

XYZ Corp.
Indirect Cost Rate Schedule
For the Year Ended December 31, 2012

Description	Financial Statement Amount	XYZ Adj.	WSDOT Adj.	Ref.	Accepted Amount	%
Direct Labor	<u>\$20,222,071</u>	\$549,802		S	<u>\$20,771,873</u>	100.00%
Indirect Costs:						
Fringe Benefits						
Vacation Pay	\$1,719,636				\$1,719,636	8.28%
Sick Pay	\$515,891				\$515,891	2.48%
Holiday Pay	\$1,203,745				\$1,203,745	5.80%
Payroll Taxes	2,450,777				\$2,450,777	11.80%
Health Insurance	2,638,816				2,638,816	12.70%
Workers' Comp. Insurance	304,215				304,215	1.46%
Profit Sharing (401-k)	1,090,033				1,090,033	5.25%
Severance	198,165	(50,000)		T	148,165	0.71%
Fringe Benefit Adjustment		(\$655,049)		P	(\$655,049)	-3.15%
Total Fringe Benefits	<u>\$10,121,278</u>	<u>(\$705,049)</u>	<u>\$0</u>		<u>\$9,416,229</u>	<u>45.33%</u>
General Overhead						
Indirect Labor	\$10,133,950	\$10,180		A,S	\$10,144,130	48.84%
Labor Variance (Uncomp OT)	\$785,432	(\$785,432)		S	0	0.00%
Bid & Proposal Labor	1,487,450				1,487,450	7.16%
Advertising Labor	565,490	(565,490)		I	0	0.00%
Public Relations Labor	1,425,945	(1,425,945)		I	0	0.00%
Direct Selling Labor	498,565	(275,000)		O	223,565	1.08%
Incentive Bonus	481,005	(234,600)		R	246,405	1.19%
Rent	3,607,676	(24,612)		B	3,583,064	17.25%
Maintenance & Repairs	319,479	(997)		Q	318,482	1.53%
Automobile	353,603	(105,858)		C,D,Q	247,745	1.19%
Travel	530,458	(140,928)		C,D	389,530	1.88%
Travel - Meals	176,854	(47,069)		C,D	129,785	0.62%
Insurance	921,653	(143,659)		E,Q	777,994	3.75%
Telephone	384,793				384,793	1.85%
Utilities	11,671				11,671	0.06%
Taxes & Licenses	199,875	(141,635)		F	58,240	0.28%
Depreciation & Amortization	894,992	(7,664)		G,Q	887,328	4.27%
Dues & Subscriptions	136,717	(1,175)		H	135,542	0.65%
Employee Train/Recruit/Moving	1,593,609	(80,137)		J	1,513,472	7.29%
Advertising	223,751	(223,751)		N	0	0.00%
Public Relations Expense	585,711	(585,711)		N,J	0	0.00%
Direct Selling Expenses	113,465	(62,405)		O	51,060	0.25%
Professional Fees	942,973	(324,271)		K	618,702	2.98%

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Description	Financial Statement Amount	XYZ Adj.	WSDOT Adj.	Ref.	Accepted Amount	%
Interest	32,443	(32,443)		L	0	0.00%
Computer	1,479,272				1,479,272	7.12%
Supplies & Miscellaneous	1,318,474	(79,846)		M	1,238,628	5.96%
Total General Overhead	<u>\$29,205,306</u>	<u>(\$5,278,448)</u>	<u>\$0</u>		<u>\$23,926,858</u>	<u>115.19%</u>
Total Indirect Costs & Overhead	<u>\$39,326,584</u>	<u>(\$5,983,497)</u>	<u>\$0</u>		<u>\$33,343,087</u>	<u>160.52%</u>
Indirect Cost Rate (Less FCC)	194.47%	160.52%			<u><u>160.52%</u></u>	
Facilities Cost of Capital		\$100,000			\$100,000	0.48%
	<u>\$39,326,584</u>	<u>(\$5,883,497)</u>	<u>\$0</u>		<u>\$33,443,087</u>	
Indirect Cost Rate (Includes FCC)					<u><u>161.00%</u></u>	

XYZ Corp - In Process
"Indirect Cost Rate still subject to WSDOT Audit"

References Add the dollar amount in each reference, as an expense account can have multiple adjust

XYZ Adjustments:

XYZ Corp. Indirect Cost Rate Audited by ABC Corp.

- A Excess executive compensation for \$225,450 is unallowable per 48 CFR 31.205-6(p)
- B Unallowable costs of \$24,612 idle capacity per 48 CFR 31.205-17(c)
- C Lodging (\$140,928), Meal (\$47,069), and Mileage (\$93,858) rates in excess of federal travel regulation unallowable per 48 C
- D Inadequate supporting documentation unallowable per 48 CFR 31.201-2(d).
- E Key person life insurance for \$142,103 unallowable per 48 CFR 31.205-19(e)(2)(v).
- F Unallowable taxes and licenses per 48 CFR 31.205-41.
- G Amortization of goodwill for \$2,000 unallowable per 48 CFR 31.205-49.
- H Costs of memberships in civic and community organization unallowable per 48 CFR 31.205-1(f)(7).
- I Public relations (\$1,425,945) and advertising (\$565,490) unallowable per 48 CFR 31.205-1.
- J Entertainment unallowable per 48 CFR 31.205-14.
- K Legal Costs in relation to litigation unallowable per 48 CFR 31.205-47(f)(5).
- L Interest unallowable per 48 CFR 31.205-20.
- M Contributions unallowable per 48 CFR 31.205-81.
- N Promotional Marketing unallowable per 48 CFR 31.205-1 and 31.205-38.
- O Unsupported direct selling costs of \$275,000, no documentation available to demonstrate and support "person to person" selling unallowable per 48 CFR 31.205-38(b)(5).
- P Fringe Benefit adjustment; directly associated cost to unallowable Advertising (\$163,501), Public Relations (\$412,091,) and unallowable per 48 CFR 31.201-6(a).
- Q Auto Allowance payments of \$12,000 unallowable per 48 CFR 31.205-6(m)(2) and 31.201-2(d), documentation of mileage log not available and unable to support and show segregation of business and personal use.
Associated costs for vehicle unallowable per 48 CFR 31.205-46(d) and 31.205-6(m)(2). Associated costs include Insurance (\$1,556), Maintenance (\$997), and Depreciation (\$664).
- R Bonus payments of \$234,600 unsupported and not performance based unallowable per 48 CFR 31.205-6 and 2010 AASHTC Audit Guide, Chapter 7, Section 7.12 C
- S Labor Variance Account to show the uncompensated overtime labor adjustment.
Labor Variance account is an offset account to balance to payroll.
Uncompensated overtime Direct Labor: \$549,802 Uncompensated overtime Indirect Labor \$235,630
- T Severance payment does not follow company's established severance policy, \$50,000 is unallowable per 48 CFR 31.205-6(g)