

E. Example - Multiple Allocation Method

Fringe benefits indirect cost rate:

<u>Fringe benefits pool:</u>		<u>Fringe Cost</u>
Annual leave		\$ 50,384
Sick leave		25,269
Holidays		30,150
FICA		100,245
State unemployment compensation		17,040
Worker's compensation insurance		13,140
Medical insurance		168,200
Pension		105,120
Total fringe benefits pool	(a)	<u>\$509,548</u>
<u>Base of application:</u>		<u>Base Cost</u>
Direct labor		\$758,197
Overhead labor		72,500
G&A expense labor		170,000
Total fringe benefits base	(b)	<u>\$1,000,697</u>
Fringe benefits rate	(a/b)	<u>50.92%</u>

The fringe benefits pool included annual, sick, and holiday leave.

Overhead indirect cost rate:

<u>Overhead pool expenses:</u>	<u>Overhead Cost</u>
Overhead Labor	\$72,500
Applied fringe on Overhead labor @ 50.92%	36,917
Indirect travel	15,000
Supplies	7,000
Office equipment	2,000
Telephone	10,000
Printing and reproduction	7,500
Insurance	6,000
Entertainment	750
Postage and delivery	1,500
Subtotal	<u>\$159,167</u>
Less unallowable:	
Entertainment	(750)
Total allowable overhead pool (a)	<u>\$158,417</u>
<u>Base of application:</u>	<u>Base cost</u>
Direct Labor	\$758,197
Applied fringe on Direct labor @ 50.92%	386,074
Total overhead base (b)	<u>\$1,144,271</u>
Overhead rate (a/b)	<u>13.84%</u>

The base of allocation is direct labor dollars and applicable fringe.

General and Administrative (G&A) expense rate:

G&A expenses:		<u>G&A Cost</u>
G&A Labor		\$170,000
Applied fringe on G&A labor @ 50.92%		86,564
Indirect travel		5,000
Supplies		4,000
Office equipment		15,000
Telephone		14,000
Printing and reproduction		3,500
Insurance		7,500
Entertainment		1,100
Postage and delivery		3,900
Depreciation		8,800
Bad debts		10,000
	Subtotal	<u>\$329,864</u>
Less unallowable:		
Entertainment		(1,100)
Bad bets		(10,000)
	Total allowable G&A pool (a)	<u>\$318,764</u>
 Base of application:		 <u>Base Cost</u>
Direct Labor		\$758,197
Applied fringe on Direct labor @ 50.92%		386,074
Consultants		26,000
Staff travel		94,000
Subawards		175,000
ODCs		45,000
Overhead expenses		159,167
	Total G&A base	<u>\$1,643,438</u>
	G&A rate (a/b)	<u>19.40%</u>

