**Examples 1 and 2** below show actual costs for the indirect or G&A and applies to a base to come up with a percentage. Auditors would select a sample of those costs and trace to supporting documentation to verify that they are accurate. They would then compare the rate on the plan to what was actually claimed.

**EXAMPLE 1**

|  |  |
| --- | --- |
| **COST ELEMENT** | **ACTUAL 2017** |
| **Direct costs** | **N/A** |
| Direct Labor  | $779,106.87 |
| Travel  | $5,437.75 |
| Material  | $304,902.63 |
| Other Direct Costs  | $16,959.00 |
| Subcontracts  | $432,391.97 |
| **TOTAL DIRECT COSTS**  | **$1,538,798.00** |
| **IR&D Costs** | **N/A** |
| IR&D Labor  | $83,859.60 |
| IR&D Material  | $33,243,66.00 |
| **TOTAL IR&D COST**  | **$117,103.00** |
| **Overhead and expenses**  | **N/A** |
| Indirect Labor  | $448,886.19 |
| Employee Insurance  | $319,091.45 |
| Employee Payroll Taxes  | $129,781.73 |
| Rent  | $613,979.30 |
| Utilities/Telephone  | $95,428.73 |
| Dues & Subscriptions  | $10,171.80 |
| Depreciation  | $149,271.82 |
| Amortization  | $58,255.44 |
| Travel  | $20.00 |
| Meeting Registration Fees | $0.00 |
| Expendable Material  | $7660.16 |
| Retirement Plan  | $71,395.46 |
| Misc. Expense  | $35,850.30 |
| Lab Support  | $131.25 |
| **TOTAL OVERHEAD POOL**  | **$1,949,924.00** |
| **OH Base, Direct Labor & IR&D Labor**  | **$862,966.00** |
| **OH Rate**  | **2,2596.00** |
| **General and Administrative (G&A) Expenses**  | **N/A** |
| Office Salaries  | $432,135.78 |
| Office Supplies  | $13,806.11 |
| Corporate Insurance  | $92,648.39 |
| Travel  | $675.82 |
| Interest Expense  | $73,340.26 |
| License & Fees  | $11,123.20 |
| Accounting, Legal  | $37,465.63 |
| Business Development  | $3119.75 |
| Franchise Tax Board  | $31.93 |
| Property Tax  | $12,060.85 |
| Facility  | $64,392.68 |
| Retirement Account  | $17,209.11 |
| **TOTAL G&A COST**  | **$758,098.51** |
| **Unallowed (Interest, Food/Entertainment)**  | **($74,792.01)** |
| **IR&D Labor**  | **$83,860.00** |
| **IR&D Material**  | **$33,244.00** |
| **OH of IR&D Labor**  | **$189,489.00** |
| **G&A Pool**  | **$989,899.00** |
| **G&A Base, Direct Costs and OH, less OH of IR&D**  | **$3,299,233.00** |
| **G&A Rate**  | **0.300** |

**EXAMPLE 2**

|  |  |  |
| --- | --- | --- |
| **ACCOUNT #** | **DESCRIPTION** |  **2015 EXPENSES**  |
| 700410 | Materials  | $1,686.717.21 |
| 700450 | Lab Supplies | $3,782.95 |
| 700474 | Safety Training/Compliance | $1,016.43 |
| 700475 | Safety Equipment | $8,410.18 |
| 700480 | Expensed Equipment | $167,181.50 |
| 700488 | Building Repair/Maintenance | $26,789.82 |
| 700489 | Equipment Repair/Maintenance | $26,789.82 |
| 700920 | Cell Phone | $116,761.75 |
| 700940 | Software Expense | $1,059,402.75 |
| 700966 | Books & Reference | $18,928.95 |
| 810100 | Insurance | $306,970.20 |
| 810150 | Office Supplies | $44,716.32 |
| 810200 | Facilities/Rent | $1,196,903.14 |
| 810210 | Janitorial Expense | $56,618.36 |
| 810220 | Utilities – Electricity & Gas | $850,933.95 |
| 810230 | Utilities—Other | $12,777.89 |
| 810250 | Telephone Expense | $37,674.15 |
| 810280 | Network Communications | $114,405.93 |
| 810900 | Other Facility Expense | $28,474.48 |
| 890010 | Depreciation | $1,980,086.01 |
| **2015 Total For Indirect Overhead**  | **N/A** | **$8,022,734.46** |
| **2015 Indirect Overhead** **Rate** | **N/A** | **0.448708** |
| 600550 | Health Insurance | $0.00 |
| 600710 | ER Payroll Taxes | $0.00 |
| 700120 | Temporary Headcount | $40,313.95 |
| 700130 | Outside Services | $355,856.68 |
| 700160 | Accounting Expenses | $396,679.63 |
| 700170 | Recruiting | $357,466.40 |
| 700410 | Materials & Supplies | $7,522.28 |
| 700480 | Expensed Equipment | $526.16 |
| 700915 | Bank & Payroll Fees | $80,736.04 |
| 700920 | Cell Phone | $8,661.57 |
| 700940 | Software Expense | $49,614.83 |
| 700966 | Books & Reference | $6,301.07 |
| 810100 | Insurance | $605.00 |
| 810150 | Office Supplies | $22,990.77 |
| 810250 | Telephone Expense | $3,074.79 |
| 2015 G&A Earnings | N/A | $2,169,692.22 |
| **2015 Total for G&A** | **N/A** | **$3,500,041.39** |
| **2015 G&A Rate** | **N/A** | **0.195756** |
| 2015 California Wages | N/A | $17,879,615.31 |