

RENT QUESTIONS TO BE ANSWERED BY THE APPLICANT/GRANTEE

WHO OWNS THE BUILDING?:

1. [HHS Grants Policy Statement](#): Rental costs under a “less-than-arms-length” arrangement is allowable only up to the amount that would be allowed under the applicable cost principles had title to the property been vested in the recipient. A less-than-arms-length lease is one in which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to, those between divisions of an organization; between organizations under common control through common officers, directors, or members; and between an organization and its directors, trustees, officers, or key employees (or the families of these individuals), directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.
2. Identify the owner(s) of the building (e.g. – individuals’ or organization’s name) for the space costs (rent) included in the budget and describe his/their or its relationship (i.e. - Board member, Officer, related party, related organization, etc..) to the grantee organization, if any. Are there any relationships between the grantee organization and building owner’s(s’) Board Members and Officers that could be considered a real or apparent conflict of interest.
3. **IF GRANTEE OWNS THE BUILDING:**
 - (a) Describe and provide supporting documentation to include: Settlement Statement (HUD 1 Form) for the purchase of the building which reflects the calculation of purchase price attributable to the building; IRS Form 4562 (Depreciation and Amortization); Tax Assessment or Appraisal; documentation supporting estimates for utilities, maintenance, taxes, insurance, etc...). Provided below is a SAMPLE TEMPLATE of the typical depreciation calculations.

Depreciation amount was determined as follows:

Total Cost with settlement expenses

Amount

\$ _____

Depreciation amount was determined as follows:	Amount
Land Allocation (as reflected on IRS Form 4562, Tax Assessment or Appraisal form)	\$ _____
Basis of Building	\$ _____
Monthly Depreciation (# years of life)	\$ _____
Occupancy expenses for e.g., (9/30/11 – 9/29/12) were:	
Depreciation	\$ _____
Utilities	\$ _____
Insurance	\$ _____
Repairs and Maintenance	\$ _____
TOTAL	\$ _____

ALL GRANTEES MUST PROVIDE:

1. A signed copy of the current lease which specifically identifies the owner of the facility.
2. Whenever rental costs are include in the budget you must provide a copy floor plan to include the following:
 - (a) The method used to determine the base most often used to allocate space costs is square footage; however, full-time equivalents (FTEs) are sometimes utilized and are acceptable. Calculate the space costs using an appropriate base (square footage or FTEs) and provide a copy of the calculation along with documentation supporting the calculation (e.g., lease agreement; documentation supporting estimates for utilities, maintenance, taxes, insurance; FTE or SF analysis; etc.). Other funding sources utilizing space must be identified and included.
 - i. If square footage is selected for multiple programs, a floor plan of the building must be provided that specifically identifies the space used exclusively by the SAMHSA grant program, including common areas, and general and administrative areas. Show the individual's name and position in the space or other identifier. In addition, any other programs supported by the grantee organization must be identified in the floor plan. This will determine SAMHSA's fair share of the space cost(s).
 - ii. If FTEs are selected for multiple programs, a floor plan of the building must be provided that specifically identifies the space used exclusively by the SAMHSA grant program, including common areas, and general and administrative areas. Show the individual's name and position in the space or other identifier. This will determine SAMHSA's fair share of the space cost(s). In addition,

any other programs supported by the grantee organization must be identified in the floor plan.

INDIRECT COSTS:

1. If the budget includes Office space and indirect costs, office space is included in the indirect cost pool therefore the grantee may not charge this expense as a direct cost. It will be disallowed. This may require renegotiating with the Division of Cost Allocation to include all office space.
2. If the space is programmatic/service site expense, the cost may be a direct charge.
3. If budget includes office space, but the grantee has not negotiated and indirect cost rate agreement charging this expense as part of a direct cost is appropriate and will be allowed

ALL QUESTIONS MUST BE ANSWERED CLEARLY AND JUSTIFIED.
EXPLAIN HOW YOUR ORGANIZATION ARRIVED AT THESE FIGURES AND
HOW THE FIGURES CORRESPOND WITH THE APPROVED BUDGET AND
SUBMIT SUPPORTING DOCUMENTATION.

IN ADDITION, CROSS-REFERENCE THE DEPRECIATION, ETC., WITH THE
BUDET AND SUPPORTING DOCUMENTATION.