

EXAMPLE STATEMENT OF OVERHEAD

Firm (Legal name): LEGAL NAME
For the Previous Year Ended <DATE>

	Total Costs Incurred	Direct Costs	Disallowed Costs	Notes	Proposed Company Wide	% of Direct Labor
DIRECT LABOR	\$ 1,950,501	\$ 1,950,501	\$ -		\$ 1,950,501	100.00%
INDIRECT COSTS						
FRINGE BENEFITS						
Benefits: Bonuses	\$ 234,060	\$ -	\$ (28,560) a		\$ 205,500	10.54%
Benefits: 401K	\$ 97,525	\$ -	\$ -		\$ 97,525	5.00%
Benefits: vacation, sick & holidays	\$ 253,565	\$ -	\$ -		\$ 253,565	13.00%
Insurance: Disability	\$ 58,515	\$ -	\$ -		\$ 58,515	3.00%
Insurance: Life	\$ 21,846	\$ -	\$ (800) b		\$ 21,046	1.08%
Insurance: Medical	\$ 136,535	\$ -	\$ -		\$ 136,535	7.00%
Insurance: Worker's Comp	\$ 15,799	\$ -	\$ -		\$ 15,799	0.81%
Payroll Taxes: FICA & Medicare	\$ 180,421	\$ -	\$ -		\$ 180,421	9.25%
Payroll Taxes: FUTA & SUTA	\$ 78,020	\$ -	\$ -		\$ 78,020	4.00%
TOTAL FRINGE BENEFITS	\$ 1,076,286	\$ -	\$ (29,360)		\$ 1,046,926	53.67%
GENERAL OVERHEAD						
Indirect labor	\$ 741,190	\$ -	\$ (3,300) c		\$ 737,890	37.83%
Direct: Lodging, Meals and Travel	\$ 122,101	\$ (122,101)	\$ - d		\$ -	0.00%
Direct: Employee Mileage Reimbursements	\$ 159,941	\$ (159,941)	\$ - d		\$ -	0.00%
Direct: Rentals and Supplies	\$ 21,651	\$ (21,651)	\$ - d		\$ -	0.00%
Direct: Subconsultants	\$ 44,862	\$ (44,862)	\$ - d		\$ -	0.00%
Advertising and Marketing	\$ 23,991	\$ -	\$ (6,750) e		\$ 17,241	0.88%
Automobile Expense	\$ 68,268	\$ -	\$ (13,580) f		\$ 54,688	2.80%
Bank Service Charges	\$ 9,753	\$ -	\$ -		\$ 9,753	0.50%
Contributions and Gifts	\$ 14,629	\$ -	\$ (14,629) g		\$ -	0.00%
Depreciation Expenses	\$ 117,030	\$ -	\$ -		\$ 117,030	6.00%
Dues and Subscriptions	\$ 16,189	\$ -	\$ (350) h		\$ 15,839	0.81%
Insurance: Automobile	\$ 15,409	\$ -	\$ -		\$ 15,409	0.79%
Insurance: Business Liability	\$ 23,406	\$ -	\$ -		\$ 23,406	1.20%
Interest Expense	\$ 36,084	\$ -	\$ (36,084) i		\$ -	0.00%
Licenses and Permits	\$ 21,456	\$ -	\$ -		\$ 21,456	1.10%
Maintenance and Repairs	\$ 97,135	\$ -	\$ -		\$ 97,135	4.98%
Meals and Entertainment	\$ 19,310	\$ -	\$ (1,050) j		\$ 18,260	0.94%
Misc. Fees, Fines, Penalties	\$ 6,827	\$ -	\$ (6,827) k		\$ -	0.00%
Office Expense: Cleaning	\$ 8,192	\$ -	\$ -		\$ 8,192	0.42%
Office Expense: Postage and Delivery	\$ 4,486	\$ -	\$ -		\$ 4,486	0.23%
Office Expense: Office Supplies	\$ 32,183	\$ -	\$ -		\$ 32,183	1.65%
Office Expense: Other Office Expense	\$ 35,889	\$ -	\$ -		\$ 35,889	1.84%
Personal Property Tax	\$ 42,911	\$ -	\$ -		\$ 42,911	2.20%
Professional Fees: Accounting and Legal	\$ 30,428	\$ -	\$ -		\$ 30,428	1.56%
Rent	\$ 180,049	\$ -	\$ (2,400) l		\$ 177,649	9.11%
Telephone	\$ 60,466	\$ -	\$ -		\$ 60,466	3.10%
Utilities	\$ 29,472	\$ -	\$ -		\$ 29,472	1.51%
Credit for Internal Allocations	\$ -	\$ -	\$ (107,278) m		\$ (107,278)	-5.50%
TOTAL GENERAL OVERHEAD	\$ 1,983,308	\$ (348,555)	\$ (192,248)		\$ 1,442,505	73.96%
TOTAL INDIRECT COSTS & OVERHEAD RATE	\$ 3,059,594	\$ (348,555)	\$ (221,608)		\$ 2,489,431	127.63%

Sample FAR References and Notes:

- (a) 31.205-6(a)(6)(ii)(B): Owners' compensation in excess of reasonable amount is disallowed (distribution of profits).
- (b) 31.205-19(e)(2)(v): Officers' life insurance is disallowed.
- (c) 31.201-6(e)(2): Marketing, lobbying, and any labor associated with unallowable activities is disallowed.
- (d) 31.202: Excluded direct project costs (both billable & non-billable costs) from indirect cost pool.
- (e) 31.205-1: Costs for general marketing materials are disallowed.
- (f) 31.205-6(m)(2) & 31.205-46(d): Personal use of a company asset (automobile) is disallowed.
- (g) 31.205-8 & 31.205-13(b): Contributions and gifts are disallowed.
- (h) 31.205-22: Lobbying costs, paid as a percentage of professional dues, are disallowed.
- (i) 31.205-20: Interest is disallowed.
- (j) 31.205-14 & 31.205-51: Costs for entertainment and alcoholic beverages are disallowed. (The entertainment cost principle supersedes all others.)
- (k) 31.201-4, 31.205-15, & 31.205-20: Disallowed late fees; Government-imposed fines and penalties; and credit card interest.
- (l) 31.205-36(b)(3): Related-party rent (not an arm's-length transaction) is limited to actual cost of ownership, net of interest and other unallowable items.
- (m) 31.202: Direct costs segregated and removed from indirect cost pool.

Common Unallowable Costs

For illustration purposes only. OH rates must be based on actual cost incurred by your company

- Salary employees' overtime (deduct from Direct expenses line)
- Advertising
- Trade show expenses
- Trade show labor
- Brochures and other promotional materials
- Souvenirs/Imprinted clothing provided to public
- Membership in civic and community organizations
- Bad debts
- Collection costs
- Excess compensation and distribution of profits
- Personal use of company vehicles
- Patent costs
- Relocation costs
- Travel costs in excess of FTR rates
- Goodwill
- Alcoholic beverages
- Contributions or donations
- Employee gifts and recreation
- Membership in social, dining, and country clubs
- Social activities
- Fines, penalties, and mischarging costs related to violation of laws
- Life insurance on key employees
- Costs to correct defects in materials and workmanship
- Interest expense
- Lobbying and political activity costs
- Organization/reorganization legal, accounting, incorporation fees, and labor
- Capital raising (equity or long-term debt) legal, accounting and lender fees