



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation
Central States Field Office

July 10, 2006

1301 Young Street
Room 732
Dallas, Texas 75202
(214)-767-3261
(214)-767-3264 FAX

Ms. Regina Logan, CPA, MBA
Controller
Baylor Research Institute
3434 Live Oak Street
Suite 125
Dallas, TX 75204-

Dear Ms. Logan:

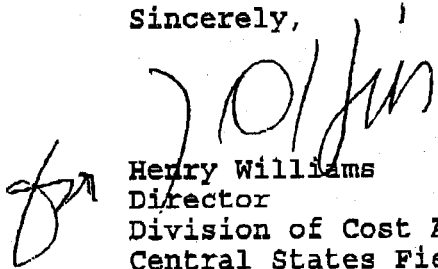
A copy of an indirect cost Rate Agreement is being faxed to you for signature. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the rate(s) that may be used to support your claim for indirect costs on grants and contracts with the Federal Government.

Please have the agreement signed by an authorized representative of your organization and fax it to me, retaining a copy for your files. Our fax number is (214) 767-3264. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

An indirect cost proposal, together with supporting information, is required each year to substantiate claims made for indirect costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on actual costs for the fiscal year ending June 30, 2007 is due in our office by December 31, 2007.

Thank you for your cooperation.

Sincerely,


Henry Williams
Director
Division of Cost Allocation
Central States Field Office

Enclosures

PLEASE SIGN AND RETURN THE ORIGINAL OF THE RATE AGREEMENT

NONPROFIT RATE AGREEMENT

EIN #: 1751921898A1

DATE: July 10, 2006

ORGANIZATION:
 Baylor Research Institute
 3434 Live Oak Street
 Suite 125
 Dallas

TX 75204-

FILING REF.: The preceding
 Agreement was dated
 June 13, 2003

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: INDIRECT COST RATES*

RATE TYPES: **FIXED** **FINAL** **PROV. (PROVISIONAL)** **PRED. (PREDETERMINED)**

<u>TYPE</u>	<u>EFFECTIVE PERIOD</u>		<u>RATE (%)</u>	<u>LOCATIONS</u>	<u>APPLICABLE TO</u>
	<u>FROM</u>	<u>TO</u>			
FINAL	07/01/04	06/30/06	52.5	On Site	All Programs
PRED.	07/01/06	06/30/08	56.0	On Site	All Programs
PROV.	07/01/08	UNTIL AMENDED	56.0	On Site	All Programs

***BASE:**

Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

ORGANIZATION:
Baylor Research Institute

AGREEMENT DATE: July 10, 2006

SECTION I: FRINGE BENEFITS RATES**

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
FINAL	07/01/04	06/30/06	19.0	All	All Employees
PRED.	07/01/06	06/30/08	22.9	All	All Employees
PROV.	07/01/08	UNTIL AMENDED	22.9	All	All Employees

****DESCRIPTION OF FRINGE BENEFITS RATE BASE:**
Salaries and wages.

ORGANIZATION:
Baylor Research Institute

AGREEMENT DATE: July 10, 2006

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

Equipment Definition -

Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$500 or more per unit.

FRINGE BENEFITS:

FICA

Retirement

Worker's Compensation

Life Insurance

Unemployment Insurance

Health Insurance

Personnel Department

Payroll Department

Health Service

401K

Child Care

Short Term Disability

LTD Insurance

EAP Benefit Benefits

AD&D Insurance

Relocation

Tuition Reimbursement

ORGANIZATION:
Baylor Research Institute

AGREEMENT DATE: July 10, 2006

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-122 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:

If any Federal contract, grant or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

BY THE ORGANIZATION:
Baylor Research Institute

(ORGANIZATION)

Michael A. Mathisen

(SIGNATURE)

MICHAEL A. MATHISEN

(NAME)

VICE PRESIDENT FINANCE

(TITLE)

JULY 19, 2006

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

[Signature]

(SIGNATURE)

Henry Williams

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION-

(TITLE) CENTRAL STATES FIELD OFFICE

July 10, 2006

(DATE) 0316

HHS REPRESENTATIVE: Peter Nwaogu

Telephone: (214) 767-3764

Arif Karam, Branch Chief