

## D. Example - Simplified Allocation Method

Single indirect cost rate:

<u>Indirect expenses:</u>		<u>Indirect Cost</u>
Indirect labor (Overhead + G&A expenses)		\$242,500
Applied fringe on indirect labor @ 50.92%		123,481
Indirect travel		20,000
Supplies		11,000
Office equipment		17,000
Telephone		24,500
Printing and reproduction		11,000
Insurance		13,500
Entertainment		1,850
Postage and delivery		5,400
Depreciation		8,800
Bad debts		10,000
	Subtotal	<u>\$489,031</u>
<u>Less unallowable:</u>		
Bad debts		(10,000)
Entertainment		(1,850)
<b>Total allowable indirect expenses</b>	(a)	<u><b>\$477,181</b></u>
 <u>Base of application:</u>		<u>Base Cost</u>
Direct labor		\$758,195
Applied fringe on Direct labor @ 50.92%		386,074
Consultants		26,000
Travel (directly in support of an award)		94,000
Subawards		175,000
ODCs		45,000
<b>Total base of application</b>	(b)	<u><b>\$1,484,271</b></u>
	<b>Indirect cost rate</b>	(a/b) <u><b>32.15%</b></u>

The base of allocation for this example is total costs excluding indirect expenses.