C. Indirect Rate Proposal—Single Rate Method—Written Narrative

The following is a written narrative to explain the Steps identified in the Single Rate Method Example on Page 2. The simplified method for allocating indirect costs is the Single Rate Method. This is usually applicable to a small business with less than $10M or less than 25 employees. This method groups all allowable indirect costs, including fringe, into a single pool. The following is a step-by-step process of how to use the information from your General Ledger (GL) to develop an indirect rate.

1. **Develop List of Accounts (General Ledger)**
   Start the process by compiling a list of all accounts in the GL, 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 your best judgment in estimating costs or budgeted amounts for the accounts in the General Ledger. (**A GL sample is included following step 8 below**. 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 Indirect**
   The second step in the process is to determine which accounts/costs in the GL can be considered direct costs to a single project or indirect costs to two or more projects (see definitions in paragraph E). Evaluate each expense or account in the GL to determine if the account should be divided into separate direct and indirect accounts. For example, Salaries and Wages can be charged as a direct cost in some situations and as an indirect cost in other situations. Therefore, Salaries and Wages would be separated into two distinct account numbers in the GL to separate direct salaries from indirect salaries (as shown in the example GL following Step 8 below). Other similar costs/expenses that may be identified as sometimes direct and sometimes indirect are travel, supplies, equipment and subcontracts. Costs that are identified as direct in the GL must track in corresponding subsidiary ledgers with unique account numbers to each project or job. For example, direct salaries/labor can be accumulated into one direct account number in the GL, but in the subsidiary ledgers the direct salaries must be identified to individual projects using unique account numbers. To be considered compliant, the government requires a job order cost accounting system.

3. **Segregate Unallowable Costs**
   Once the costs in the GL 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 (see Reference Information in paragraph E). 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 GL following Step 8 below identifies some unallowable costs. The sample is not a complete list.

4. **Consider Adjustments to Historical Expenses**
   As explained in the Introduction there are two situations for which the recipient will be preparing an Indirect Rate Proposal. Item 2 in the Introduction was for when you have an existing Award and you must annually submit a fiscal year Indirect Rate Proposal as required by the terms and conditions of an existing Award. In that situation, the historical expenses accumulated in Step1

must be those that are used to develop the Indirect Rate in Step 7. However, if the recipient is preparing an Indirect Rate 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 Indirect Rate result calculation in Step 7. However if direct labor goes up significantly but other indirect expenses do not increase in proportion the result would be a decrease to the Indirect Rate calculated in Step 7. Therefore the recipient preparing the Indirect Rate Proposal should perform a cursory review of the nature and magnitude of the accumulated 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 Indirect Rate Proposal.

5. **Sum the total of the Indirect Cost Pool (numerator)**
   Add the total of all allowable indirect costs that are segregated in step 3 above. This will be the "pool" or top number (numerator) when dividing to compute the indirect rate. Please ensure that there are no unallowable costs included.

6. **Select the Base –federal and non-federal (denominator)**
   The base used to allocate the indirect costs is usually Total Direct Labor or Total Direct Costs of all projects/programs/activities. In the attached example, Total Direct Labor Costs is used as a base. Therefore, simply identify the direct labor costs (both federal and non-federal projects) that are segregated in step 2 above. This will be the "base" of allocation or the bottom number (denominator) for calculating the indirect rate. Normally there are no unallowable direct costs but please note that if there are any they need to be left in the total base costs so that the indirect costs are allocated equitably.

7. **Calculate the Indirect Rate (Pool/Base)**
   Divide the Pool amount in step 5 by the base amount in Step 6. This will be the Indirect Rate as a percentage of the base selected. Indirect Costs are identified in the Budget (form SF-424a) in block 6j.

D. Indirect Rate Proposal—Two Rate Method (Fringe Rate and Indirect Rate)--Example

The following is a sample INDIRECT RATE PROPOSAL using the two rate method- Sample rate calculations are included below the General Ledger with a Step by Step process. A written narrative of each step is provided on Page 6 following the example.

GENERAL LEDGER

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 Unemployement 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%	$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
TOTAL INDIRECT COST POOL								
TOTALS				$2,917,707		$366,198	$9,003	$357,195
				(BASE)				(Pool)

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%

STEPS IN THE TWO RATE METHOD

1. Develop List of Accounts (GL)
2. Segregate Direct Costs, Fringe Costs and Indirect Costs
3. Segregate Unallowable Costs
4. Consider Adjustments to Historical Costs
5. Identify Fringe Pool
6. Identify Fringe Base
7. Compute the Fringe Rate
8. Distribute Fringe Expense (direct and indirect)
9. Sum the Indirect Cost Pool
10. Identify the Indirect Cost Base
11. Calculate the Indirect Rate

D. Indirect Rate Proposal—Two Rate Method (Written Narrative)

The following is a written narrative to explain the Steps identified in the Example on page 5. Paragraph C discussed the **simplified** method for calculating an indirect rate but the **more common** approach is to develop two indirect rates, one for Fringe and a separate Indirect Rate. The only difference from Paragraph C is that the costs are separated into three categories instead of two. The two mentioned in Paragraph C were Direct and Indirect Costs. In the two-rate method the Fringe Costs are separated out of the other indirect costs in the General Ledger (GL) to create a Fringe Pool of their own.

1. Same as Step 1 in paragraph C.

2. **Segregate Direct Costs from Fringe and Indirect Costs**
   The second step in the process is to determine which accounts/costs in the GL into three categories, direct costs, fringe costs or indirect costs. First, separate out what would be considered employee benefits or fringe costs and then use the same scenario described in paragraph C-2 above to determine direct and indirect costs after the fringe is separated.

3. **Same as Step 3 in Paragraph C.**

4. **Same as Step 4 in Paragraph C.**

5. **Identify the Fringe Pool (numerator)**
   As described in step 2, the GL cost elements must be separated into three cost groupings/pools. As seen in the sample GL below, the first grouping of costs could be 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 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 times 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 "pool" or top number (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.

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. In our example we would apply the Indirect Rate to only the Direct Labor in block 6a of SF-424a and enter the indirect charge amount in line 6j.

E. Definitions and References.

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 the subsidiary ledgers would have unique account identifiers to track the costs to the specific projects.

INDIRECT COSTS- Indirect costs are those costs or expenses that can not be identified or tracked to a single activity, project, job, or contract or costs that apply to more than one project. Some examples of the types of cost that typically might be considered indirect are clerical labor, supervisor/management labor, utilities, phone expenses, fringe benefits, insurance, legal, and office rental or mortgage. These costs will be allocated or spread to more than 1 project.

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.

BASE (denominator)-Indirect costs are assigned or allocated to individual projects by using an Indirect Rate. The number that the rate or percentage will be applied to is the "base". Therefore if an indirect rate is going to be applied to a project then the "base" has to be something that is a directly identified to the project such as direct labor hours, direct labor dollars, material, supplies etc. One concern becomes in how to know what "base" to use when computing an indirect rate. To make that determination, two things should be considered. First, who or what causes the indirect cost and secondly, who or what benefits from the indirect cost? For example the paying of salaries and wages causes a business to have to incur fringe costs so the most logical base to use for computing a fringe rate is salary and wages. Other indirect costs such as utilities are not caused by any single person or event but everything in the business benefits from paying the utilities so the base could be all direct labor costs or total direct costs since they all benefit.

INDIRECT COST POOL (numerator)- Indirect costs can not be identified to specific projects; so all the indirect costs are grouped or added together into an indirect cost pool. By combining the costs into one pool, the costs can be allocated to projects by computing an indirect rate after a base is selected. Examples of indirect costs that can be combined into one group are fringe costs that are grouped into a "fringe pool".

INDIRECT RATE- An indirect rate is simply a mathematical calculation, expressed as a percentage, that 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 TDC). Expressing that 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.

UNALLOWABLE COSTS- Federal guidelines prohibit the federal government from reimbursing certain types of costs that are called unallowable. Allowable and unallowable costs are listed in the corresponding cost principles for each type of organization. The references below identify the cost principles that are applicable to specific types of organizations. Some costs are totally or "expressly" unallowable and some costs are unallowable in part because of the nature of why they were incurred.

REFERENCE INFORMATION

- For DOE Financial Assistance Regulations refer to 10 CFR 600. Financial Administration is addressed in Parts 600.120-128, 220-226 and 310-318.
- For information associated with C**ost Principles** defining allowable and unallowable costs for different types of organizations refer to the following:
    1. Commercial Organizations: Federal Acquisition Regulation (FAR) Part 31.
    2. Educational Institutions: OMB Circular A-21.
    3. State, Local, & Indian Tribe Governments: OMB Circular A-87.
    4. Non-Profit Organizations: OMB Circular A-122.

- For audit requirements for States, Local Governments, and Non Profit Organizations including Institutions of Higher Education, refer to OMB Circular A-133.
- Administrative requirements are found in OMB Circular A-102 and A-110.

From: Gypsy Achong [gachong@solazyme.com]
Sent: Tuesday, March 02, 2010 1:50 PM
To: Hames, Molly
Cc: Sterner, Christy; Lindeman, Chris; sergio.arnabar@cherokee-pharma.com
Subject: FW: DOE Award: DE-EE0002877 - Solazyme, Inc. - Indirect Rates
Attachments: PMC400_2_Sample_IR_Proposal_preaward.doc

Dear Molly,

I apologize for the delay in responding to your email. Cherokee's Director of Finance, Sergio Arnabar, cc'ed here, will submit Cherokee's indirect rate proposal. Sergio will work directly with DOE in managing the indirect rate process. Cherokee's indirect rate proposal should be kept in strict confidentiality, and under no circumstances should Cherokee's indirect rate proposal be shared with Solazyme. Sergio's contact information is:

Phone: 570 271 2194
Email: Sergio.arnabar@cherokee-pharma.com

Sergio, attached is the sample indirect rate proposal form downloaded from the following website:
https://www.eere-pmc.energy.gov/forms.aspx

Molly, please let Sergio know when you will need Cherokee's indirect rate proposal.

Thanks for your help,
Gypsy

-----Original Message-----
From: Hames, Molly [mailto:molly.hames@go.doe.gov]
Sent: Friday, February 05, 2010 12:48 PM
To: Gypsy Achong
Cc: Sterner, Christy
Subject: DOE Award: DE-EE0002877 - Solazyme, Inc. - Indirect Rates

Hello,
In addition to the indirect rate proposal you've already submitted, we need one from your sub-recipient, Cherokee Pharmaceuticals. I am requesting that our CP Analyst take a look at you and your sub-recipient's indirect rate proposals while the budgets are still being negotiated, in order to expedite the process of lifting conditions on your awards.

Also, would it be okay for the CP Analyst to directly contact your sub-recipients, or would you rather our CP Analyst work through you instead?

Please let me know, and do not hesitate to contact me with any questions.

Thanks,

Molly Hames
Grants & Agreements Specialist
U.S. Department of Energy
Golden Field Office
1617 Cole Blvd. Golden, CO 80401
Phone: 303-275-4864
Fax: 303-275-4754

U.S. DEPARTMENT OF ENERGY
PROJECT MANAGEMENT CENTER

SAMPLE INDIRECT RATE PROPOSAL

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B. DCAA model for Indirect Rates
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A. Introduction

There are several methods for allocating indirect costs/expenses to projects, activities and programs. For applicants who have prior experience in developing Indirect Rates, **Paragraph B** identifies the most comprehensive tool. The instructions in **Paragraphs C and D** below are provided as a **sample** for recipients who have little or no experience in developing indirect rates but intend to request reimbursement for indirect costs as part of a Federal Financial Assistance Award. Select one method from Paragraph A, B or C. The resulting Indirect Rates are needed on two occasions:

1. **Initially, indirect rates will be required for estimating the Budget** for a current or pending award if indirect costs are requested for reimbursement.
2. **After the award** is made, the applicant will provide indirect rates on an annual basis to the Specialist at the awarding office to **reconcile billed costs to actual costs** per the award terms and conditions.

Paragraph E below contains terms and references that may be unfamiliar to a new applicant but that are essential in understanding how to develop an Indirect Rate.

B. Indirect Rate Proposal — DCAA "ICE" model

For applicants who have prior experience in calculating Indirect Rates, the most comprehensive instructions with sample schedules/spreadsheets is the Defense Contract Audit Agency's (DCAA) Incurred Cost Electronic (ICE) model. The model can be located on the DCAA website at **http://www.dcaa.mil/** under **DCAA Publications, ICE Model.** Although the ICE model is intended as a sample for accumulating Annual Incurred Costs it can also be used as a model in forecasting indirect rates.

C. Indirect Rate Proposal—Single Rate Method --Example

The following is a sample INDIRECT RATE PROPOSAL using the Single Rate Method. The Indirect Rate Calculation and Step by Step instructions are shown below the General Ledger table. Each Step has a narrative explanation provided on page 3.

GENERAL LEDGER

ACCT #	ACCOUNT NAME	ANNUAL TOTAL	DIRECT	INDIRECT	UNALLOW	INDIRECT-CLAIMED
6110	Salaries & Wages	$656,824	$656,824			
8110	Salaries & Wages	$123,067		$123,067		$123,067
8210	Holiday	$22,502		$22,502		$22,502
8211	Vacation	$31,252		$31,252		$31,252
8212	Sick Leave	$15,318		$15,318		$15,318
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8214	FICA-Employer portion	$27,427		$27,427		$27,427
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8216	State Unemployment Insurance	$6,722		$6,722		$6,722
8217	Workers' Compensation	$3,826		$3,826		$3,826
8218	Health Insurance	$40,009		$40,009		$40,009
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8220	Pension Plan	$60,638		$60,638		$60,638
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			
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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
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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
	TOTAL		$2,707,523	$576,243	$9,003	$567,240
			Base-Direct Labor			Pool

INDIRECT COST POOL	$567,240
BASE= (DIRECT LABOR)	$656,824
INDIRECT RATE	**86.4%**

STEPS IN SINGLE RATE PROCESS

1. Develop List of Accounts (GL)
2. Segregate Direct Costs from Indirect Costs
3. Segregate Unallowable Costs
4. Consider Adjustments to Historical Costs
5. Sum the Indirect Cost Pool
6. Identify the Indirect Base
7. Calculate the Indirect Rate

C. Indirect Rate Proposal—Single Rate Method—Written Narrative

The following is a written narrative to explain the Steps identified in the Single Rate Method Example on Page 2. The simplified method for allocating indirect costs is the Single Rate Method. This is usually applicable to a small business with less than $10M or less than 25 employees. This method groups all allowable indirect costs, including fringe, into a single pool. The following is a step-by-step process of how to use the information from your General Ledger (GL) to develop an indirect rate.

1. Develop List of Accounts (General Ledger)

Start the process by compiling a list of all accounts in the GL, 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 your best judgment in estimating costs or budgeted amounts for the accounts in the General Ledger. (**A GL sample is included following step 8 below**. 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 Indirect

The second step in the process is to determine which accounts/costs in the GL can be considered direct costs to a single project or indirect costs to two or more projects (see definitions in paragraph E). Evaluate each expense or account in the GL to determine if the account should be divided into separate direct and indirect accounts. For example, Salaries and Wages can be charged as a direct cost in some situations and as an indirect cost in other situations. Therefore, Salaries and Wages would be separated into two distinct account numbers in the GL to separate direct salaries from indirect salaries (as shown in the example GL following Step 8 below). Other similar costs/expenses that may be identified as sometimes direct and sometimes indirect are travel, supplies, equipment and subcontracts. Costs that are identified as direct in the GL must track in corresponding subsidiary ledgers with unique account numbers to each project or job. For example, direct salaries/labor can be accumulated into one direct account number in the GL, but in the subsidiary ledgers the direct salaries must be identified to individual projects using unique account numbers. To be considered compliant, the government requires a job order cost accounting system.

3. Segregate Unallowable Costs

Once the costs in the GL 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 (see Reference Information in paragraph E). 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 GL following Step 8 below identifies some unallowable costs. The sample is not a complete list.

4. Consider Adjustments to Historical Expenses

As explained in the Introduction there are two situations for which the recipient will be preparing an Indirect Rate Proposal. Item 2 in the Introduction was for when you have an existing Award and you must annually submit a fiscal year Indirect Rate Proposal as required by the terms and conditions of an existing Award. In that situation, the historical expenses accumulated in Step1

must be those that are used to develop the Indirect Rate in Step 7. However, if the recipient is preparing an Indirect Rate 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 Indirect Rate result calculation in Step 7. However if direct labor goes up significantly but other indirect expenses do not increase in proportion the result would be a decrease to the Indirect Rate calculated in Step 7. Therefore the recipient preparing the Indirect Rate Proposal should perform a cursory review of the nature and magnitude of the accumulated 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 Indirect Rate Proposal.

5. **Sum the total of the Indirect Cost Pool (numerator)**
   Add the total of all allowable indirect costs that are segregated in step 3 above. This will be the "pool" or top number (numerator) when dividing to compute the indirect rate. Please ensure that there are no unallowable costs included.

6. **Select the Base –federal and non-federal (denominator)**
   The base used to allocate the indirect costs is usually Total Direct Labor or Total Direct Costs of all projects/programs/activities. In the attached example, Total Direct Labor Costs is used as a base. Therefore, simply identify the direct labor costs (both federal and non-federal projects) that are segregated in step 2 above. This will be the "base" of allocation or the bottom number (denominator) for calculating the indirect rate. Normally there are no unallowable direct costs but please note that if there are any they need to be left in the total base costs so that the indirect costs are allocated equitably.

7. **Calculate the Indirect Rate (Pool/Base)**
   Divide the Pool amount in step 5 by the base amount in Step 6. This will be the Indirect Rate as a percentage of the base selected. Indirect Costs are identified in the Budget (form SF-424a) in block 6j.

D. Indirect Rate Proposal—Two Rate Method (Fringe Rate and Indirect Rate)--Example

The following is a sample INDIRECT RATE PROPOSAL using the two rate method- Sample rate calculations are included below the General Ledger with a Step by Step process. A written narrative of each step is provided on Page 6 following the example.

GENERAL LEDGER

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 Unemployement 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%	$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
TOTAL INDIRECT COST POOL								
TOTALS				$2,917,707		$366,198	$9,003	$357,195
				(BASE)				(Pool)

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%

STEPS IN THE TWO RATE METHOD

1. Develop List of Accounts (GL)
2. Segregate Direct Costs, Fringe Costs and Indirect Costs
3. Segregate Unallowable Costs
4. Consider Adjustments to Historical Costs
5. Identify Fringe Pool
6. Identify Fringe Base
7. Compute the Fringe Rate
8. Distribute Fringe Expense (direct and indirect)
9. Sum the Indirect Cost Pool
10. Identify the Indirect Cost Base
11. Calculate the Indirect Rate

D. Indirect Rate Proposal – Two Rate Method (Written Narrative)

The following is a written narrative to explain the Steps identified in the Example on page 5. Paragraph C discussed the **simplified** method for calculating an indirect rate but the **more common** approach is to develop two indirect rates, one for Fringe and a separate Indirect Rate. The only difference from Paragraph C is that the costs are separated into three categories instead of two. The two mentioned in Paragraph C were Direct and Indirect Costs. In the two-rate method the Fringe Costs are separated out of the other indirect costs in the General Ledger (GL) to create a Fringe Pool of their own.

1. Same as Step 1 in paragraph C.

2. **Segregate Direct Costs from Fringe and Indirect Costs**
   The second step in the process is to determine which accounts/costs in the GL into three categories, direct costs, fringe costs or indirect costs. First, separate out what would be considered employee benefits or fringe costs and then use the same scenario described in paragraph C-2 above to determine direct and indirect costs after the fringe is separated.

3. **Same as Step 3 in Paragraph C.**

4. **Same as Step 4 in Paragraph C.**

5. **Identify the Fringe Pool (numerator)**
   As described in step 2, the GL cost elements must be separated into three cost groupings/pools. As seen in the sample GL below, the first grouping of costs could be 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 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 times 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 "pool" or top number (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.

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. In our example we would apply the Indirect Rate to only the Direct Labor in block 6a of SF-424a and enter the indirect charge amount in line 6j.

E. Definitions and References.

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 the subsidiary ledgers would have unique account identifiers to track the costs to the specific projects.

INDIRECT COSTS- Indirect costs are those costs or expenses that can not be identified or tracked to a single activity, project, job, or contract or costs that apply to more than one project. Some examples of the types of cost that typically might be considered indirect are clerical labor, supervisor/management labor, utilities, phone expenses, fringe benefits, insurance, legal, and office rental or mortgage. These costs will be allocated or spread to more than 1 project.

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.

BASE (denominator)-Indirect costs are assigned or allocated to individual projects by using an Indirect Rate. The number that the rate or percentage will be applied to is the "base". Therefore if an indirect rate is going to be applied to a project then the "base" has to be something that is a directly identified to the project such as direct labor hours, direct labor dollars, material, supplies etc. One concern becomes in how to know what "base" to use when computing an indirect rate. To make that determination, two things should be considered. First, who or what causes the indirect cost and secondly, who or what benefits from the indirect cost? For example the paying of salaries and wages causes a business to have to incur fringe costs so the most logical base to use for computing a fringe rate is salary and wages. Other indirect costs such as utilities are not caused by any single person or event but everything in the business benefits from paying the utilities so the base could be all direct labor costs or total direct costs since they all benefit.

INDIRECT COST POOL (numerator)- Indirect costs can not be identified to specific projects; so all the indirect costs are grouped or added together into an indirect cost pool. By combining the costs into one pool, the costs can be allocated to projects by computing an indirect rate after a base is selected. Examples of indirect costs that can be combined into one group are fringe costs that are grouped into a "fringe pool".

INDIRECT RATE- An indirect rate is simply a mathematical calculation, expressed as a percentage, that 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 TDC). Expressing that 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.

UNALLOWABLE COSTS- Federal guidelines prohibit the federal government from reimbursing certain types of costs that are called unallowable. Allowable and unallowable costs are listed in the corresponding cost principles for each type of organization. The references below identify the cost principles that are applicable to specific types of organizations. Some costs are totally or "expressly" unallowable and some costs are unallowable in part because of the nature of why they were incurred.

REFERENCE INFORMATION

- For DOE Financial Assistance Regulations refer to 10 CFR 600. Financial Administration is addressed in Parts 600.120-128, 220-226 and 310-318.
- For information associated with C**ost Principles** defining allowable and unallowable costs for different types of organizations refer to the following:
    1. Commercial Organizations: Federal Acquisition Regulation (FAR) Part 31.
    2. Educational Institutions: OMB Circular A-21.
    3. State, Local, & Indian Tribe Governments: OMB Circular A-87.
    4. Non-Profit Organizations: OMB Circular A-122.

- For audit requirements for States, Local Governments, and Non Profit Organizations including Institutions of Higher Education, refer to OMB Circular A-133.
- Administrative requirements are found in OMB Circular A-102 and A-110.

From: Sterner, Christy
Sent: Friday, March 26, 2010 4:46 PM
To: Hames, Molly
Subject: RE: Revisions to Solazyme "Assistance Agreement"

Importance: High

Hi Molly,

I don't believe I have a 'formal' email regarding approval of the P.I. change. We talked about the 'change' early on in the project and I have met David Brinkmann on numerous occasions. David Brinkmann is listed in the application as the P.I. and I have reviewed his qualifications based on the original submittal (I'm not sure why Tony was ever listed as the P.I.). From what I know of the project and the application, David has always been identified as the P.I. Regardless of how this happened, he (David Brinkmann) is highly qualified and should be the P.I. noted on all award documentation.

Please let me know if you have any further questions or need additional documentation.

Best regards,

Christy Sterner
U.S. DOE

Go to http://www.eere.energy.gov/golden/funding.aspx for important news regarding Grants.gov.

-----Original Message-----
From: Hames, Molly
Sent: Friday, March 26, 2010 4:30 PM
To: Sterner, Christy
Subject: FW: Revisions to Solazyme "Assistance Agreement"

Hello Christy,
Please see Melissa's note below. Can you resend Gypsy's email with your approval/disapproval of the PI change from the original 000 award?

Molly Hames
Grants & Agreements Specialist
U.S. Department of Energy
Golden Field Office
1617 Cole Blvd. Golden, CO 80401
Phone: 303-275-4864
Fax: 303-275-4754

-----Original Message-----
From: Wise, Melissa
Sent: Friday, March 26, 2010 4:29 PM
To: Hames, Molly
Subject: RE: Revisions to Solazyme "Assistance Agreement"

Hi Molly,

No, this is not enough. We'll need an e-mail from Christy that basically states she has reviewed the qualifications of David Brinkmann and approves the PI change.

Thanks,
Melissa

Melissa Wise
Grants and Agreements Specialist
U.S. Department of Energy
Golden Field Office

-----Original Message-----
From: Hames, Molly
Sent: Friday, March 26, 2010 4:27 PM
To: Wise, Melissa
Subject: FW: Revisions to Solazyme "Assistance Agreement"

Hello Melissa,
Does the email below work as approval, or does it need to be more formal than this?

Molly Hames
Grants & Agreements Specialist
U.S. Department of Energy
Golden Field Office
1617 Cole Blvd. Golden, CO 80401
Phone: 303-275-4864
Fax: 303-275-4754

-----Original Message-----
From: Sterner, Christy
Sent: Tuesday, January 26, 2010 11:09 AM
To: Hames, Molly
Subject: FW: Revisions to Solazyme "Assistance Agreement"

Hi Molly,

I asked that Gypsy send this information to you. If we have to do a formal amendment to modify the terms and conditions, I figured we can make the changes below as well. I'll talk to Melissa about this as well. Whew!

Thanks for your help!

Best regards,

Christy Sterner
U.S. DOE

Go to http://www.eere.energy.gov/golden/funding.aspx for important news regarding Grants.gov.

-----Original Message-----
From: Gypsy Achong [mailto:gachong@solazyme.com]
Sent: Tuesday, January 26, 2010 10:03 AM
To: Hames, Molly

Cc: Sterner, Christy; Lindeman, Chris
Subject: Revisions to Solazyme "Assistance Agreement"

Dear Molly,

I hope all is well. Christy recommended that I reach out to you with minor revisions to Solazyme's "Assistance Agreement." They are listed below:

Ques. 14. Principal Investigator - Should be David Brinkmann. Currently noted as Anthony Day. The phone number is the same.

On Page 3, Recipient Business Officer – Should be David Brinkmann. E-mail: doe_szibr@solazyme.com. The phone number is the same.

On Page 3, Recipient Principal Investigator – Should be David Brinkmann. E-mail: doe_szibr@solazyme.com. The phone number is the same.

Thanks for your help!

Gypsy

Gypsy Achong

Email: gachong@solazyme.com

Phone: 650 780 4777 x5273

Solazyme, Inc.

561 Eccles Avenue

South San Francisco, CA 94080

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From: Gypsy Achong [gachong@solazyme.com]
Sent: Tuesday, January 26, 2010 10:03 AM
To: Hames, Molly
Cc: Sterner, Christy; Lindeman, Chris
Subject: Revisions to Solazyme "Assistance Agreement"

Dear Molly,

I hope all is well. Christy recommended that I reach out to you with minor revisions to Solazyme's "Assistance Agreement." They are listed below:

Ques. 14. Principal Investigator - Should be David Brinkmann. Currently noted as Anthony Day. The phone number is the same.

On Page 3, Recipient Business Officer – Should be David Brinkmann. E-mail: doe_szibr@solazyme.com. The phone number is the same.

On Page 3, Recipient Principal Investigator – Should be David Brinkmann. E-mail: doe_szibr@solazyme.com. The phone number is the same.

Thanks for your help!

Gypsy

Gypsy Achong

Email: gachong@solazyme.com

Phone: 650 780 4777 x5273

Solazyme, Inc.

561 Eccles Avenue

South San Francisco, CA 94080

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PMC123.1 - Budget Justification for SF 424A Budget

Instructions and Summary

Award Number: DE-FOA-0000096
Award Recipient: Renewable Energy Group (sub-

Date of Submission: Resubmitted 9/28/09
Form submitted by: Solazyme
(May be award recipient or sub-recipient)

Please read the instructions on each page before starting.
If you have any questions, please ask your DOE contact. It will save you time!

On this form, provide detailed support for the estimated project costs identified on the SF-424A form (Budget).

- **The dollar amounts on this page must match the amounts on the associated SF-424A.**
- The award recipient and each sub-recipient with estimated costs of $100,000 or more must complete this form and a SF-424A form.
- The total budget presented on this form and on the SF424A must include both Federal (DOE), and Non-Federal (cost share) portions, thereby reflecting TOTAL PROJECT COSTS proposed.
- **For costs in each Object Class Category on the SF-424A, complete the corresponding worksheet on this form (tab at the bottom of the page).**
- **All costs incurred by the preparer's sub-recipients, vendors, contractors, consultants and Federal Research and Development Centers (FFRDCs), should be entered only in section f. Contractual. All other sections are for the costs of the preparer only.**

SUMMARY OF BUDGET CATEGORY COSTS PROPOSED

(Note: The values in this summary table are from entries made in each budget category sheet.)

CATEGORY	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Total Costs	Project Costs %	Comments (Add comments as needed)
a. Personnel						
b. Fringe Benefits						
c. Travel						
d. Equipment						
e. Supplies						
f. Contractual						
Sub-recipient						
FFRDC						
Vendor						
Total Contractual						
g. Construction						
h. Other Direct Costs						
i. Indirect Charges						
Total Project Costs						

REDACTED
EXEMPTION 4

Additional Explanations/Comments (as necessary)

a. Personnel

PLEASE READ!!!

List costs solely for employees of the entity completing this form (award recipient or sub-recipient). All other personnel costs (of subrecipients or other contractual efforts of the entity preparing this) must be included under f., Contractual. This includes all consultants and FFRDCs.

Identify positions to be supported. Key personnel should be identified by title. All other personnel should be identified either by title or a group category. State the amounts of time (e.g., hours or % of time) to be expended, the composite base pay rate, total direct personnel compensation and identify the rate basis (e.g., actual salary, labor distribution report, technical estimate, state civil service rates, etc.).

Add rows as needed. Formulas/calculations will need to be entered by the preparer of this form. Please enter formulas as shown in the example.

Task # and Title	Position Title	Budget Period 1			Budget Period 2			Budget Period 3			Project Total Hours	Project Total Dollars	Rate Basis
		Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 1	Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 2	Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 3			
1. Generation 2A Receiver Design													
	Total Personnel Costs												

REDACTED
EXEMPTION 4

REDACTED
EXEMPTION 4

Additional Explanations/Comments (as necessary)

b. Fringe Benefits

	Budget Period 1	Budget Period 2	Budget Period 3	Total
Rate applied:		REDACTED EXEMPTION 4		
Total fringe requested:				

A federally approved fringe benefit rate agreement, or a proposed rate supported and agreed upon by DOE for estimating purposes is required if reimbursement for fringe benefits is requested. Please check (X) one of the options below and provide the requested information, if it has not already been provided to the Contracting Officer, OR if it has changed since it was. Calculate the fringe rate and enter the total amount in Section B, line 6.b. ("Fringe Benefits") of form SF-424A.

____ **A fringe benefit rate has been negotiated with, or approved by, a federal government agency. A copy of the latest rate agreement is included with this application, and will be provided electronically to the Contracting Officer for this project.**
(When this option is selected, a presentation of the budget that demonstrates the appliction of the approved rate, to arrive at the proposed fringes benefits dollars should also be provided.)

x **There is not a current, federally approved rate agreement negotiated and available.**
(When this option is checked, the entity preparing this form shall submit a rate proposal in the format provided at the following website, or a format that provides the same level of information and which will support the rates being proposed for use in performance of the proposed project. Go to https://www.eere-pmc.energy.gov/forms.aspx and select PMC 400.2 Sample Rate Proposal.)

Additional explanation/comments (as necessary)

REDACTED
EXEMPTION 4

c. Travel

PLEASE READ!!!

Provide travel detail as requested below, identifying total Foreign and Domestic Travel as separate items. Purpose of travel are items such as professional conference, DOE sponsored meeting, project management meeting, etc. The Basis for Estimating Costs are items such as past trips, current quotations, Federal Travel Regulations, etc.

All listed travel must be necessary for performance of the Statement of Projecct Objectives.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Purpose of travel	No. of Travelers	Depart From (not required for domestic travel)	Destination (not required for domestic travel)	No. of Days	Cost per Traveler	Cost per Trip	Basis for Estimating Costs
Budget Period 1							
Domestic Travel							
EXAMPLE ONLY!!! Visit to PV cell mfr. to set up vendor agreement							
None							
			REDACTED EXEMPTION 4				
Domestic Travel subtotal							
International Travel							
International Travel subtotal							
Budget Period 1 Total							

Purpose of travel	No. of Travelers	Depart From (not required for domestic travel)	Destination (not required for domestic travel)	No. of Days	Cost per Traveler	Cost per Trip	Basis for Estimating Costs
Budget Period 2							
Domestic Travel							
Domestic Travel subtotal							
International Travel							
International Travel subtotal							
Budget Period 2 Total							
Budget Period 3							
Domestic Travel							
Domestic Travel subtotal							
International Travel							
International Travel subtotal							
Budget Period 3 Total							
PROJECT TOTAL							

Additional Explanations/Comments (as necessary)

d. Equipment

PLEASE READ!!!

Equipment is generally defined as an item with an acquisition cost greater than $5,000 and a useful life expectancy of more than one year. Further definitions can be found at 10 CFR 600 found on the PMC Recipient Resources Forms page at https://www.eere-pmc.energy.gov/Forms.aspx#regs .

List all proposed equipment below, providing a basis of cost such as vendor quotes, catalog prices, prior invoices, etc., and briefly justifying its need as it applies to the Statement of Project Objectives. If it is existing equipment, and the value of its contribution to the project budget is being shown as cost share, provide logical support for the estimated value shown. If it is new equipment which will retain a useful life upon completion of the project, provide logical support for the estimated value shown.

For equipment over $50,000 in price, also include a copy of the associated vendor quote or catalog price list.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Equipment Item	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Budget Period 1					
EXAMPLE ONLY!!! Thermal shock chamber					
None					
Budget Period 1 Total					
Budget Period 2					
Budget Period 2 Total					

REDACTED
EXEMPTION 4

REDACTED
EXEMPTION 4

Equipment Item	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Budget Period 3					
				REDACTED EXEMPTION 4	
Budget Period 3 Total					
PROJECT TOTAL					

Additional Explanations/Comments (as necessary)

e. Supplies

PLEASE READ!!!

Supplies are generally defined as an item with an acquisition cost of $5,000 or less and a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Further definitions can be found at 10 CFR 600 found on the PMC Recipient Resources Forms page at https://www.eere-pmc.energy.gov/Forms.aspx#regs.

List all proposed supplies below, providing a bases of cost such as vendor quotes, catalog prices, prior invoices, etc., and briefly justifying the need for the Supplies as they apply to the Statement of Project Objectives. Note that Supply items must be direct costs to the project at this budget category, and not duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

General Category of Supplies	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Budget Period 1					
EXAMPLE ONLY!!! Wireless DAS components					
None					
Budget Period 1 Total					
Budget Period 2					
Budget Period 2 Total					

REDACTED
EXEMPTION 4

REDACTED
EXEMPTION 4