



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Portfolio
Cost Allocation Services

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PHONE: (214) 767-3261
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July 20, 2017

Mr. Lee Pettit
Associate Director, Research Administration
Arizona State University
PO Box 876011
Tempe, AZ 85287-6011

Dear Mr. Pettit:

This is in response to the transmission of revision No. 6 of the Cost Accounting Standards Board (CASB) Disclosure Statement (DS-2) for Arizona State University. As the Administrative Contracting Officer (ACO), I am required to determine the adequacy and compliance of the DS-2. Based on the review performed by our Western Field Office, I have determined that your DS-2 adequately discloses the cost accounting practices required to be disclosed by CASB's rules, regulations, and standards, and that those practices are compliant with applicable Federal cost accounting principles. However, the CASB DS-2 Section 2.5.2 requires disclosure of the Salary and Wage Cost Accumulation System. In accordance with 45 CFR 75.430, Federal approval of the salary and wage cost accumulation system is not required. Therefore, we express no opinion on the Institution of Higher Education's salary and wage cost accumulation system.

Approval of your DS-2 is subject to the following condition: The information provided by the Institution of Higher Education is not later found to be materially incomplete or inaccurate by the Federal Government.

Should you have any questions, please contact Brian Caudill of my staff at (301) 492-4857.

Sincerely,

Arif M. Karim -A

Digitally signed by Arif M. Karim -A
DN: c=US, o=U.S. Government, ou=HHS,
ou=PSC, ou=People, cn=Arif M. Karim -A,
0.9.2342.19200300.100.1.1=2000212895
Date: 2017.07.20 09:05:58 -05'00'

Arif Karim
Director
Cost Allocation Services



**Cost Accounting
Standards Board
Disclosure Statement
Form DS-2**

**Amended Statement, Revision #6
Effective
December 26, 2014**

COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS

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1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement, refer to Section 9903.202 of Chapter 99 of Title 48 CFR (48 CFR 9903).
2. Part I of the Statement provides general information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration) offices). Parts II through VI pertain to the types of costs generally incurred by the segment or business unit directly performing under Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). Part VII pertains to the types of costs that are generally incurred by a central or group office and are allocated to one or more segments performing under Federally sponsored agreements.
3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the Certification, and Parts I through VI.
4. Each central or group office required to disclose its cost accounting practices for measuring, assigning and allocating its costs to segments performing under Federally sponsored agreements should complete the Cover Sheet, the Certification, Part I and Part VII of the Disclosure Statement. Where a central or group office incurs the types of cost covered by Parts IV, V and VI, and the cost amounts allocated to segments performing under Federally sponsored agreements are material, such office(s) should complete Parts IV, V, or VI for such material elements of cost. While a central or group office may have more than one reporting unit submitting Disclosure Statements, only one Statement needs to be submitted to cover the central or group office operations.
5. The Statement must be signed by an authorized signatory of the reporting unit.
6. The Disclosure Statement should be answered by marking the appropriate line or inserting the applicable letter code which describes the segment's (reporting unit's) cost accounting practices.
7. A number of questions in this Statement may need narrative answers requiring more space than is provided. In such instances, the reporting unit should use the attached continuation sheet provided. The continuation sheet may be reproduced locally as needed. The number of the question involved should be indicated and the same coding required to answer the questions in the Statement should be used in presenting the answer on the continuation sheet. Continuation sheets should be inserted at the end of the pertinent Part of the Statement. On each continuation sheet, the reporting unit should enter the next sequential page number for that Part and, on the last continuation sheet used, the words "End of Part" should be inserted after the last entry.

8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Alternatively, copies of the relevant parts of such documents may be attached as appendices to the pertinent Disclosure Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Disclosure Statement item number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.

9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement of the Government (Also see 48 CFR 9903.202-3).

10. Amendments shall be submitted to the same offices to which submission would have to be made were an original Disclosure Statement being filed.

11. Each amendment should be accompanied by an amended cover sheet (indicating revision number and effective date of the change) and a signed certification. For all resubmissions, on each page, insert "Revision Number " and "Effective Date " in the Item Description block; and, insert "Revised" under each Item Number amended. Resubmitted Disclosure Statements must be accompanied by similar notations identifying the items which have been changed.

ATTACHMENT - Blank Continuation Sheet

COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS

COVER SHEET AND CERTIFICATION

0.1 Educational Institution

Name: Arizona State University
Street Address: PO Box 876011
City, State and ZIP Code: Tempe, AZ 85287-6011
Division or Campus of:

0.2 Reporting Unit is: (Mark one.)

- A. Independently Administered Public Institution
B. Independently Administered Nonprofit Institution
C. Administered as Part of a Public System
D. Administered as Part of a Nonprofit System
E. Other (Specify) _____

0.3 Official to Contact Concerning this Statement:

- (a) Name and Title: Lisa Mosley, Executive Director, OKED Operations
(b) Phone Number (include area code and extension): (480) 727-9754

0.4 Statement Type and Effective Date:

- A. (Mark type of submission. If a revision, enter number)
(a) Original Statement
(b) Amended Statement; Revision No. 6
B. Effective Date of this Statement: (Specify) December 26, 2014

0.5 Statement Submitted To (Provide office name, location and telephone number, Include area code and extension):

- A. Cognizant Federal Agency: Arif Karim, Director
DHHS, Division of Cost Allocation
7700 Wisconsin Ave.
Suite 2300
Bethesda, MD 20857
(214) 767-3600
B. Cognizant Federal Auditor: Lori Ahstrand
Regional Inspector General/OAS
OIG/Office of Audit Services
90 7th Street, Suite 3-600
San Francisco, CA 94103
(415) 437-8360

CERTIFICATION

I certify that to the best of my knowledge and belief this Statement, as amended in the case of a Revision, is the complete and accurate disclosure as of the date of certification shown below by the above-named organization of its cost accounting practices, as required by the Disclosure Regulations (48 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. § 422.

Date of Certification: December 26, 2014

Lisa E. Mosley
(Print or Type Name)

Assistant Vice President, OKED Operations
(Title)

THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE
IS PRESCRIBED IN
18 U.S.C. § 1001

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART I – GENERAL INFORMATION NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
	Part I	
1.1.0	<p><u>Description of Your Cost Accounting System</u> for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input type="checkbox"/> Accrual</p> <p>B. <input checked="" type="checkbox"/> Modified Accrual Basis <u>1/</u></p> <p>C. <input checked="" type="checkbox"/> Cash Basis</p> <p>Y. <input type="checkbox"/> Other <u>1/</u></p>	
1.2.0	<p><u>Integration of Cost Accounting with Financial Accounting.</u> The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. <input type="checkbox"/> Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)</p> <p>B. <input type="checkbox"/> Not integrated with financial accounting records (Cost data are accumulated on memorandum records.)</p> <p>C. <input checked="" type="checkbox"/> Combination of A and B</p>	
1.3.0	<p><u>Unallowable Costs.</u> Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p> <p>A. <input type="checkbox"/> Specifically identified and recorded separately in the formal financial accounting records. <u>1/</u></p> <p>B. <input type="checkbox"/> Identified in separately maintained accounting records or workpapers. <u>1/</u></p> <p>C. <input type="checkbox"/> Identifiable through use of less formal accounting techniques that permit audit verification. <u>1/</u></p> <p>D. <input checked="" type="checkbox"/> Combination of A, B or C <u>1/</u></p> <p>E. <input type="checkbox"/> Determinable by other means. <u>1/</u></p> <p><u>1/</u> Describe on a Continuation Sheet.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART I – GENERAL INFORMATION
	NAME OF REPORTING UNIT Arizona State University

Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
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1.3.1	<u>Treatment of Unallowable Costs.</u> (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)	
1.4.0	<u>Cost Accounting Period:</u> <u>July 1 – June 30</u> (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g., 7/1 to 6/30. If the cost accounting period is other than the institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)	
1.5.0	<u>State Laws or Regulations.</u> Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs.	
	<u>1/ Describe on a Continuation Sheet.</u>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
1.1.0 <i>Revised</i>	Description of Your Cost Accounting System Direct costs are charged to sponsored agreements on a cash basis. Indirect cost rates are based on and reconciled to the University's annual financial statements, which include accruals for accounts payable. The last payroll and fringe benefits for the applicable fiscal year are accrued through June 30 th .	
1.2.0 <i>Revised</i>	Integration of Cost Accounting with Financial Accounting Direct costs charged to sponsored agreements are fully integrated with the University's financial accounting system. The amounts included in the University's indirect cost pools are based on cost information generated by the financial accounting system. However, adjustments and reclassifications are needed to recast the information in the University's financial statements into the cost pools required by 2 CFR Part 200, including cost sharing. Also, as discussed in 3.1.0, the depreciation and interest indirect cost pools, and some of the costs in the departmental administration pool, are not accumulated by the formal accounting system and must therefore be accumulated through cost analysis techniques or other calculations. The University has a cost sharing policy, RSP 506-03 Cost Sharing Documentation, which has been in place since 1978, and is periodically revised. This policy states that companion accounts established in the financial system, or other records supported by transaction reports from university systems, will be used to track authorized internal cost share commitments. The University fulfills mandatory cost share requirements and authorized voluntary cost share in the form of compensation, matching funds or a waiver of facilities and administrative costs, when allowable. <ul style="list-style-type: none"> • State-funded compensation cost sharing is tracked primarily through the use of companion accounts in the financial system. Cost shared compensation paid by non-sponsored accounts and coded to a particular activity (usually instruction) is recast into the activity coding of the sponsored account benefiting from the cost shared compensation. • Matching fund obligations are documented to the sponsored agreement file and are supported by transaction reports from the financial system. • Waived facilities and administrative costs are not additionally accounted for in the financial system but are independently calculated and reflected in the financial reporting of cost share to sponsors. 	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET
	NAME OF REPORTING UNIT Arizona State University

Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
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1.3.0 <i>Revised</i>	<p>Unallowable Costs</p> <p>Unallowable costs are charged to specific object codes in the University’s financial system and/or specific payroll earnings types in the University’s Human Capital Management System. The costs recorded in these categories are excluded from the direct and indirect cost pools charged to sponsored agreements. Additionally, costs incurred by organizational units whose overall activities are unallowable are identified at the department or account level and removed from the indirect cost pools allocated to sponsored agreements. See current fringe benefit rate proposal for a list of specific payroll earnings types that are not included in the fringe rate base.</p> <ul style="list-style-type: none"> • Unallowable Costs identified at the department or account level include: Alumni Activities, Commencement and Convocations, Defense and prosecution of certain criminal proceedings, claims, appeals and patent infringements, Fund Raising, Lobbying, Investment management to enhance income, certain Student Activities, General Public Relations and Selling and Marketing. • Unallowable Costs identified at the object code level include: Advertising (7310.19/7310.18), Bad Debt (7390.71 thru 7390.91), Sponsored Cost overruns (7390.76 thru 7390.86), and Department paid legal service (7310.07). • Unallowable Costs identified by the payroll earnings type include: Award/Prize and Car allowance. • Additional unallowable costs prohibited by the University include: Alcoholic Beverages, Gifts and Contributions, Fines and Penalties, Memberships in dining and country clubs, and Entertainment costs. 	
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
1.3.1 <i>Revised</i>	<p>Treatment of Unallowable Costs</p> <p>Unallowable costs as identified in 1.3.0 are excluded from charges to federally sponsored agreements. Unallowable directly associated costs as defined in CAS 505 will also be excluded from charges to federally sponsored agreements.</p> <p>As required by CAS 505, where unallowable costs would normally be part of a regular indirect cost allocation base, they will remain in that base. This is accomplished in the University’s indirect cost proposal by classifying unallowable costs as "Other Institutional Activities" and allocating indirect costs to these activities as part of the normal indirect cost allocation process. The classification of unallowable activities as “Other Institutional Activities” is required by Appendix III, A.1.d. of 2 CFR Part 200. In the interest of consistency, the University has elected to treat all unallowable costs in this manner if the unallowable costs are the types of costs that would be included in the Modified Total Direct Cost (MTDC) base specified in Appendix III, C.2. of 2 CFR Part 200. An exception to this treatment is made for cost overruns on sponsored agreements. These costs remain in the direct cost base of the sponsored projects if they are the types of costs that would be included in the MTDC base required by 2 CFR Part 200.</p>	
1.5.0	<p>State Laws or Regulations</p> <p>State laws and regulations and statewide administration affect asset capitalization criteria, pension costs, and insurance costs.</p> <p>Asset capitalization criteria are described in the Arizona Accounting Manual, Section II-G-1 under the subject heading, <i>Long-Lived Resources: Capital Assets, Etc.</i> Authority for the guidance therein is derived from the following Arizona Revised Statutes (A.R.S.):</p> <ul style="list-style-type: none"> ▪ A.R.S. § 35-131 ▪ A.R.S. § 41-722 ▪ A.R.S. § 41-2602 <p>Pension costs are based on mandatory retirement plans as defined under A.R.S. § 38-727.</p> <p>Employee-related insurance costs are administered by the Arizona Department of Administration and are based on A.R.S. § 38 – Public Officers and Employees wherein the insurance programs and eligibility requirements are defined.</p> <p>Property, liability and workers’ compensation insurance costs are administered by the Arizona Department of Administration State Risk Management Office in accordance with statutory provisions found in A.R.S. § 41-621 through § 41-625.</p> <p style="text-align: center;">End of Part</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II – DIRECT COSTS NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
	Instructions for Part II Institutions should disclose what costs are, or will be, charged directly to Federally sponsored agreements or similar cost objectives as Direct Costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs incurred by the reporting unit.	
2.1.0	<u>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (For all major categories of cost under each major function or activity such, as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)	
2.2.0	<u>Description of Direct Materials.</u> All materials and supplies directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)	
2.3.0	<u>Method of Charging Direct Materials and Supplies.</u> (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)	
2.3.1	Direct Purchases for Projects are Charged to Projects at: A. <input type="checkbox"/> Actual Invoiced Costs B. <input checked="" type="checkbox"/> Actual Invoiced Costs Net of Discounts Taken Y. <input type="checkbox"/> Other(s) <u>1/</u> Z. <input type="checkbox"/> Not Applicable	
2.3.2	Inventory Requisitions from Central or Common, Institution-owned Inventory. (Identify the inventory valuation method used to charge projects): A. <input checked="" type="checkbox"/> First In, First Out B. <input type="checkbox"/> Last In, First Out C. <input checked="" type="checkbox"/> Average Costs <u>1/</u> D. <input type="checkbox"/> Predetermined Costs <u>1/</u> Y. <input checked="" type="checkbox"/> Other(s) <u>1/</u> Z. <input type="checkbox"/> Not Applicable <u>1/</u> Describe on a Continuation Sheet.	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART II – DIRECT COSTS
	NAME OF REPORTING UNIT Arizona State University

Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
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2.4.0 2.5.0 <i>Revised</i>	<p><u>Description of Direct Personal Services.</u> All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefits costs, if any, within each major institutional function or activity that are charged as direct personal services.)</p> <p><u>Method of Charging Direct Salaries and Wages.</u> (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Direct Personal Services Category</th> </tr> <tr> <th>Faculty (1)</th> <th>Staff (2)</th> <th>Students (3)</th> <th>Other 1/ (4)</th> </tr> </thead> <tbody> <tr> <td>A. Payroll Distribution Method (Individual time card/actual hours and rates)</td> <td>_____</td> <td><u> X </u></td> <td><u> X </u></td> <td>_____</td> </tr> <tr> <td>B. Plan – Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>C. After-the-fact Activity Records (Percentage Distribution of employee activity)</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Y. Other(s) <u>1/</u></td> <td><u> X </u></td> <td><u> X </u></td> <td><u> X </u></td> <td>_____</td> </tr> </tbody> </table> <p><u>1/</u> Describe on a Continuation Sheet.</p>		Direct Personal Services Category				Faculty (1)	Staff (2)	Students (3)	Other 1/ (4)	A. Payroll Distribution Method (Individual time card/actual hours and rates)	_____	<u> X </u>	<u> X </u>	_____	B. Plan – Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_____	_____	_____	_____	C. After-the-fact Activity Records (Percentage Distribution of employee activity)	_____	_____	_____	_____	D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_____	_____	_____	_____	Y. Other(s) <u>1/</u>	<u> X </u>	<u> X </u>	<u> X </u>	_____
	Direct Personal Services Category																																		
	Faculty (1)	Staff (2)	Students (3)	Other 1/ (4)																															
A. Payroll Distribution Method (Individual time card/actual hours and rates)	_____	<u> X </u>	<u> X </u>	_____																															
B. Plan – Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_____	_____	_____	_____																															
C. After-the-fact Activity Records (Percentage Distribution of employee activity)	_____	_____	_____	_____																															
D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_____	_____	_____	_____																															
Y. Other(s) <u>1/</u>	<u> X </u>	<u> X </u>	<u> X </u>	_____																															

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II – DIRECT COSTS NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
2.5.1	<p>Salary and Wage Cost Distribution Systems.</p> <p>Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If “NO”, describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)</p> <p><u> X </u> Yes <u> </u> No</p>	
2.5.2	<p>Salary and Wage Cost Accumulation System.</p> <p>(Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)</p>	
2.6.0	<p><u>Description of Direct Fringe Benefits Costs.</u> All fringe benefits that are attributable to direct salaries and wages and are charged directly to Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet <u>all</u> of the different types of fringe benefits which are classified and charged as direct costs, e.g., actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, premium pay, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, tuition remission, etc.)</p>	
2.6.1	<p><u>Method of Charging Direct Fringe Benefits.</u> (Describe on a continuation sheet, how each type of fringe benefit cost identified in item 2.6.0. is measured, assigned and allocated (for definitions, See 9903.302-1): first, to the major functions (e.g., instruction, research); and, then to individual projects or direct cost objectives within each function.)</p>	
2.7.0	<p><u>Description of Other Direct Costs.</u> All other items of cost directly identified with Federally sponsored agreements or similar cost objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g., travel, consultants. services, subgrants, subcontracts, malpractice insurance, etc.)</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART II – DIRECT COSTS NAME OF REPORTING UNIT Arizona State University
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Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
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2.8.0	<p><u>Cost Transfers</u>. When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if “NO”, explain on a continuation sheet how the credit differs from original charge.)</p> <p><u> X </u> Yes <u> </u> No</p>																								
2.9.0	<p><u>Interorganizational Transfers</u>. This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of interorganizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;"><u>Materials</u> (1)</th> <th style="width: 10%; text-align: center;"><u>Supplies</u> (2)</th> <th style="width: 10%; text-align: center;"><u>Services</u> (3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Y. Other(s) <u>1/</u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable</td> <td style="text-align: center;"><u> X </u></td> <td style="text-align: center;"><u> X </u></td> <td style="text-align: center;"><u> X </u></td> </tr> </tbody> </table> <p><u>1/</u> Describe on a Continuation Sheet</p>		<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)	A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	_____	_____	_____	B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.	_____	_____	_____	C. At established catalog or market price or prices based on adequate competition.	_____	_____	_____	Y. Other(s) <u>1/</u>	_____	_____	_____	Z. Interorganizational transfers are not applicable	<u> X </u>	<u> X </u>	<u> X </u>
	<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)																						
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B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.	_____	_____	_____																						
C. At established catalog or market price or prices based on adequate competition.	_____	_____	_____																						
Y. Other(s) <u>1/</u>	_____	_____	_____																						
Z. Interorganizational transfers are not applicable	<u> X </u>	<u> X </u>	<u> X </u>																						

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
2.1.0 <i>Revised</i>	<p>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives</p> <p>The University follows the general guidelines in sections 200.412-200.415 of 2 CFR Part 200 in determining the treatment of costs as direct or indirect. Accordingly, costs that can be identified specifically with a particular sponsored project, instructional activity, or other institutional activity, or can be directly assigned to such activities relatively easily with a high degree of accuracy, are treated as direct costs. Conversely, costs incurred for common or joint objectives, which cannot be readily and specifically identified with a particular sponsored project, instructional activity or other institutional activity, are treated as indirect costs. The University's indirect costs are consistent with the definitions of specific indirect cost categories in Appendix III, B. of 2 CFR Part 200.</p> <p>The University also follows the guidelines in Appendix III, B.6. and section 200.413(c) of 2 CFR Part 200 which specify the normal treatment of certain costs commonly incurred by academic departments and organized research units.</p> <p>Every effort is made to classify costs incurred for the same purpose, in like circumstances, consistently as either direct or indirect costs. As cited later in this section, specific policies have been established by the University to help accomplish this objective.</p> <p>Within academic departments and organized research units, major cost categories are treated as follows:</p> <ul style="list-style-type: none"> ▪ Salaries and fringe benefits of faculty, academic professional staff (e.g., research scientists, research associates, research specialists, academic associates, post-doctoral fellows, etc.), technicians, lab assistants, graduate research and teaching assistants and associates, and student hourly employees associated with effort on research projects, instructional activities and other direct cost objectives, are treated as direct costs. Salaries and fringe benefits of faculty and professional staff associated with administrative activities are treated as indirect costs. ▪ Salaries and fringe benefits of administrative and clerical staff are normally treated as indirect costs, as required by section 200.413(c) of 2 CFR Part 200. However, in accordance with guidance on this subject issued by OMB, direct charging of these costs may be appropriate if all of the following conditions are met: (1) Administrative or clerical services are integral to a project or activity; (2) Individuals involved can be specifically identified with the project or activity; (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and (4) The costs are not also recovered as indirect costs. These situations are considered "unlike circumstances" under CAS 502. 	

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Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
2.1.0 <i>Revised</i>	<p>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (continued)</p> <ul style="list-style-type: none"> ▪ The costs of laboratory supplies (e.g., chemicals, glassware, etc.), instructional supplies, animals, travel, consulting services, long distance telephone toll charges and the other items enumerated in 2.2.0 and 2.7.0 identifiable to research, instruction, or other direct cost objectives are treated as direct costs. ▪ Rent and other facility costs of off-campus facilities used to conduct research or other direct cost objectives are also treated as direct costs. ▪ The costs of office supplies, postage, local (basic) telephone costs, and memberships are normally treated as indirect costs. <p>As indicated above, the University's policies permit direct charges to federally sponsored agreements for administrative and clerical salaries, office supplies, postage, local telephone expenses, memberships, and other charges normally treated as indirect costs only under exceptional circumstances consistent with Appendix III, B.6. of 2 CFR Part 200 and guidance issued by OMB. In implementing these policies, the University relies on the judgment of principal investigators (PIs) to determine whether these circumstances exist for a particular project. The PI is responsible for making the decision as to whether special circumstances exist that warrant a cost which is usually charged as indirect to be charged as direct. In these situations the costs are to be specifically identified in the budget and fully justified in the narrative of the grant applications and contract proposals to the sponsoring agencies. As costs meeting these criteria are incurred, PIs are responsible for confirming eligibility for direct charging and for properly documenting the justification for treatment as an exception item.</p> <p>For non-federal sponsored agreements, F&A costs may be charged as direct costs where not expressly prohibited by the sponsor.</p> <p>To assure consistent treatment of costs between sponsored agreements and non-sponsored activities, "Direct Charge Equivalents" (DCEs) are used to assign an appropriate amount of departmental general fund salaries directly to instruction and other non-sponsored direct cost objectives. A proration method is used to determine DA other expense (supplies, etc.) based on a ratio of DA salaries to total Non Sponsored salaries for the department. DCEs are mathematical formulas that estimate the portion of general fund expenses that should be assigned directly to non-sponsored activities, and the portion that should be included in the Departmental Administration indirect cost pool. (See description of the accumulation of Departmental Administration expenses in 3.1.0.). The use of DCEs is a long established accounting convention at academic institutions that is designed to help achieve consistent treatment of costs as required by 2 CFR Part 200 and CAS 502, and at the same time recognize the generally accepted accounting practices of the institutions. The specific DCE methodology used is provided in 3.1.0.</p>	

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2.2.0 <i>Revised</i>	Description of Direct Materials The principal types of materials and supplies charged directly to sponsored agreements and other direct cost objectives include <ul style="list-style-type: none"> ▪ Lab supplies (e.g., chemicals, glassware) ▪ Books and reference materials ▪ Compressed gases and liquids ▪ Computing devices that are essential and allocable, even if not solely dedicated to an award 	
2.3.2	Inventory Requisitions from Central or Common Inventory The following represents Arizona State University's various inventory methods for charging direct materials and supplies other than those operations utilizing either the First In, First Out (FIFO) or Last In, First Out (LIFO) methods: <ul style="list-style-type: none"> ▪ ASU Stores & Lab Stores: Moving Average - The moving average method is the average cost procedure applied in the perpetual inventory system. The average unit cost is recalculated after each purchase. (Example of moving average method: 5/1/96 purchased 100 units at \$1,000. Unit cost is \$10 per unit. 5/16/96 sold 50 units so 50 units remain in inventory. 6/1/96 purchased additional 100 units at \$1,500. The average cost is recalculated: $[(50 \times \\$10) + (100 \times \\$15)]/150 \text{ units} = \\13.33 per unit.) ▪ Maintenance Stores: The last invoice price valuation method closely approximates the first-in, first-out (FIFO) inventory valuation method, in that valuation is at the most recent price paid for inventory items. This method is suitable when there is high inventory turnover and/or only low to moderate price inflation. Turnover ratios for these inventories are high. The last invoice price inventory valuation method has been used for ASU financial statement purposes for many years, is acceptable to the State Auditor General's Office and the inventories are immaterial in nature. 	

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2.4.0 Description of Direct Personal Services

The principal classes of direct personal service costs are faculty, academic professional staff (e.g., research scientists, research associates, research specialists, academic associates, post-doctoral fellows, etc.), technicians, lab assistants, graduate research and teaching assistants and associates and student hourly employees. The direct charges include salaries and wages (collectively referred to as salaries) and employee fringe benefits. Salaries and fringe benefits of administrative and clerical staff are charged directly under the conditions described in 2.1.0.

2.5.0 Method of Charging Direct Salaries and Wages
Revised

After-the-fact reviews are used for salaried employees such as full-time and part-time faculty, staff and student-employees. Individual time cards are used for hourly employees.

The University has procedures in place to ensure that salaries charged to applicable HHS projects are not based on a rate that exceeds the current annual salary rate limitation and that the full salaries expense for research work is identifiable as part of organized research whether or not chargeable on an HHS project.

Only the allowable proportion of salary is set up and expended from the applicable HHS sponsored account budget. The remaining proportion of the salary is set up on a non-sponsored account(s).

All compensation associated with an HHS project is allocated to the appropriate base activity.

Exception reports are produced and reviewed to further ensure that salary costs are not charged to applicable HHS grants in excess of the salary rate allowed. Any HHS funded salaries paid to individuals that appear to be above the allowable rate are identified. If it is determined that the costs charged to applicable HHS funded accounts are in excess of the salary rate allowed, the costs will be reallocated.

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2.5.2 <i>Revised</i>	Salary and Wage Cost Accumulation System Responsible officials determine and record the planned (budgeted) distribution of each employee's salary on a payroll distribution form based on an estimate of the employee's labor distribution. The completed payroll distribution forms are used to determine the initial charges for salary costs to sponsored agreements. After-the-fact reviews as described in 2 CFR 200.430(i)(1)(viii)(C) are used to determine the actual distribution of employee salaries. Where the actual labor distribution to a sponsored agreement is less than the budgeted distribution, the charges to sponsored agreements are appropriately adjusted in the accounting system. Cost share is documented in accordance with policy 506-03 of the ASU Research and Sponsored Projects Manual (RSP).	
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Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
2.6.0	<p>Description of Direct Fringe Benefit Costs</p> <p>The following fringe benefits attributable to organized research, instruction and other direct cost objectives are treated per the current fringe benefit rate proposal:</p> <ul style="list-style-type: none"> ▪ Workers' Compensation Insurance ▪ Retiree Accumulated Sick Leave Program (RASL) ▪ Unemployment Insurance ▪ FICA Tax ▪ Combined Retirement (State Retirement Programs and Optional Retirement Programs), net of ORP vesting returns ▪ ASRS Long Term Disability ▪ Group Health Insurance ▪ RA/TA Health Insurance ▪ Group Dental Insurance ▪ RA/TA Dental Insurance ▪ Life, Accidental Death, and Disability Insurance ▪ Dependent Care Flexible Spending Plan ▪ Medical Expense Flexible Spending Plan ▪ Employee Tuition Reimbursement ▪ Sabbatical Payments ▪ Employee Assistance ▪ Accrued Vacation Payouts <p>Leave costs (e.g., vacation, holiday, sick leave) are included in the normal charges for salaries. Payments to retirees for accumulated sick leave are included in the fringe benefit rates as described in 2.6.1.</p>	

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2.6.1 <i>Revised</i>	Method of Charging Direct Fringe Benefits Fringe benefit costs are budgeted and charged to sponsored agreements based on a fringe benefit rate. ASU began utilizing a fringe benefit rate effective 07/01/2009. The rate is negotiated with the federal cognizant agency on a regular basis prescribed by the cognizant agency. Rates are determined for specific employee categories based on the fringe benefit costs associated with that employee category and divided by the applicable salary and wage base for that employee category. In all employee categories, salary amounts in excess of \$400,000 per individual are excluded from the base. This exclusion will no longer apply after 06/30/2016. The six employee categories are faculty, staff, part time, students, RA/TA and post-doctoral.	

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2.7.0
Revised

Description of Other Direct Costs

Principal categories of other direct costs include:

- Services
 - Consulting Fees
 - Lecturers' Fees and Stipends
 - Lab Fees
 - Subject Pay
 - Equipment Repairs & Maintenance
 - Telephone Toll Charges
 - Reprints and Page Charges
 - Photography Services
 - Freight Charges (Outgoing)
- Subawards
- Non-capital Equipment
- Equipment Rentals & Licenses
- Off-Campus Facilities Rent and Associated Costs
- Conference and Registration Fees
- Participant Support Costs (primarily stipends, travel, subsistence, materials & supplies for participants in sponsored programs)
- Travel
- Tuition Remission
- Tuition and Other Student Support Costs
- Capital Equipment (see 4.4.0 for capitalization criteria)

End of Part

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III – INDIRECT COSTS NAME OF REPORTING UNIT Arizona State University
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	Instructions for Part III Institutions should disclose how the segment's total indirect costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and unbilled to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to Federally sponsored agreements or similar final cost objectives. A continuation sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding. The following Allocation Base Codes are provided for use in connection with Items 3.1.0 and 3.3.0. A. Direct Charge or Allocation B. Total Expenditures C. Modified Total Cost Basis D. Modified Total Direct Cost Basis E. Salaries and Wages F. Salaries, Wages and Fringe Benefits G. Number of Employees (head count) H. Number of Employees (full-time equivalent basis) I. Number of Students (head count) J. Number of Students (full-time equivalent basis) K. Student Hours -- classroom and work performed L. Square Footage M. Usage N. Unit of Product O. Total Production P. More than one base (Separate Cost Groupings) <u>1/</u> Y. Other(s) <u>1/</u> Z. Category or Pool not applicable <u>1/</u> List on a continuation sheet, the category and subgrouping(s) of expense involved and the allocation base(s) used.	

COST ACCOUNTING STANDARDS BOARD
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3.1.0
Revised

Indirect Cost Categories - Accumulation and Allocation. This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "Accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to other applicable indirect cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading "Allocation Sequence," insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert "CA." If an indirect cost category listed in this section is not used, insert "NA.")

<u>Indirect cost Category</u>	<u>Accumulation Method</u>	<u>Allocation Base Code</u>	<u>Allocation Sequence</u>
(a) Depreciation/Use Allowances/Interest			<u>1</u>
Building	<u>NO</u>	<u>L</u>	
Equipment	<u>NO</u>	<u>P</u>	
Capital Improvements to Land ^{1/}	<u>NO</u>	<u>P</u>	
Interest ^{1/}	<u>NO</u>	<u>P</u>	
(b) Operation and Maintenance	<u>YES</u>	<u>P</u>	<u>2</u>
(c) General Administration and General Expense	<u>YES</u>	<u>P</u>	<u>3</u>
(d) Departmental Administration	<u>NO</u>	<u>P</u>	
(e) Sponsored Projects Administration	<u>YES</u>	<u>C</u>	
(f) Library	<u>YES</u>	<u>Y</u>	
(g) Student Administration and Services	<u>YES</u>	<u>Y</u>	
(h) Other ^{1/}	_____	_____	

^{1/} Describe on a Continuation Sheet.

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3.2.0
Revised

Service Centers. Service centers are departments or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include "recharge centers" and the "specialized service facilities" defined in section 200.468 of 2 CFR 200. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter "Z" in Column 1, if not applicable.)

	(1)	(2)	(3)	(4)	(5)	(6)
(a) Computing/Technology Services						(See Continuation Sheet)
(b) Animal Care Facilities	<u>A</u>	<u>B</u>	<u>B</u>	<u>B</u>	<u>A</u>	<u>B</u>
(c) Other Service Centers with annual operating budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary)						
<u>Graphics Info Solutions</u>	<u>C</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
<u>Facilities Management</u>	<u>C</u>	<u>B</u>	<u>B</u>	<u>A</u>	<u>A</u>	<u>B</u>
<u>ASU Stores</u>	<u>C</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
<u>ASU Mail Services</u>	<u>C</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>

- (1) Category Code: Use code "A" if the service center costs are billed only as direct costs of final cost objectives; code "B" if billed only to indirect cost categories or indirect cost pools; code "C" if billed to both direct and indirect cost objectives.
- (2) Burden Code: Code "A" - center receives an allocation of all applicable indirect costs; Code "B" -partial allocation of indirect costs; Code "C" - no allocation of indirect costs.
- (3) Billing Rate Code: Code "A" - billing rates are based on historical costs; Code "B" - rates are based on projected costs; Code "C" - rates are based on a combination of historical and projected costs; Code "D" - billings are based on the actual costs of the billing period; Code "Y" - other (explain on a Continuation Sheet).
- (4) User Charges Code: Code "A" - all users are charged at the same billing rates; Code "B" - some users are charged at different rates than other users (explain on a Continuation Sheet).
- (5) Actual Costs vs. Revenues Code: Code "A" - billings (revenues) are compared to actual costs (expenditures) at least annually; Code "B" - billings are compared to actual costs less frequently than annually.
- (6) Variance Code: Code "A" - Annual variances between billed and actual costs are prorated to users (as credits or charges); Code "B" - variances are carried forward as adjustments to billing rate of future periods; Code "C" - annual variances are charged or credited to indirect costs; Code "Y" -other (explain on a Continuation Sheet).

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3.3.0 Indirect Cost Pools and Allocation Bases

(Identify all of the indirect cost pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distribute accumulated indirect costs to Federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z, to indicate the basis used for allocating accumulated pool costs to Federally sponsored agreements or similar cost objectives.)

<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>
A. Instruction	
<input checked="" type="checkbox"/> On -Campus	<u> </u> D <u> </u>
<input checked="" type="checkbox"/> Off-Campus	<u> </u> D <u> </u>
<input type="checkbox"/> Other <u>1/</u>	<u> </u> <u> </u>
B. Organized Research	
<input checked="" type="checkbox"/> On-Campus	<u> </u> D <u> </u>
<input checked="" type="checkbox"/> Off-Campus	<u> </u> D <u> </u>
<input type="checkbox"/> Other <u>1/</u>	<u> </u> <u> </u>
C. Other Sponsored Activities	
<input checked="" type="checkbox"/> On-Campus	<u> </u> D <u> </u>
<input checked="" type="checkbox"/> Off-Campus	<u> </u> D <u> </u>
<input type="checkbox"/> Other <u>1/</u>	<u> </u> <u> </u>
D. Other Institutional Activities <u>1/</u>	
	<u> </u> <u> </u>

3.4.0 Composition of Indirect Cost Pools. (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, subgroupings of expenses, and elements of cost included.)

1/ Describe on a Continuation Sheet.

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3.5.0	<p><u>Composition of Allocation Bases.</u> (For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subcontract costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the benefiting functions and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.</p>	
3.6.0	<p><u>Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs.</u> Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?</p> <p>A. <u> X </u> Yes</p> <p>B. <u> </u> No <u> 1/ </u></p>	
	<p><u> 1/ </u> Describe on a Continuation Sheet.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
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3.1.0 <i>Revised</i>	<p>Indirect Cost Categories - Accumulation and Allocation</p> <p>I. Accumulation Method Depreciation</p> <p>The acquisition costs of buildings, capital improvements, and equipment are recorded in the University's property accounting system. The information in this system is used to compute annual depreciation for buildings, improvements, and equipment. A 40 year useful life is applied to land improvements, non-research buildings, building improvements, and leasehold improvements. Buildings with significant research activity (research buildings) are componentized according to the useful lives of their major components and are depreciated based on those major components' useful lives; e.g., shell, finishes, services, fixed equipment and roof, ranging from 10-50 years. Furniture and fixtures are depreciated either individually by a straight-line method over the estimated service life, or in a group or mass purchase, as noted in 4.5.0. See schedule C4 of the current indirect cost rate proposal for a list of componentized buildings.</p> <p>Interest</p> <p>The interest expense in this indirect cost pool is interest on debt associated with buildings, equipment and capital improvements as defined in section 200.449 of 2 CFR Part 200.</p> <p>The overall annual interest costs are recorded in the University's accounting system. The interest associated with individual building construction and improvement projects is maintained in separate work papers.</p> <p>A particular bond issue may finance several construction projects or items of capital equipment. The amount of interest allocated to each construction project or item of equipment is based on that project's or item's proportional share of the bond proceeds. The interest cost included in the indirect cost proposal is limited to interest on construction projects completed on or after July 1, 1982 and equipment purchased on or after that date as required by section 200.449 of 2 CFR Part 200.</p> <p>Departmental Administration</p> <p>Departmental administration expenses are only partially identified by the accounting system. This cost pool consists of the administrative costs of deans' offices; costs associated with the administrative work of department heads, faculty and other professional research and academic staff; and other departmental support services. The costs of deans' offices are identified by the accounting system. The costs associated with administrative activities of department heads, faculty and other professional academic staff are covered by a standard allowance of 3.6% of modified total direct costs specified in Appendix III, B.6.a.(2) of 2 CFR Part 200.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET
	NAME OF REPORTING UNIT Arizona State University

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3.1.0
Revised

Indirect Cost Categories - Accumulation and Allocation (continued)

The remaining departmental support costs includes salaries, fringe and other costs related to departmental clerical and administrative positions (excluding direct charges for administrative and clerical services under the conditions discussed in 2.1.0). This portion of departmental administration expenses is accumulated through an analysis of departmental general fund accounts and the application of "Direct Charge Equivalents" (DCEs). As discussed in 2.1.0, DCEs are mathematical formulas which estimate the portion of departmental general fund expenses that should be assigned directly to instruction and other non-sponsored direct cost objectives and the portion that should be included in the departmental administration indirect cost pool. Office supplies, postage, travel associated with administrative activities, etc. are calculated using a prorated methodology based on a ratio of DA salaries to total non-sponsored salaries for the department.

The specific DCE/DA methodology used by the University is described below.

DCE/DA Methodology:

A unique DA cost pool is established for each academic department. Within each of these cost pools, five separate components are calculated:

- 1) 100 % Administrative salaries and wages
- 2) DCE General Support salaries and wages
- 3) 3.6% Faculty and Professional salaries and wages
- 4) Prorated share of employee benefits
- 5) Prorated share of other general expenditures

Administrative and General Support Salaries and Wages

The first two components, Administrative and General Support salaries and wages are determined through a review of the institution's payroll system. Job positions for each academic department which are defined as purely administrative are categorized as 100 percent departmental administration.

Job positions per each academic department which are defined as General Support (e.g. secretaries, technicians, student help, etc.) and Faculty and Professional (e.g. professors, departmental chairmen, laboratory directors, scientists, graduate and research assistants, etc.), and have been direct charged to sponsored agreements, are used to calculate a direct charge equivalent (DCE).

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3.1.0
Revised

Indirect Cost Categories - Accumulation and Allocation (continued)

The DCE ratio is defined as General Support salaries and wages charged to sponsored agreements, divided by Faculty and Professional salaries and wages charged to sponsored agreements. The DCE ratio is computed on a department-by-department basis.

The DCE ratio is then compared against the actual General Support salaries and wages and the actual Faculty and Professional salaries and wages (less the 3.6 percent Faculty Administrative Allowance) which have been charged to each department's general operating account.

When the DCE ratio is less than the ratio calculated for the general operating account for a given department, an excess or residual of General Support salaries and wages exists within the general operating account. This excess is treated as pure Departmental Administration and is transferred to the DA cost pool. When the DCE ratio is greater than the ratio calculated for the general operating account, no excess General Support salaries and wages exists and no transfer is made to the DA cost pool.

The important assumption underlying this methodology is that the General Support salaries which support the Faculty and Professional salaries within the general operating account be in the same proportion as the General Support salaries which support the Faculty and Professional salaries for sponsored agreements.

Faculty and Professional Salaries and Wages

The next component, Faculty and Professional (F&P) salaries and wages is determined by taking the modified total direct costs (MTDC), less the Administrative salaries and wages, General Support salaries and wages, and all other DA items, and multiplying the result by the 3.6 percent Faculty Administrative Allowance (FAA). The salary and wage portion of F&P is then calculated by dividing the FAA by one plus the academic employee benefit rate. The resulting amount of Faculty and Professional salaries and wages is then transferred from the general operating account to the DA cost pool.

Employee Benefits and Other General Expenditures

The final two components, Employee Benefits and Other General Expenditures, are determined by taking a prorated share. Benefits are determined by applying the department benefit rate to salaries that were reclassified to the DA pool. Other General Expenditures are determined based on a ratio of DA salaries to total Non-Sponsored salaries for the department.

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3.1.0 <i>Revised</i>	<p>Indirect Cost Categories - Accumulation and Allocation (continued)</p> <p>All Other Indirect Cost Categories</p> <p>The remaining indirect cost categories are identified by the University's accounting system. As noted in 1.2.0, adjustments and reclassifications are needed to recast the information in the University's financial statements into the cost pools required by 2 CFR Part 200.</p> <p>II. Allocation Base Code</p> <p>Depreciation on Buildings</p> <p>Building depreciation is allocated based on the individual functions performed in the building on the basis of assignable square footage (excludes common areas). A 40 year useful life is applied to non-research buildings, building improvements, and leasehold improvements. Buildings with significant research activity (research buildings) are componentized according to the useful lives of their major components and are depreciated based on those major components' useful lives; e.g., shell, finishes, services, fixed equipment and roof, ranging from 10-50 years.</p> <p>Depreciation on Equipment</p> <p>Equipment depreciation is allocated based on the functional usage of space based on the location of the equipment or the owning department. The specific allocation process is described in 3.5.0.</p> <p>Depreciation on Capital Improvements to Land</p> <p>Depreciation on capital improvements to land are allocated based on the standard method in Appendix III, B.2.b.(4) of 2 CFR Part 200, which uses a combination of full-time-equivalent student and employee data and salary data in a multi-step allocation process.</p> <p>Interest</p> <p>Interest costs are allocated on the same basis as the depreciation on the buildings, capital improvements and equipment to which the interest relates.</p>
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
3.1.0 <i>Revised</i>	Indirect Cost Categories - Accumulation and Allocation (continued) Operations and Maintenance Operations and Maintenance is broken into many pools and allocated first on usage (e.g. campus wide), then on square footage, in order to assign costs to their cost objectives. See schedule F of the current indirect cost rate proposal for a list of the Operations and Maintenance cost pools. Utility Cost Adjustment (UCA) computations for base years after 2015 will be submitted via a supplement to the indirect cost rate proposal in accordance with Appendix III, B.4 of 2 CFR Part 200. General Administration General administration expenses are allocated in accordance with the standard 2 CFR Part 200 methodology, on the basis of Modified Total Cost (MTC). When the cost objective is not the entire university, a subset of Modified Total Cost is used as the basis for allocation. Departmental Administration Departmental administration expenses are generally allocated in accordance with the standard 2 CFR Part 200 methodology, on Modified Total Cost (MTC). Sponsored Projects Administration Sponsored Projects Administration (SPA) is allocated to Modified Total Cost (MTC) of Sponsored projects. Administration which is related to a broader range of accounts (e.g. VP Research) is allocated in G&A. The costs in SPA only relate to sponsored activity. Library Library costs are allocated based on a cost analysis study as noted in Appendix III, A.2.d. of 2 CFR Part 200. This study was conducted by Brinley Franklin of Library Management Consulting. Student Administration and Services The Student Administration and Services indirect cost pool is allocated entirely to the instruction function in accordance with the standard allocation base in Appendix III, B.9.b. of 2 CFR Part 200.	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
3.2.0 <i>Revised</i>	<p>Service Centers</p> <p>ASU's process for reviewing and approval of Service Center Rates follows the procedures below:</p> <ul style="list-style-type: none"> • The Financial Services Office, Office of Budget and Planning, and Research Operations provide oversight for all service centers and recharge units and the rate setting and excess fund balance issues for units falling under their direction. • The Financial Services Office prepares an annual report on service centers and monitors service center transfers to equipment replacement accounts to ensure that such transfers comply with ASU's depreciation schedules and are appropriate. • The Financial Services Office provides annual reports of the fund balances to the Executive Vice Presidents/Provost, Vice Presidents or their Designee(s) for service centers. Excessive fund balances are identified and require explanation and/or appropriate action to reduce fund balance for the following fiscal year. • Research Operations and Financial Services review and analyze all recharge and service center rate requests based on cost schedules prepared and submitted by the recharge unit. Cost schedule information includes fund balance detail, depreciation schedules, and substantiation of suggested rates. • Research Operations recommends proposed rate structures to Financial Services for approval and implementation. <p>Animal Care Facilities</p> <p>The per diem rates charged to internal University users are assessed at a consistent rate that is not fully costed to avoid budgeting hardships. However, the fully costed rate is assessed to external users so that the University is not subsidizing non-University activities nor unfairly competing with private enterprises.</p> <p>Computing/Technology Services</p> <p>The University has an Information Technology (IT) operation that provides academic and administrative data processing services. The costs of these services are not directly re-charged to University users, including sponsored agreements. IT costs are included in the General Administration (GA) indirect cost pool.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
3.4.0 <i>Revised</i>	<p>Composition of Indirect Cost Pools</p> <p>Building and Land Improvements</p> <p>These cost pools consist of the annual depreciation on the University’s buildings and capital improvements to land and buildings, net of Federal participation, computed in accordance with 2 CFR Part 200, Section 200.436. A 40 year useful life is applied to land improvements, non-research buildings, building improvements, and leasehold improvements. Buildings with significant research activity (research buildings) are componentized according to the useful lives of their major components and are depreciated based on those major components’ useful lives; e.g., shell, finishes, services, fixed equipment and roof, ranging from 10-50 years. See Part IV for additional information.</p> <p>Depreciation on Equipment</p> <p>This cost pool consists of the annual depreciation on the University’s capital equipment, net of Federal or other sponsored participation, computed in accordance with 2 CFR Part 200, Section 200.436. See Part IV for additional information.</p> <p>Interest</p> <p>This cost pool consists of the current year non-capitalized interest on debt associated with certain buildings, equipment and capital improvements, as defined in Section 200.449 of 2 CFR Part 200.</p> <p>Operations and Maintenance of Plant</p> <p>This cost pool consists of costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of institutional facilities. It includes expenses incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; environmental safety; hazardous waste disposal; property liability and all other insurance relating to property; space and capital leasing; facility planning and management; and, central receiving. It also includes its allocable share of fringe benefit costs, depreciation, and interest costs.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
3.4.0 <i>Revised</i>	<p>Composition of Indirect Cost Pools (continued)</p> <p>General Administration and General Expenses</p> <p>This cost pool consists of costs that have been incurred for the general executive and administrative offices and other expenses of a general character (e.g., President's Office, Financial Services, Human Resources, Budget Planning & Management, Payroll, Purchasing, General Counsel, etc.) which do not relate solely to any major function of the institution (i.e., solely to instruction, organized research, other sponsored activities, or other institutional activities). This category includes expenses incurred for such items as salaries, fringe benefits, other supporting expenses, and its share of appropriate cross allocations from other indirect cost pools.</p> <p>Departmental Administration</p> <p>This cost pool consists of costs incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments and divisions, and organized research units such as institutes, study centers, and research centers. This category includes expenses incurred for such items as salaries, fringe benefits, other supporting expenses and its allocable share of appropriate cross allocations from other indirect cost pools. See 3.1.0 for additional information on the composition and accumulation of departmental administration expenses.</p> <p>Sponsored Projects Administration</p> <p>This cost pool consists of expenditures incurred by separate organizations within Arizona State University established primarily to administer sponsored projects. Administration of sponsored projects includes functions such as pre-award activities (funding information, proposal processing, and negotiations), post-award administration (award modifications and renewals), fiscal compliance (grant and contract accounting, F&A proposal, audits), and research compliance (administrative support for IACUC, human subjects, biosafety, etc.). Costs include salaries and expenses of managers, professional staff, and administrative support staff. This category also includes its share of appropriate cross allocations from other indirect cost pools.</p>	

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		NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
3.4.0 <i>Revised</i>	Composition of Indirect Cost Pools (continued) Library Expenses The expenses under this heading are those that have been incurred for the operation of the library, including the cost of books and library materials purchased for the library, less any items of library income that qualify as applicable. This category includes expenses incurred for such items as salaries, fringe benefits, other supporting expenses and its share of appropriate cross allocations from other indirect cost pools. Student Administration and Services The expenses under this heading are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs, and commencements and convocations. This category includes expenses incurred for such items as salaries, fringe benefits, other supporting expenses and its share of appropriate cross allocations from other indirect cost pools.	
3.5.0 <i>Revised</i>	Composition of Allocation Bases Depreciation on Buildings Building depreciation is allocated to buildings based on the individual functions performed in each building on the basis of assignable square footage (excludes common areas). A 40 year useful life is applied to non-research buildings, building improvements, and leasehold improvements. Buildings with significant research activity (research buildings) are componentized according to the useful lives of their major components and are depreciated based on those major components' useful lives; e.g., shell, finishes, services, fixed equipment and roof, ranging from 10-50 years.	

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Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
3.5.0 <i>Revised</i>	<p>Composition of Allocation Bases (continued)</p> <p>Depreciation on Equipment</p> <p>Equipment depreciation is allocated using several methods. Depreciation for equipment with location information that matches a room in the space inventory is allocated based on the functional usage of the room in which it is located. Depreciation for equipment assigned to a building but not to a room is allocated based on the functional usage of the building in which the equipment is located. Depreciation for equipment located in excluded space is allocated based on the functional usage of the building in which it is located. Depreciation associated with vehicles is allocated based on the owning department's functional usage of their assigned space.</p> <p>Depreciation on Capital Improvements to Land</p> <p>As noted in 3.1.0, depreciation on capital improvements to land are allocated based on a 40 year useful life and are allocated to functions based on the standard method in Appendix III, B.2.b.(4) of 2 CFR Part 200.</p> <p>Interest</p> <p>As indicated in 3.1.0, interest costs are allocated on the same basis as the depreciation on buildings, capital improvements, and equipment to which the interest relates.</p> <p>Operation and Maintenance</p> <p>Operation and Maintenance expenses are allocated first on usage (e.g. campus wide), then on functional usage of assignable square footage. The functional use of space is determined by the space inventory and functional use survey described under Depreciation on Buildings.</p> <p>General Administration and General Expenses</p> <p>General Administration and General Expenses are allocated based on Modified Total Costs (MTC). Modified Total Costs consist of salaries and wages, fringe benefits, materials and supplies, services, travel, and subawards up to the first \$25,000 of each subaward (regardless of the period covered by the subaward). The following cost elements are excluded from the Modified Total Costs base: equipment that meets the University's capitalization threshold, other capital expenditures, charges for patient care and tuition remission, space rental costs, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
3.5.0 <i>Revised</i>	<p>Composition of Allocation Bases (continued)</p> <p>Departmental Administration Expenses</p> <p>Departmental Administration expenses are allocated based on Modified Total Costs (MTC), which consist of the same cost elements as the Modified Total Costs base used to allocate General Administration and General Expenses.</p> <p>The administrative expenses of each department, plus the department's share of expenses of the dean's office, are allocated to the functions within that department based on Modified Total Costs.</p> <p>Sponsored Projects Administration</p> <p>Sponsored Projects Administration is allocated based on Modified Total Costs (MTC), of the sponsored projects within each major function of the institution. Modified Total Costs for this purpose consists of the same cost elements as the allocation base for General Administration and General Expenses and Departmental Administration.</p> <p>Library</p> <p>Library costs are allocated based on Modified Total Costs (MTC), along with cross allocations from other indirect cost categories, to benefitting functional activities as determined through a cost analysis study, which is provided for in Appendix III, A.2.d(3) of 2 CFR Part 200. The cost analysis study was conducted by Brinley Franklin of Library Management Consulting.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET
	NAME OF REPORTING UNIT Arizona State University

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3.5.0 <i>Revised</i>	<p>Composition of Allocation Bases (continued)</p> <p>Student Administration and Services</p> <p>As indicated in 3.1.0, the Student Administration and Services indirect cost pool is allocated entirely to the instruction function in accordance with the standard base in Appendix III, B.9.b. of 2 CFR Part 200.</p> <p>Final Distribution Base</p> <p>The final distribution base (i.e., the base used to allocate the accumulated indirect costs of each major function to sponsored agreements within that function) is also MTDC and consists of the same cost elements as the base for allocating the administrative cost pools noted above.</p> <p style="text-align: center;">End of Part</p>	
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COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS

PART IV – DEPRECIATION AND USE ALLOWANCES
NAME OF REPORTING UNIT
Arizona State University

Item No. Revision Number: 6
Item Description Effective Date: 12/26/2014

Part IV

4.1.0
Revised

Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives. (For each asset category listed below, enter a code from A through C in Column (1) describing the method of depreciation; a code from A through D in Column (2) describing the basis for determining useful life; a code from A through C in Column (3) describing how depreciation methods or use allowances are applied to property units; and Code A or B in Column (4) indicating whether or not the estimated residual value is deducted from the total cost of depreciable assets. Enter Code Y in each column of an asset category where another or more than one method applies. Enter Code Z in Column (1) only, if an asset category is not applicable.)

<u>Asset Category</u>	<u>Depreciation Method</u> (1)	<u>Useful Life</u> (2)	<u>Property Unit</u> (3)	<u>Residual Value</u> (4)
(a) Land Improvements	<u>A</u>	<u>Y</u>	<u>A</u>	<u>B</u>
(b) Buildings	<u>A</u>	<u>Y</u>	<u>A</u>	<u>B</u>
(c) Building Improvements	<u>A</u>	<u>Y</u>	<u>A</u>	<u>B</u>
(d) Leasehold Improvements	<u>A</u>	<u>Y</u>	<u>A</u>	<u>B</u>
(e) Equipment	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(f) Furniture and Fixtures	<u>A</u>	<u>C</u>	<u>Y</u>	<u>B</u>
(g) Automobiles and Trucks	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(h) Tools	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)	<u>Z</u>	_____	_____	_____

Column (1)--Depreciation Method Code

- A. Straight Line
- B. Expensed at Acquisition
- C. Use Allowance
- Y. Other or more than one method 1/

Column (3)--Property Unit Code

- A. Individual units are accounted for separately
- B. Applied to groups of assets with similar service lives
- C. Applied to groups of assets with varying service lives
- Y. Other or more than one method 1/

Column (2)--Useful Life Code

- A. Replacement Experience
- B. Term of Lease
- C. Estimated service life
- D. As prescribed for use allowance by Office of Management and Budget Circular No. A-21
- Y. Other or more than one method 1/

Column (4)--Residual Value Code

- A. Residual value is deducted
- B. Residual value is not deducted
- Y. Other or more than one method 1/

1/ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART IV – DEPRECIATION AND USE ALLOWANCES NAME OF REPORTING UNIT Arizona State University	
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
4.1.1	<u>Asset Valuations and Useful Lives.</u> Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements? (Mark one.) A. <input checked="" type="checkbox"/> Yes B. <input type="checkbox"/> No <u>1/</u>	
4.2.0	<u>Fully Depreciated Assets.</u> Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.) A. <input type="checkbox"/> Yes B. <input checked="" type="checkbox"/> No	
4.3.0	<u>Treatment of Gains and Losses on Disposition of Depreciable Property.</u> Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.) A. <input checked="" type="checkbox"/> Excluded from determination of sponsored agreement costs B. <input checked="" type="checkbox"/> Credited or charged currently to the same pools to which the depreciation of the assets was originally charged C. <input type="checkbox"/> Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved D. <input type="checkbox"/> Not accounted for separately, but reflected in the depreciation reserve account Y. <input type="checkbox"/> Other(s) <u>1/</u> Z. <input type="checkbox"/> Not applicable	
4.4.0	<u>Criteria for Capitalization.</u> (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition ¹ , addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.) A. Minimum Dollar Amount <u>\$5,000</u> B. Minimum Life Years <u>1 Year</u>	
4.5.0	<u>Group or Mass Purchase.</u> Are group or mass purchases (initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one.) A. <input checked="" type="checkbox"/> Yes <u>1/</u> B. <input type="checkbox"/> No	
<u>1/ Describe on a Continuation Sheet.</u>		

<p align="center">COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>		<p align="center">CONTINUATION SHEET</p>
		<p align="center">NAME OF REPORTING UNIT Arizona State University</p>
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
4.1.0	<p>Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objects</p> <p>A 40 year useful life is applied to land improvements, non-research buildings, building improvements, and leasehold improvements. Research buildings are componentized according to the useful lives of their major components. Furniture and fixtures are depreciated either individually by a straight-line method over the estimated service life, or in a group or mass purchase, as noted in 4.5.0.</p>	
4.1.1	<p>Asset Valuations and Useful Lives</p> <p>Buildings with significant research activity (research buildings) are componentized. Research buildings are depreciated according to the useful lives of their major components, e.g., shell, finishes, services, fixed equipment and roof, ranging from 10-50 years. Non-research buildings are not componentized but are depreciated as single assets over one useful life of 40 years. The asset valuations and depreciation used to develop the indirect cost proposal are consistent with the University's financial statements.</p>	
4.3.0 <i>Revised</i>	<p>Treatment of Gains and Losses on Disposition of Depreciable Property</p> <p>The University credits or charges the gains and losses to depreciation costs in the year of disposition as required by section 200.443 of 2 CFR Part 200.</p>	
4.4.0 <i>Revised</i>	<p>Criteria for Capitalization</p> <p>The capitalization criteria for equipment are \$5,000 and a useful life of one year or more as required by section 200.33 of 2 CFR Part 200. The criteria for buildings, building improvements, and land improvements are \$100,000 and a useful life exceeding one year. The State of Arizona has established a maximum capitalization level of \$5,000.</p>	
4.5.0	<p>Group or Mass Purchase</p> <p>Group or mass purchases (initial complement) of furnishings or similar items for a newly constructed, acquired or leased building, which individually are less than the capitalized threshold, are capitalized and depreciated over the average useful life of the items.</p>	
End of Part		

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART V – OTHER COSTS AND CREDITS NAME OF REPORTING UNIT Arizona State University
Item No.	Item Description	Revision Number: 6 Effective Date: 12/26/2014
5.1.0	<p><u>Method of Charging Leave Costs.</u> Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e.. when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))</p> <p>A. <u> X </u> Cash</p> <p>B. <u> X </u> Accrual <u> 1 </u>/</p>	
5.2.0 <i>Revised</i>	<p><u>Applicable Credits.</u> This item is directed at the treatment of “applicable credits” as defined in section 200.406 of 2 CFR Part 200 and other incidental receipts (e.g.. purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <u> X </u> The credits/receipts are offset against the specific direct or indirect costs to which they relate.</p> <p>B. <u> </u> The credits/receipts are handled as a general adjustment to the indirect pool.</p> <p>C. <u> </u> The credits/receipts are treated as income and are not offset against costs.</p> <p>D. <u> </u> Combination of methods <u> 1 </u>/</p> <p>Y. <u> </u> Other <u> 1 </u>/</p>	
	<u> 1 </u> / Describe on a Continuation Sheet.	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET
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5.1.0

Method of Charging Leave Costs

ASU began utilizing a Fringe Benefit rate in FY2010, which incorporates a portion of sabbatical payments and termination costs as a portion of the rate. Vacation, sick, holiday, and sabbatical during which an employee is directly charged to a sponsored agreement, are recorded as the leave is taken based on payroll accounting distribution applicable when the leave was taken.

End of Part

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS
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	Instructions for Part VI	
	<p>This part covers the measurement and assignment of costs for employee pensions, post-retirement benefits other than pensions (including post-retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.</p> <p>Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, and the reporting unit does not have access to the information needed to complete an item, the reporting unit should require that entity to complete the applicable portions of this Part VI. (See item 4, page (I), General Instructions)</p>	
6.1.0	<u>Pension Plans.</u>	
6.1.1	Defined-Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)	
	<u>Type of Plan</u>	<u>Number of Plans</u>
	A. <u> X </u> Institution employees participate in State/Local Government Retirement Plan(s)	<u> 1 </u>
	B. <u> X </u> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	<u> 3 </u>
	C. <u> </u> Institution has its own Defined-Contribution Plan(s) <u> 1 </u>	<u> </u>
6.1.2	Defined-Benefit Pension Plan. (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)	
	<u> 1 </u> Describe on a Continuation Sheet.	

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6.2.0	<p><u>Post-Retirement Benefits Other Than Pensions (including post-retirement health care benefits) (PRBs).</u> (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.)</p> <p>Z. <input checked="" type="checkbox"/> Not Applicable</p>	
6.2.1	<p>Determination of Annual PRB Costs. (On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices used, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)</p>	
6.3.0	<p><u>Self-Insurance Programs (Employee Group Insurance).</u> Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. _____ When accrued (book accrual only) B. _____ When contributions are made to a nonforfeitable fund C. _____ When contributions are made to a forfeitable fund D. _____ When the benefits are paid to an employee E. _____ When amounts are paid to an employee welfare plan Y. _____ Other or more than one method <u>1/</u> Z. <input checked="" type="checkbox"/> Not Applicable</p>	
6.4.0	<p><u>Self-Insurance Programs (Worker's Compensation, Liability and Casualty Insurance.)</u></p>	
6.4.1	<p>Worker's Compensation and Liability. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. _____ When claims are paid or losses are incurred (no provision for reserves) B. _____ When provisions for reserves are recorded based on the present value of the liability C. _____ When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability D. <input checked="" type="checkbox"/> When funds are set aside or contributions are made to a fund Y. _____ Other or more than one method <u>1/</u> Z. _____ Not Applicable</p> <p><u>1/</u> Describe on a Continuation Sheet.</p>	

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6.4.2	Casualty Insurance. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.) A. <input type="checkbox"/> When losses are incurred (no provision for reserves) B. <input type="checkbox"/> When provisions for reserves are recorded based on replacement costs C. <input type="checkbox"/> When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles. D. <input type="checkbox"/> Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves) Y. <input type="checkbox"/> Other or more than one method <u>1/</u> Z. <input checked="" type="checkbox"/> Not Applicable	
	<u>1/</u> Describe on a Continuation Sheet.	

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6.1.2

Defined-Benefit Pension Plan

Some University employees participate in defined-benefit pension plans of the State of Arizona. The University does not have its own defined-benefit pension plans.

End of Part

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VII – CENTRAL SYSTEM OR GROUP EXPENSES NAME OF REPORTING UNIT
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	<p>DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE.</p> <p>Instructions for Part VII</p> <p>This part should be completed <u>only</u> by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.</p> <p>The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p> <p>7.1.0 <u>Organizational Structure.</u></p> <p>On a continuation sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government-owned Contractor-operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.</p> <p>7.2.0 <u>Cost Accumulation and Allocation.</u></p> <p>On a continuation sheet, provide a description of:</p> <p>A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief.</p> <p>B. How the costs of the services are identified and accumulated.</p> <p>C. The basis used to allocate the accumulated costs to the benefiting segments.</p> <p>D. Any costs that are transferred from a segment <u>to</u> the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state.</p> <p>E. Any fixed management fees that are charged to a segment(s) in lieu of a prorata or allocation basis and the basis of such charges. If none, so state.</p>	

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7.1.0	Central System Office or Group Office--Organizational Structure Not Applicable.	
7.2.0	Central System Office of Group Office--Cost Accumulation and Allocation Not Applicable.	
End of Part		