

June 28, 1965

Mr. C. J. Stratton, Special Assistant
Financial Management Branch
Department of Health, Education, and Welfare
Bethesda, Maryland 20014

Dear Mr. Stratton:

We have reviewed your letters of May 18 and April 16 regarding a provisional rate of 14.9% for the Foundation for the fiscal year ending June 30, 1964. We find that the provisional rate is correctly computed for the period based on actual expenditures.

However, this rate was unusually low because early in 1964, the Foundation had a very low cash balance. We deferred all expenditures possible to later in the year. These will appear as part of the accounting for the fiscal year ending June 30, 1965, and will reflect a higher indirect cost allowance. The Foundation may thus fail to recapture some of its expenses if the 1965 allowance exceeds the maximum of 20%. Were this to occur, will we be able to request a review of the 1963-64 rate and an allocation of some of the deferred expenditures to the year ending June 30, 1964?

We will file an accounting of our expenditures July 1, 1964, to June 30, 1965, as soon as it is available.

Sincerely yours,

Max Fink, M.D.
Executive Director

MF:kp

cc: Mr. Hanke
Mr. Stuart