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| U.S. Department of Energy |
| ARPA-E Indirect Cost Rate (ICR) Proposal Submission Procedures |
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| **Section** | **Page** |
| **I.                  Overview and Introduction** | 3 |
| **II.                 Regulations** | 3 |
| A. Federal Regulations | 3 |
|  1.           Educational Institutions | 3 |
|  2.           Commercial Organizations | 3 |
|  3.           Non-Profits | 3 |
|  4.            State and Local Governments | 3 |
| B. ARPA-E Independent Research and Development Policy | 4 |
| **II.                  Definitions** | 4 |
| A.               Indirect Costs | 4 |
| B Direct Costs | 5 |
| C. Allocate | 5 |
| D. Reasonable Costs | 5  |
| E. Indirect Cost Rate (ICR) | 6 |
|  F. Rate Types | 6 |
|  1.            Provisional | 6 |
|  2.            Final | 6 |
|  3.            Predetermined | 6 |
| G.              Fringe rate | 6 |
| H.              ICR Proposal | 7 |
| I.               Rate Agreements: NICRA and Provisional Agreements | 7 |
| J.               Allowability | 7 |
| K. Unallowables | 8 |
| **IV.                Timeline and What to Expect** | 9 |
| A.              When to Submit | 9 |
| B.              Review of proposal and request of additional information | 9 |
| C.              Negotiation | 10 |
| D.              Disputes | 10 |
| E.               Signing contracts confirming ICR | 11 |
| **V.                  Calculating your ICR** | 11 |
| A.               Methodologies  | 11 |
|  1.           Simplified | 11 |
|  2.           Multiple | 11 |
| B.              Determine your Base | 12 |
| C.              Example of ICR and Fringe Calculation | 13 |
| D.              Step-by-Step Instructions for ICR and Fringe Calculation | 14 |
| **VI.                ICR Proposal Submission**  | 16 |
| A.              ICR ARPA-E Template | 16 |
| B. Checklist of Required Documents | 17 |
| **VII.              Appendix: Sample Documents** | 20 |
| A.              Cost Policy Statement | 21 |
| B. Completed Lobbying Certificate | 26 |
| C.              Certificate of Indirect Costs | 27 |
| D.              Allocation of Salaries and Wages | 29 |
| E.               Statement of Employee Benefits | 30 |
| F.               List of All Grants and Contracts | 31 |

**I. Overview and Introduction**

Congratulations on being selected for award negotiations! In 2007, Congress passed and President George W. Bush signed into law The America COMPETES Act, which officially authorized ARPA-E's creation. In 2009, Congress appropriated and President Barack Obama allocated $400 million to the new Agency, which funded ARPA-E's first projects. Many of these projects have already demonstrated early indicators of technical success.

This document is intended as a guide to ICR proposals for two types of awardees: awardees who are establishing indirect rates for the first time, and awardees who have an existing award and who must annually submit a fiscal year ICR proposal as required by the terms and conditions of an existing award.

Having an ICR is an essential part of your budget proposal. This document is intended to demonstrate the process for calculating and submitting an ICR proposal to ARPA-E. It is also intended to familiarize awardees with the concept of indirect costs as well as address common questions and challenges that arise in developing an ICR proposal.

Please note that the procedures and techniques set forth herein are not applicable to Cost Accounting Standards (CAS) (48 C.F.R. Chapter 99) and modified-CAS-covered organizations. Additionally, this manual is only for submissions to ARPA-E. Organizations assigned cognizant audit agencies or contract administration offices must submit their ICR proposals to those office per their instructions. ARPA-E will honor cognizant agency indirect rate agreements in most costs. Finally, ARPA-E is not responsible for the sufficiency of any rate submissions or quality of data included in those submissions. That responsibility lies with the submitting organization.

**II. Regulations**

Federal Regulations

ARPA-E reviews indirect cost proposals for many of its diverse awardees. Each organization must comply with applicable federal requirements contained in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,

related to cost principles, administrative standards, and audit requirement publications.

Specific indirect cost requirements are applicable to different types of organizations, as follows:

* **Non-profit organizations** are required to follow the regulations contained in 2 CFR 200, Appendix IV—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations, found here: <http://www.ecfr.gov/cgi-bin/text-idx?SID=7430f92538ef9f9ecc8114b3ee581a03&mc=true&node=ap2.1.200_1521.iv&rgn=div9>
* **Commercial organizations** are required to follow the cost principles contained in the Federal Acquisition Regulations (FAR) Subpart 31.2 found here: <https://www.acquisition.gov/sites/default/files/current/far/html/Subpart%2031_2.html>
* **State and local governments** are required to follow regulations contained in 2 CFR

200, Appendix VII—States and Local Government and Indian Tribe Indirect Cost

Proposals, found here: <http://www.ecfr.gov/cgi-bin/text-idx?SID=7430f92538ef9f9ecc8114b3ee581a03&mc=true&node=ap2.1.200_1521.vii&rgn=div9>

* **Educational institutions** (colleges, universities, and tribal colleges) are required to

follow the regulations contained in 2 CFR 200, Appendix III—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher

Education, found here: <http://www.ecfr.gov/cgi-bin/text-idx?SID=7430f92538ef9f9ecc8114b3ee581a03&mc=true&node=ap2.1.200_1521.iii&rgn=div9>

Please reference these regulations and ensure that your ICR Proposal conforms to the regulations set out by these documents.

ARPA-E Internal Research and Development Policy

ARPA-E, as a research agency, selects the research it wants to support via Funding Opportunity Exchanges (FOAs) and the merit review process. As such, IR&D would not be included in the indirect cost pool since it is not work that has been reviewed and approved for funding through the normal award review process. Before a particular item of cost is considered allowable it must be allocable. Given that the award being negotiated is a financial assistance agreement to support a particular research effort that has been subject to ARPA-E’s merit review process, the agency has decided the scope of the research effort it is willing to fund. Or stated another way, the company’s IR&D effort is of no benefit to the research being sponsored by ARPA-E. Accordingly, the IR&D expenses are not considered allocable to the award per FAR 31.201-4, Determining Allocability.

**III. Definitions**

Indirect Costs

According to 2 CFR 200.56, indirect costs are defined as:

 *“Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.”*

Another definition, which applies specifically to commercial organizations, can be found in the 48 CFR 2.101:

*“Indirect cost means any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective.”*

Examples of common indirect accounts include, but are not limited to, indirect labor (labor that supports multiple projects within the organization), office supplies, indirect travel (travel that supports multiple projects within the organization), telephone, office supplies, business meals, periodicals, utilities and depreciation.

Direct Costs

Direct Costs are those costs that can be identified and tracked to a single project, activity, function, program, job or contract. Examples of costs that are most easily tracked to a specific project are labor, equipment, subcontracting, supplies and other direct costs. For accounting purposes, the General Ledger would accumulate all direct costs into summary accounts such as Direct Labor, Direct Material, etc., but subsidiary ledgers would have unique account identifiers to track the costs to the specific projects.

Allocate

Allocate means to set apart or assign. Direct costs are assigned or allocated to individual projects based on an equitable base such as direct labor. Indirect costs are set apart or allocated to two or more projects. According to 2 CFR 200.4:

*“Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or* *more intermediate cost objectives.”*

Reasonable Costs

According to 2 CFR 200.404:

*A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:*

*(a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.*

*(b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.*

*(c) Market prices for comparable goods or services for the geographic area.*

*(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.*

*(e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.*

A similar definition applicable to commercial organizations can be found at FAR 31.201-3.

Indirect Cost Rate (ICR)

An indirect rate is simply a mathematical calculation, expressed as a percentage, which results from dividing the allowable indirect cost pool dollars by the selected direct base dollars. When expressing an Indirect Rate it is always important to express both the percentage and the base to which it applies (e.g. 45% of total direct costs). Expressing an indirect rate as 45% doesn’t mean anything unless it’s also stated that it is applied to total direct labor or total direct costs.

Rate Types

### Provisional rate or billing rate means a temporary ICR applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on awards pending the establishment of a final rate for the period.

### Final rate means an ICR applicable to a specified past period which is based on the actual costs of the period. A final rate is not subject to adjustment. Note that a final ICR is established after an organization's actual costs are known, typically a fiscal year. Once established, a final ICR is used to adjust the indirect costs claimed.

### The use of provisional and final rates will likely result in final audited expenditures being higher or lower than those reported for awards. A final rate may be issued as a provisional rate in the ensuing year, adjusted for anticipated changes in funding levels or costs.

## Predetermined Rate means an ICR, applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment. A predetermined rate may be used on awards where there is reasonable assurance that the rate is not likely to exceed a rate based on the organization's actual costs.

Fringe Rate

Awardees can use either the single rate method, where one indirect rate is calculated, or the multiple rate method, where an indirect rate and a fringe rate are calculated, or where an overhead rate, or other indirect rates are determined in addition to the fringe rate. If the awardee calculates a fringe rate, they will do so by identifying the fringe pool. This is the total fringe benefit amounts offered by the organization for employees for expenses such as health insurance, vacation and sick leave, FUTA, SUTA, social security or workers compensation, among others. Dividing the sum of the fringe pool by the fringe base (total of direct and indirect salary and wages) will give the fringe rate.

ICR Proposal

An ICR Proposal is the complete package of documentation required for submitting an ICR Proposal. The proposal is what is reviewed by ARPA-E’s indirect cost team in order to determine your indirect rate. A complete checklist of the materials required for an ICR Proposal can be found in Section VI of this document.

Rate Agreements: NICRAs and Award-Specific Rate Agreements

A NICRA (Negotiated Indirect Cost Rate Agreement) and an indirect rate agreement issued by a federal cognizant agency to an awardee organization. ARPA-E does not issue NICRAs, but instead issues Award-Specific Rate Agreement, which apply to the ARPA-E award for which the proposal was submitted, only. Whether using a provisional rate agreement in your award, or a NICRA (for those awardees who have a federal cognizant agency), the rate agreement should include the following:

1. The approved rate(s) and information directly related to the use of the rates, e.g., type of rate, effective period, and distribution base;

2. The treatment of fringe benefits

3. General terms and conditions; and

4. Special remarks, e.g., composition of the indirect cost pool.

Allowability

Some costs are expressly unallowable as outlined below in the section on unallowables. However, for a cost to be allowable under federal regulations, it must meet a set of general criteria. These criteria are described in the 2 CFR 200.403:

*“Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:*

*(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.*

*(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.*

*(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.*

*(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.*

*(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.*

*(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).*

*(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.”*

A similar definition applicable to commercial organizations can be found at FAR 31.201-2.

Unallowables

Federal guidelines prohibit the federal government from reimbursing certain types of costs that are unallowable. Allowable and unallowable costs are listed in the corresponding cost principles for each type of organization (see Section II: Regulations). Some costs are totally or “expressly” unallowable and some costs are unallowable in part because of the nature of why they were incurred. While a complete list of unallowable expenses can be found in the pertinent cost principles, some common unallowable expense are listed below. It is the job of the awardee to make sure that unallowable expenses are isolated from other direct and indirect expenses, and that they are not included in the indirect cost pool that is submitted to ARPA-E.

|  |
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| **Advertising Costs** - "Advertising" means the use of media to promote the sale of products and/or serves. |
| **Bad Debts Costs** - Losses arising from uncollectible accounts receivable and other claims, and any directly associated costs such as collection and legal costs. |
| **Compensation for Personal Services** - The reasonableness of executive compensation, any individual element or the sum of individual elements, may be challenged. Where such challenges occur, the business concern must demonstrate the reasonableness of compensation items in question. |
| **Contingencies** - Contingency costs are costs associated with a possible future event or condition, the outcome of which is undeterminable. |
| **Contributions or Donations** - Such costs include cash, property or services, and are unallowable regardless of recipient. This does not include those costs that ARPA-E authorizes and reimburses as direct costs under an award. |
| **Entertainment Costs** - Costs of social activities (office parties, picnics, etc.) and any directly associated costs (tickets to shows or sporting events, meals, lodging, gratuities, etc.). |
| **Fines and Penalties** - Such costs result from violations of, or failure to comply with, Federal, State, local or foreign laws. Such costs would be allowable if incurred to comply with specific terms and conditions of the contract. |
| **Insurance Costs** - Costs of insurance on the lives of officers, partners, or sole proprietors where the contracting organization is the beneficiary may be unallowable depending on the type of insurance. Please consult the relevant regulations for more information.  |
| **Interest and Other Financial Costs** - Include interest on borrowings however represented, costs of refinancing capital, fees paid in connection with preparing prospectuses, issuing stock rights, etc. |
| **Legislative Lobbying Costs** - These costs are almost always unallowable.  Contractor/grantee must maintain adequate records to demonstrate that the certification of costs as being allowable or unallowable (see 42.703-2) complies with the requirements of 31.205-22. |
| **Organization Costs** - Include expenditures associated with planning or executing the organization or reorganization of the corporate structure of the business, or raising capital. |
| **Patent Costs** - Unallowable except for general counseling services on patent matters, and patent costs required by the terms of the Government contract or grant. |
| **Relocation Costs** - Costs associated with relocating an employee who resigns within twelve (12) months for reasons within the employee's control. |
| **Royalty Costs** - Such costs include royalties paid where the Government has royalty free use of the patent, or in cases where the patent is invalid, unenforceable, or expired. |
| **Taxes** - Such costs include Federal income and excess profit taxes and taxes associated with financing, refinancing, or reorganizations. |
| **Alcoholic Beverage Costs** - Costs of alcoholic beverages are unallowable. |

**IV. Timeline**

When to Submit

All organizations submitting ICR proposals for the first time will be required to submit proposals within 15 calendar days of being selected for award negotiations. Organizations will receive guidance on a case-by-case basis about specific due dates following the award, however, typically the proposal is submitted in the weeks immediately following award announcement.

Organizations with provisional rates are required to submit final indirect cost proposals within six months after the close of each recipient fiscal year unless other arrangements are made (e.g., multi-year predetermined rates). The final proposals must be reconciled with the awardee’s financial statements, if available. Neither provisional proposals, nor final proposals are officially accepted for review if documentation is not complete.

Review of Proposal and Request of Additional Information

After submitting your ICR proposal, ARPA-E finance teams will review your proposal and all related paperwork and determine whether the proposal is complete. Requirements that often cause issues during the review process are listed below. Understanding these requirements before you submit your ICR proposal can speed up the approval process and eliminate unnecessary questions from the review process.

* The applicable cost principles and regulations (stated in 2 CFR 200) are followed
* Historical adjustments are made to general ledger expenses for anticipated changes during future accounting periods
* Costs are *fully* allocated between direct, indirect and unallowable cost pools
* A mathematical verification of the proposal is performed
* The proposal reconciles with the supporting audit, official budget or financial statements, if required
* The itemized costs in the indirect cost pool pertain to functions that are supportive of all direct activity
* Costs that are statutorily unallowable, or for reasons of non-allocability, have been eliminated from the indirect cost pool. Determine whether these unallowable or non-allocable items should be added to the distribution/allocation base
* Determine that "pass-through" funds have been excluded from the base
* The selected base is appropriate for allocating indirect costs.

Negotiation

ARPA-E typically issues ICR agreements within 120 days of proposal receipt pending no unforeseen negotiation issues. Refer to 2 CFR, Part 200, Subpart D, §200.343 and §200.344 for information on closeout and post-closeout adjustments and continuing responsibilities.

If it is likely that indirect rate negotiations will extend beyond the 120-day period, or for other good reason(s), if agreed to by the organization, ARPA-E may unilaterally calculate rates based upon the awardee’s rate proposal, decrement those rates to protect ARPA-E’s interests, apply them to the proposed award budget, and make award of the cooperative agreement. Such action is not intended to reimburse prospective awardees for all reimbursable indirect costs, but instead to facilitate the start of work and partially reimburse prospective awardees for a portion of allowable indirect costs incurred while rate negotiations are concluded. The corresponding cooperative agreement will indicate that these rates have been established to facilitate the initiation of work, are subject to adjustment once ICRs are agreed, and establish a deadline for completing rate negotiations. ARPA-E also reserves the right to not take this action in the event of an inadequate submission, or for other reasons as deemed appropriate by ARPA-E.

To avoid delays, organizations should submit complete proposals as early as possible in the negotiation process. If there are any questions concerning any aspect of the proposal, contact ARPA-E to resolve the issue prior to formal submission. Also, if during a prior negotiation you agreed to take corrective action(s) on any issues, you must disclose the status of your action(s). Finally, you must inform ARPA-E about all significant organizational or accounting changes and their impact. (However, note that these types of changes cannot form the basis for any increase in costs reimbursed by ARPA-E and the U.S. Government.) If these actions are taken, it could save time in getting the proposal negotiated. Indirect costs can only be charged to a grant or contract based on a Negotiated Indirect Cost Rate Agreement (NICRA), or if applicable, a provisional rate agreement approved by the ARPA-E. However, the approval of indirect costs by the ARPA-E is not intended to identify the circumstances or dictate the extent of Federal participation in the financing of particular grants or contracts.

Disputes

If awardees and ARPA-E are unable to reach an agreement on all aspects of the indirect cost rate, ARPA-E may issue a unilateral rate agreement which includes reference to ARPA-E appeal procedures. If the awardee still disagrees with ARPA-E’s proposed rate, and will not sign the unilateral rate agreement, then the appeal procedures for the Department of Energy would be invoked. To find out more about disputes and appeals at the Department of Energy, please refer to 2 CFR Part 910.128, found here: <http://www.ecfr.gov/cgi-bin/text-idx?node=pt2.1.910&rgn=div5#se2.1.910_1128>. Please note that DOE’s informal dispute procedure does not apply to pre-award matters.

Signing Contracts Confirming Indirect Rate

Awardees are expected to return the signed rate agreements to ARPA-E within seven days of receiving them from APRA-e. An ICR proposal review is considered closed after the signed rate agreement is received and signed by ARPA-E and the awardee.

**V. Calculating your ICR**

Methodologies

Federal regulation describes two basic methods for calculating ICRs under the relevant cost principles:

• Simplified Allocation Method

• Multiple Allocation Base Method

Simplified Allocation Method

The simplified method is the most common method for organizations establishing an indirect rate for the first time. It is used when an organization’s major functions benefit from its indirect costs to approximately the same degree. The allocation of indirect costs may be accomplished by (1) separating the organization’s total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The distribution base may be total direct costs (excluding capital expenditures and other distorting items like major subawards and participant support costs), direct salaries and wages, or other base costs to arrive at an equitable distribution. The result of this process is an ICR which is used to distribute indirect costs to individual awards. The rate is expressed as the percentage of total allowable indirect costs to the base selected. This method is used where an organization has only one major function encompassing a number of individual projects or activities, and may also be used where the level of federal awards to an organization is fairly small.

Multiple Allocation Base Method

When an organization has several major functions which benefit from its indirect costs in various degrees, allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefiting functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an ICR(s). The determination of what constitutes an organization’s major functions will depend on its purpose in being; the types of services it renders to the public; its clients and its members; and the amount of effort it devotes to such activities as fundraising, public information, and membership activities.

Determine your Base

The following allocation bases are acceptable examples for use when indirect costs are allocated to benefiting cost objectives by means of an ICR.

### Direct salaries and wages including (or excluding) all fringe benefits.

### Direct salaries and wages including vacation, holiday, sick pay, and other paid absences but excluding all other fringe benefits.

### Total Direct Costs

### Modified total direct costs (MTDC) as defined at 2 CFR §200.68. It means:

* + All direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first $25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of $25,000.

### For commercial entities, total costs less G&A expenses.

* + If using an overhead rate, direct and IR&D labor plus direct and IR&D fringe can be used, or simply Direct and IR&D labor
	+ If using a G&A rate, total costs plus overhead minus any exclusions can be used.

As described in the ICR definition, the selection of an appropriate allocation method should be based upon the commonality of costs to all cost objectives. In general, a correlation exists between the incurrence of administrative effort with the expenditures for direct labor. In most cases, a direct labor base will produce an equitable distribution of indirect costs. However, where the ratio of direct labor to total direct costs varies significantly from program to program, an "adjusted" total direct cost base should be used in allocating costs to benefiting programs.

For fringe rates, the sum of direct and indirect labor is typically used as the base. The proposed allocation base(s) is subject to negotiation and approval by ARPA-E. Any modifications to the “approved” base require prior written approval. Failure to obtain such written approval may result in cost disallowances.

Example of ICR and Fringe Calculations

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ACCOUNT # | ACCOUNT NAME | ANNUAL TOTAL | DIRECT | FRINGE | INDIRECT | UNALLOWABLE | INDIRECT-CLAIMED |
| 8210 | Holiday | $22,502  |   | $22,502  |   |   |  |
| 8211 | Vacation | $31,252  |   | $31,252  |   |   |  |
| 8212 | Sick Leave | $15,318  |   | $15,318  |   |   |  |
| 8213 | Severence Pay | $32,419  |   | $32,419  |   |   |  |
| 8214 | FICA-Employer Portion | $27,427  |   | $27,427  |   |   |  |
| 8215 | Federal Unemployment Insurance | $1,393  |   | $1,393  |   |   |  |
| 8216 | State Unemployment Insurance | $6,722  |   | $6,722  |   |   |  |
| 8217 | Workers' Compensation | $3,826  |   | $3,826  |   |   |  |
| 8218 | Health Insurance | $40,009  |   | $40,009  |   |   |  |
| 8219 | Life Insurance | $7,920  |   | $7,920  |   |   |  |
| 8220 | Pension Plan | $60,638  |   | $60,638  |   |   |  |
|   | **TOTAL FRINGE POOL** |  |   | **$249,426**  |   |   |  |
| 6110 | Salaries & Wages | $656,824  | $656,824  |  |  |  |  |
| 8110 | Salaries & Wages | $123,067  |  |  | $123,067  |  | $123,067 |
| **Fringe Allocated to Direct & Indirect Labor** |  | **$210,184**  | 32.0% | **$39,381**  |  |  | $39,381 |
| 8221 | Recruitment | $285  |  |  | $285  |  | $285  |
| 8222 | Relocation | $1,216  |  |  | $1,216  |  | $1,216  |
| 8223 | Personal Absence | $1,082  |  |  | $1,082  |  | $1,082  |
| 6310 | Travel | $35,173  | $35,173  |  |  |  |  |
| 8310 | Travel | $12,987  |  |  | $12,987  | $2,500  | $10,487  |
| 6320 | Material | $843,192  | $843,192  |  |  |  |  |
| 6330 | Other Direct Cost | $187,493  | $187,493  |  |  |  |  |
| 6340 | Subcontracts-contractual | $944,841  | $944,841  |  |  |  |  |
| 6350 | Supplies | $25,000  | $25,000  |  |  |  |  |
| 8350 | Supplies | $15,014  |  |  | $15,014  |  | $15,014  |
| 6360 | Equipment Rental | $15,000  | $15,000  |  |  |  |  |
| 8360 | Equipment Rental | $12,150  |  |  | $12,150  |  | $12,150  |
| 8410 | Legal Fees | $1,744  |  |  | $1,744  |  | $1,744  |
| 8420 | Audit Fees | $32,361  |  |  | $32,361  |  | $32,361  |
| 8430 | Miscellaneous | $3,969  |  |  | $3,969  |  | $3,969  |
| 8503 | Entertainment | $484  |  |  | $484  | $484  | $0  |
| 8505 | Advertising & Promotion | $354  |  |  | $354  |  | $354  |
| 8520 | Periodicals | $6,435  |  |  | $6,435  |  | $6,435  |
| 8522 | Bad Debts | $3,018  |  |  | $3,018  | $3,018  | $0  |
| 8523 | Business Meals | $2,702  |  |  | $2,702  |  | $2,702  |
| 8524 | Depreciation/Amortization | $2,824  |  |  | $2,824  |  | $2,824  |
| 8525 | Dues/Memberships | $2,112  |  |  | $2,112  |  | $2,112  |
| 8526 | Conventions/Seminars | $7,936  |  |  | $7,936  | $2,000  | $5,936  |
| 8527 | Interest Expense | $1,001  |  |  | $1,001  | $1,001  | $0  |
| 8531 | Insurance | $738  |  |  | $738  |  | $738  |
| 8535 | Repairs/Maintenance | $1,681  |  |  | $1,681  |  | $1,681  |
| 8537 | Telecopier | $2,434  |  |  | $2,434  |  | $2,434  |
| 8538 | Telephone | $45,552  |  |  | $45,552  |  | $45,552  |
| 8539 | Temp Help/contract labor | $1,816  |  |  | $1,816  |  | $1,816  |
| 8540 | Small Equipment | $878  |  |  | $878  |  | $878  |
| 8542 | Postage & handling | $6,235  |  |  | $6,235  |  | $6,235  |
| 8553 | Office Supplies | $6,461  |  |  | $6,461  |  | $6,461  |
| 8554 | Other Outside Services | $30,281  |   |   | $30,281  |   | $30,281  |
|  | **TOTALS** |  | **$2,917,707** |  | **$366,198** | **$9,003** | **$357,195** |
|  |  |  |  |  |  |  |  |
|  | Fringe Cost Pool |  | $249,426 |  | Indirect Cost Pool | $357,195 |
|  | Base (Direct & Indirect Labor) | $779,891 |  | Base (Total Direct Costs) | $2,917,707 |
|  | **FRINGE RATE** | **32.0%** |  | **INDIRECT RATE** | **12.2%** |

 Fringe Costs

 Salaries and Wages

 Allocation of Fringe to Direct and Indirect Accounts

Step-by-Step Instructions for ICR and Fringe Calculations

The following is a written narrative to explain the Steps identified in the above Example.

1. Develop List of Accounts (General Ledger)

Start the process by compiling a list of all accounts in the general ledger, along with the account number, account name and the dollars that equate to the most recent fiscal year of incurred costs/expenses. If the business is new and no costs/expenses have been incurred, then use a reasonable estimate of costs or budgeted amounts for the accounts in the general ledger. (Please note that it is provided only as a sample and therefore the recipient should use their own account names and numbers rather than those in the sample).

2. Segregate Direct Costs from Fringe and Indirect Costs

The second step in the process is to determine which accounts/costs in the general ledger into three categories, direct costs, fringe costs or indirect costs. First, separate out what would be considered employee benefits or fringe costs and then determine direct and indirect costs after the fringe is separated.

3. Segregate Unallowable Costs

Once the costs in the general ledger are separated into direct and indirect accounts, you must identify any cost that may be considered unallowable for federal awards and remove them from the total indirect cost pool. Unallowable costs are identified in the Cost Principles for each type of organization. It is essential to read the appropriate Cost Principles to identify the types of costs that are considered unallowable. In some situations costs might be considered allowable where the same type of costs can be considered unallowable in other circumstances. The sample is not a complete list.

4. Consider Adjustments to Historical Expenses

There are two situations for which the recipient will be preparing an ICR proposal: when you have an existing award and you must annually submit a fiscal year ICR proposal as required by the terms and conditions of an existing award, and when you are establishing an indirect rate or rates for the first time. In the first situation, the historical expenses accumulated in Step1 must be those that are used to develop the rates in Steps 7 and 10. However, if the recipient is preparing an ICR proposal for a pending/current award then the recipient needs to consider the impact the pending award will have on their financial status (General Ledger). In some cases the historical costs accumulated as part of Step 1 may need to be adjusted to better reflect the financial situation for the pending award. As an example, if all expenses in the General Ledger will increase in the same proportion there would be no impact on the resulting rate calculations in Steps 7 and 10. However if direct labor goes up significantly but other indirect expenses do not increase in proportion the result would be a decrease to the rates calculated in Steps 7 and 10. Therefore the recipient preparing the ICR proposal should perform a review of the nature and magnitude of the enumerated historical expenses and make appropriate adjustments to ensure that the resulting Indirect Rate is the best representation of your business during the period of performance of the current award. If historical costs are adjusted to accommodate better business judgment then please provide the original historical costs, the adjusted costs and a written descriptive summary of the business assumptions used in determining the adjusted costs when submitting the ICR proposal.

5. Identify the Fringe Pool (numerator)

As described in Step 2, the general ledger cost elements must be separated into three cost groupings/pools. As seen in the sample general ledger above, the first grouping of costs is the fringe pool which will include the expenses incurred by the business for the employees such as FUTA, SUTA, employer share of social security taxes, health insurance/medical, etc. Add the total of these costs to determine the total fringe pool.

6. Identify the Fringe Base (denominator)

The base for allocating fringe will be the total of direct and indirect salary and wages.

7. Compute the Fringe Rate

Divide the total from Step 5 by the total from Step 6. This will be the Fringe Rate which will be applied to both direct and indirect salaries and wages (total labor costs).

8. Distribute the Fringe Expense to Direct and Indirect Columns

The fringe rate calculated in Step 7 can now be used to distribute or allocate the fringe expense to the direct and indirect expense columns. Use the calculated fringe rate in Step 7 and multiply times the amount of total direct labor dollars. Manually enter the amount in the direct expense column of the general ledger. This fringe amount will now be considered part of the total direct costs. In preparing a budget (SF-424a) the computed fringe rate will be multiplied by the amount of direct labor in Block 6a and the amount entered in Block 6b. Similarly, multiply the fringe rate computed in Step 7 by the indirect labor dollars. Manually enter the amount in the Indirect expense column in the general ledger. The fringe in the indirect expense column will now become part of the “indirect pool” described in Step 9.

9. Sum the Indirect Pool (numerator)

Add the total of all allowable indirect costs that are segregated in Step 3 above. This will be the

“indirect pool,” or numerator when dividing to compute the indirect rate. Please ensure that

there are no unallowable costs included or any costs in the indirect cost pool that are also claimed in the base in Step 5. Also note that the indirect pool includes the fringe computed on indirect labor in Step 8

10. Identify the indirect cost base (denominator)

The base or denominator for computing the indirect rate is commonly direct labor which was used in this example. Total direct costs can also be used if appropriate (See Section Vb: Determine Your Base).

11. Calculate the Indirect Rate (Pool/Base)

Calculate the indirect rate by dividing the amount from Step 9 by the selected base amount in Step 10. This will be the indirect rate that will be applied to either direct labor or total direct costs when submitting a budget or cost proposal.

**VI. ICR Proposal Submission**

A completed ICR Proposal Submission involves your ICR Calculation and supporting documentation. A checklist below outlines all required documents for submission. In addition, to simplify your submission process and facilitate completion of several items on the checklist, ARPA-E has created an ICR Proposal Workbook that provides templates for completing your calculation and all of the required documentation.

ARPA-E ICR Proposal Workbook

ARPA-E’s finance team has created a template for the ICR calculation process called the ARPA-E ICR Proposal Workbook. The workbook can be downloaded from the ARPA-E website. You are encouraged, but not required, to use the ARPA-E ICR Proposal Workbook because it ensures that your calculation will be done according to the procedures required by ARPA-E and that you will not miss any required information in your rate calculation. It also provides templates for much of the required documentation for a complete ICR Proposal.

For awardees not using the ICR Proposal Workbook, it may still be useful to refer to the example ICR Proposal Workbook, which shows a fully populated example of an indirect rate proposal, so that you can see what we are looking for from our submissions.

Checklist for ICR Proposal Submission

1. \_\_\_\_\_**Signed Cost Policy Statement (CPS)** *(Exhibit A):*The purpose of the CPS is to establish a clear understanding between the organization and the federal government regarding what costs will be charged directly and what costs will be charged indirectly. The CPS also provides awardee personnel with a record of the awardee’s practices in the event of personnel changes. The CPS should include the following information:
	1. \_\_\_\_\_Statement on general accounting policies, including, but not limited to:
		1. \_\_\_\_\_Basis of accounting (accrual or cash basis)
		2. \_\_\_\_\_Fiscal year end
		3. \_\_\_\_\_Method of allocating indirect costs
		4. \_\_\_\_\_Statement of allocation base for the ICR
		5. \_\_\_\_\_Statement of allocation base for the fringe benefits (if using a fringe benefit rate)
		6. \_\_\_\_\_Accounting system software description
	2. Statements for each general ledger expense account (or cost element)
		1. \_\_\_\_\_Indicate whether each account is used to record direct or indirect expenses. For those accounts related to activities that are sometimes charged as both direct and indirect costs, indicate the circumstances under which the determination is made.
		2. \_\_\_\_\_Example accounts include, but are not limited to:
			1. Salaries and wages
			2. Fringe benefits, including a statement of how fringe benefits are charged (e.g., actual basis by employee, via a fringe benefit rate, etc.) and a statement of the treatment of compensated leave costs (e.g., vacation, holiday, sick leave, etc.)
			3. Travel
			4. Supplies and materials
			5. Occupancy expenses
			6. Utilities
			7. Photocopying and printing
			8. Depreciation
2. \_\_\_\_\_**Allocation Methodology** *(Exhibit A).* For each of the above general ledger accounts in which costs are allocated to more than one activity, describe the method used to allocate the costs (e.g., actual usage, square feet, cost of space, volume, etc.) *May be included as part of the Cost Policy Statement.*
3. \_\_\_\_\_**Statement on Unallowable Costs** *(Exhibit A)***.** The statement will include the following:
	1. \_\_\_\_\_A description regarding the accounting treatment of unallowable costs
	2. \_\_\_\_\_Methods and controls in place to segregate unallowable costs
	3. \_\_\_\_\_List of expense accounts to which the unallowable costs are charged *May be included as part of the Cost Policy Statement*
4. \_\_\_\_\_**ICR Preparation Policies and Procedures.** Provide written policies and procedures describing how the organization prepares its ICR proposal (if applicable).
5. \_\_\_\_\_**ICR Proposal**
	1. \_\_\_\_\_Detailing indirect expenses by function and cost category
	2. \_\_\_\_\_Detailing fund distribution of the direct cost base by function
	3. \_\_\_\_\_Including a reconciliation between the proposal and the financial statements
6. \_\_\_\_\_**Allocation of Salaries and Wages** *(Exhibit D)*A schedule of positions, functions, and annual salaries for the people who charge time to an indirect cost function, including employees who charge 100 percent of their effort to indirect tasks as well as employees who split time between direct and indirect tasks.
7. \_\_\_\_\_**Statement of Employee Benefits** *(Exhibit E)*This is a schedule showing the actual costs of applicable employee fringe benefit expenses (such as vacation, sick and holiday payroll taxes, employee health insurance, retirement, etc.). Fringe benefits are a consideration in the determination of the reasonableness of compensation. Note: The CPS provides a description of the treatment of fringe benefits, while the above statement shows actual costs included in the employee fringe benefit pool.
8. \_\_\_\_\_**Listing of All Grants and Contracts** *(Exhibit F)*A listing of all grants and contracts (by federal agency) that were active during the fiscal year. The listing should include total dollar amount, period of performance, and indirect cost limitations, if any, applicable to each, such as ceiling rates or amounts restricted by administrative or statutory regulations.
9. \_\_\_\_\_**Completed Lobbying Certificate** *(Exhibit B).*This certificate verifies that the organization does not include lobbying costs in indirect costs.
10. \_\_\_\_\_**Completed Certificate of Indirect Costs (***Exhibit C)* Negotiated agreements and certifications must be signed by an organizational representative who has the ability to contractually bind the organization (generally the chief financial officer, vice president, or comparable position within the organization).
11. \_\_\_\_\_**Financial Reports for the Year under Review (if available)**
	1. \_\_\_\_\_Complete copy of audited financial statements
	2. \_\_\_\_\_A-133 Single Audit Report
12. \_\_\_\_\_**Organizational Profile.** The purpose of an organizational profile is to gain an understanding of the basic structure of the organization and should include, at a minimum, the following components:
	1. \_\_\_\_\_A statement of major activities performed at the organization, including a description of the organization’s mission, services performed for the general public, member services, fundraising, lobbying, research grants and contracts. This statement should be 1-2 pages.
	2. \_\_\_\_\_Based on the information provided in the statement of major activities, describe which services are allowable and allocable to federal grants and contracts, under 2 CFR Part 200 and FAR Subpart 31.2.
	3. \_\_\_\_\_Organizational chart(s) and any information or material explaining the various services and functions of each unit
	4. \_\_\_\_\_Based on the organizational charts, indicate which units are indirect (administrative) functions of the organization

**APPENDIX**

**EXHIBIT A: Cost Policy Statement (CPS) for ICR Proposal**

The following CPS is intended to be used as guidance for organizations that seek reimbursement for indirect costs under Federal awards. This model assumes that ABC Organization uses:

A. the direct allocation basis to charge individual elements of costs. That is, in addition to direct costs, ABC has in place accounting procedures which enable it to direct charge some costs that would otherwise be considered indirect costs (see, for example, the description below on how the photocopy costs are charged).

B. the direct salaries and wages including applicable fringe benefits, to allocate the indirect cost “pool”.

**IMPORTANT NOTE: The CPS should have a detailed description of all the cost elements in the indirect cost proposal. It should also include the cost element allocation methodology.**

\* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \*

**COST POLICY STATEMENT**

**ABC ORGANIZATION/ADDRESS/PHONE**

**I. General Accounting Policies**

A. Basis of Accounting - Accrual Basis

B. Fiscal Period - July 1 through June 30

C. Allocation Basis for Individual Cost Elements - Direct Allocation Basis

D. ICR Allocation Base - Direct Salaries and Wages including applicable Fringe Benefits.

E. If ABC Organization needed a fringe benefit rate, it would describe its fringe benefit allocation base at this point.

F. ABC maintains adequate internal controls to insure that no cost is charged both directly and indirectly to Federal contracts or grants. A description of the accounting system software would be described at this point.

G. ABC accumulates all indirect costs and revenues in accounts titled, "Indirect Cost-Expense" and "Indirect Cost-Revenue" respectively.

**II. Description of Cost Allocation Methodology -**

**A. Salaries and Wages**

1. Direct Costs - The majority of ABC's employees direct charge their salary costs since their work is specifically identifiable to specific grants, contracts, or other activities of the organization such as lobbying, fund raising or providing services to members. The charges are supported by auditable labor distribution reports which reflect the actual activities of employees.

2. Indirect Costs - The following staff charge 100% of their salary costs indirectly:

- Office Business Manager

- Secretary/Receptionist

III-16

3. Mixed Charges - The following employees may charge their salary costs to both direct and indirect activities:

- Executive Director

- Administrative Assistant

The distinction between direct and indirect is primarily based on functions performed. For example, when the positions shown are performing functions that are necessary and beneficial to all programs they are indirect. When functions are specific to one or more programs they are direct because they do not benefit all programs.

Auditable labor distribution records which reflect the actual activities of employees are maintained to support the mix of direct/indirect charges. The time records are certified by the Executive Director or designee.

**B. Fringe Benefits**

ABC contributes to the following fringe benefits for its employees:

1. unemployment insurance,

2. worker's compensation,

3. F.I.C.A., health insurance and

4. matching contributions to a defined benefit pension plan.

Treatment of Fringe Benefits: ABC's accounting system tracks fringe benefit costs by individual employee and charges those costs directly or indirectly in the same manner as salary and wage costs are recorded. ABC does not need to have a fringe benefit rate established.

Treatment of Paid Absences - Release time costs (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. Consequently, separate claims for release time costs are not made. ABC's accounting system records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is recorded as a cost in the period earned.

**C. Travel**

Travel costs may be charged as either direct or indirect costs depending on the purpose of the trip.

For example:

The Executive Director of Company ABC travels to a regional office to give employees a quarterly update. This trip is indirect in nature and should be charged as an indirect cost. However, if the Executive Director of Company ABC travels to a regional office to perform a specific task for a contract, the trip would be considered a direct cost.

**D. Board Expenses**

Board expenses charged on an indirect basis are for travel to/from Board meetings (limited to expenses allowed under the Federal Travel Regulations) and an annual fee of $250 paid to each Board member.

Other Board expenses are absorbed by ABC and are not charged either directly or indirectly to Federal contracts or grants.

**E. Supplies and Material**

To the maximum extent possible, office supplies and materials are direct charged to the contract/grant which uses the supplies or materials. III-17

Supplies and materials used by staff who are engaged in indirect activities will be charged on an indirect basis.

**F. Occupancy Expenses**

Rent - ABC occupies space it leases from Lessor Corporation. The lease provides for equal monthly payments during the term of the lease. Monthly lease costs are allocated, based on: square footage, directly and indirectly as follows:

1. Direct Costs - The cost of space occupied by staff whose salaries are directly charged is charged directly.

2. Indirect Costs - The cost of space occupied by staff whose salaries are indirectly charged is charged indirectly. The cost of space for staff whose salaries are charged on a mixed basis will be allocated on a mixed basis in the same ratio as their salaries are allocated.

The cost of space required for common areas (hallways, restrooms, and ABC's conference room) will be accounted for as an indirect cost.

ABC has developed a floor plan which identifies what areas are designated as direct and indirect charge space (based on square footage).

**G. Utilities**

ABC's lease includes the cost of all utilities except electricity. The cost of electricity is charged directly and indirectly in the same ratio as its space costs are charged.

**H. Communications**

1. A log is maintained of all fax transmissions. The cost of fax services is charged either directly or indirectly based upon whether a direct or indirect activity benefits from the transmission.

2. Long distance telephone calls are charged either directly or indirectly based upon whether a direct or indirect activity benefits from the transmission.

3. Local telephone service costs are prorated to direct and indirect charges based upon the number of telephone instruments assigned to ABC.

Each telephone instrument is identified to either an indirect or a direct activity. For example:

ABC has 50 telephone instruments assigned to it:

(1) Nine (9) of the 50 instruments are assigned to the program funded by HHS. Therefore, 9/50ths of the monthly local service telephone charges are direct charged to the HHS grant.

(2) Five (5) of the instruments are assigned to indirect staff. Therefore, 5/50ths of the monthly local service charges are charged indirectly.

No telephone instruments are charged on a mixed basis since the costs incurred on that basis are immaterial in amount.

4. ABC uses a meter system for postage charges. The postage meter has been programmed to identify the specific program or activity to charge costs against. Express mail costs are also specifically identified to the program or activity incurring the cost.

III-18

**I. Photocopying and Printing**

ABC maintains a photocopy activity log. From this log, ABC is able to prorate its photocopy expenses to each program based on the specific volume of copies made for each program.

Administrative personnel will record copies made to the benefiting program to the maximum extent practical. In situations where the photocopies being made by administrative personnel cannot be identified to a specific program and the matter being copied relates to the activities of ABC in general, the cost of such copies will be charged to the "Indirect Cost-Expense" account.

Printing expenses are charged to the benefiting activity.

**J. Outside Services**

ABC incurs outside services costs for its annual audit, legal fees, and for staff development specialists.

1. The cost of the annual audit is charged indirectly.

2. In general, legal fees are charged directly to the benefiting program or activity.

3. Legal fees that are not identifiable to specific direct programs are charged indirectly.

**K. Capital Items**

Capital expenditures are charged directly to programs only in cases where a contract or grant specifically authorizes such charges. No capital item is charged indirectly. The cost of capital items is purchased with non-Federal funds are recovered through depreciation charges. ABC's capitalization threshold is $5,000.

**L. Depreciation**

The cost of capital items purchased with non-Federal funds which are used in a manner which benefits Federal programs is recovered through depreciation charged.

The cost of capital items purchased with direct Federal funds cannot be depreciated for indirect cost recovery purposes.

ABC recovers the cost of capital items using straight line depreciation methods in accordance with generally accepted accounting principles. Depreciation is charged indirectly.

**M. Service to Members**

The cost of activities performed primarily as a service to members, clients, or the general public are classified as direct costs and bear their fair share of indirect costs. These activities include:

1. maintenance of membership rolls,

2. subscriptions,

3. publications, and related functions, providing services and information to members, legislative or administrative bodies, or the public;

4. promotion, lobbying, and other forms of public relations;

5. meetings and conferences except those held to conduct the general administration of ABC Organization;

6. maintenance, protection, and investment of special funds not used in operation of ABC; and administration of group benefits on behalf of members or clients including life and hospital insurance, annuity or retirement plans, financial aid, etc.

III-19

**N. Unallowable Costs**

ABC recognizes that unallowable costs, as defined in 2 CFR Part 200, Subpart E, or the FAR (Subpart 31.205), cannot be charged to Federal awards and has internal controls in place to insure that this is followed. Examples of unallowable costs are:

1. advertising and public relations,

2. entertainment/alcoholic beverages,

3. capital expenditures,

4. defense claims by or against the Federal Government,

5. interest,

6. lobbying and fund raising.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title

ABC Organization

1111 Main Street

City, USA 12345

**Exhibit B : Lobbying Certificate**

**LOBBYING COST CERTIFICATE**

I hereby certify that\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ has complied with the requirements and standards on lobbying costs in 2 CFR 200 for the fiscal year ended\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

**EXHIBIT C: Certificate of Indirect Costs**

**CERTIFICATE OF INDIRECT COSTS**

This is to certify that I have reviewed the indirect cost proposal submitted herewith and to the best of my knowledge and belief:

##### (1) I have reviewed the indirect (F&A) cost proposal submitted herewith

##### (2) All costs included in this proposal dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_to establish billing or final indirect (F&A) costs rates for fiscal year(s) ended\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_are allowable in accordance with the requirements of the federal awards to which they apply and with the federal cost principles; i.e., (please check those applicable costs principles):

\_\_\_\_\_2 CFR 200, Subpart E, “Cost Principles” and Appendices III-VIII, or

\_\_\_\_\_Federal Acquisition Regulation (FAR), Subpart 31.2, Cost Principles for commercial organizations.

(3) This proposal does not include any costs which are unallowable under applicable federal cost principles. For example:

Advertising, contributions and donations, bad debts, entertainment costs, fine and penalties, general government expenses, and defense of fraud proceeding;

(4) The requirements standards on lobbying costs for non-profit (2 CFR 200, Subpart E) and

commercial (FAR) organizations have been compiled with for the fiscal year ended , and

(5) All costs included in this proposal are properly allocable to federal awards on the basis of a

beneficial or causal relationship between the expenses incurred and the federal awards to which they are allocated in accordance with applicable Federal cost principles.

Subject to the provisions of the Program Fraud Civil Remedies Act of 1986, (31 USC 3801 et seq.), and the Department of Labor's implementing regulations, (29 CFR Part 22), the False Claims Act (18 USC 287 and 31 USC 3729); and the False Statement Act (18 USC 1001), I declare to the best of my knowledge that the foregoing is true and correct.

Organization:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Authorized Official:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date of Execution:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Exhibit D: Allocation of Salaries and Wages**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |
| **Position**  | **Annual Salary** | **Indirect**  | **Direct** |  |  |  |  |  |  |  |  |  |  |
| Executive Director | $60,000 | $35,000 | $25,000 |  |  |  |  |  |  |  |  |  |  |
| Administrative Assistant | $22,000 | $22,000 | $- |  |  |  |  |  |  |  |  |  |  |
| Controller | $45,000 | $45,000 | $- |  |  |  |  |  |  |  |  |  |  |
| Accountant | $90,000 | $90,000 | $- |  |  |  |  |  |  |  |  |  |  |
| Lead Engineer | $120,000 | $12,000 | $108,000 |  |  |  |  |  |  |  |  |  |  |
| Field Operations Director | $35,000 | $5,250 | $29,750 |  |  |  |  |  |  |  |  |  |  |
| Area Coordinator | $15,000 | $- | $15,000 |  |  |  |  |  |  |  |  |  |  |
| Technician | $25,000 | $- | $25,000 |  |  |  |  |  |  |  |  |  |  |
| Bus Dev Specialist | $40,000 | $40,000 | $- |  |  |  |  |  |  |  |  |  |  |
| Project Manager | $60,000 | $5,000 | $55,000 |  |  |  |  |  |  |  |  |  |  |
| Technical Director | $45,000 | $8,000 | $37,000 |  |  |  |  |  |  |  |  |  |  |
| Manufacturing Director | $45,000 | $- | $45,000 |  |  |  |  |  |  |  |  |  |  |
| Data Entry Clerk | $12,000 | $- | $12,000 |  |  |  |  |  |  |  |  |  |  |
| Staff Engineers | $700,000 | $70,000 | $630,000 |  |  |  |  |  |  |  |  |  |  |
| **Total** | **$1,314,000** | $332,250 | $981,750 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Allocate direct portion of salaries to various direct programs and activities. Direct portion of salary must be 100% allocated between federal and non-federal programs.** |
| **Federal Programs** | **Non-Federal Programs** |  |  |
| **Position**  | **Annual Salary** | **Direct Total** | **ARPA-E OPEN 2015** | **NSF -Project A** | **NSF -Project B** | **Commercial Contract** |  |  | **Federal Total** | **Non-Federal Total** |
| Executive Director | $60,000 | $25,000 | $8,000 | $6,000 | $5,000 | $6,000 |  |  | $19,000 | $6,000 |
| Administrative Assistant | $22,000 | $- |  |  |  |  |  |  | $- | $- |
| Controller | $45,000 | $- |  |  |  |  |  |  | $- | $- |
| Accountant | $90,000 | $- |  |  |  |  |  |  | $- | $- |
| Lead Engineer | $120,000 | $108,000 | $52,000 | $32,000 |  | $24,000 |  |  | $84,000 | $24,000 |
| Field Operations Director | $35,000 | $29,750 |  | $22,750 | $7,000 |  |  |  | $29,750 | $- |
| Area Coordinator | $15,000 | $15,000 |  | $15,000 |  |  |  |  | $15,000 | $- |
| Technician | $25,000 | $25,000 | $20,000 | $5,000 |  |  |  |  | $25,000 | $- |
| Bus Dev Specialist | $40,000 | $- |  |  |  |  |  |  | $- | $- |
| Project Manager | $60,000 | $55,000 | $- | $55,000 |  |  |  |  | $55,000 | $- |
| Technicial Director | $45,000 | $37,000 | $33,000 | $2,000 | $2,000 |  |  |  | $37,000 | $- |
| Manufacturing Director | $45,000 | $45,000 |  | $9,000 | $36,000 |  |  |  | $45,000 | $- |
| Data Entry Clerk | $12,000 | $12,000 | $12,000 |  |  |  |  |  | $12,000 | $- |
| Staff Engineers | $700,000 | $630,000 | $190,000 | $210,000 | $140,000 | $90,000 |  |  | $540,000 | $90,000 |
| **Total** | **$1,314,000** | **$981,750** | **$315,000** | **$356,750** | **$190,000** | **$120,000** |  |  | **$861,750** | **$120,000** |

**Exhibit E: Employee Benefits**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Position** | **Hours Worked/ Year** | **Rate/Hr** | **Annual Labor Compensation (excludes holidays and paid time off)** | **FICA** | **Federal Unemployment** | **Workers' Comp** | **Health Insurance** | **Holiday/ Paid Vacation** | **Total Benefits** | **Total Personnel Costs** |
| Executive Director | 1880 |  $ 31.91  |  $ 60,000  |  $ 4,311  | $ 240 |  $ 600  |  $ 2,400  |  $ 6,383  |  $ 13,934  |  $ 73,934  |
| Administrative Assistant | 1880 |  $ 11.70  |  $ 22,000  |  $ 1,683  | $ 240 |  $ 220  |  $ 2,400  |  $ 2,340  |  $ 6,883  |  $ 28,883  |
| Accountant | 1880 |  $ 23.94  |  $ 45,000  |  $ 3,443  | $ 240 |  $ 450  |  $ 2,400  |  $ 4,787  |  $ 11,320  |  $ 56,320  |
| Controller | 1880 |  $ 47.87  |  $ 90,000  |  $ 6,885  | $ 720 |  $ 900  |  $ 7,200  |  $ 9,574  |  $ 25,279  |  $ 115,279  |
| Lead Engineer | 1880 |  $ 63.83  |  $ 120,000  |  $ 9,180  | $ 960 |  $ 1,200  |  $ 9,600  |  $ 12,766  |  $ 33,706  |  $ 153,706  |
| Field Operations Director | 1880 |  $ 18.62  |  $ 35,000  |  $ 2,678  | $ 240 |  $ 350  |  $ 2,400  |  $ 3,723  |  $ 9,391  |  $ 44,391  |
| Area Coordinator | 940 |  $ 15.96  |  $ 15,000  |  $ 1,148  | $ 240 |  $ 150  |  $ 1,400  |  $ 3,191  |  $ 6,129  |  $ 21,129  |
| Technician | 1880 |  $ 13.30  |  $ 25,000  |  $ 1,913  | $ 480 |  $ 250  |  $ 4,800  |  $ 2,660  |  $ 10,103  |  $ 35,103  |
| Bus Dev Specialist | 1880 |  $ 21.28  |  $ 40,000  |  $ 3,060  | $ 240 |  $ 400  |  $ 2,400  |  $ 4,255  |  $ 10,355  |  $ 50,355  |
| Project Manager | 1880 |  $ 31.91  |  $ 60,000  |  $ 4,590  | $ 720 |  $ 600  |  $ 7,200  |  $ 6,383  |  $ 19,493  |  $ 79,493  |
| Technical Director | 1880 |  $ 23.94  |  $ 45,000  |  $ 3,443  | $ 240 |  $ 450  |  $ 2,400  |  $ 4,787  |  $ 11,320  |  $ 56,320  |
| Manufacturing Director | 1880 |  $ 23.94  |  $ 45,000  |  $ 3,443  | $ 240 |  $ 450  |  $ 2,400  |  $ 4,787  |  $ 11,320  |  $ 56,320  |
| Data Entry Clerk | 940 |  $ 12.77  |  $ 12,000  |  $ 918  | $ 240 |  $ 120  |  $ 1,200  |  $ 2,553  |  $ 5,031  |  $ 17,031  |
| Staff Engineers | 18000 |  $ 38.89  |  $ 700,000  |  $ 53,550  | $ 12,000 |  $ 7,000  |  $ 120,000  |  $ 77,778  |  $ 270,328  |  $ 970,328  |
| **Total** | **40560** | **NA** |  **$ 1,314,000**  |  **$ 100,245**  | **$ 17,040** |  **$ 13,140**  |  **$ 168,200**  |  **$ 45,967**  |  **$ 444,592**  |  **$ 1,758,592**  |

**Exhibit F: All Grants and Contracts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Provide Information on All Grants and Contracts** |  |  |  |  |  |
| **Grantor** | **Funding Source** |  **Grant/Contract Amount**  | **Period of Performance** | **Indirect Cost Limitations or CAP Limitations\*** | **Grant/Contract Award Notice Provided as Part of Proposal** | **For Federal Contracts Only-Identify Types of Contracts Awarded\*\*** |
| *ARPA-E OPEN 2015* | Dept of Energy-ARPA-E | $935,345  | 1/2016-12/2018 |   | Yes | Cost Reimbursement  |
| *NSF-Project A* | NSF | $1,204,523  | 1/2014-12/2015 |   | No |   |
| *NSF-Project B* | NSF | $643,200  | 1/2015-12/2017 | 5% Total Award | No | Cost Reimbursable |
| **TOTAL** | $2,783,068  |  |  |  |  |