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**IDC SAMPLE COMPANY**
**Statement of Income**
**December 31, 20XX**

| | | |
|---|---|---|
| Revenues | | |
| Contract research | $2,000,000 | |
| Commercial product sales | 700,000 | |
| License fees and royalties | 250,000 | |
| | 2,950,000 | |
| Cost and expenses | | |
| Cost of contract resesarch | 995,099 | |
| Cost of manufacturing | 325,000 | |
| Selling and marketing | 100,000 | |
| General and administrative expenses | 1,500,000 | |
| | 2,920,099 | P11 |
| **Income from operations** | **29,901** | |
| Other income (expenses) | | |
| Interest Expense | 16,500 | P11 |
| Net Income before taxes | 13,401 | |
| State & Local Taxes | 2,500 | } P11 |
| Federal Income Tax | 200 | |
| | 2,700 | |
| Net Income | $10,701 | |

**Schedule A**

**IDC Sample Company**
**Summary of Claimed Indirect Rates**
**Fiscal Year Ended 12/31/XX**

| COST ELEMENT | | CLAIMED | REFERENCE |
|---|---|---|---|
| **FRINGE RATE** | | | |
| POOL | P8 | 612,000 | Schedule D |
| BASE | P8 | 1,290,000 | Schedule D |
| FRINGE RATE | | 47.4% | |
| **OVERHEAD RATE** | | | |
| POOL | P7 | 431,175 | Schedule C |
| BASE | P9 | 990,000 | Schedule E |
| O/H RATE | | 43.6% | |
| **G&A RATE** | | | |
| POOL | P6 | 595,845 | Schedule B |
| BASE | P9 | 2,323,954 | Schedule E |
| G&A RATE | | 25.6% | |

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**Schedule B**

**IDC Sample Company**
**G&A Expenses for FY Ended 12/31/XX**

| DESCRIPTION | Per G/L | Adjustments | Claimed | Notes |
|---|---|---|---|---|
| G&A Labor | 170,000 | | 170,000 | |
| B&P Labor | 80,000 | | 80,000 | |
| B&P Other Costs | 2,000 | | 2,000 | |
| IR&D Labor | 10,000 | | 10,000 | P10 |
| IR&D Other Costs | 2,000 | | 2,000 | |
| Corporate Bonus | 10,000 | | 10,000 | |
| Office Supplies | 17,000 | | 17,000 | |
| Office Equipment Depreciation | 6,000 | | 6,000 | |
| Rent & Utilities (10%) | 12,000 | | 12,000 | |
| Legal & Accounting | 75,000 | | 75,000 | |
| Patent Amortization | 7,000 | | 7,000 | |
| Janitorial | 4,000 | | 4,000 | |
| Business Insurance | 30,000 | | 30,000 | |
| Officer Life Insurance | 2,000 | | 2,000 | P10 |
| Bank Charges | 500 | | 500 | |
| Shipping & Mailing | 3,100 | | 3,100 | |
| State & Local Taxes | 2,500 | | 2,500 | |
| Federal Income Tax | 200 | | 200 | P10 |
| Interest Expense | 16,500 | (16,500) | 0 | 1 |
| Entertainment Expense | 3,000 | (3,000) | 0 | 2 |
| Subtotal | 452,800 | (19,500) P11 | 433,300 | |
| Fringe Benefits on G&A Labor | | | 80,651 | |
| Fringe Benefits on B&P Labor | | | 37,953 | |
| Fringe Benefits on IR&D Labor | | | 4,744 | P10 |
| Overhead on B&P Labor | | | 34,842 | |
| Overhead on IR&D Labor | | | 4,355 | P10 |
| **TOTAL G&A EXPENSE POOL** | | | **595,845** | P11 |

Notes
1 Interest expense not allowable per FAR 31.205-30

2 Entertainment expense not allowable per FAR 31.205.15

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**Schedule C**

**IDC Sample Company**
**Overhead Expenses for FY Ended 12/31/XX**

| DESCRIPTION | Per G/L | Adjustments | Claimed | |
|---|---|---|---|---|
| Overhead Labor | 40,000 | | 40,000 | |
| Marketing/Sales Labor | 90,000 | | 90,000 | P10 |
| Travel (Indirect) | 32,000 | | 32,000 | |
| Lab Supplies | 25,000 | | 25,000 | |
| Maintenance & Repairs | 500 | | 500 | |
| Memberships & Fees | 12,000 | | 12,000 | |
| Equipment Depreciation | 50,000 | | 50,000 | |
| Outside Services | 12,000 | | 12,000 | |
| Rent & Utilities (90%) | 108,000 | | 108,000 | |
| Subtotal | | | 369,500 | |
| | | | | |
| Fringe Benefits on OH Labor | | | 18,977 | |
| Fringe Benefits on Mktg/Sales Labor | | | 42,698 | P10 |
| | | | | |
| **TOTAL OVERHEAD POOL** | | | **431,175** | |

**Schedule D**

**IDC Sample Company**
**Fringe Benefits for FY Ended 12/31/XX**

| DESCRIPTION | Per G/L | |
|---|---|---|
| Time-off Paid | 130,000 | |
| Time-off Accrued | 2,500 | |
| Sick Pay | 27,000 | |
| Holiday Pay | 57,000 | |
| Personnel Insurance | 141,000 | |
| Workers Compensation | 6,000 | |
| FICA/Medicare Tax | 96,500 | |
| Fed/State Unemployment | 2,000 | |
| Pension | 150,000 | |
| Total fringe benefit costs | 612,000 | (A) |

| BASE: WORKED LABOR | | | Allocation |
|---|---|---|---|
| G&A Labor | 170,000 | | 80,651 |
| B&P Labor | 80,000 | | 37,953 |
| IR&D Labor | 10,000 | | 4,744 |
| Overhead Labor | 40,000 | | 18,977 |
| Marketing/Sales Labor | 90,000 | | 42,698 |
| Direct Labor | 900,000 | | 426,977 |
| TOTAL SALARIES EXPENSE PER G/L | 1,290,000 | (B) | 612,000 |

FRINGE RATE: 47.4% = (A) / (B)

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**Schedule E**

**IDC Sample Company**
**Claimed Allocation Bases for FY 12/31/XX**

| | | | | | |
|---|---|---|---|---|---|
| OVERHEAD POOL | 431,175 | | | | |
| OVERHEAD BASE | | O/H Allocation | *O/H Allocation* | *Diff* | |
| Direct Labor | 900,000 | 391,977 | *271,343* | *120,635* | – P10 |
| IR&D Labor | 10,000 | 4,355 | *3,015* P10 | *1,340* | |
| B&P Labor | 80,000 | 34,842 | *24,119* | *10,723* | – P10 |
| Total Overhead Base | 990,000 | 431,175 | *298,477* | *132,698* | |
| Overhead Rate | 43.6% | | *30.1%* | | |

| | | |
|---|---|---|
| G&A POOL | 595,845 | |
| G&A BASE | | |
| Direct Labor | 900,000 | |
| Travel | 30,000 | |
| Materials | 300,000 | |
| Other Direct Costs | 200,000 | |
| Subcontracts | 75,000 | – P10 |
| Total Direct Costs | 1,505,000 | |
| Fringe Benefits Direct Labor | 426,977 | |
| Overhead on Direct Labor | 391,977 | |
| Total Cost Input | 2,323,954 | – P11 |
| G&A Rate | 25.6% | |

# IDC Sample Company
## Answer Worksheet

| | Fringe Rate | Overhead Rate | G&A Rate |
|---|---|---|---|
| Allocation Base | Total Labor Dollars | Direct Labor | Total Cost Input |
| **Pool, before adjustment - (A)** | **$ 612,000** | **$ 431,175** | **$ 595,845** |
| Adjustments: | | | |
| Adjustment 1 | | | |
| Adjustment 2 | | | |
| Adjustment 3 | | | |
| Adjustment 4 | | | |
| Adjustment 5 | | | |
| Adjustment 6 | | | |
| Adjustment 7 | | | |
| Adjustment 8 | | | |
| Adjustment 9 | | | |
| Total Supported Pool (C) | | | |
| **Base, before adjustment (B)** | **1,290,000** | **990,000** | **2,323,954** |
| Adjustment 1 | | | |
| Adjustment 2 | | | |
| Adjustment 3 | | | |
| Adjustment 4 | | | |
| Adjustment 5 | | | |
| Adjustment 6 | | | |
| Total Supported Base - (D) | | | |
| **Rate as submitted - (A)/(B)** | 47.4% | 43.6% | 25.6% |
| **Rate as supported (C)/(D)** | | | |

# IDC Sample Company

| | Fringe Rate | Overhead Rate | G&A Rate | Comments |
|---|---|---|---|---|
| Allocation Base | Total Labor Dollars | Direct Labor | Total Cost Input | |
| **Pool, before adjustment - (A)** | **$ 612,000** | **$ 431,175** | **$ 595,845** | |
| Adjustments: | | | | |
| 1 Marketing/sales labor | | (90,000) | | Market/sales expenses are not funded by NSF; either as direct or indirect cost |
| 2 Fringe benefits on marketing/sales | | (42,698) | | All marketing/sales expenses are elimiminated from pool |
| 3 Equipment depreciation | | (xxx) | | Possible adjustment; if depreciation relates to manufacturing equipment |
| 4 Lab supplies | | (xxx) | | Possible adjustment; if lab supplies are budgeted as direct costs |
| 6 IR&D labor | | | (10,000) | IR&D expenses are not funded by NSF; either as direct or indirect cost |
| 7 Fringe on IR&D labor | | | (4,744) | IR&D expenses are not funded by NSF; either as direct or indirect cost |
| 8 O/H on IR&D | | | (4,355) | IR&D expenses are not funded by NSF; either as direct or indirect cost |
| 9 IR&D - other costs | | | (2,000) | IR&D expenses are not funded by NSF; either as direct or indirect cost |
| 10 Legal & accounting | | | (xxx) | Possible adjustment, if legal expenses relate to patents/IP |
| 11 Patent amortization | | | (7,000) | Patent expenses are not funded by NSF; either as direct or indirect cost |
| 12 Officer life insurance | | | (2,000) | Unallowable expense FAR 31.205-19 |
| 13 Federal income tax expense | | | (200) | Unallowable expense FAR 31.205-41 |
| 14 O/H on B&P labor | | | (10,723) | Adjust allocation to revised O/H rate |
| Total Supported Pool (C) | 612,000 | 298,477 | 554,823 | |
| **Base, before adjustment (B)** | **1,290,000** | **990,000** | **2,323,954** | |
| Adjustments: | | | | |
| 1 Marketing/sales labor | | | 90,000 | Marketing/sales absorbs share of G&A pool |
| 2 Fringe on marketing/sales | | | 42,698 | Marketing/sales absorbs share of G&A pool |
| 6 IR&D labor | | | 10,000 | IR&D program absorbs share of G&A pool |
| 7 Fringe benefits on IR&D labor | | | 4,744 | IR&D program absorbs share of G&A pool |
| 15 Overhead on IR&D labor | | | 3,015 | Adjusted allocation to revised O/H rate |
| 9 IR&D other costs | | | 2,000 | IR&D program absorbs share of G&A pool |
| 16 Subcontracts | | | (75,000) | Represents pass-though costs that do not absorb portion of pool |
| 17 Overhead on direct labor | | | (120,635) | Adjust allocation to revised O/H rate |
| Total Supported Base - (D) | $ 1,290,000 | $ 990,000 | $ 2,280,776 | |
| **Rate as submitted - (A)/(B)** | 47.4% | 43.6% | 25.6% | |
| **Rate as supported (C)/(D)** | 47.4% | 30.1% | 24.3% | |

# Reconciliation of Indirect Cost Proposal to Financial Statements

IDCP components:

| | | |
|---|---|---|
| Gerneral and admin expense pool | P6 - | 595,845 |
| G&A allocation base (total cost input) | P9 - | 2,323,954 |
| Exclusions | P6 | 19,500 - A |
| Total per indirect cost proposal | | 2,939,299 (A) |

Total expenses per income statement

| | | |
|---|---|---|
| Costs and expenses | P4 | 2,920,099 |
| Interest expense | | 16,500 |
| State and local taxes | | 2,500 |
| Federal income tax | | 200 |
| Total expenses per income statement | | 2,939,299 (A) |

MUST BE EQUAL

ADJUSTED IDCP

| | | |
|---|---|---|
| Adjusted G&A Pool | P10 - | 554,823 |
| Adjusted G&A base | P10 | 2,280,776 |
| Exclusions from IDCP | A | 19,500 |
| Subcontracts | T | 75,000 |
| Patent amortization | P10 | 7,000 |
| Officer life insurance | | 2,000 |
| Federal income tax | | 200 |
| | | 2,939,299 (A) |