



WEBINAR

# VIP Presents

## Indirect Rates

What you need to know!

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Staci Redmon, President/CEO  
Strategy and Management Services, Inc., SDVOSB  
Winner, SBA’s “Small Business Person of the Year,” 2016

# The VIP Program

- **Accelerate Success in the Federal Space**
  - 3-day, 27-hour comprehensive certification program
  - Bolger Center, 11 miles from the White House
  - No cost for training, hotel, meals (travel not included)





WEBINAR

# Indirect Rates: What You Need To Know!

Presented by: Donna M. Dominguez

February 22, 2018



# Course Objective

- To provide knowledge in understanding your company's indirect rate structure to:
  - Understanding the how to calculate auditable indirect rates that comply with Federal Regulations for bidding on Federal RFPs and excluding any unallowable costs
  - Design a Competitive Indirect Rates to win new awards
  - Understanding what details of your indirect rates are shared when you are subcontractor vs. prime contractor when submitting cost proposals.

# Budgeted Indirect Rates

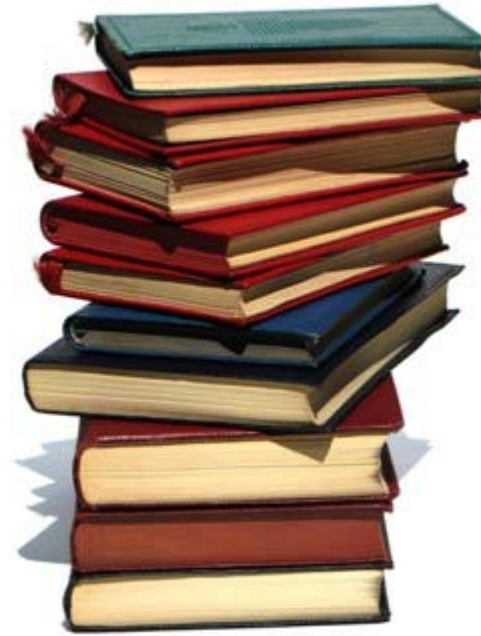
Why is it important & what are the benefits of developing annual budget indirect rate?

- It should be prepared annually
- It can be used for bidding on federal awards
- It can be used for billing purposes
- It can be used to track and compare against actuals to see if the project/contract is on track. If the company is on track with expectations.

# Agenda

- Definitions
- Composition of Indirect Pools and Bases
- Various Indirect Rate Structures
- Wrap Rates
  - Cost Build up
  - Pricing Examples
  - What to Share with Prime Contractor vs. Government
- Q & A





# Definitions

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## Definitions

- Indirect Cost Pool - A group of homogeneous costs that support multiple cost objectives (numerator)
- Indirect Cost Base - The factor used to allocate the indirect costs (denominator)
- Indirect Cost Rate - the ratio between the total allowable indirect costs and benefiting direct base

$$\frac{\text{Indirect Cost Pool}}{\text{Indirect Cost Base}} = \text{Indirect Cost Rate}^{**}$$

*\*\*An indirect cost rate percentage is calculated by dividing the pool by the base*

# Definitions

## FAR Part 31.205 – Selected Costs

This will help to narrow what costs are allowable, unallowable and partially allowable.

[http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/31.htm#P251\\_50935](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/31.htm#P251_50935)

***Tip:*** If it's "**FUN**" it's likely an unallowable cost!

# Definitions

## WRAP Rates

Also referred to as the direct labor “multiplier”, it is a fully burdened labor **rate** – the **rate** at which an organization must bill out its direct labor units to cover its direct and indirect costs; before any profit is made.

**AKA** Loaded Labor Rates (with or without fee), Fully Loaded Rate, Fully Burdened Rate, Billing Rate, etc.

# Composition of Indirect Pools and Bases



# Fringe

Fringe **pool** is composed of statutory payroll taxes and discretionary benefits typically found in the employee handbook. Fringe **base** is commonly computed as a percentage of total labor dollars (direct, indirect and unallowable labor).

- **Typical costs**
  - FICA, FUTA, SUTA, Workers' Compensation
  - Employee insurance
  - Leave
  - Retirement benefits
- **Other Fringe pools**
  - SCA or Davis Bacon
  - Statutory (Part-Time)
  - Divisional

# Fringe Pool

Schedule C-1

ARONSON LLC Template  
Schedule C-1 - Fringe Benefits Expenses (Final Indirect Cost Pool)  
For The Year Ended 12/31/1X

| Account  | Description               | Expenses Claimed       |
|----------|---------------------------|------------------------|
| 5000-000 | VACATION                  | \$ 375,000.00          |
| 5001-000 | HOLIDAY                   | 150,000.00             |
| 5002-000 | SICK LEAVE                | 2,200.00               |
| 5003-000 | OTHER LEAVE               | 1,167.00               |
|          | <b>TOTAL FRINGE LABOR</b> | <b>\$ 528,367.00</b>   |
| 5101-000 | FICA EXPENSE              | 341,253.71             |
| 5102-000 | FUTA EXPENSE              | 2,355.00               |
| 5103-000 | SUTA EXPENSE - MD         | 45,380.00              |
| 5104-000 | SUTA EXPENSE - VA         | 10,680.00              |
| 5200-000 | PAYROLL PROCESSING FEES   | 3,969.00               |
| 5201-000 | 401K CONTRIBUTION         | 133,824.98             |
| 5202-000 | 401K ADMINISTRATION       | 3,031.00               |
| 5250-000 | SPOT BONUS                | 4,000.00               |
| 5203-000 | FLEX SPENDING FEES        | 7,721.00               |
| 5301-000 | INSURANCE - WRKRS COMP    | 1,226.00               |
| 5302-000 | INSURANCE - HEALTH        | 131,057.00             |
| 5303-000 | INSURANCE - LIFE / LTD    | 37,975.00              |
|          | <b>TOTAL FRINGE POOL</b>  | <b>\$ 1,250,839.69</b> |

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# Fringe Base

**ARONSON LLC Template**  
**Schedule E - Reconciliation of Claimed Allocation Bases**  
**For The Year Ended 12/31/1X**

| Pool & Description           | Expenses<br>Claimed    | Ref     | Schedule E               |
|------------------------------|------------------------|---------|--------------------------|
| <b>Fringe Benefits</b>       | <b>\$ 1,250,839.69</b> | Sch C-1 |                          |
| <b>Fringe Benefits Base:</b> |                        |         | <b><u>Allocation</u></b> |
| OH Labor                     | 270,832.79             | Sch C   | 75,942.86                |
| FAC SVC Labor                | 45,000.00              | Sch D   | 12,618.22                |
| G&A Labor                    | 470,000.00             | Sch B   | 131,790.34               |
| B&P Labor                    | 175,000.00             | Sch B   | 49,070.87                |
| Direct Labor                 | 3,430,000.00           | TB      | 961,789.05               |
| DL-Owner                     | 45,000.00              | TB      | 12,618.22                |
| DL-NB                        | 25,000.00              | TB      | 7,010.12                 |
|                              | <b>\$ 4,460,832.79</b> |         | <b>\$ 1,250,839.69</b>   |
|                              |                        |         | -                        |
| <b>Fringe Rate</b>           | <b><u>28.04%</u></b>   |         |                          |

**EXPLANATORY NOTES:**

**Pool  
Base**

Fringe Benefit Expenses - Schedule C-1  
 Total labor dollars excluding fringe labor dollars - Schedule E





# Overhead

Overhead **pool** is composed of costs that can be identified in support one or more final cost objectives. The most common **base** of the overhead pool is direct labor, B&P labor, and related fringe.

- **Typical costs**

- Support labor (Project Control)
- Training
- Facilities/IT Service Center Allocation
- Recruiting
- Travel

- **Other Overhead Pools**

- Client Site and Home Site
- Divisional
- Location Specific

# Overhead Pool Schedule C

**ARONSON LLC Template**  
**Schedule C - Overhead Expenses (Final Indirect Cost Pool)**  
**For The Year Ended 12/31/1X**

| Account  | Description                     | Expenses Claimed     | Reference |
|----------|---------------------------------|----------------------|-----------|
| 6000-000 | OVERHEAD LABOR                  | \$ 220,832.79        |           |
| 6002-000 | OVERHEAD LABOR - OWNER          | 50,000.00            |           |
| -        | <b>TOTAL OH LABOR</b>           | <b>\$ 270,832.79</b> |           |
| 6001-000 | PERFORMANCE BONUS - O/H         | 30,000.00            |           |
| 6010-000 | BUSINESS TRAVEL - O/H           | 7,220.13             |           |
| 6011-000 | BUSINESS MEALS - O/H            | 18,397.50            |           |
| 6012-000 | TRAINING & CONFERENCE O/H       | 14,509.35            |           |
| 6014-000 | PRINTING & REPRODUCTION         | 2,249.48             |           |
| 6015-000 | DUES & SUBSCRIPTIONS            | 35,189.13            |           |
| 6016-000 | RECRUITING                      | 25,500.00            |           |
| -        | <b>TOTAL BEFORE ALLOCATIONS</b> | <b>\$ 403,898.38</b> |           |
|          | Fringe Allocation               | 75,942.86            | SCHED C-1 |
|          | Facility SVC                    | 48,167.13            | SCHED D   |
|          | <b>TOTAL OVERHEAD POOL</b>      | <b>\$ 528,008.37</b> |           |



# Overhead Base

ARONSON LLC Template  
 Schedule E - Reconciliation of Claimed Allocation Bases  
 For The Year Ended 12/31/1X

| Pool & Description | Expenses Claimed     | Ref   | Schedule E |
|--------------------|----------------------|-------|------------|
| Overhead Pool      | <u>\$ 528,008.37</u> | Sch C |            |

| Overhead Base:      |                        |       | <u>Allocation</u>    |
|---------------------|------------------------|-------|----------------------|
| Direct Labor        | 3,430,000.00           | TB    | 384,884.33           |
| Fringe on DL        | 961,789.05             | Sch E | 107,923.48           |
| DL-Owner            | 45,000.00              | TB    | 5,049.50             |
| Fringe on DL        | 12,618.22              | Sch E | 1,415.91             |
| DL-NB               | 25,000.00              | TB    | 2,805.28             |
| Fringe on DL        | 7,010.12               | Sch E | 786.61               |
| B&P Labor           | 175,000.00             | Sch B | 19,636.96            |
| Fringe on B&P       | 49,070.87              | Sch E | 5,506.30             |
| Total Overhead Base | <u>\$ 4,705,488.27</u> |       | <u>\$ 528,008.37</u> |

Overhead Rate 11.22%

**EXPLANATORY NOTES:**

**Pool** Overhead Expenses - Schedule C  
 Total Direct labor & B&P dollars and applicable  
**Base** fringes - Schedule E



# Service Centers

Service Centers or intermediate pools are set up to collect costs that are attributable to multiple cost objectives in order that they may be fairly and equitably allocated in a causal/benefit relationship.

- Most common: Facilities and IT/Communication
- Reasonable basis allocation methods: Square Footage, **Labor Hours**, Headcount, or Labor Dollars
- Typical costs in a facility service center
  - Rent
  - Supplies
  - Property taxes
  - Depreciation

# Service Centers

Schedule D

ARONSON LLC Template  
 Schedule D - Service Center for Facility Costs (Intermediate Indirect Cost Pool)  
 For The Year Ended 12/31/1X

| Account  | Description                 | Expenses Claimed     | Reference |
|----------|-----------------------------|----------------------|-----------|
| 8500-000 | FAC/IT SVC LABOR            | \$ 45,000.00         |           |
|          | <b>TOTAL FAC LABOR</b>      | <b>\$ 45,000.00</b>  |           |
| 8505-000 | PERFORMANCE BONUS - SVC     | 4,500.00             |           |
| 8510-000 | OFFICE RENT                 | 60,000.00            |           |
| 8511-000 | REPAIRS & MAINTENANCE       | 2,000.00             |           |
| 8512-000 | DEPRECIATION & AMORT        | 17,890.00            |           |
| 8513-000 | TELEPHONE / COMMUNICAT      | 8,459.00             |           |
| 8514-000 | COMPUTER / IT EXPENSES      | 5,382.00             |           |
| 8515-000 | EQUIPMENT LEASE/RENTAL      | 1,298.00             |           |
| 8516-000 | OFFICE EXPENSE / SUPPL      | 4,582.00             |           |
| 8517-000 | POSTAGE & DELIVERY          | 150.00               |           |
| 8518-000 | PERSONAL PROPERTY TAXES     | 700.00               |           |
| 8519-000 | STATE/LOCAL USE TAX         | 300.00               |           |
|          | Fringe Allocation           | 12,618.22            | SCHED C-1 |
|          | <b>TOTAL SERVICE CENTER</b> | <b>\$ 162,879.22</b> |           |

| Allocated based over (Labor Hours or Labor Dollars or Square Footage) |                      |                |                      |           |
|---|----------------------|----------------|----------------------|-----------|
| Description   | Labor Dollars        | % of Total     | Allocation           | Reference |
| G&A/B&P Labor   | \$ 645,000.00        | 70.43%         | \$ 114,712.10        | SCHED B   |
| Overhead Labor  | 270,832.79           | 29.57%         | 48,167.13            | SCHED C   |
| <b>TOTALS</b>   | <b>\$ 915,832.79</b> | <b>100.00%</b> | <b>\$ 162,879.22</b> |           |

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# General and Administrative

G&A **pool** is composed of indirect expenses that cannot be easily attributed to any specific contract objective but are for the general benefit of the company as a whole. There are two types of G&A **base** total costs input or value added (the most common value added G&A base is over total costs before B&P/IR&D and SM&H base).

- **Typical costs**
  - Accounting & Finance
  - Contract Administration
  - General Management
  - Facilities/IT Service Center Allocation
  - Business Development
- **Other G&A pools**
  - Segments

# G&A Pool

ARONSON LLC Template

Schedule B - General and Administrative (G&A) Expenses (Final Indirect Cost Pool)  
For The Year Ended 12/31/1X

| Account  | Description                | Expenses per G/L       | Reference |
|----------|----------------------------|------------------------|-----------|
| 7000-000 | G&A LABOR                  | \$ 395,000.00          |           |
| 7002-000 | G&A LABOR - OWNER          | 75,000.00              |           |
|          |                            | -                      |           |
|          | <b>TOTAL G&amp;A LABOR</b> | <b>\$ 470,000.00</b>   |           |
| 7001-000 | PERFORMANCE BONUS - G&A    | 39,500.00              |           |
| 7010-000 | BUSINESS TRAVEL - G&A      | 1,500.00               |           |
| 7011-000 | BUSINESS MEALS - G&A       | 1,297.00               |           |
| 7012-000 | TRAINING AND CONFERENCE G  | 6,539.00               |           |
| 7014-000 | PRINTING & REPRODUCTION    | 237.00                 |           |
| 7015-000 | DUES & SUBSCRIPTIONS       | 459.00                 |           |
| 7016-000 | RECRUITING                 | 1,000.00               |           |
| 7017-000 | ACCOUNTING FEES            | 35,000.00              |           |
| 7018-000 | LEGAL FEES                 | 12,000.00              |           |
| 7019-000 | PROFESSIONAL FEES          | 1,500.00               |           |
| 7020-000 | INSURANCE                  | 4,509.00               |           |
| 7021-000 | BANK FEES                  | 232.00                 |           |
| 7025-000 | OTHER TAXES & LICENSES     | 256.00                 |           |
| 7026-000 | GAIN/LOSS ON SALE OF ASSET | (181.00)               |           |
| 7027-000 | MISCELLANEOUS EXPENSE      | 25.00                  |           |
|          | Fringe Allocation          | 131,790.34             | SCHED C-1 |
|          | Facility SVC               | 114,712.10             | SCHED D   |
| 7100-000 | B&P LABOR                  | 175,000.00             |           |
|          | Fringe Allocation          | 49,070.87              | SCHED C-1 |
|          | Overhead Allocation        | 25,143.26              | SCHED E   |
|          | <b>TOTAL G&amp;A POOL</b>  | <b>\$ 1,069,589.56</b> |           |

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# G&A Pool - Unallowables

ARONSON LLC Template

Schedule B - General and Administrative (G&A) Expenses (Final Indirect  
Cost Pool)

For The Year Ended 12/31/1X

| Account                  | Description                | Expenses per<br>G/L | Reference             |
|--------------------------|----------------------------|---------------------|-----------------------|
| <b>Unallowable Costs</b> |                            |                     |                       |
| 9000-000                 | INTEREST EXPENSE           | 4,275.00            | (4,275.00)            |
| 9002-000                 | CONTRIBUTIONS              | 8,938.19            | (8,938.19)            |
| 9004-000                 | OFFICER LIFE INSURANCE/KEY | 2,500.00            | (2,500.00)            |
| 9005-000                 | PENALTIES                  | 150.00              | (150.00)              |
| 9006-000                 | BAD DEBT EXPENSE           | 4,900.00            | (4,900.00)            |
| 9007-000                 | TRADE SHOWS/BOOTHS         | 1,750.00            | (1,750.00)            |
| 9009-000                 | HOLIDAY PARTY              | 60,000.00           | (60,000.00)           |
| -                        |                            | -                   | -                     |
|                          | <b>TOTAL UNALLOWABLE</b>   | <b>\$ 82,513.19</b> | <b>\$ (82,513.19)</b> |

## Unallowable Costs subject to G&A

|          |                          |                    |                      |         |
|----------|--------------------------|--------------------|----------------------|---------|
| 9001-000 | MEALS & ENTERTAINMENT    | 325.00             | (325.00)             | SCHED E |
| 9003-000 | EMPLOYEE MORALE          | 3,000.00           | (3,000.00)           | SCHED E |
| 9008-000 | IN EXCESS OF PER DIEM    | 2,550.00           | (2,550.00)           | SCHED E |
| -        |                          | -                  | -                    | SCHED E |
|          | <b>TOTAL UNALLOWABLE</b> | <b>\$ 5,875.00</b> | <b>\$ (5,875.00)</b> |         |

### Explanatory Notes:

- (1) Unallowable per FAR 31.205
- (2) Unallowable per FAR 31.205 -- Subject to G&A

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# G&A Base

**ARONSON LLC Template**  
**Schedule E - Reconciliation of Claimed Allocation Bases**  
**For The Year Ended 12/31/1X**

| Pool & Description                   | Expenses<br>Claimed    | Ref   | Schedule E             |
|--------------------------------------|------------------------|-------|------------------------|
| <b>G&amp;A Pool</b>                  | <b>\$ 1,069,589.56</b> | Sch B |                        |
| <b>G&amp;A Base:</b>                 |                        |       | <b>Allocation</b>      |
| Direct Labor                         | 3,430,000.00           | TB    | 673,196.83             |
| Fringe on DL                         | 961,789.05             | Sch E | 188,767.74             |
| OH on Direct Labor                   | 492,807.81             | Sch E | 96,722.06              |
| DL-Owner                             | 45,000.00              | TB    | 8,832.03               |
| Fringe on DL                         | 12,618.22              | Sch E | 2,476.54               |
| OH on Direct Labor                   | 6,465.41               | Sch E | 1,268.95               |
| DL-NB                                | 25,000.00              | TB    | 4,906.68               |
| Fringe on DL                         | 7,010.12               | Sch E | 1,375.86               |
| OH on Direct Labor                   | 3,591.89               | Sch E | 704.97                 |
| Subcontractor                        | 250,000.00             | TB    | 49,066.82              |
| Consultants                          | 25,000.00              | TB    | 4,906.68               |
| Travel Cost                          | 35,000.00              | TB    | 6,869.36               |
| Materials                            | 3,500.00               | TB    | 686.94                 |
| Other Direct Costs                   | 146,000.00             | TB    | 28,655.03              |
| U/A subject to G&A                   | 5,875.00               | Sch B | 1,153.07               |
| <b>Total Cost Input G&amp;A Base</b> | <b>\$ 5,449,657.51</b> |       | <b>\$ 1,069,589.56</b> |

**G&A Rate** **19.63%**

**EXPLANATORY NOTES:**

|             |  |
|-------------|--|
| <b>Pool</b> | General and Administrative Expenses - Schedule B                             |
| <b>Base</b> | Total Cost Input G&A (total direct costs before B&P/IR&D costs) - Schedule E |



# Various Indirect Rate Structures



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# What is Your Indirect Rate Structure ?

- Single Rate Structure
  - G&A rate only
- Two Tier Rate Structure
  - Overhead (one or more) and G&A
- Three Tier Rate Structure
  - Fringe
  - Overhead (one or more)
  - G&A

# Indirect Rate Ranges

## Indirect Rates for Small Businesses:

Fringe

20% - 35%

Overhead

0% to ?

G&A

upper double digits about  
20% to 25% – but want to  
be lower 10% - 15%

# 3 Tier Rate

**ARONSON LLC Template**  
**Schedule A - Summary of Claimed Indirect Rates**  
**For The Year Ended 12/31/1X**

| DESCRIPTION                        | AMOUNT          | REFERENCE    |
|------------------------------------|-----------------|--------------|
| <b><u>FRINGE</u></b>               |                 |              |
| Pool                               | \$ 1,250,839.69 | Schedule C-1 |
| Base                               | 4,460,832.79    | Schedule E   |
| Claimed Fringe Rate:               | <b>28.04%</b>   |              |
| <br>                               |                 |              |
| <b><u>OVERHEAD</u></b>             |                 |              |
| Pool                               | \$ 528,008.37   | Schedule C   |
| Base                               | 4,705,488.27    | Schedule E   |
| Claimed OH Home Rate:              | <b>11.22%</b>   |              |
| <br>                               |                 |              |
| <b><u>GENERAL &amp; ADMIN.</u></b> |                 |              |
| Pool                               | \$ 1,069,589.56 | Schedule B   |
| Base                               | 5,449,657.51    | Schedule E   |
| Claimed G&A Rate:                  | <b>19.63%</b>   |              |

| INTERMEDIATE RATES             |               |            |
|--------------------------------|---------------|------------|
| <b><u>SVC 1 - Facility</u></b> |               |            |
| Pool                           | \$ 162,879.22 | Schedule D |
| Base                           | 915,832.79    | Schedule D |
| <i>Facility Service Center</i> | <b>17.78%</b> |            |

|                   |             |
|-------------------|-------------|
| <b>WRAP Rates</b> |             |
| (before Fee)      | <b>1.70</b> |
| (with 8% Fee)     | <b>1.84</b> |

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# Wrap Rates



# Wrap Rate

- Understand your wrap rate, especially for small companies, can be the difference of recovering all your costs and making a profit or losing your shirt.
- Realize your customers and industry helps to give a competitive edge
- Be sure to share the wrap rate with your internal BD folks
- Prepare a good budget and monitor your actuals
- Know your Competitive Range (before fee)

1.4 <-----> 1.6 <-----> 1.9

*(Average for Small to Mid Size Service Related Government Contractor)*

# How to Calculate Wrap Rate

Sample WRAP rate calculation:

3 Tier Structure – Fringe 28.04%, OH 11.22%, G&A 19.63%

|                     |               |                |   |
|---------------------|---------------|----------------|---|
| Direct Labor Dollar | <b>A</b>      | \$ 1.00        |   |
| Fringe Rate         | <b>28.04%</b> | \$ 0.28        | <b>=( \$1.00 x .2804 )</b>  |
|                     | <b>B</b>      | <u>\$ 1.28</u> | <b>= Sub-Total</b>  |
| Overhead Rate       | <b>11.22%</b> | \$ 0.14        | <b>=( \$1.00 + \$0.28 ) x .1122 )</b>                                     |
|                     | <b>C</b>      | <u>\$ 1.42</u> | <b>= Sub-Total</b>  |
| G&A Rate            | <b>19.63%</b> | \$ 0.28        | <b>=( \$1.00 + \$0.28 + \$0.14 ) x .1963</b>                              |
| WRAP Rate           |               | <u>\$ 1.70</u> | <b>This is your Breakeven point (not including any Unallowable Costs)</b> |
| Fee                 | <b>7.50%</b>  | \$ 0.13        |   |
| WRAP Rate with Fee  |               | <u>\$ 1.83</u> |   |



# How to Calculate Wrap Rate

Sample WRAP rate calculation:

3 Tier Structure – Fringe 28.04%, OH 11.22%, G&A 19.63%

| Direct Labor Dollar | Fringe Rate @ 28.04% | Sub-Total | Overhead Rate @ 11.22% | Sub-Total | G&A Rate @ 19.63% | WRAP Rate or Breakeven | Fee @ 7.5% | WRAP Rate with Fee |
|---------------------|----------------------|-----------|------------------------|-----------|-------------------|------------------------|------------|--------------------|
| \$ 1.00             | \$ 0.28              | \$1.28    | \$ 0.14                | \$1.42    | \$ 0.28           | <b>\$ 1.70</b>         | \$0.13     | <b>\$ 1.83</b>     |

# How to Build Up Rates for T&M Pricing

Sample WRAP rate calculation:

3 Tier Structure – Fringe 28.04%, OH 11.22%, G&A 19.63%

| Employee Name               | Labor Category | Annual Salary | Hourly Pay Rate | Fringe        | Overhead      | G&A           | Fully Burden |            | Proposed Hours | Proposed Costs       |
|-----------------------------|----------------|---------------|-----------------|---------------|---------------|---------------|--------------|------------|----------------|----------------------|
|                             |                |               |                 | Rate @ 28.04% | Rate @ 11.22% | Rate @ 19.63% | Loaded Rate  | Fee @ 7.5% |                |                      |
| Barbara Morgan              | SME IV         | \$ 105,000.00 | \$ 50.48        | \$ 14.15      | \$ 7.25       | \$ 14.11      | \$ 86.00     | \$ 6.45    | 500.00         | \$ 46,224.59         |
| Donna Dominguez             | SME III        | \$ 85,000.00  | \$ 40.87        | \$ 11.46      | \$ 5.87       | \$ 11.42      | \$ 69.62     | \$ 5.22    | 1,880.00       | \$ 140,698.86        |
| <b>TOTAL PROPOSAL VALUE</b> |                |               |                 |               |               |               |              |            |                | <b>\$ 186,923.45</b> |

*Note: To calculate the hourly pay take annual salaried amount and divide by 2,080 hours. This is the total number of hours per year a salaried employee will work.*

# How to Quickly Estimate Price/Cost

COTR wants to know how much will it cost them to have a full-time SME III on a contract?

|                        | <u>Without Fee</u>   | <u>With 7.5% Fee</u> |
|------------------------|----------------------|----------------------|
| Salary                 | \$ 85,000.00         | \$ 85,000.00         |
| Hourly Pay Rate        | \$ 40.87             | \$ 40.87             |
| WRAP Rate              | <b>1.70</b>          | <b>1.83</b>          |
| Fully Loaded Bill Rate | <b>\$ 69.47</b>      | <b>\$ 74.78</b>      |
| Billable Hours         | <b>1,880.00</b>      | <b>1,880.00</b>      |
| Total Proposed Cost    | <b>\$ 130,605.77</b> | <b>\$ 140,593.27</b> |
| Annual Profit          | <b>\$ 9,987.50</b>   |                      |

# Q & A



# Donna M. Dominguez

## Director, Government Contract Services Group

- As an experienced Director with Aronson LLC, Donna has demonstrated a history of supporting the Government Contractor community. She has been working with contractors from small to large in order to provide resources, advice and training that will help her clients successfully navigate the Federal Contracting space effectively. Donna supports her clients from negotiating a teaming agreement, developing competitive rates, bidding on a cost proposal, establishing an adequate accounting system, invoicing & managing the contracts, to supporting the Government audits and contract closeouts.
- Donna is also a highly active speaker in the government contracting community sharing her knowledge and time through blogs, webinars and conferences. In addition to her work Donna is a wife and mother of 3 young men that keep her busy all year round.



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# Contact

## Donna Dominguez



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# Supplemental



# Sample Trial Balance for Gov't Contractor

ARONSON LLC Template  
 Trial Balance for FY 201X  
 For The Year Ended 12/31/1X

| GL<br>ACCOUNT | ACCOUNT NAME               | EB @<br>12/31/201X |
|---------------|----------------------------|--------------------|
| 1000-000      | CASH - OPERATING           | 1,562,557.55       |
| 1125-000      | ACCOUNTS RECEIVABLE        | 1,271,607.63       |
| 1140-000      | PREPAID EXPENSES           | 1,498,000.00       |
| 1150-000      | FURNITURE & FIXTURES       | 1,838,922.16       |
| 1151-000      | EQUIPMENT                  | 5,191.67           |
| 1152-000      | VEHICLES                   | 1,434,988.85       |
| 1153-000      | BUILDING & IMPROVEMENTS    | 1,368.31           |
| 1154-000      | LEASEHOLD IMPROVEMENTS     | 7,910.04           |
| 1160-000      | A/D - FURNITURE & FIXTURES | 28,821.24          |
| 1161-000      | A/D - EQUIPMENT            | 23,356.82          |
| 1162-001      | A/D - VEHICLE              | 72,863.75          |
| 1163-000      | A/A - LHI                  | 376,537.42         |
| 1180-000      | DEPOSITS                   | 34,305.25          |
| 2000-000      | ACCOUNTS PAYABLE           | 450,000.00         |
| 2005-000      | ACCRUED EXPENSES           | 159,056.12         |
| 2010-000      | ACCRUED VACATION           | 37,490.20          |
| 2011-000      | ACCRUED BONUS              | 4,205.61           |
| 2012-000      | ACCRUED PAYROLL            | (578,625.03)       |
| 2014-000      | FED INCOME TAX WITHHELD    | 20,317.17          |
| 2015-000      | FICA WITHHELD              | 52,745.50          |
| 2016-000      | STATE INC TAX WITHHELD-MD  | (204,171.25)       |
| 2016-001      | STATE INC TAX WITHHELD-VA  | (63,180.88)        |
| 2030-000      | FICA ACCRUAL               | (38,140.62)        |
| 2031-000      | FUTA ACCRUAL               | (21,188.64)        |
| 2032-000      | SUI ACCRUAL                | (133,455.50)       |
| 2032-001      | SUI ACCRUAL-MD             | (98,990.67)        |
| 2032-002      | SUI ACCRUAL-VA             | (150,000.00)       |
| 2240-000      | LINE OF CREDIT             | (2,500.00)         |
| 2245-000      | NOTES PAYABLE - ST         | (317,698.29)       |
| 2246-000      | NOTES PAYABLE - LT         | (466,198.00)       |
| 2290-000      | COMMON STOCK               | (136,137.65)       |
| 2291-000      | ADD'L PAID IN CAPITAL      | 3,241,026.25       |
| 2295-000      | RETAINED EARNINGS - PY     | (5,849,532.13)     |
| 2296-000      | RETAINED EARNINGS - CY     | (1,066,450.00)     |
|               |                            | 2,995,002.88 B/S   |

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# Sample Trial Balance for Gov't Contractor

| GL<br>ACCOUNT | ACCOUNT NAME            | EB @<br>12/31/201X |                        |
|---------------|-------------------------|--------------------|------------------------|
| 3000-000      | FEDERAL REVENUE         | (5,763,763.14)     |                        |
| 3010-000      | COMMERCIAL REVENUE      | (3,750,000.00)     |                        |
| 3900-000      | INTEREST INCOME         | (28,000.00)        |                        |
| 3910-000      | MISCELLANEOUS INCOME    | (55,000.00)        | (9,596,763.14) Revenue |
| 4000-000      | DIRECT LABOR            | 3,430,000.00       |                        |
| 4002-000      | DIRECT LABOR - OWNER    | 45,000.00          |                        |
| 4004-000      | DIRECT LABOR - NB       | 25,000.00          |                        |
| 4010-000      | SUBCONTRACTORS          | 250,000.00         |                        |
| 4011-000      | CONSULTANTS             | 25,000.00          |                        |
| 4015-000      | TRAVEL COSTS            | 35,000.00          |                        |
| 4020-000      | MATERIALS               | 3,500.00           |                        |
| 4030-000      | OTHER DIRECT COSTS      | 146,000.00         | 3,959,500.00 Direct    |
| 5000-000      | VACATION                | 375,000.00         |                        |
| 5001-000      | HOLIDAY                 | 150,000.00         |                        |
| 5002-000      | SICK LEAVE              | 2,200.00           |                        |
| 5003-000      | OTHER LEAVE             | 1,167.00           |                        |
| 5101-000      | FICA EXPENSE            | 341,253.71         |                        |
| 5102-000      | FUTA EXPENSE            | 2,355.00           |                        |
| 5103-000      | SUTA EXPENSE - MD       | 45,380.00          |                        |
| 5104-000      | SUTA EXPENSE - VA       | 10,680.00          |                        |
| 5200-000      | PAYROLL PROCESSING FEES | 3,969.00           |                        |
| 5201-000      | 401K CONTRIBUTION       | 133,824.98         |                        |
| 5202-000      | 401K ADMINISTRATION     | 3,031.00           |                        |
| 5203-000      | FLEX SPENDING FEES      | 7,721.00           |                        |
| 5250-000      | SPOT BONUS              | 4,000.00           |                        |
| 5301-000      | INSURANCE - WRKRS COMP  | 1,226.00           |                        |
| 5302-000      | INSURANCE - HEALTH      | 131,057.00         |                        |
| 5303-000      | INSURANCE - LIFE / LTD  | 37,975.00          | 1,250,839.69 Fringe    |

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# Sample Trial Balance for Gov't Contractor

ARONSON LLC Template  
 Trial Balance for FY 201X  
 For The Year Ended 12/31/1X

| GL ACCOUNT | ACCOUNT NAME              | EB @ 12/31/201X |                         |
|------------|---------------------------|-----------------|-------------------------|
| 8500-000   | FAC/IT SVC LABOR          | 45,000.00       |                         |
| 8505-000   | PERFORMANCE BONUS - SVC   | 4,500.00        |                         |
| 8510-000   | OFFICE RENT               | 60,000.00       |                         |
| 8511-000   | REPAIRS & MAINTENANCE     | 2,000.00        |                         |
| 8512-000   | DEPRECIATION & AMORT      | 17,890.00       |                         |
| 8513-000   | TELEPHONE / COMMUNICAT    | 8,459.00        |                         |
| 8514-000   | COMPUTER / IT EXPENSES    | 5,382.00        |                         |
| 8515-000   | EQUIPMENT LEASE/RENTAL    | 1,298.00        |                         |
| 8516-000   | OFFICE EXPENSE / SUPPL    | 4,582.00        |                         |
| 8517-000   | POSTAGE & DELIVERY        | 150.00          |                         |
| 8518-000   | PERSONAL PROPERTY TAXES   | 700.00          |                         |
| 8519-000   | STATE/LOCAL USE TAX       | 300.00          | 150,261.00 Facility SVC |
| 6000-000   | OVERHEAD LABOR            | 220,832.79      |                         |
| 6002-000   | OVERHEAD LABOR - OWNER    | 50,000.00       |                         |
| 6001-000   | PERFORMANCE BONUS - O/H   | 30,000.00       |                         |
| 6010-000   | BUSINESS TRAVEL - O/H     | 7,220.13        |                         |
| 6011-000   | BUSINESS MEALS - O/H      | 18,397.50       |                         |
| 6012-000   | TRAINING & CONFERENCE O/H | 14,509.35       |                         |
| 6014-000   | PRINTING & REPRODUCTION   | 2,249.48        |                         |
| 6015-000   | DUES & SUBSCRIPTIONS      | 35,189.13       |                         |
| 6016-000   | RECRUITING                | 25,500.00       | 403,898.38 Overhead     |

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# Sample Trial Balance for Gov't Contractor

| GL<br>ACCOUNT         | ACCOUNT NAME                   | EB @<br>12/31/201X |                       |
|-----------------------|--------------------------------|--------------------|-----------------------|
| 7000-000              | G&A LABOR                      | 395,000.00         |                       |
| 7002-000              | G&A LABOR - OWNER              | 75,000.00          |                       |
| 7001-000              | PERFORMANCE BONUS - G&A        | 39,500.00          |                       |
| 7010-000              | BUSINESS TRAVEL - G&A          | 1,500.00           |                       |
| 7011-000              | BUSINESS MEALS - G&A           | 1,297.00           |                       |
| 7012-000              | TRAINING AND CONFERENCE G&A    | 6,539.00           |                       |
| 7014-000              | PRINTING & REPRODUCTION        | 237.00             |                       |
| 7015-000              | DUES & SUBSCRIPTIONS           | 459.00             |                       |
| 7016-000              | RECRUITING                     | 1,000.00           |                       |
| 7017-000              | ACCOUNTING FEES                | 35,000.00          |                       |
| 7018-000              | LEGAL FEES                     | 12,000.00          |                       |
| 7019-000              | PROFESSIONAL FEES              | 1,500.00           |                       |
| 7020-000              | INSURANCE                      | 4,509.00           |                       |
| 7021-000              | BANK FEES                      | 232.00             |                       |
| 7025-000              | OTHER TAXES & LICENSES         | 256.00             |                       |
| 7026-000              | GAIN/LOSS ON SALE OF ASSET     | (181.00)           |                       |
| 7027-000              | MISCELLANEOUS EXPENSE          | 25.00              | 573,873.00 G&A        |
| 9000-000              | INTEREST EXPENSE               | 4,275.00           |                       |
| 9001-000              | MEALS & ENTERTAINMENT          | 325.00             |                       |
| 9002-000              | CONTRIBUTIONS                  | 8,938.19           |                       |
| 9003-000              | EMPLOYEE MORALE                | 3,000.00           |                       |
| 9004-000              | OFFICER LIFE INSURANCE/KEY MAN | 2,500.00           |                       |
| 9005-000              | PENALTIES                      | 150.00             |                       |
| 9006-000              | BAD DEBT EXPENSE               | 4,900.00           |                       |
| 9007-000              | TRADE SHOWS/BOOTHES            | 1,750.00           |                       |
| 9008-000              | IN EXCESS OF PER DIEM          | 2,550.00           |                       |
| 9009-000              | HOLIDAY PARTY                  | 60,000.00          | 88,388.19 Unallowable |
| 7100-000              | B&P LABOR                      | 175,000.00         | 175,000.00 B&P        |
| <b>OUT OF BALANCE</b> |                                | <b>0.00</b>        | <b>0.00</b>           |

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# The VIP Program

## Thank you for attending the VIP Webinar

- There will be a short survey at the conclusion of the webinar. Your opinion and feedback are very important in continuing the webinar series. Please take moment and complete the 3 question survey
- Our next Webinar is scheduled:  
**Thursday, April 26, 2018**  
**2:00 pm – 3:00pm (EST)**

