar to the cost

 allocation planning process, so it will sound familiar if

 you use and work with a cost allocation plan as you

 should. But we will all be applying an indirect cost rate

 instead beginning October 1 or everything that we do, and

 we will no longer be using a cost allocation plan.

 >> I understand that, thank you.

 >> JOHN HEVERON: Yes.

 >> Thank you, and one moment for our next question.

 >> Hello, this is Andy with the (inaudible) Center for

 IL. I pretty much had my question answered by Paula with

 regards to the federally approved cost allocation plan

 that we have and moving forward I would assume, then, and

 I'll wait to see, is that this is -- the only change

 that's going to be is evolving these allocations that

 separates direct from indirect; correct?

 >> Well, yeah, the cost allocation plan really did

 that. The only real differences you're going to see are,

 Number 1, we're actually going to calculate a percentage.

 The indirect cost rate will now be expressed as a

 percentage. So the cost allocation plans, we're going to

 call these things indirect; we're going to call those

 things direct, and we're going to assign the indirect

 based on the direct. So we continue to say that, but we

 go a step further and say, by the way, it works out to a

 percentage of 19.1%, you know, this year, or at least

 based on our plan.

 And then the other difference is with the cost

 allocation plan you simply needed to certify every year

 that you're still doing things the same way. You need to

 do a little bit more going forward. You need to actually

 get back to them and say: Here's our recalculation of it

 and our new indirect cost rate as a percentage of direct

 costs. But other than that, it's the same.

 >> Thank you.

 >> Thank you and one moment for our next question.

 >> This is Mark leaper up with disability action

 center northwest up in Moscow Idaho. Question about cost

 objective. We've had small, and you kind of address that

 when you get small funding sources that come in. So, for

 example, we have something for Americans with Disabilities

 Act project, now that's something that we would be doing

 under our primary grant with the the federal dollars, so

 we get this money that adds to the project. So the cost

 objective really is kind of the same and maybe I'm

 misinterpreting. So the question is: Does your indirect

 cost rate then have to be applied equally to those funds,

 or is that an example where the primary grant may absorb?

 Now, a secondary question to that is what about passthru

 funds, for example, 5310 administration dollars that are

 passthru in nature for purchase of services contracts, for

 example, how are those dealt with in terms of that

 indirect cost rate?

 >> JOHN HEVERON: Well, I'm going to probably need some

 help from Paula on the second part of it. But if I

 understand the first part correctly here, basically you've

 got another funding source for your regular program, your

 primary cost objective which includes this group of

 services to this population.

 >> Correct.

 >> JOHN HEVERON: And so really this is -- it doesn't

 have any impact at all on the indirect cost rate process,

 the indirect cost rate process works just as weef been

 discussing. This is another revenue source. So multiple

 revenue sources don't translate to multiple cost

 objectives. At least not for the federal government. You

 know, some other funders may say every grant is a

 different program.

 That's not what the federal government said; that's not

 what the rule called Uniform Guidance says, so if you have

 multiple funders for a single program, you still just have

 a single program. So this other revenue you're getting

 would really be just another revenue source here. It

 wouldn't affect the cost. It might affect the federal

 reimbursement, because, you know, your costs are what they

 are, and now part of them are covered by this other grant,

 so there's somewhat less for the federal funding to cover,

 but it doesn't affect the cost allocation process at all.

 So it is incorporated; that little program is

 incorporated, but there's nothing you have to do to single

 that program out.

 Does that address your -- the second part of your

 question, too, because I'm not knowledgeable about that

 funding source?

 >> Well, I think it may well, because the grant

 potentials are very broad and would include

 Americans with Disabilities Act projects and

 transportation projects and so it may well be that they

 would just be added into that. Now the practices through,

 I'm not sure, because we actually don't receive any funds

 in any way, shape or form internally. We really do pass

 that through. We actually add our support as in kind for

 that particular funding source, so. . .

 >> PAULA McELWEE: If I could, Mark, the first part, I

 want to make sure that everybody else is clear, too, on

 this, when we talk about the major cost objective for

 Centers, we suggest that you define your cost objective as

 being provision of the core services to people with

 disabilities, all ages, all disabilities wi specific

 geographic area. So if you define it that way, all of

 your Part B Part C funds plus other funds supplemental

 that still help with those core services for the same

 group of people can all be considered the same cost

 objective.

 Where it gets messy is as soon as you're carving out a

 smaller slice of who you serve, then it has to be its own

 cost objective, because it's not -- it's not the same

 thing. And that is a funding source, typically, but it's

 carved out because the people benefiting are different.

 And I don't know for sure what the passthru funds,

 John, and what we've always advised regarding passthru

 funds is if all you're doing is facilitating someone to

 receive a benefit, that it needs a fiscal agent to manage

 it and pass it on to them, but you're not getting, you're

 organization is not getting any of that money directly.

 Is that what you're saying, Mark?

 >> Yeah, in essence. We actually led out a contract.

 So we administer; we have responsibility, but the entire

 project is implemented by the other entity and 100% of

 those funds plus additional match is passed through.

 >> PAULA McELWEE: Yeah, so and it accomplishes the

 core services?

 >> Well, one of the allowable services in

 transportation.

 >> PAULA McELWEE: Okay.

 >> JOHN HEVERON: So that is a different program, and,

 really, it does -- you know, we're not getting into that

 kind of depth with this sample and direct cost rate plan,

 but I'll just say generally when you have a program like

 this where, for whatever reason it just wouldn't bear, you

 know, a percentage share of the indirect, you need to say

 that right up front in your description and also in your

 allocation process.

 So I've seen a lot of examples of that where there are

 circumstances where possibly a subcontractor is used and

 there's very, very little all of your administrative

 payroll of your, infrastructure, you know for payroll

 services, HR services, very little of that is required

 relative to the dollars, so you just need to explain that

 in your indirect cost rate plan, and you would apply very

 little, if any, overhead or indirect to that.

 Okay?

 >> Thank you.

 >> Thank you, and one moment, please, for our next

 question.

 >> This is path Kozier at the Washington State center

 for independence in Washington State. Do we have to

 submit one proposal for the whole organization or one

 proposal for each grant?

 >> JOHN HEVERON: One for the overall organization, and

 and that's an absolute. Again, we've heard some -- I

 don't think federal funders, but some funders saying that

 you need multiple indirect cost rate proposals. You

 don't -- you do it once; it's pretty much forever, so you

 don't need them year after year, and you don't need them

 for different events or programs or services. It's a

 single thing. Really, it sounds terrible, but it really

 simplifies life once you get moving with this.

 >> Thank you so much.

 >> JOHN HEVERON: Yes.

 >> PATRICIA GILL: Thank you and one moment.

 >> This is Tammy calling from accessibility in I

 understand an lis, I'm trying to understand if there's any

 primary difference between what we're doing here and what

 I would think of as fund accounting.

 >> JOHN HEVERON: Well, I certainly see the

 similarities here. The definitions for fund accounting

 are a lot broader. You have more leeway with your

 descriptions for fund accounting. Here the rules are

 pretty clear. You know the rules about what is a cost

 objective and the rules about cost allocations, so I

 would -- I guess I would simply say they each can address

 an activity that you're performing.

 But they certainly aren't the same thing. If they are,

 it's only by coincidence. And I would suspect the

 indirect cost rate to be more detailed more specific than

 the funds.

 >> Great, thank you.

 >> Thank you, and one moment for our next question.

 >> Will you be discussing the diminimus option at

 you'll today.

 >> We will, particularly since you asked, I'm not sure

 we've got it on the slides, but we will. That's

 important.

 >> Thank you. And one moment for our next question.

 >> Hi, this is Diane at (inaudible) in Florida. Can

 you hear me?

 >> JOHN HEVERON: Yes.

 >> I have a question. (Inaudible) they may have to

 require us to continue with the cost allocation plan, and

 so we're a very small organization; we have very limited

 other funds other than the grants that we get, and I'm

 concerned about going to the indirect rate and then also

 trying to maintain a cap for the state purpose and how

 this may affect us and how this is all going to work. Are

 we going to possibly wind up with some expenses that may

 be overreimbursed and some that may be under-reimbursed?

 >> JOHN HEVERON: Okay. That's a good question, and I

 understand your concern. I think if you explain to them

 properly that this is your new cap, but it's called an

 indirect cost rate, it really -- it contains every element

 that a cap does, and since they have reviewed and they're

 happy with your cap, then your indirect cost rate proposal

 probably should look an all lot like your cost allocation

 plan originally looked. So it's your updated cap.

 Federal has required that you update your cap and that you

 do a couple extra things which makes an indirect cost rate

 plan. But it will be your cap. If they want a cap, all

 you've got to do is block out a couple lines of this thing

 and it should work for them. And Paula and I will back

 you up on this, by the way.

 >> PAULA McELWEE: You've got our email.

 >> It's a possibility that we could wind up with

 either some expenses not fully reimbursed like we do now.

 >> JOHN HEVERON: That should not happen. That should

 not happen. I won't tell you that it can't happen,

 because I just don't know that, but that should not

 happen, because, really, you will have something very,

 very similar to what you had before with just a couple

 other elements to it that go beyond cap, but you'll still

 have all the elements of a cap.

 >> And then one other question. On the cost

 objectives, when you said if it covers a different

 population, we have two counties that we serve, and so

 sometimes we will have like county funds that can only be

 used for individuals in that specific county. So even

 though it may still be a core service, do we still have to

 separate it because it won't cover the other county?

 >> JOHN HEVERON: You would have to separate that,

 yeah, because you're going to have to account for that

 other funder. You're going to have to account for that

 separate population. So you would need that breakdown for

 them.

 >> Tha.

 >> This is Kathy from La Crosse,Wisconsin, and can I

 make an assumption that this is based on a lookback the

 year before? And if that's the case, what happens when

 you lose a large funding source the following year? Do

 you redo your plan?

 >> JOHN HEVERON: You know what, I will address your

 question specifically in the next couple of slides here.

 We're going to talk about the fact that it is historic and

 that there is required to be a reconciliation in here, and

 when I get to that slide, I will -- I'll specifically

 address your situation.

 >> Okay. Thank you.

 >> JOHN HEVERON: Yep.

 >> One moment for our next question.

 >> Hi, thank you, but my question actually just got

 addressed, if we're going to be looking at, if we're

 losing and/or adding grants, so I'll just wait. Thank

 you.

 >> We have a couple questions in the queue still so

 one moment for our next question.

 >> Hello.

 >> JOHN HEVERON: Hello.

 >> My question is in the regs for wila one of the

 interpretations that as we see it is that if you have two

 (inaudible) grants at this time, they would be melted into

 one grant, and that means that the two populations you

 were serving under the separate ones would basically all

 become one population in your melted service area, but

 since that's not historic at this point we would still

 have to do two separate cost objectives in the development

 of this indirect cost plan?

 >> PAULA McELWEE: I haven't heard that terpgsz from

 WILA, the interpretation that we've had from ACL is that

 your original grant population still applies and they're

 talking about or thinking about ways that they might alter

 that based on a SPIL. So the current conversation with

 them may some day result in you being able to merge those

 two areas shg but that has not yet occurred, to my

 knowledge. At least not in WILA.

 >> There was one of the Regs at least in the

 California CILs our interpretation was that, you know,

 that since it was the same oversight entity, the CIL was

 for the two, that they would be blended into one. That's

 how we were reading it.

 >> PAULA McELWEE: Well, the conversation is taking

 place, but it's not in the Regs not in our mind that we

 have this is the answer. So you'll need two separate cost

 objectives if those two grants have been serving two

 different populations.

 >> All right. Thanks.

 >> PAULA McELWEE: Yes.

 >> Thank you, and we have one more question in the

 queue at the moment. Please go ahead.

 >> Yes, I have a question going back to what Paula

 said about a cost objective for your snshgs center to be

 the provision for (inaudible) in the geographic area. So

 if we have a program that provides transition services and

 another one that provides care management services so that

 people are linked with appropriate community resources

 that help them to avoid institutionalization or we build

 ramps for them, they're all falling under the one cost

 objective then; correct?

 >> PAULA McELWEE: That isn't how I would see it, but

 here's the truth of our cost allocation work that you do

 and your indirect cost rate proposal. You get to define

 it. So you make that decision. My suggestion to you is

 that in order serve the youth population, you are not

 serving all ages, so suddenly if you're doing a transition

 grant of some sort with the schools, you're going to need

 to be accountable to them for serving a different

 population because of the age restrictions within that

 transition, within those transition funds. The same thing

 may be true with --

 >> (Inaudible).

 >> PAULA McELWEE: Yes, it is a core service, but it

 doesn't meet all three criteria. A core service which

 serves the same consumer group in the same geographic

 area, and in this case the consumer group has been

 restricted to young people.

 >> Okay.

 >> PAULA McELWEE: Now, like I said, though, you get to

 define it in your plan, but that's what we're

 recommending. We're recommending if you're serving a

 different group of people, you ought to make it its own

 cost objective. If it's its own cost objective it's going

 to show up for on your PAR form, which typically is not a

 difficult thing to do when some aspect of it is distinct.

 It was difficult when our Centers who get Part C and and

 Part B money, it was difficult because it's the same

 services, same but when one aspect is distinct, then

 you're able to say that needs to be pulled out as its own

 cost objective because I can make a distinction.

 >> Okay. Thank you.

 >> Thank you, and we have one last question in the

 queue.

 >> This is Kathy from IL resources in lacrosse,

 Wisconsin again. I want to talk again about the

 definition of a core service. We do a lot of fee for

 service. We have contracts in seven different counties

 for what would be called skill training, but it's to

 particular populations, particularly either adults or

 children with mental illness. Would those have to be set

 up as a separate cost program or cost objective?

 >> JOHN HEVERON: I would say yes, Paula.

 >> PAULA McELWEE: Now, if you decide not to follow our

 advice on this, you have to explain what you're doing in

 your plan, so. . .

 >> Then I have another question, a follow-up, what if

 we put all of that into a fee for service cost objective

 rather than it be by what we're doing, it's how it's

 funded.

 >> JOHN HEVERON: You can't do it by how it's funded.

 It has to be based on the services actually performed,

 regardless of where the funding actually comes from.

 >> Well, then we're going to end up with like 30 cost

 objectives, and we may as well set it up that every

 funding source we have has a separate cost objective. I

 mean, it will make it incredibly complicated.

 >> PAULA McELWEE: That could be. I'm sorry. I don't

 know what to say. Like I said, if you can make a

 justification for grouping things and if it makes sense

 and you're explaining in your plan what you're doing, so

 maybe you can see something that we're not seeing from

 your description, but. . .

 >> JOHN HEVERON: I will say the transition from cost

 allocation plan to indirect cost rate doesn't complicate

 that definition, and even the entire new, you know, set of

 rules called uniform guidance doesn't complicate it. I

 think it simplified it a little bit, so if that's your

 reality now, then you should have been doing it in the

 past as well under the old rules, the OMB Circular. They

 were actually a little tougher, I think in many respects,

 and the Uniform Guidance is a little more straightforward.

 In any case, however many programs you have, having a cost

 allocation plan does simplify how you allocate costs to

 them. I know the tracking of direct is going to be really

 tough if you've got 30 different programs, but the process

 for allocating the indirect to them will become much, much

 simpler. As I said --

 >> Well, we do have a cost allocation plan and all of

 that is in under a program called Independent Living.

 >> JOHN HEVERON: Well, then it may not have -- it's

 very possible that you should have had multiple cost

 objectives, because, quite frankly, in the past we were

 getting a lot of pushback that every funder, every set of

 services was a program, but even funders translated

 funders for the same population, same set of services was

 two programs and with uniform guidance, we believe that

 isn't the case. I won't say no funder will come along.

 I'm not saying no funders will come along. I'm saying

 that it has to be two, but the federal funders

 particularly seem to understand that same population, same

 service is a program even if you have multiple funders.

 So it should have been a reduction from what you had

 before.

 >> PAULA McELWEE: If you want to go into details, you

 can contact me after and we can talk about it some more,

 Kathy.

 >> Yes, thank you.

 >> Thank you, and we have no further questions in the

 queue at this time. Please continue.

 >> JOHN HEVERON: Slide 15, pretty simple and

 straightforward here. This is one of the schedules that

 you will attach to your indirect cost rate proposal. It's

 a schedule of federal funding. It should look similar to

 this. Tell us who the funder is, if it passes through a

 state agency, you know federal money passing through a

 state agency, you need to list that as well. And then

 there is a catalog of federal domestic assistance number.

 You may have already been dealing with these. Especially

 if you have compliance audits in the past, but each of

 these, each of these sources of funding has a CFDA number.

 We would list the total that you received and this is a

 historic number. The expenditures of those funds, and the

 period of performance there, or what time frame the grant

 covers.

 Scrolling down to Slide 16, this is just an example of

 the payroll summary, and as you can see, we've got names

 in certain cases. So Richard is the cost objective

 director, Jane the executive director, Sally the

 development director, Brenda the systems manager, and then

 we get down to counselor, advocate, we've got four people,

 so we group them. We don't single them out. And we don't

 have to put people's names. We could really just put the

 position there.

 But my point is, this is pretty detailed here for a

 different position, for a different set of

 responsibilities we typically have a line. But for

 multiple people with the same responsibilities, we can

 group them.

 And then so we're going to note their total salaries,

 and then we're going to allocate those salaries to the

 different programs that their services are in, and you'll

 note that some of the executive directors' time and most

 all of the development director's time is over in

 programming. Indirect cost rate assumes that a

 fundraising activity is like any other program activity,

 and it's going to bear its own share of indirect costs.

 >> PAULA McELWEE: That's really important, too, John.

 I'm glad you mentioned that, John, because some of the

 Centers only have one basically funding source, so the

 allocation of time doesn't seem like it would need to

 happen, but it does if you're doing the fund development

 that's required by your center? The Rehab Act.

 >> JOHN HEVERON: And then you will also see we have a

 general and administrative or basically an indirect here,

 and that's a goot chunk of the executive director's

 salary, some of the development director's and then the

 accountant and receptionist, they go into administrative.

 And then below that we take the payroll overhead, FICA,

 Social Security, state unemployment, disability,

 compensation insurance, health or life insurance, total

 them up and calculate that 99,00 as a percentage of that,

 and if our math works that's 15.63%, so that's the amount

 we're going to tack onto each of the different areas.

 This is just a schedule of payroll. And that's one of the

 more challenging ones here, but you do need to do this,

 and you should do it in an Excel format, because you need

 to -- you may need to make some changes to this. You

 really won't be submitting this one every year, but you

 will some of these others.

 Let me go on to 17. So here is a schedule of indirect

 costs and direct859,63

 $5 simp then indirect costs of 188,$600, and we calculate

 by dividing the indirect by the direct. In this

 particular case it's 21.9%. That is your indirect cost

 rate. That is what you're proposing that it would be for

 the coming here. I want to point out the level of detail

 here isn't too substantial. Nobody seems to be offended

 by this level of detail. This level of detail is like if

 you do a full 990, it's like that expense page in your

 Form 990, you know one of the full pages in a Form 990

 lists the different kinds of expenses that you might have,

 and in that you would probably about this much detail. In

 your financial statements, if you have an audit or review

 at year-end, you probably have a schedule of functional

 expenditures. It's very likely that this is the level of

 detail. We don't have 40 different categories here.

 We've got maybe 14, and that really, that really is the

 level of detail that we're looki here.

 So the allocation process can really get a lot simpler.

 I also want to stop here for just a moment to say once you

 decide on how you're going to do this, you want to make

 sure your accounting system is producing these same

 numbers.

 Now, maybe you've got a few different categories in

 your outside services, but set up your accounting system

 so they get grouped into a single number, so this

 calculation gets a lot easier.

 As an example, if you use Quick Books as your

 accounting system, then you can have sub accounts. So

 maybe outside services would be an account with sub

 accounts, so you can maintain all the details that you

 feel others might require or you feel to manage your

 agency, but then you can consolidate it, combine it and

 get it to the level you'll need, because this is a

 calculation you need to do every year. So this is the

 calculation we go in with on the proposal. We say we

 think our costs are going to be 21.9. The only thing I

 can tell you for sure is they probably won't at the end of

 the year, hopefully very close, though.

 >> PAULA McELWEE: John this might be a good place to

 mention that diminimis. I thought about the question, and

 if you want to go for that, you can hang up now, because

 none of this really applies. Dim if you only want

 to be reimbursed 10% fofr indirect costs, then you can say

 that's what I want. You don't have to do any proof of

 that. The only caveat is if your actual costs are less

 than that, you've got to use your actual costs. But if

 you know your costs will 11, 11.5, but you don't want to

 bother with this, and you know you can come up with the

 funding for that difference, then you can just elect 10%

 as a diminimis and pass on this entire thing. The other

 possibility, the other way of getting out of doing this

 whole thing is to say I'm going to allocate everything to

 every program, and all I will tell you is that the HHS

 folks that I talked to was a little cynical about

 anybody's ability to do that, so they're really going to

 challenge you on it. Even if you are right, it's going to

 be an awful lot of extra work here. But the 10% diminimis

 is not part of this, and full and complete allocation as

 well.

 >> PAULA McELWEE: And we would be very surprised if

 your indirect costs are only 10%.

 >> JOHN HEVERON: Right, that's a pretty low number.

 >> PAULA McELWEE: Yeah.

 >> JOHN HEVERON: Okay. So here we have a

 reconciliation, and let me show you my example, but I'm

 going to use this as an opportunity to answer that other

 question that we had here about we lost some funding.

 So this is a reconciliation to your financial

 statement, and we're showing our total direct costs, total

 indirect costs, overall total expenses, the financial

 statements that they're based on was higher by 30,000

 some, so what we said is there is depreegs relating to

 equipment with federal monies. So we know we can't double

 dip. We can't be funded to buy the equipment and then for

 the depreciation, so we took that out. Aults we're adding

 an assistant executive director for the current year, so

 we're going to bump this up $41,000. So we have a couple

 of changes. If you've lost some funding, that's not

 really quite as important as the costs keep in mind.

 Let's just say one of those programs that didn't carry

 itself, in other words that paid its direct cost but paid

 just a nominal amount or nothing for indirect and all of a

 sudden you said well, we can no longer -- we can no longer

 fund this particular thing, well, now you just have a

 smaller base to spread your indirect costs over, because

 you're going to have a little less direct cost.

 And you would put something along the lines of this

 that we no longer -- we no longer carry on the

 transportation program. And so that would reduce some of

 your direct costs.

 But even though it may reduce some of your direct, it

 actually may place a heavier burden of indirect on the

 federal programs, the programs that are continuing. In

 fact, that's usually what does happen. When you get

 smaller, it is sometimes hard to make your indirect costs

 get proportionally smaller. So your indirect cost rate

 might go up as a result of that.

 So you wouldn't talk about funding loss so much as you

 would say, you know, the organization eliminated one

 full-time and one part-time position related to this

 program, and that's the difference between the financial

 statements and what we're expecting for next year.

 I hope that answers your question.

 We're going to do questions one more time later on just

 in case it does not.

 19, you can probably -- other than changing your name

 accident you can probably use this verbatim, this is just

 your Lobbying Cost Certificate fiction, it says you've

 complied with standards and requirements on lobbying, and

 the reference there. You can Google that, if you don't

 know what that's about. And 200 Subpart E sext 200.450 is

 their Uniform Guidance, if you know where that is, then

 it's just Section 450 of that Uniform Guidance. So you're

 saying you're complying with those lobbying rules. You're

 going to sign that. And then on the next slide, Slide 20,

 you're going to certify that to the best of your knowledge

 and belief you have reviewed the indirect F and A cost

 proposal and all costs are allowable in accordance with

 the requirements of the Federal awards to which they

 apply. If you're not sure what's allowable, you can check

 that online. This proposal doesn't contain any costs

 which are unallowable, and a few of those are recited

 here. And then it continues on the next slide, 21, all

 costs included in this proposal are properly allocatable

 to the federal awards on the basis of a beneficial or

 causal relationship between the expense incurred and the

 federal awards. It's really what HHS is looking for.

 It's really wordy. Obviously you have to be comfortable

 signing this, so if you want to change it a little bit so

 that you feel it is a clearer and fairer statement of what

 you're doing, I think there's some leeway with that. But

 basically, you're saying that this proposal is something

 that you agree with that you will follow, and that it's

 based on a proper allocation of allowable costs.

 And that was -- that's a real mouthful. So why don't

 we stop and get some more questions now. Also see if we

 answered that reconciliation question.

 >> One moment for any questions. Again ladies and

 gentlemen please press \* # for any questions.

 >> To clarify the obligations under Part C having to

 do with fundraising and that we need to have that as

 considered a separate program objective, even though it is

 a requirement, so I'm a little unclear as to that, because

 we might have something, an event that we're doing that

 may have residual income left over, but we don't go into

 it expecting it to be a fundraiser, per se. So we can't

 just expense those things through the regular program? It

 has to have its own indirect costs associated?

 >> JOHN HEVERON: It does. It's really looked at by

 the federal awarding agencies and by these rules called

 Uniform Guidance, it's looked at as one of your programs.

 Now, it's probably true that you don't have an awful

 lot of direct costs for your fundraising. Sometimes this

 is done to an extent with volunteer board help, but even

 with your internal help, you may not have a lot of direct

 costs. If you don't have a lot of direct costs, then it

 won't bear a lot of indirect costs, but the process needs

 to be followed and it does need to be treated as a

 program, as a cost objective.

 And one moment, please for our next question.

 >> This is Andy from Lake County in Illinois. I'm

 having an issue trying to understand on this submission

 this reconciliation between at the end of the year with

 your 990 or your audited financial statement. If this is

 a proposal for the next year, what is this reconciliation

 about in this proposal? In other words, if I'm asking --

 if I put together a budget for next year and based on this

 budget my indirect cost rate is 20%, that 20% may not work

 for this year. And to add to my dilemma here, and

 certainly, it's personal to Illinois here, we don't even

 have a state budget seven months into the year. I don't

 even know how much money I'm going to get this year versus

 even next year.

 We've had a reduced staff, so I mean I am really in a

 quandary here as to what this reconciliation is going to

 entail and if it needs to be done with the proposal.

 >> JOHN HEVERON: That is an excellent question, and

 I'm glad you asked it, because earlier in the program I

 emphasized the fact that once you do this calculation,

 you're really bound by it, so make sure it's right.

 All we're saying when we're done with this thing is

 we're going to divide these costs by those costs and

 that's how we come up with an indirect cost rate. So a

 reconciliation is necessary, but there doesn't have to be

 a difference. So if you were to go back to that

 reconciliation slide, and if you don't mind scrolling back

 to it.

 >> Okay.

 >> JOHN HEVERON: So that's slide 18 again, it might

 simply say total direct, total indirect costs, total costs

 and then the very same number on the the audited financial

 statements. So it's really only things that are going to

 change the cost allocation process. The numbers are going

 to change year after year. Next year's numbers most

 absolutely will be different, but only when you know that

 there's something that's going to significantly affect the

 way you would allocate costs, like in this case you're

 adding an assistant executive director. That person may

 have quite a bit of administrative costs, and so that's

 going to affect your indirect cost rate. You want to get

 that in right off the bat. But you don't need to have any

 reconciling items. You need to have a reconciliation, but

 you don't need to have any reconciling items. Does that

 help at all.

 >> Yes, it does, and I have a quick follow-up

 question. Obviously based on the size of the operation,

 an indirect cost rate goes -- can be higher or lower.

 What in your opinion is an acceptable cost -- indirect

 cost rate for, say, an agency under a million dollars? I

 mean, obviously the smaller ones may have a higher rate.

 But what is acceptable?

 >> JOHN HEVERON: Well, you know, that's a very, very

 difficult question, and actually it's being debated by all

 the charity leadership groups right now. There was a

 tremendous amount of focus on benchmarks that number ought

 to be under 25% in every case, and there are different

 charity benchmarks that, you know, limit it to not more

 than that.

 There are also industry statistics that are available

 by different types of non-profit, but, I don't -- I don't

 know that there's really any number that is specifically

 acceptable. Now organizations like independent sector and

 others are saying, well, don't focus too much on that,

 because in some cases you've got an organization where a

 lot of the program is carried on by volunteers, so you

 might have a 50% indirect cost rate, but really you've got

 an efficient organization, because a lot gets done at the

 hands of volunteers, so there's pushback from focusing on

 any number here.

 I know in New York State there's a pushback here for

 agencies that are financed over a certain percentage by

 New York State to be down no more than 15%. So it's a

 difficult question without an absolute answer.

 >> Thank you.

 >> PAULA McELWEE: John, just to clarify, because I'm

 not sure that I heard this. On that same slide 18 those

 figures, the total direct costs and total indirect costs

 are based on your financial statements for the same period

 that you're reconciling it to; right?

 >> JOHN HEVERON: They are.

 >> PAULA McELWEE: Yeah, they should reconcile to 990

 or the audited financial statement because they should be

 the same figures for the same year.

 >> JOHN HEVERON: Correct.

 >> PAULA McELWEE: So ear not trying to cross years

 although we're letting them know the percentage we apply

 and letting them know what's going to be different.

 >> Thank you and one moment please for our next

 >> PAULA McELWEE: Could you speak up a little.

 >> Can you hear me now.

 >> PAULA McELWEE: Now I can.

 >> We had a question about the 10% dimini Lieue

 of. Is that something we have to submit via the HHS as a

 proposal?

 >> JOHN HEVERON: It's actually -- there's not a

 written definition in guidance of how you do it, so where

 we are at this point in time when you're submitting your

 requests for funding, you would just say indirect cost

 based on diminimis, so you just submit it with your budget

 request for the upcoming here.

 >> Okay, so there's no indirect cost rate proposal

 that we have to submit at all if that's all we're

 requesting?

 >> JOHN HEVERON: That's correct.

 >> Thank you and one moment please for our next

 question.

 >> This is Barbara in Utah. I am trying to wrap my

 head around the timeline for how everything works, so on

 Page 19 we're certifying lobbying costs for the year-end

 2016 and on Page 20 they're proposing ahead for 2016-2017,

 so we just got our for our fiscal year, on the same fiscal

 year as federal, and I want to get the whole time frame,

 how that all works.

 >> JOHN HEVERON: Paula, when did -- I think originally

 we heard that in approximately May HHS would be looking

 for indirect cost rate proposals for the year beginning

 October 1, 2016. Is that correct? Is that your recall of

 that.

 >> PAULA McELWEE: They're wanting you to have it in

 place, and so in order to do that, you're going to have to

 submit your budget with that indirect cost rate attached,

 and you usually do your budget submission around July.

 I'm not sure this is your question though, but we'll do

 this first. So what you're doing is you're kind of

 back-dating. Okay my year starts October 1 but my

 proposal has to be in by July 1, so it's time for me to

 submit the proposal because it takes about six weeks to

 get approved. So that's the approach we're taking with

 that particular part of things. Now the part in this

 certification is the date of your proposal is the date you

 complete it, whatever that is, and submit it, and we're

 suggesting you do it before the 31st of March to meet that

 other deadline. And it's for the coming year. So even

 though you're using historical information to put together

 the rate, you're not asking for the rate until October 1,

 until the next year. And when you do your grant proposal,

 what you'll find is there is a place for you to put an

 indirect, federal indirect rate, and you guys have been

 leaving it blank because we didn't use the federal

 indirect rate.

 But now as you do your budget and you put your proposal

 together, you will put in whatever you put in this

 proposal, and when it's approved, you'll put in that

 percentage in that line on your grant application. Does

 that make sense?

 >> Yeah, it just seems that I'm -- that I would be

 certifying my lobbying costs for September 30th 2016 when

 I haven't even hit September 30th of 2016, so --

 >> PAULA McELWEE: (Inaudible).

 >> But (inaudible) for the '16-'17 cost proposal.

 >> And you're right that should be 15 actually, the

 fiscal year that ended in 2015. On the Lobbying Cost

 Certificate, right, John, because that's the only cost

 they will actually have.

 >> Okay. That makes sense.

 >> PAULA McELWEE: I think that's right, John. Does

 that make sense?

 >> JOHN HEVERON: I think so. Certainly your financial

 statements, in her case financial statements would be

 September 30, 2015. So to provide the cost certification

 as of that date makes sense. You know, we might just

 double-check with HHS on that, but it does seem logical.

 And we'll continue -- we'll watch that.

 >> PAULA McELWEE: This is a document that's submitted

 annually; right?

 >> JOHN HEVERON: I believe it is, yes.

 >> Thank you.

 >> One moment please for our next question.

 >> Hello.

 >> PAULA McELWEE: Hi.

 >> JOHN HEVERON: Hello.

 >> This is Rose in Akron,Ohio, I have about three

 questions that hopefully you can eliminate some of my

 confusion. When we lost a couple of funding sources last

 year and up until that time we had built up some cash, so

 now we primarily have our state and federal CIL funding,

 and I am making up ary shortfalls by drawing down on

 cash reserves. How do I do that in an indirect cost

 proposal.

 >> JOHN HEVERON: Well, you really don't have to

 address that specifically. But more importantly than

 that, most of these rules, or at least the ones we're

 talking about are for our agencies. The rules are also

 for the federal government, and there's a pretty strong

 mandate for federal funders to fund the total costs of

 your program.

 So this process is being pushed on you. You have to

 have an indirect cost rate. But there's also a process

 being pushed on federal funders that you need to fund a

 direct and indirect costs, so hopefully you'll be more

 fully funded than you have been in the past.

 It may not help with your State Funders, but if some of

 that state money is passed through federal, there's quite

 a strong mandate for that as well, and even with the State

 Funding that isn't at all federal, there's a better

 argument for full funding of the programs because there's

 a different level of integrity with your indirect costs

 because it's been certified or approved by your federal

 funding agency, your cognizant agency, which for you is

 going to be HHS.

 >> Right.

 >> PAULA McELWEE: The bigger concern though, excuse me

 just a second, the bigger concern is, of course, you can't

 continue to spend down your cash reserves and maintain a

 program that you don't have funding for, so that's quite

 the dilemma, and I know that you're probably struggling

 with that.

 >> Yes. Next question, I'm looking for when you do

 the reconciliation, backtracking here, we do a schedule of

 payroll of related costs, and it's specified in there a

 specific amount of money per staff position. And my

 question, then, going back to when we compute the indirect

 costs, how much wiggle room do we have in that? Because

 let's just say that we have budgetarily allocated $50,000

 for a staff position, and maybe at the end of the year it

 comes up to be 52. Or on the other hand, let's say

 someone leaves their position in the middle of a year. Do

 we then go back in and recompute?

 >> PAULA McELWEE: Well, this is not a budget, so what

 you do is at the end of your year, you put in the actual

 numbers. So this is a schedule of related costs -- I

 guess it does say projected. Is it projected, John?

 >> JOHN HEVERON: Well, so the --

 >> That's what it says.

 >> JOHN HEVERON: Yeah --

 >> PAULA McELWEE: I hear you. Sorry.

 >> JOHN HEVERON: The indirect cost rate is calculated

 based on historic numbers with any adjustments that you

 put in there. But Paula as you said very accurately, your

 actual numbers will be whatever your actual numbers are.

 So if you have a vacancy for part of a year or a salary

 increase, then you'll just after the end of the year, you

 will report your actual numbers and recalculate your

 indirect. It might be higher; it might be lower. It

 might be a bull's-eye, but that's unlikely that you'll

 have the exact same rate that you planned to have.

 Things do change, and so after the fact you'll have to

 put in your actual numbers.

 >> Okay. My final question -- thank you -- looking at

 who is going to be monitoring this. As an example, when

 we do a federal, this indirect cost rate, we're going to

 be computing figures from October 1 through September

 30th. If someone is coming in to look either at financial

 statements and/or a 994, we have adopted a calendar year,

 so how do those two mesh? We get our audits, everything

 is done on a calendar year and not on the federal fiscal

 year.

 >> JOHN HEVERON: And that's not a problem at all.

 You'll prepare the indirect cost rate proposal in the same

 way. You'll simply say that this is the rate we're going

 to be using for the year beginning October 12016. It's

 based on the calendar year 2015. So the calendar 2015 is

 going to be used as the basis for 16-17. Again keep in

 mind all you're doing is calculating indirect rate based

 on a percentage, but you're committing for your 16-17

 funding year to use that percentage, and so you -- you

 know, until you know circumstances have changed, and then

 you may -- you'll have to do a recalculation certainly at

 the end of the year.

 But there's not any problem at all using your December

 2015 as the basis for your 16-17 funding year.

 >> Good. Thank you very much.

 >> Thank you, and one moment for our next question.

 >> Hi, this is Jennifer with the Independent Living

 resource center? Santa Barbara. I have a question with

 regards to -- we have a slightly small admin office, and

 we realize that like the bookkeeper and the accountant are

 clearly indirect. But when you have someone like the

 business manager who works on all the grants, does the

 reporting and all that stuff but doesn't directly work

 with consumers, is there a particular percentage you would

 like to see that be direct versus indirect? Would working

 on the grants be classified as a direct expense?

 >> JOHN HEVERON: Well, that is a situation that really

 can vary quite a bit. You need to know exactly what

 they're doing. If they're doing an administrative-type

 thing for grants, I mean it's related to grants but it's

 an administrative-type thing, either calcul

 draw-downs or preparing vouchers, then that is an

 administrative function and treated as administration.

 There isn't a percentage, no allowance in Uniform Guidance

 or this process for average numbers. It's supposed to be

 based on what the person is doing. So if they're really

 doing administrative things, then their time should be

 allocated to administrative. If it's a balance of

 services for the program, whether or not it's directly

 with consumers and some administration, then you really

 just need to track that time and to assign it to, you

 know, indirect and direct.

 >> And then just a follow-up would be if some of our

 admin is allocated a percent of -- or some of the money of

 their salary is allocated on these federal and state

 grants, I would sul that the only portion of that that

 would apply to the indirect cost rate would be the

 remainder that's not allocated.

 >> JOHN HEVERON: So you're saying some of your

 administration go to specific grants because they're not

 benefiting your different programs in a similar way? Is

 that what you're saying?

 >> Yeah, like our State Funder does allow for

 administrative costs to be on their grants. So, for

 instance, hypothetically if someone was making $50,000 and

 25,000 of that was on as a line item for the particular

 state grant, would it just be the 25% not funded that

 would be indirect?

 >> JOHN HEVERON: No, it doesn't really work that way.

 So your funding from the state may be at one level, but

 the federal says we're going to ignore that. You know,

 whether the funding is too much or too little, we want

 our -- we want our charges for indirect to be exactly what

 they are.

 So what the federal is really requiring you to do is to

 calculate the indirect and apply it across all of the

 programs uniformly, and that's true whether your state

 agency funds you that same way or funds you in a different

 way.

 So what you do for your federal funding and what you do

 for your State Funding may be different, but the federal

 requires you to follow these rules that we're explaining

 here.

 And the only exception -- I just want to point out that

 sometimes an organization will have administrative costs

 that are related to a specific program. And so you can

 have an administrative cost that is a direct cost. We've

 made the assumption in this example that your general and

 administrative are going to be the same thing as your

 indirect. But there may be exceptions to that, and so it

 is okay if you've got an administrative person that works

 exclusively in a program, that's going to be a direct cost

 for you, and wouldn't be in the administrative pool. But

 the fact that a funder says we're going to provide

 indirect funding for this person or half of this person or

 25% of the direct, that doesn't have any impact on this.

 It just means you may be funded more or less for your

 costs on these other programs. But the federal says we

 don't care. We want to pay our full share and nothing

 more.

 >> Okay. Thank you.

 >> PAULA McELWEE: Let me take a stab at something

 related to that and see if this is part of what you're

 taub talking about. In California you get money from the

 state, it's a mix of federal monies that are passed

 through mostly. And you gt a direct grant, a part fee

 grant each of those has their own budget, and some cases

 your budget in one or the other or you're budgeting a

 portion of somebody's position in one or the other. That

 really is unrelated to this issue. So you can budget and

 submit statements for it. I mean, you do have to make it

 all make sense at the end of the year. But if those are

 one cost objective, which typically they are, the same

 centers, same people, whether it's state or federal money.

 It doesn't matter how you budget a across as long as the

 indirect portion is paid for equally by each of those two.

 I hope that made sense.

 >> Yeah. Sorry, I don't want to suck up too much time

 but we had one follow-up and it was just to ask you why

 would we choose the indirect cost rate that excludes

 fringe benefits? Is there any benefit to doing that?

 >> JOHN HEVERON: The only thing -- you're not really

 going to exclude fringe benefits. You're going to include

 them. The only question is whether you do that as a

 separate pass. So the way we provided the example here

 where you calculate your direct payroll costs and then all

 of your indirect payroll costs to increase payroll up to a

 fully loaded payroll, if you will, that's the more common

 one.

 But it does involve a second passthru thing. So you

 have payroll, then you have payroll overhead, and then you

 have indirect. And you're asking about just combining the

 payroll overhead with the indirect?

 >> Yes, but just the difference between the two and if

 there was one that was better.

 >> JOHN HEVERON: I think this is a little bit more

 common, but I don't think there's any problem with what

 you're suggesting. I mean, you should end up with a

 number that is logical and consistent, and that's really

 the only requirement. It might be a little simpler.

 >> Okay. Thank you.

 >> One moment, please, for our next question.

 >> Hi, I was wondering if you could just go over the

 fundraising again as far as where we put that if we have

 like volunteers. Would we have to show that under the

 payroll and then explain it under the reconciliation that

 it wasn't an actual expense or. . ..

 >> JOHN HEVERON: No, no, they don't push you that far.

 All they're saying is that if part of your payroll is paid

 to your staff to do fundraising, then you can't just

 charge that payroll. You need to charge the payroll and,

 you know, your 21.3% indirect, whatever that number ends

 up being. If you're doing your fundraising with

 volunteers, then you don't have any direct costs and

 therefore even accord to this formula, you don't have any

 indirect costs either.

 >> So then it would look like we don't have a

 fundraising (inaudible) objective if there's nothing in

 that column.

 >> JOHN HEVERON: What -- good point. And I think you

 would deal with that right back in that initial

 description of your agency, that the organization does

 carry on fundraising, but it is done exclusively by our

 board of directors or our board and some other volunteers

 and so you both confirm that you're complying with that

 requirement to do some funds development but also that you

 don't have any costs related to that, and that's okay.

 >> Okay, thank you.

 >> TIM FUCHS: Patricia before you open up the line, I

 have a couple of written questions that I've been waiting

 on for a while, so I'm going to sneak in here and voice

 these.

 Kind of similar to the last two questions, John, Susan

 is asking: If we have a person who works on securing

 grants, doing the research and application process, a

 grant writer essentially but the grants are to benefit the

 core services of the Center, would we put that under fund

 raiding, or could it go under general and administrative

 costs?

 >> JOHN HEVERON: Actually generally would go under

 general and administrative. So somebody who is doing

 grant seeking rather than funds development would

 generally be general and administrative, yeah.

 >> TIM FUCHS: And a quick follow-up, then, if that

 person was going for a particular grant that was

 specifically to benefit one single program, would it go

 towards that program or, again, would it be shown under

 general and administrative.

 >> JOHN HEVERON: It would depend on the degree. I

 mean certainly if it was substantial enough, then it

 should be charged right to that program that it was

 intended to benefit.

 >> TIM FUCHS: Okay. January January and that would be

 true, as I said even if it was an administrative-type cost

 but it was for a specific program and it was substantial;

 yeah, charge it just to that program.

 >> TIM FUCHS: And the final written question that I

 have for now is: Going back now to volunteers, and I'm

 not sure where these came from, but it says on the sample

 plans we had been given they include volunteer hours and

 wages. You mentioned earlier on the call that folks

 wouldn't have to include those. So what's the correct

 procedure on do we need to include volunteer hours in our

 wage calculation and if so, what would we use as the wage

 consideration?

 >> JOHN HEVERON: They don't get included in this

 calculation. Now, we're not getting into a matching

 requirements; that's a totally different issue. But we

 don't -- those types of volunteer services generally don't

 end up in your financial statements, and they don't end up

 in these indirect cost allocations.

 >> TIM FUCHS: Okay. Great. Great. And just quickly,

 one last written question that just came in. Is mortgage

 interest and building depreciation always considered

 indirect?

 >> JOHN HEVERON: Oh, absolutely not. I mean, the

 majority of your building, at least in some cases is going

 to be devoted to program. So if that's the case, if 70%

 of your building is devoted to program, then 70% of it

 would be a direct cost.

 If all your building is, is an administrative office

 and you're somehow using shared facilities for your

 programs, then, yes, that would be an exception for it

 would be administrative. But generally your occupancy

 costs are some combination of program and administration

 and very often the majority program.

 >> TIM FUCHS: All right. Thanks, John. Thanks

 Patricia, too. We can go back to the queue now.

 >> Absolutely. One moment for our next question.

 >> This is Sally at Living Independence for Everyone?

 Savanna Georgia. And I hate to go back but I have one

 question on the reconciliation Attachment G. If this is

 in our proposal which is for the 16-17 year, and our most

 recent audited financial statements are for the 14-15

 year, what numbers am I using there?

 >> JOHN HEVERON: What numbers, so the proposal, the

 most recent financial statements you have are from the

 14-15 year. Those are the numbers you would use, and,

 granted, there's quite a bit of time there, but this

 process is about how you calculate your indirect. It's

 not about a specific year. It's not about the costs in a

 year. It's about how you divide certain things by other

 things. And that really doesn't change year to year. So

 you need to have a very solid, specific set of numbers,

 and if you don't have anything better, you know, that's

 more current and as reliable as your 14-15 year, then

 those are the numbers you need to use.

 >> So even up above with the directed and indirect

 costs, those are going to be for the same year; right?

 >> JOHN HEVERON: Those would be for that completed

 year, yeah, that you have historic information on.

 >> Okay. Thank you.

 >> JOHN HEVERON: Yes.

 >> One moment for our next question.

 >> Hi. Can you hear me?

 >> JOHN HEVERON: Yes.

 >> Hi, I am calling from Colorado, and I have a few

 questions and feel free to refer me -- (inaudible) these

 are long questions, but my first question is about the

 reconciliation, and I have been submitting indirect cost

 rate proposal for a few years now and about the

 reconciliation, here's my question: When you have here

 showing the plan for hiring an assistant exec

 director, this is something that has not happened in the

 financials which I am using to base my proposal off of.

 So this is a projection. But the rate that we come up not

 only gives us a percentage that we would

 upcoming year, but it also confirms the percentage that we

 have been using in the last year. And I belie

 Department uses it to figure out whether they overpaid us

 an indirect cost or not, so wouldn't that be a conflict to

 put a projected number in the proposal?

 >> JOHN HEVERON: Well, you're right. They give you --

 we didn't talk about provisional rates, which is the rate

 they agree you're able to use for the coming year, and

 then the final rates once they've seen your final numbers

 and accepted them. We didn't get into that sort of

 detail. That is how it works. So for them to analyze

 your final rate, you're going to provide them with actual

 numbers. The things that would appear on a reconciliation

 are different from what they're going to base the final

 rate on. They're going to base the final rate just on

 history.

 So the only times we need to do something with that

 reconciliation are when circumstances have changed. One

 participant mentioned they've got some passthru funds, and

 that might be a new program for you, so if you know you're

 going to have passthru funds in the future, you might put

 that sort of thing into the reconciliation.

 Or if you've operated out of a rented facility but a

 building has been donated to you, that is sort of a big

 deal, and so you might put that into the proposal. But

 that's different. The reconciliation only applies to the

 prospective process here, not to your historic process.

 >> Okay. That's great. And on the slide 15 when

 there is a schedule of federal awards, I have been

 submitting federal schedule of all awards, federal awards

 list the separately, but also I list usually combined

 contributions from local government and other foundations.

 Is it not necessary to do? Can I just submit -- would I

 be okay if I just submitted the schedule of federal

 awards?

 >> JOHN HEVERON: I'm pretty sure that's the case. As

 I said, we have submitted this to HHS, this webinar, and

 they did look at what we included, and I don't believe

 that that's required. And actually, the the ones that I

 have worked on, we generally don't provide that, so I

 would say you should be able to eliminate that.

 >> Okay. That's great. And my last question, John,

 about Slides 16 and 17, I'm a little confused about those

 two. I'll tell you a little bit of my process. I use the

 statement much functional expenses from my audit to

 produce what you have on the slide 17. And I also do this

 salary detailed information, but I'm not sure what the

 purpose of this information is on Slide 16. Could you

 help me understand what is the purpose that the Department

 wants this and how does this fit into the 17?

 >> JOHN HEVERON: Well, so 17 is after the fact. So 17

 is when we're listing our direct and indirect costs. But

 16 is how -- part of how we got to 17. So it's just a

 little bit more account Act, and, you know, I'm not

 positive about this, because we haven't dealt with HHS,

 but yorng you'll submit this every year. I think 17 you

 would, but 16 you would not. So it's really just an

 explanation of how we're getting a direct and indirect.

 And it's really sort of a demonstration here of things

 like, you know, our development director, none of that is

 in program. All of that is in either fundraising or

 general administrative, and our executive director is

 spread across all of the areas that he or she serves in.

 It's really just sort of an accountability thing.

 We did start with HHS. They had a -- they had a sample

 indirect cost rate proposal online. It wasn't updated for

 some of the changes there, but they did indicate that this

 sort of thing should be included, and as I said, w

 recently pass this by the HHS person responsible for these

 things, and so this is what they're expecting.

 >> Uh-huh. Okay. And last question about it, do I

 think correctly that the total of the salaries in funding

 and G and A from the Slide 16 should be the total of

 payroll under indirect cost? Or not necessarily?

 >> JOHN HEVERON: I think they should be. I'm not sure

 we did it that way. They should be, but we may not have

 have been fastidious. Yeah, 16 should feed into 17 your

 final version of that.

 >> Thank you.

 >> PAULA McELWEE: Maria, you always have such a sharp

 eye on things. Thank you for your questions.

 >> Thank you.

 >> One moment, please, for our next question.

 >> Hi, this is Kathy from La Crosse,Wisconsin gechb.

 This question is more for Paula. Paula is there a chance

 that we could get our rate approved early because our year

 starts July 1.

 >> PAULA McELWEE: You can apply any time, and you put

 in the date you want it to be effective.

 >> Okay. So we have to get it in pretty quickly

 because you said it takes six weeks at least.

 >> PAULA McELWEE: That's what they're telling us.

 Some of the strs have had one for a long time. We do hope

 you let us know if it's taking more or less time so we can

 pass the word.

 >> And I didn't look. Is there a place to submit all

 of that?

 >> PAULA McELWEE: At the very beginning, you would

 submit it to your regional office and at the very

 beginning we gave you a link to to find the regional

 offices, but if you have any trouble with that, drop me a

 note.

 >> I will be calling you. Thank you.

 >> PAULA McELWEE: Okay.

 >> JOHN HEVERON: I'm wondering if we should look at

 these last couple of slides while everybody's available,

 and then come back to questions. Would that be a

 possibility?

 >> TIM FUCHS: That's perfect, John. I was just going

 to cut in and suggest that. It's 4:58 eastern. So we may

 need to give instructions for how to submit follow-up

 questions after you do these last few slides.

 >> JOHN HEVERON: Let's take a look at Slide 23. I

 think I probably said this enough times now but you need

 to do this calculation every year, so you need something

 like an Excel template so it will be easy to do in the

 future. So save this in a place where you will be able to

 find it. It's also important to remember that you submit

 your rate for approval sdp they say they have approved

 your rate but they have really approved your method of

 determining the rate. The rate is going to change every

 year.

 Also, if you've overcharged because of an incorrect

 rate, you may need to make repayments. More likely they

 will have you use an adjusted rate for the subsequent

 year. But we don't know. This is a new agency for us, so

 we're going to have to watch and see how that happens.

 If you under-bill, they're not going to write you a

 check. They may allow you to recover using a higher rate.

 So I just wanted you to be aware of all of that.

 And on Slide 24 we've got some resources here that I

 think are important and valuable, so I just want to make

 sure that everybody sees those, and it's nice to hear that

 at least some agencies will be going in a little early.

 We hope to help and monitor this and see if we can learn

 from this as well, so that's good news. But there are

 some links to guidance here, and then the ACL website you

 have probably seen that, but you can Google "Guidance for

 Centers for Independent Living Grantees." And on slide 25

 the IL-NET link is here, and there are some instructions

 if you cannot locate those documents. Paula or, Tim, did

 you want to comment on that part?

 >> TIM FUCHS: I'll just simply say you should have an

 easy time finding that. Frankly if you use Google and

 search CIL financial management it will come up. But just

 an extra tip if it's not immediately apparent.

 >> PAULA McELWEE: But if you struggle with it because

 you're looking for something, drop me an email. That was

 on Slide 3 and I'll be glad to guide you if you're having

 trouble.

 >> TIM FUCHS: And I'm going to take over here because

 unfortunately it is 5:00 and here on Slide 26 we do have

 the link to the evaluation form. And I hope you will fill

 that out. If you're looking at an electronic version of

 the PowerPoint, you can click on this. It's a live link.

 And you'll see I was telling the truth, the evaluation is

 short, it's easy to fill out. Please do that for us. And

 if you're looking at a printed copy, of course you can get

 that in the confirmation email. We will also send you a

 reminder tomorrow or the next day to make it very simple.

 You can click on the evaluation link. If you're in a

 small group today, that's wonderful; we love that, but

 please fill out the evaluation as an individual so we know

 what each one of you thought.

 Look, I really apologize. I know some of you had very

 long waits on that Q and Aqueue, so please know we're here

 to help after the call. You can reach out to any of us.

 As I said, they were generous enough to provide hir

 contact information. Mine is simple it's tim@ncil.org.

 If you would, reach out to Paula and I first, and if we

 need to ask John to follow up, we will, but this is really

 our full-time jobs day to day to help you all with

 technical assistance like this. Note, too, in addition to

 today's content we are planning and will soon be

 advertising an open registration for full on-site training

 in Baltimore in May, the last week before Memorial Day on

 all of these issues, financial management and especially

 these new regulatory issues related to the move over to

 HHS.

 So I hope that's exciting to you all. I hope a lot of

 you will consider joining us. We will have all the

 details out to you all soon, so be in the lookout for

 that. Thanks for joining us today. It was great to have

 such a big audience and all the thoughtful questions.

 Thanks Paula and John for your time and putting this

 together and helping us out. With that we're going to

 close today's call. Thanks, everyone. Take care.

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