

July 27, 1965

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

Dear Mr. Stratton:

Enclosed is a copy of the certified Financial Statement of the Psychiatric Research Foundation of Missouri for the fiscal year ending June 30, 1965. We are submitting this statement to provide a basis for the establishment of a provisional indirect cost rate for this fiscal period.

Following the recommendations of the Bureau of the Budget Circular A-21, it is our interpretation that all the expenses listed on the income statement for the year ended June 30, 1965 are allowable as overhead expenditures except equipment (\$12,280.00) and a portion of the miscellaneous expenditures (\$650.00) which represents entertainment. We are also unclear as to the proper allocation for the unreimbursed expenditures on grants 07249 and 08517. Both these grants were completed and the expenditures exceeded the direct cost awarded in the grant by \$821.00. The Foundation accepted these expenditures as proper direct costs for which reimbursement would not be requested.

It is our opinion that the allowable indirect costs applicable for the determination of our indirect cost rate is \$29,200.00.

During this year the direct expenditures of research grants MH-07072, 07432, 08478, 08517 and 08597 equals \$96,409.00. The Foundation also administered two training grants, MH-8464 and MH-8388 which carried special overhead allowances of 8% and 2% respectively. These two allowances were negotiated and the expenditures under these training grants do not properly belong in the determination of the direct costs of the Foundation for research purposes. On this basis, we believe the direct research costs are fully stated in the sum \$96,409.00.

Mr. Stratton

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On the basis of these data, we believe that the proper overhead allowance rate for this fiscal year using the same calculations applicable to previous years, would be about 30%.

I trust that this information will be helpful in making your determinations.

Sincerely yours,

Max Fink, M.D.
Executive Director

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enclosure