- Resource loaded schedules
- Design functions and requirements for the site final design review
- Risk management plans
- Value management and engineering studies and/or plans
- Acquisition strategies
- Project execution plans
- Project controls including earned value management systems
- Qualifications of the integrated project team.
- Financial strategy for funding the construction project
- Updated marketing and business plan
- Invoices submitted to DOE

DOE will evaluate the quality and completeness of information and documentation provided by the Recipient to DOE and its consultants in order to allow DOE to provide technical direction and/or redirection to the Recipient about how best to achieve the purposes of the award. Consultants to DOE may not provide technical direction and/or redirection to the Recipient.

5. New/Revised Project Period for this Award: From: ~~01/28/2010~~ To: 03/31/2013
   New/Revised Budget Period 1 for this Award: From: 01/28/2010 To: 09/30/2010
   New/Revised Budget Period 2 for this Award: From: ~~TBD~~ 10/01/2010 To: TBD

6. Compliance Assessment (skip if new award):
   a. Deliverables
      The Recipient is current in submitting required reports: ☒ Yes ☐ No
      If no, identify the delinquent report(s), indicate what action(s) have been taken to remedy the situation, and identify what further action(s) are necessary, if any:

The original award was fully conditional; therefore, there were no reporting requirements aside from RA reporting, of which the first report is due after the end of this quarter.

   b. Financial
      The Recipient is current in meeting the cost share requirement: ☐ Yes ☐ No
      If no, indicate what action(s) have been taken to remedy the situation and validate why this new action should proceed:

N/A – the original award was fully conditional.

7. Check the applicable box for Funding Appropriation:
   ☒ Energy and Water ☐ Other _____

8. Check the applicable box for Statutory Authority:
   ☒ 109-58, Energy Policy Act 2005
   ☒ 110-140, Energy Independence and Security Act 2007
   ☒ ARRA
   ☐ Other: _____

9. Per 10 CFR 600, the preferred payment method for State/Local Governments, Institutions of Higher Education, Hospitals, or Other Non-Profit Organizations is **Advance**. The preferred Payment Method for For-Profit organizations is **Reimbursement**. Please state the payment method that will be used for this award in the box below. If the preferred payment method is not planned for a new award, provide an explanation below. Also, explain below if the payment method for the award is being changed by this action. If the ACH or the "ASAP Approval Required" payment methods is required, include an explanation for the restriction.

The recipient is receiving ARRA funds and will ~~be placed~~ continue to be on the ACH payment method to monitor their funds to ensure costs outside of Budget Period 1 are not charged to the award.

10. Is the proposed Recipient on the debarred or suspended list? Yes ☐ No ☒
    Are any of the proposed subrecipients/subcontractors on the debarred or suspended list? Yes ☐ No ☒
    Is the Project Director on the debarred or suspended list? Yes ☐ No ☒
    If yes for either response above, award cannot be made without obtaining a waiver. See attached waiver.
    The review was conducted on the Internet on 03/15/2010 (Include Printout in permanent STRIPES file)

11. A risk determination has been completed on the PMC Form 460.2 Yes ☒ N/A ☐

12. Negotiation:

	Government Negotiator(s)		Recipient Negotiator(s)	
	Name	Organization	Name	Position
1.	Melissa Wise	DOE – Contracting Officer	David Brinkmann	VP Manufacturing (PI)
2.	Molly Hames	DOE – Contract Specialist		
3.	Christy Sterner	DOE – Project Officer	Dr. Anthony Day	VP R&D
4.	Chris Lindeman	Navarro – Project Engineer	Gypsy Achong	Project Manager

SECTION II – NEGOTIATION SUMMARY

1. Please record any significant application or budget submissions that resulted in a revised budget in the Negotiation History Table below (including SF424A, budget justifications, e-mails, etc.):

Application/Budget Submission	Reference Document (s)	Date of Submission	Summary of Change
Original		7/8/2009	
Revision 1	SF 424A; PMC 123.1	1/20/2010	Updated SF-424a and PMC 123.1 to reflect Solazyme EX 4 20% cost share
Revision 2	SF 424A; PMC 123.1	3/2/2010	← Updated to reflect shifting some tasks
Revision 3 - final	SF 424A; PMC 123.1	3/3/2010	Updated and finalized after correcting small error

2. Complete Budget Table below (only include the original budget and final negotiated costs – the Percent of Total Negotiated Budget will calculate automatically)
Note: List proposed amounts by category even if there are no differences in the dollar amount.

Element of Cost	Original Budget Submission	Final Negotiated Costs	Percent of Total Negotiated Budget	Fringe Benefits and Indirects	
				Proposed Rate	Negotiated Rate
Personnel					
Fringe Benefits					
Travel					
Equipment					
Supplies					
Contractual					
Construction					
Other					
Total Direct Charges					
Indirect Charges					
TOTAL					
Program Income					
DOE Share (non-FFRDC)					
DOE Share (FFRDC)					
Total DOE Share					
Non-Federal Cost Share					

REDACTED
EXEMPTION 4

SEE ATTACHED SF 424A FOR BUDGET PERIOD BREAKDOWN

3. Total Allowable Adjustment without Concurrence from the Selection Official per the Selection Statement: ___

Actual Total Adjustment based on Budget Table Above: _ REDACTED EXEMPTION 4

*Total Budget (not Budget Period 1) has not changed other than adding the required cost share per the Selection Statement.

Is the original budget the same as the negotiated budget: ☐ Yes ☒ No

If No, please check all boxes that apply:

☒ Change in the Project Scope

Original scope did not have any detailed engineering/design work in BP1; these engineering/design tasks were shifted from BP2 in original application to BP1 in current negotiated BP1 scope. Also, preliminary testing of one of the Subcontractor's lignocellulosic sugar stream was moved from BP1 to BP2.

☐ Changes due to Time Delays

☒ Math Errors in Budget (Final revision on 3/3/2010 was due to a minor math error.)

☐ Changes in Indirect/Fringe Costs Caused Changes in Direct Costs or Total Project Costs

☐ Indirect/Fringe Rates incorrectly applied

☒ Other (explain) Original application [redacted] cost share; selected on condition of achieving [redacted] Solazyme [redacted] r contribution [redacted] $5.4 to reach the cost share requirement while maintaining the same level of DOE funding. REDACTED EXEMPTION 4

4. Briefly describe and explain any substantial change(s) to the original Statement of Project Objectives submitted by the recipient:

Project Officer commentary: SOPO was not submitted in original application. However, as noted above, the original BP1 effort included performing preliminary evaluations on [redacted] This effort has been moved to BP2. REDACTED EXEMPTION 4

SECTION III – TECHNICAL EVALUATION SUMMARY

A. For each cost category, the Project Officer and the Specialist will complete his/her Technical Evaluation of the Negotiated Costs to confirm that they are all reasonable, allowable, and allocable. Additional comments should be added as necessary and as indicated below.

1. Personnel:

Total Negotiated Personnel Costs: EX 4 | Not Applicable, the recipient did not propose Personnel costs: ☐

Project Officer:

The labor hours proposed in the negotiated budget are reasonable for the scope of work: ☒

The types of labor and labor mix proposed in the negotiated budget is reasonable: ☒

The proposed labor rates are reasonable: ☒

The proposed rates appear reasonable based on the activities being performed in BP1, the staff/positions listed as participating in the activities, and the distribution of hours assigned to each activity and position.

Specialist:

Please fill out the following table with the negotiated costs:

Labor Type	Budget Period 1		
	Hours	Rate	Total
Project Manager			
Project Manager			
Sr. Dir. Prog. Mgmt & Logistics			
Dir. Bus. Develop.			
VP Manufacturing			
VP R&D			
SVP R&D			
Sr. Mgr. Ferment.			
SVP Manufact. & Proc. Develop.			
Mgr. Downstream Proc. Develop.			
Proc. Develop. Eng.			
Dir. Of Ops.			
Ops. Mgr.			
Total:			

REDACTED
EXEMPTION 4

REDACTED
EXEMPTION 5
(Deliberative Process)

Negotiated labor rates are reasonable: ☒

REDACTED
EXEMPTION 4

Please detail the basis for the reasonable determination: The negotiated personnel costs are necessary and reasonable for the activities involved in budget period 1 of the award. The personnel are all comparable to labor rates in the area based upon www.salary.com and the department of labor rates.

6. Contractual:

Total Negotiated Contractual Costs: REDACTED EXEMPTION 4	Not Applicable, the recipient did not propose Contractual costs: ☐

Project Officer:

The subrecipients proposed in the negotiated budget are appropriate for the scope of work: ☒

The contractual costs proposed in the negotiated budget are reasonable: ☒ Yes

Please fill out the following table with the negotiated costs:

Subrecipient/ Vendor Name	BP 1 Cost	BP 2 Cost	Total Cost	Role in Project (Identify SOPO Tasks)

REDACTED
EXEMPTION 4

All subrecipients are expected to have scopes and budgets in BP2 that exceed the $250,000 threshold for separate evaluation.

Solazyme is preparing to send a request for proposals to REDACTED EXEMPTION 4 This is a reasonable amount for such work, and as soon as the contract is completed Solazyme intends to submit it to DOE.

Did the Recipient propose any subrecipients with total costs above $250,000? ☐ Yes ☒ No (If Yes, a separate Technical Evaluation/Negotiation Memorandum is required for each subrecipient/vendor – see below)

☒ Specialist concurs: The proposed contractual and vendor costs are necessary for budget period 1 activities and they are reasonable. The appropriate documentation has been received for each.

7. Construction:

Total Negotiated Construction Costs: REDACTED EXEMPTION 4	Not Applicable, the recipient did not propose Construction costs: ☒

Project Officer: Please note that the SF 424A included the EPC Contractual costs under the 'Construction' budget category. These are contractual costs and have been moved to the 'Contractual' budget category.

The type of construction proposed in the negotiated budget is appropriate for the scope of work: ☒

The construction costs proposed in the negotiated budget are reasonable: ☒

☒ Specialist concurs.

8. Other Direct Costs:

Total Negotiated Other Direct Costs: $0	Not Applicable, the recipient did not propose Other Direct costs: ☒

Project Officer:

The types of other direct costs proposed in the negotiated budget are reasonable for the scope of work: ☒

The costs proposed in the negotiated budget for other direct costs are reasonable for the scope of work: ☒

Check to be consistent

☒ Specialist concurs.

9. Indirect Charges:

Total Negotiated Indirect Costs: REDACTED EXEMPTION 4	Not Applicable, the recipient did not propose Indirect Costs: ☐

Specialist:

Does the Recipient have an approved rate agreement: ☐ Yes ☒ No

If Yes, List the Date of Rate Agreement: _____

Cite Federal Cognizant Agency: _____

If No, select one of the following:

☐ Rate proposal was reviewed by the Cost/Price Analyst and found to be reasonable, allowable, and allocable (attach Cost/Price Analyst Determination)

☐ Rate Proposal was reviewed by the Cost/Price Analyst for a previous award (attach Cost/Price Analyst Determination)

List Date of review:

☐ Specialist determined that rate was reasonable

☒ Other: **Due to time constraints, the "Reopener Clause" will be placed into the Special Terms and Conditions of the award. These costs will be addressed and approved at a later date.**

The indirect costs proposed in the negotiated budget were appropriately applied and are reasonable: ☐

10. Cost Share:

Project Officer:

Project is a: ☒ Research ☒ Development ☐ Demonstration ☐ Other: Pilot Plant

The minimum recipient's cost share required for this award is: 20%

The recipient proposed cost share for this award is: 20%

Does the proposed cost share meet the minimum requirement: ☒ Yes ☐ No

Specialist:

Is the proposed cost share: ☒ Cash ☐ In-kind (detail the amount and category below for in-kind cost share, if applicable)

	Organization	Type of Cost Share (cash or in-kind)	Cost Share Amount	Basis of Value (how the recipient calculated value)
			REDACTED EXEMPTION 4	
Total				

Third Party cost share commitment letters have been obtained: ☒ (Please include letters in permanent STRIPES file)

B. The following Project Officer and Specialist evaluation and negotiation commentary and recommendations address their agreement on all additional considerations for this award.

1. Please list any other special provisions agreed upon for inclusion in this award and describe the rationale for their inclusion below.

This recipient is receiving ARRA funds, and the Davis Bacon Act applies; therefore, the application clauses have been included in the award. The indirect rates have not been negotiated for the prime and the "re-opener" clause has been added to the Special Terms and Conditions of the award, so that we may address these at a later date. ~~A Statement of Substantial Involvement clause, "Big C" continuation of funding clause, Conditional Availability of Funds clause (Budget Period 2), a crafted NEPA clause, Subcontractor Approval clause, and Contingency clause~~ have also been included in the special terms and conditions of this award, due to the holds on budget period 2 for the prime and subrecipients.

2. If a negotiation strategy, or strategies, is/are specified in the selection statement, provide a discussion below of how this was addressed and resolved.

Solazyme cost share from 20%, per the selection statement. Solazyme cost share to 20%.

REDACTED
EXEMPTION 4

3. Any other comments or concerns of the Project Officer and/or Specialist for this award, and the recommended approach to mitigating them, will be explained and addressed below.

The forthcoming evaluation for the BP2 scope and activities will include subrecipients with budgets above the $250,000 threshold for additional evaluation. These additional evaluations will be addressed at that time.

The Project Officer has determined, based on the SOPO and certification from the Recipient that the tasks within BP1 are consistent with those categorically excluded from additional NEPA review under the Blanket CX, particularly CX A.9. Task B.3 in the SOPO titled, 'Prepare Manufacturing Site'

REDACTED
EXEMPTION 4

4. Is this a Recovery Act award? ☒ Yes ☐ No

- If Yes, does the Buy American Act apply (see applicability below)? ☐ Yes ☒ No
- If Yes, does Davis Bacon Act apply (see applicability below)? ☒ Yes ☐ No

If the answer to either the Buy American Act or Davis Bacon Act questions is Yes, provide a short discussion below on: 1) the type of entity; 2) what applies; Davis Bacon, Buy American, or both; 3) whether it applies to the prime, subrecipient, or both; and 4) work to be performed that requires applicability of Buy American and/or Davis Bacon.

Solazyme, their subrecipients, contractors, vendors, and other entities involved in this project will comply with Davis Bacon Act requirements where those requirements are applicable for this project. The Davis Bacon Act will apply to Budget Period 2. Neither the Recipient not its subcontractors will be constructing, altering, or repairing anything in Budget Period 1.

PMC 128.1
06-18-2009

U.S. Department of Energy
Project Management Center

FINANCIAL ASSISTANCE AWARD
INDEX and CHECKLIST
(BUYER USE ONLY)

Award #: DE-EE0002877 / 001 - Approve Budget Period 1
Program: The Office of the Biomass Program
Recipient Name: Solazyme, Inc.
FOA #: DE-FOA-0000096
Specialist: Molly Hames — **Phone:** 303-275-4864
Contracting Officer: Melissa Wise — **Phone:** 303-275-4907
Project Officer: Christy Sterner — **Phone:** 303-275-4720

Action Item	*Indicate Completion of Action Item by inserting a date in the applicable box below*	
1	Verify Recipient's registration with the Central Contractor Registration (CCR) (http://www.ccr.gov)	CCR Registration Valid through: 01/14/2011
2	Verify Recipient's registration with FedConnect (goto P:\STRIPES\Fedconnect Reports)	Registration Confirmed on: 03/15/2010
3	ASAP Enrollment; if Recipient is not enrolled in ASAP, send .pdf of completed PMC 121.1 to 'GO Finance' mailbox	PMC 121.1 sent to 'GO Finance' on: N/A
4	Vendor Supplier/Site Information Form; send completed PMC 128.8 to 'GO Finance' mailbox (MS 2007)	Vendor Supplier/Site Information Form sent to 'GO Finance' on: N/A

STRIPES Index #	Supporting Document		Form #	applicable	not applicable	Supporting Document Naming Convention	pdf required
AWD-001	Award Index and Checklist		PMC 128.1	X		AWD-001 AWDChecklist	
AWD-002	Selection Statement		n/a		X	AWD-002 SelStat	.pdf
AWD-003	Determination of Non-Competitive Financial Assistance (DNFA) Documentation (include Request for Review PMC.112.2)		PMC 109.x		X	AWD-003 DNFADocs	batch .pdf
AWD-004	HCA Approval (Total Project Value greater than $25M and less than $50M) (include Request for Review PMC.112.2)		n/a	X		AWD-004 HCAApvl	.pdf
AWD-005	HQ Business Clearance Documentation (Total Project Value greater than or equal to $50M)						
	AWD-005a	HQ Business Clearance Worksheet	PMC 107.1	X		AWD-005 HQBusClrDocs	batch .pdf
	AWD-005b	HQ Business Clearance Transmittal Letter(s)	PMC 107.4	X			
	AWD-005c	HQ Business Clearance; Correspondence received from HQ	n/a	X			
AWD-006	Congressional Affairs Notification		DOE F 4220.10		X	AWD-006CongNotification	.pdf
AWD-007	Successful Application Documentation (Prime) - Solazyme, Inc.						
	AWD-007a	Application for Federal Assistance	SF-424	X		AWD-007a AppDocsPrime (Solazyme)	batch .pdf
		SF-424A Budget Information	SF-424A	X			
		Budget Justification	PMC 123.1	X			
		Disclosure of Lobbying Activities	SF-LLL		X		
		Cost Share Commitment Ltrs from Third Parties	n/a	X			
	Successful Application Documentation (Sub #1) Abengoa						
	AWD-007b	SF-424A Budget Information	SF-424A		X	AWD-007b AppDocsSub[Abengoa]	batch .pdf
		Budget Justification	PMC 123.1		X		
	Successful Application Documentation (Sub #2) BlueFire						
	AWD-007c	SF-424A Budget Information	SF-424A	X		AWD-007c AppDocsSub[BlueFire]	batch .pdf
		Budget Justification	PMC 123.1		X		
	Successful Application Documentation (Sub #3) Cherokee Pharmaceuticals (CP)						
	AWD-007d	SF-424A Budget Information	SF-424A	X		AWD-007d AppDocsSub[CP]	batch .pdf
		Budget Justification	PMC 123.1		X		
	Successful Application Documentation (Sub #4) UOP						
	AWD-007e	SF-424A Budget Information	SF-424A	X		AWD-007e AppDocsSub[UOP]	batch .pdf
		Budget Justification	PMC 123.1		X		

Did not see under tab 7. ?

STRIPES Index #	Supporting Document		Form #	applicable	not applicable	Supporting Document Naming Convention	pdf required
AWD-008	National Environmental Policy Act (NEPA) Documentation						
	AWD-008a	NEPA Checklist	EF-1		X	AWD-008 NEPADocs	batch .pdf
	AWD-008b	NEPA Review	EF-2		X		
	AWD-008c	NEPA Determination	EF-2a	X			
	AWD-008d	Blanket A9 CX for ARRA IBR BP1	e-mail	X			
AWD-009	Pre-Award Information Sheet		PMC 121.1	X		AWD-009 PreAwardInfo	.pdf
AWD-010	Dun&Bradstreet Risk Assessment		PMC 460.2		X	AWD-010 D&BAssessment	.pdf
AWD-011	Combined Technical Evaluation / Negotiation Memorandum		PMC 120.2	X		AWD-011 TechEvalNegMem	.pdf
AWD-012	Intellectual Property Law Division (IPLD) Documentation						
	AWD-012a	IPLD Petition for Advance Waiver of Patent Rights	PMC 133.2		X	AWD-012 IPLDDocs	batch .pdf
	AWD-012b	IPLD Pre-Award Review Request	PMC 133.3	X			
	AWD-012c	IPLD Recommendation	e-mail	X			
AWD-013	Cost Share Determination Documentation						
	AWD-013a	Cost Share Determination	PMC 112.2		X	AWD-013a CostShareDet	.pdf
	AWD-013b	Cost Share Waiver	PMC 142.2		X	AWD-013b CostShareWaiver	.p
AWD-014	Cost / Price Documentation						
	AWD-014a	Financial Information	PMC 410.1		X	AWD-014 CostPriceDocs	batch .pdf
	AWD-014b	Indirect Rate Agreement or Rate Proposal	n/a		X		
	AWD-014c	Response from C/P Analyst regarding Indirect Rates	PMC 420.3		X		
AWD-015	Excluded Parties List System (EPLS) Query (https://www.epls.gov)		n/a	X		AWD-015 EPLS	
AWD-016	Pre-Award Cost Request and Authorization		n/a		X	AWD-016 PreAwdCostAuth	.pdf
AWD-017	Justification for Use of Conditional Availability of Funds Provision		PMC 132.2		X	AWD-017 JustificationCondAvail	.pdf
AWD-018	Correspondence to Recipients (use this section for correspondence not issued at FOA level)						
	AWD-018a	Correspondence		X		AWD-018a Correspondence	batch .pdf
AWD-019	Internal Review(s)						
	AWD-019a	Request for Review (Review of Award Package)	PMC 112.2	X		AWD-019a RvwAwdPkg	.pdf
	AWD-019b	~~Division Director Review~~ HCA Approval and HQ Business Clearance	n/a	X		AWD-019b DDRvw	.pdf
AWD-020	Deviations		n/a		X	AWD-020 Deviations	.pdf
Cover Page	Assistance Agreement Form		n/a	X			
Body	Special Terms and Conditions		n/a	X			
Attachment 1	Intellectual Property Provisions		n/a	X			
Attachment 2	Statement of Project Objectives		n/a	X			
Attachment 3	Federal Assistance Reporting Checklist and Instructions		DOE F 4600.2	X			
Attachment 4	Budget Information		n/a	X			
Attachment 5	Contingency ~~Provision~~ Appendix		n/a	X			

CONTINUATION SHEET	REFERENCE NO. OF DOCUMENT BEING CONTINUED	PAGE	OF
	DE-EE0002877/001	2	3

NAME OF OFFEROR OR CONTRACTOR

SOLAZYME, INC.

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	DUNS Number: 145862012 The administrative office (administrative contracting activity) for this award/modification/amendment is 03601 (administrative contracting activity) from STRIPES. The administrative office (administrative contracting activity) code is needed by the contractor/recipient for reporting to FederalReporting.gov concerning awards made with funding from the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act). The purposes of this modification are to: 1) Delete and replace the Special Terms and Conditions; 2) Add the Intellectual Property Provisions, CDSB-1003 (Attachment 1); 3) Add the Statement of Project Objectives (Attachment 2); 4) Add the Federal Assistance Reporting Checklist and Instructions, DOE F 4600.2 (Attachment 3); 5) Add the Budget Information, SF-424A (Attachment 4); 6) Add the Requirements For Contingency Funds for Integrated Biorefinery Projects, Appendix (Attachment 5); and 7) ~~This modification approved only Budget Period 1 of the project~~. Change the Recipient Business Officer, as noted below. All other terms and conditions remain unchanged. In Block 7 of the Assistance Agreement, the Period of Performance reflects the beginning of the Project Period through the end of the current Budget Period, shown as 01/28/2010 through 09/30/2010. For multiple Budget Periods, see Special Terms and Conditions, Provision 4, "Award Project Period and Budget Periods." Continued ...				

Hames, Molly

From: Wise, Melissa
Sent: Monday, March 22, 2010 1:05 PM
To: DL OAFA RE Financial Assistance Div Biomass Program
Subject: Legal Review of IBR Awards: 3/31

Importance: High

Hi Team,

I believe Mike mentioned at last week's team meeting that only one, representative IBR award would go forward for Legal, Division Director, HCA, and HQ Business Clearance Reviews. That one IBR award is Archer Daniels Midland.

Here are comments back from Legal Review that should be included in your IBR awards:

REDACTED
EXEMPTION 5
(Attorney/Client privilege)
(Deliberative process)

Melissa Wise
Grants and Agreements Specialist
U.S. Department of Energy
Golden Field Office

Hames, Molly

From: Wise, Melissa
Sent: Friday, March 26, 2010 9:49 AM
To: DL OAFA RE Financial Assistance Div Biomass Program
Cc: Barron, Matt; Harris, Jamie; Craig, Kevin
Subject: FW: HQ Business Clearance Review and Approval of Special Terms and Conditions for Biorefinery Award Modifications

Importance: High

Hi Team,

The e-mail below serves as HQ Business Clearance Approval to proceed with our IBR awards for 3/31. Please include this e-mail under AWD-019.

After speaking with Steve, he could not offer a better title to our "Contingency" provision. He, therefore, recommended we proceed accordingly given the 3/31 deadline.

Please let me know if you have any questions.

Thanks,
Melissa

Melissa Wise
Grants and Agreements Specialist
U.S. Department of Energy
Golden Field Office

-----Original Message-----
From: Jones, Steven [mailto:Steven.Jones@hq.doe.gov]
Sent: Friday, March 26, 2010 8:56 AM
To: Wise, Melissa
Cc: Leotta, David (Hq)
Subject: RE: HQ Business Clearance Review and Approval of Special Terms and Conditions for Biorefinery Award Modifications

Melissa,

REDACTED
EXEMPTION 5
(Deliberative process)

Steven C. Jones
Procurement Analyst
MA-621
U.S. Department of Energy
Phone Number: 202-287-1474
FAX Number: 202-287-1445

REDACTED

FOIA EXEMPTION 4

Subject: FW: HQ Business Clearance Review and Approval of Special Terms and Conditions for Biorefinery Award Modifications

Melissa,

Based on our conversation, it is my understanding that the T&C's will be the same for all twelve awards. Please submit the first one for our review and we'll look at that one. If you have any questions please give me a call. Thanks.

Steven C. Jones
Procurement Analyst
MA-621
U.S. Department of Energy
Phone Number: 202-287-1474
FAX Number: 202-287-1445

-----Original Message-----
From: Wise, Melissa [mailto:melissa.wise@go.doe.gov]
Sent: Monday, March 15, 2010 10:33 AM
To: Jones, Steven
Cc: Schledorn, Michael
Subject: HQ Business Clearance Review and Approval of Special Terms and Conditions for Biorefinery Award Modifications

Hi Steve,

REDACTED
EXEMPTION 5
(Deliberative process)

Thanks,
Melissa

Melissa Wise
Grants and Agreements Specialist
U.S. Department of Energy
Golden Field Office

Hames, Molly

From: Wise, Melissa
Sent: Thursday, March 25, 2010 4:04 PM
To: DL OAFA RE Financial Assistance Div Biomass Program
Subject: HCA Approval for IBR Awards
Attachments: HCA Approval.pdf

Importance: High

Hi Team,

Here is the signed Action Memo from our HCA, Scott Hine, that approves our IBR awards. Please include this Memo under AWD-019.

I will forward HQ Business Clearance Approval as soon as I receive it.

Thanks!

Melissa Wise
Grants and Agreements Specialist
U.S. Department of Energy
Golden Field Office

March 23, 2010

MEMORANDUM FOR: SCOTT HINE
HEAD OF CONTRACTING ACTIVITY
GOLDEN FIELD OFFICE

THROUGH: MATTHEW A. BARRON
FINANCIAL ASSISTANCE DIRECTOR
OFFICE OF ACQUISITION AND FINANCIAL ASSISTANCE

FROM: JAMIE HARRIS
ASSISTANT MANAGER
OFFICE OF ACQUISITION AND FINANCIAL ASSISTANCE

SUBJECT ACTION: REQUEST FOR HCA REVIEW AND APPROVAL OF FINANCIAL ASSISTANCE AWARDS EXCEEDING $25 MILLION, FUNDED THROUGH "RECOVERY ACT: DEMONSTRATION OF INTEGRATED BIOREFINERY OPERATIONS" (DE-FOA-0000096)

ISSUE: In accordance with the Memo from Rita L. Wells dated December 29, 2009, regarding the "Review and Approval of Financial Assistance Awards Exceeding $25 Million, Funded through the American Recovery and Reinvestment Act of 2009 (ARRA)," the HCA reserves the right to further exercise delegated authority to approve the individual award terms and conditions upon successful completion of award definitization.

BACKGROUND: The following conditional awards under DE-FOA-0000096, "Recovery Act: Demonstration of Integrated Biorefinery Operations" were granted HCA Approval:

- Algenol Biofuels, Inc. DE-EE0002867
- Amyris Biotechnologies, Inc. DE-EE0002869
- Archer Daniels Midland DE-EE0002870
- ClearFuels Technology, Inc. DE-EE0002871
- Haldor Topsoe, Inc. DE-EE0002874
- Solazyme, Inc. DE-EE0002877
- BioEnergy International, LLC DE-EE0002878
- LOGOS TECHNOLOGIES, INC. DE-EE0002881
- Enerkem Corp. DE-EE0002882
- INEOS New Planet BioEnergy, LLC DE-EE0002883

The awards listed above have successfully completed award definitization, and the individual award terms and conditions are now available for your review and approval.

As all awards listed above are substantially the same in award construction and preparation, to include the Special Terms and Conditions and Intellectual Property Provisions, Archer Daniels Midland, DE-EE0002870, has been selected to serve as the representative file for the purpose of complying with the requirement for HCA approval.

SENSITIVIES: These award modifications lift conditions on current ARRA awards, thereby releasing obligated funds and reducing uncosted balances.

POLICY IMPACT: None.

URGENCY: The anticipated issue date of these award modifications is March 31, 2010.

RECOMMENDATION: Receipt of HCA review and approval by March 26, 2010.

APPROVED: _____ DATE: 3/25/10

Scott E. Hine
Head of Contracting Activity
for the Golden Field Office

Department of Energy
Golden Field Office
1617 Cole Boulevard
Golden, Colorado 80401-3393

December 23, 2009

MEMORANDUM FOR MATTHEW A. BARRON
DIRECTOR
FINANCIAL ASSISTANCE (RE)

IBR Awards

JAMES P. DAMM
DIRECTOR
FINANCIAL ASSISTANCE (EE)

FROM: RITA L. WELLS
HEAD OF CONTRACTING ACTIVITY (HCA)
GOLDEN FIELD OFFICE

SUBJECT: Review and Approval of Financial Assistance Awards Exceeding $25 Million, Funded through the American Recovery and Reinvestment Act of 2009 (ARRA)

In accordance with the delegated authorities set forth in paragraph 2(A)(ii) of the memorandum dated September 19, 2008, from Edward R. Simpson, Director, Office of Procurement Assistance Management, Subject: Delegation of Authority/Designation as Head of Contracting Activity (HCA) for the Golden Field Office, this Memorandum constitutes HCA review of each conditional award identified in Attachment A that has a total project value exceeding $25 million, and HCA approval of each conditional award with a total project value exceeding $25 million but less than $50 million.

More specifically, this Memorandum constitutes HCA preliminary review and approval of all conditional ARRA financial assistance awards with total project budgets greater than $25 million, scheduled for award by the Golden Field Office on or before January 31, 2010. The conditional nature of these awards is necessitated as a result of unprecedented exigencies dictated by the ARRA. By making these awards on a fully conditional basis, recipient access to ARRA funding will be restricted until such time as the award is fully negotiated. Non-tailored, standard terms and conditions will be incorporated at this time into each of the awards identified on Attachment A. As HCA, I reserve the right to further exercise my delegated authority to approve each of the conditional awards identified on Attachment A, with total project budgets greater than $25 million but less than $50 million, at such time as individual award terms and conditions are fully and successfully negotiated between the Golden Field Office and the recipients, and award definitization is complete.

Federal Recycling Program Printed on Recycled Paper

Attachment A-Recovery Act Awards Scheduled through January 31, 2010 with Total Project Costs > 25 million

Program	Description	Recipient	Federal Share	Cost Share	Award Status
Biomass	Modify Integrated Biorefinery Solicitation	Bluefire	$81,200,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	Enerkem Corporation	$50,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	INEOS New Planet BioEnergy,LLC	$50,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	Sapphire Energy, Inc	$50,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	Amyris Biotechnologies, Inc.	$25,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	HALDOR TOPSOE, INC.	$25,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	UOP LLC	$25,000,000		Conditional
Water	Hydroelectric Modernization	Alcoa	$13,000,000		Conditional
Wind	Large Dynamometer Testing Facility	Clemson University	$44,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	Algenol Biofuels Inc.	$25,000,000	REDACTED EXEMPTION 4	Conditional
Biomass	Modify Integrated Biorefinery Solicitation	LOGOS TECHNOLOGIES, INC.	$20,455,849		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	Archer Daniels Midland	$24,834,592		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	American Process Inc.	$17,944,902		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	BioEnergy International, LLC	$50,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	Clearfuels Technology Inc	$23,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	ICM, Inc.	$25,000,000		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	Renewable Energy Institute International	$19,980,930		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	Solazyme, Inc.	$21,765,738		Conditional
Biomass	Modify Integrated Biorefinery Solicitation	ZeaChem Inc.	$25,000,000		Conditional
Geothermal	Enhanced Geothermal Systems	Naknek Electric	$12,376,568		Conditional

PMC 138.1
12/05

U.S. Department of Energy

Memorandum To File

DATE: **March 22, 2010**

FROM: Melissa Wise MW

SUBJECT: Modifications to Awards under DE-FOA-0000096, "Recovery Act: Demonstration of Integrated Biorefinery Operations"

Attached is a copy of the Request for Review, PMC 112.2, which was completed for DE-EE0002870/001, Archer Daniels Midland. As all 11 Integrated Biorefinery awards are substantially the same in award construction and preparation to include the Special Terms and Conditions and Intellectual Property Provisions, DE-EE0002870/001 has been selected to serve as the representative file for the purpose of complying with the requirement for Legal and Division Director Reviews of modifications to lift conditions from ARRA awards with total estimated costs equal to or greater than $25,000,000. All corrections and modification identified for DE-EE0002870/001 will be adopted for inclusion in all Integrated Biorefinery awards.

Your signature on the PMC 112.2 and below will also constitute approval of the remaining 10 Integrated Biorefinery awards.

Derek G. Passarelli
Chief Counsel
Golden Field Office

3/22/10
Date

Matthew A. Barron
Director, Financial Assistance (RE)
Golden Field Office

3/22/10
Date

Hames, Molly

From: Wise, Melissa
Sent: Tuesday, March 23, 2010 8:51 AM
To: DL OAFA RE Financial Assistance Div Biomass Program
Subject: Memo to File: Legal Review and Division Director Review of IBR Awards: 3/31
Attachments: Memo to File - Legal and Director Reviews.pdf

Importance: High

Hi Team,

Division Director Review has been completed, and there were no comments. Please include this e-mail trail in your award files under AWD-019. Also please include the attached Memo To File.

REDACTED
EXEMPTION 4

REDACTED
EXEMPTION 5
(Deliberative process)

Please let me know if you have any questions.

Thanks,
Melissa

Melissa Wise
Grants and Agreements Specialist
U.S. Department of Energy
Golden Field Office

-----Original Message-----
From: Wise, Melissa
Sent: Monday, March 22, 2010 1:05 PM
To: DL OAFA RE Financial Assistance Div Biomass Program
Subject: Legal Review of IBR Awards: 3/31
Importance: High

REDACTED
EXEMPTION 4

REDACTED

FOIA EXEMPTION 5

(Deliberative Process)

REDACTED

FOIA EXEMPTION 5

(Deliberative Process)

Email Regarding Total Project Costs

From: Gypsy Achong [gachong@solazyme.com]
Sent: Tuesday, March 09, 2010 11:38 AM
To: Sterner, Christy
Cc: Lindeman, Chris
Subject: Solazyme SF 424

Dear Christy,

Thanks for pointing out the discrepancy between the proposed budget in the original application (SF 424) and the revised budgets submitted for Award 1 (SF 424A and PMC 123.1). Please note that the revised budget submitted for Award 1 include refined budgets for Period 1 only. The budget for Period 2 is the same as in the original submission. EX4 The total budget including the refined budget for Period 1 and original budget for Period 2 was slightly lower than the budget originally submitted. As we refine Period 2 budgets, we expect to shift the difference between the original budget and the current budget to Budget Period 2, resulting in a total budget of EX4 (the total project budget in the original SF 424 application).

Best wishes,

Gypsy

Gypsy Achong

Email: gachong@solazyme.com

Phone: 650 780 4777 x5273

Solazyme, Inc.

561 Eccles Avenue

South San Francisco, CA 94080

The information in this e-mail (including attachments, if any) is considered confidential and is intended only for the recipient(s) listed above. Any review, use, disclosure, distribution or copying of this e-mail is prohibited except by or on behalf of the intended recipient. If you have received this email in error, please notify me immediately by reply email, delete this email, and do not disclose its contents to anyone. Thank you.

Email Supporting Funds for EPC Vendor Costs BP1

From: Gypsy Achong [gachong@solazyme.com]
Sent: Wednesday, March 03, 2010 4:08 PM
To: Sterner, Christy
Cc: Lindeman, Chris
Subject: Budget Period 1 spend

Dear Christy,

REDACTED
EXEMPTION 4

Thanks for reviewing Solazyme's Award 1 budgets. Please note that the
ine item costing

REDACTED
EXEMPTION 4

The line item does not include any
will lead to an irreversible and/or irretrievable commitment of resources.

Please let me know if you have any questions.

REDACTED
EXEMPTION 4

Best wishes,

Gypsy

Gypsy Achong

Email: gachong@solazyme.com

Phone: 650 780 4777 x5273

Solazyme, Inc.

561 Eccles Avenue

South San Francisco, CA 94080

The information in this e-mail (including attachments, if any) is considered confidential and is intended only for the recipient(s) listed above. Any

review, use, disclosure, distribution or copying of this e-mail is prohibited except by or on behalf of the intended recipient. If you have received this email in error, please notify me immediately by reply email, delete this email, and do not disclose its contents to anyone. Thank you.

From: Gypsy Achong [gachong@solazyme.com]
Sent: Tuesday, March 02, 2010 1:50 PM
To: Hames, Molly
Cc: Sterner, Christy; Lindeman, Chris; sergio.arnabar@cherokee-pharma.com
Subject: FW: DOE Award: DE-EE0002877 - Solazyme, Inc. - Indirect Rates
Attachments: PMC400_2_Sample_IR_Proposal_preaward.doc

Dear Molly,

I apologize for the delay in responding to your email. Cherokee's Director of Finance, Sergio Arnabar, cc'ed here, REDACTED EXEMPTION 4 Sergio's contact information is:

Phone: 570 271 2194
Email: Sergio.arnabar@cherokee-pharma.com

Sergio, attached is the sample indirect rate proposal form downloaded from the following website:
https://www.eere-pmc.energy.gov/forms.aspx

Molly, please let Sergio know when you will need Cherokee's indirect rate proposal.

Thanks for your help,
Gypsy

-----Original Message-----
From: Hames, Molly [mailto:molly.hames@go.doe.gov]
Sent: Friday, February 05, 2010 12:48 PM
To: Gypsy Achong
Cc: Sterner, Christy
Subject: DOE Award: DE-EE0002877 - Solazyme, Inc. - Indirect Rates

Hello,
In addition to the indirect rate proposal you've already submitted, we need one from your sub-recipient, Cherokee Pharmaceuticals. I am requesting that our CP Analyst take a look at you and your sub-recipient's indirect rate proposals while the budgets are still being negotiated, in order to expedite the process of lifting conditions on your awards.

Also, would it be okay for the CP Analyst to directly contact your sub-recipients, or would you rather our CP Analyst work through you instead?

Please let me know, and do not hesitate to contact me with any questions.

Thanks,

Molly Hames
Grants & Agreements Specialist
U.S. Department of Energy
Golden Field Office
1617 Cole Blvd. Golden, CO 80401
Phone: 303-275-4864
Fax: 303-275-4754

U.S. DEPARTMENT OF ENERGY
PROJECT MANAGEMENT CENTER

SAMPLE INDIRECT RATE PROPOSAL

TABLE OF CONTENTS

A. Introduction
B. DCAA model for Indirect Rates
C. Indirect Rate Proposal- Single Rate Method
D. Indirect Rate Proposal – Two Rate Method (Fringe and Indirect Rate)
E. Definitions and References

A. Introduction

There are several methods for allocating indirect costs/expenses to projects, activities and programs. For applicants who have prior experience in developing Indirect Rates, **Paragraph B** identifies the most comprehensive tool. The instructions in **Paragraphs C and D** below are provided as a **sample** for recipients who have little or no experience in developing indirect rates but intend to request reimbursement for indirect costs as part of a Federal Financial Assistance Award. Select one method from Paragraph A, B or C. The resulting Indirect Rates are needed on two occasions:

1. **Initially, indirect rates will be required for estimating the Budget** for a current or pending award if indirect costs are requested for reimbursement.
2. **After the award** is made, the applicant will provide indirect rates on an annual basis to the Specialist at the awarding office to **reconcile billed costs to actual costs** per the award terms and conditions.

Paragraph E below contains terms and references that may be unfamiliar to a new applicant but that are essential in understanding how to develop an Indirect Rate.

B. Indirect Rate Proposal — DCAA "ICE" model

For applicants who have prior experience in calculating Indirect Rates, the most comprehensive instructions with sample schedules/spreadsheets is the Defense Contract Audit Agency's (DCAA) Incurred Cost Electronic (ICE) model. The model can be located on the DCAA website at **http://www.dcaa.mil/** under **DCAA Publications, ICE Model.** Although the ICE model is intended as a sample for accumulating Annual Incurred Costs it can also be used as a model in forecasting indirect rates.

C. Indirect Rate Proposal—Single Rate Method --Example

The following is a sample INDIRECT RATE PROPOSAL using the Single Rate Method. The Indirect Rate Calculation and Step by Step instructions are shown below the General Ledger table. Each Step has a narrative explanation provided on page 3.

GENERAL LEDGER

ACCT #	ACCOUNT NAME	ANNUAL TOTAL	DIRECT	INDIRECT	UNALLOW	INDIRECT-CLAIMED
6110	Salaries & Wages	$656,824	$656,824			
8110	Salaries & Wages	$123,067		$123,067		$123,067
8210	Holiday	$22,502		$22,502		$22,502
8211	Vacation	$31,252		$31,252		$31,252
8212	Sick Leave	$15,318		$15,318		$15,318
8213	Severence Pay	$32,419		$32,419		$32,419
8214	FICA-Employer portion	$27,427		$27,427		$27,427
8215	Federal Unemployement Insurance	$1,393		$1,393		$1,393
8216	State Unemployment Insurance	$6,722		$6,722		$6,722
8217	Workers' Compensation	$3,826		$3,826		$3,826
8218	Health Insurance	$40,009		$40,009		$40,009
8219	Life Insurance	$7,920		$7,920		$7,920
8220	Pension Plan	$60,638		$60,638		$60,638
8221	Recruitment	$285		$285		$285
8222	Relocation	$1,216		$1,216		$1,216
8223	Personal Absence	$1,082		$1,082		$1,082
6310	Travel	$35,173	$35,173			
8310	Travel	$12,987		$12,987	$2,500	$10,487
6320	Material	$843,192	$843,192			
6330	Other Direct Cost	$187,493	$187,493			
6340	Subcontracts-contractual	$944,841	$944,841			
6350	Supplies	$25,000	$25,000			
8350	Supplies	$15,014		$15,014		$15,014
6360	Equipment Rental	$15,000	$15,000			
8360	Equipment Rental	$12,150		$12,150		$12,150
8410	Legal Fees	$1,744		$1,744		$1,744
8420	Audit Fees	$32,361		$32,361		$32,361
8430	Miscellaneous	$3,969		$3,969		$3,969
8503	Entertainment	$484		$484	$484	$0
8505	Advertising & Promotion	$354		$354		$354
8520	Periodicals	$6,435		$6,435		$6,435
8522	Bad Debts	$3,018		$3,018	$3,018	$0
8523	Business Meals	$2,702		$2,702		$2,702
8524	Depreciation/Amortization	$2,824		$2,824		$2,824
8525	Dues/Memberships	$2,112		$2,112		$2,112
8526	Conventions/Seminars	$7,936		$7,936	$2,000	$5,936
8527	Interest Expense	$1,001		$1,001	$1,001	$0
8531	Insurance	$738		$738		$738
8535	Repairs/Maintenance	$1,681		$1,681		$1,681
8537	Telecopier	$2,434		$2,434		$2,434
8538	Telephone	$45,552		$45,552		$45,552
8539	Temp Help/contract labor	$1,816		$1,816		$1,816
8540	Small Equipment	$878		$878		$878
8542	Postage & Handling	$6,235		$6,235		$6,235
8553	Office Supplies	$6,461		$6,461		$6,461
8554	Other Outside Services	$30,281		$30,281		$30,281
	TOTAL		$2,707,523	$576,243	$9,003	$567,240
			Base-Direct Labor			Pool

INDIRECT COST POOL	$567,240
BASE= (DIRECT LABOR)	$656,824
INDIRECT RATE	**86.4%**

STEPS IN SINGLE RATE PROCESS

1. Develop List of Accounts (GL)
2. Segregate Direct Costs from Indirect Costs
3. Segregate Unallowable Costs
4. Consider Adjustments to Historical Costs
5. Sum the Indirect Cost Pool
6. Identify the Indirect Base
7. Calculate the Indirect Rate

C. Indirect Rate Proposal—Single Rate Method—Written Narrative

The following is a written narrative to explain the Steps identified in the Single Rate Method Example on Page 2. The simplified method for allocating indirect costs is the Single Rate Method. This is usually applicable to a small business with less than $10M or less than 25 employees. This method groups all allowable indirect costs, including fringe, into a single pool. The following is a step-by-step process of how to use the information from your General Ledger (GL) to develop an indirect rate.

1. Develop List of Accounts (General Ledger)

Start the process by compiling a list of all accounts in the GL, along with the Account Number, Account Name and the Dollars that equate to the most recent fiscal year of incurred costs/expenses. If the business is new and no costs/expenses have been incurred, then use your best judgment in estimating costs or budgeted amounts for the accounts in the General Ledger. (**A GL sample is included following step 8 below**. Please note that it is provided only as a sample and therefore the recipient should use their own account names and numbers rather than those in the sample.)

2. Segregate Direct Costs from Indirect

The second step in the process is to determine which accounts/costs in the GL can be considered direct costs to a single project or indirect costs to two or more projects (see definitions in paragraph E). Evaluate each expense or account in the GL to determine if the account should be divided into separate direct and indirect accounts. For example, Salaries and Wages can be charged as a direct cost in some situations and as an indirect cost in other situations. Therefore, Salaries and Wages would be separated into two distinct account numbers in the GL to separate direct salaries from indirect salaries (as shown in the example GL following Step 8 below). Other similar costs/expenses that may be identified as sometimes direct and sometimes indirect are travel, supplies, equipment and subcontracts. Costs that are identified as direct in the GL must track in corresponding subsidiary ledgers with unique account numbers to each project or job. For example, direct salaries/labor can be accumulated into one direct account number in the GL, but in the subsidiary ledgers the direct salaries must be identified to individual projects using unique account numbers. To be considered compliant, the government requires a job order cost accounting system.

3. Segregate Unallowable Costs

Once the costs in the GL are separated into direct and indirect accounts, you must identify any cost that may be considered unallowable for Federal awards and remove them from the total indirect cost pool. Unallowable costs are identified in the Cost Principles for each type of organization (see Reference Information in paragraph E). It is essential to read the appropriate Cost Principles to identify the types of costs that are considered unallowable. In some situations costs might be considered allowable where the same type of costs can be considered unallowable in other circumstances. The sample GL following Step 8 below identifies some unallowable costs. The sample is not a complete list.

4. Consider Adjustments to Historical Expenses

As explained in the Introduction there are two situations for which the recipient will be preparing an Indirect Rate Proposal. Item 2 in the Introduction was for when you have an existing Award and you must annually submit a fiscal year Indirect Rate Proposal as required by the terms and conditions of an existing Award. In that situation, the historical expenses accumulated in Step1

must be those that are used to develop the Indirect Rate in Step 7. However, if the recipient is preparing an Indirect Rate Proposal for a pending/current Award then the recipient needs to consider the impact the pending Award will have on their financial status (General Ledger). In some cases the historical costs accumulated as part of Step 1 may need to be adjusted to better reflect the financial situation for the pending Award. As an example, if all expenses in the General Ledger will increase in the same proportion there would be no impact on the resulting Indirect Rate result calculation in Step 7. However if direct labor goes up significantly but other indirect expenses do not increase in proportion the result would be a decrease to the Indirect Rate calculated in Step 7. Therefore the recipient preparing the Indirect Rate Proposal should perform a cursory review of the nature and magnitude of the accumulated historical expenses and make appropriate adjustments to ensure that the resulting Indirect Rate is the best representation of your business during the period of performance of the current Award. If historical costs are adjusted to accommodate better business judgment then please provide the original historical costs, the adjusted costs and a written descriptive summary of the business assumptions used in determining the adjusted costs when submitting the Indirect Rate Proposal.

5. **Sum the total of the Indirect Cost Pool (numerator)**
   Add the total of all allowable indirect costs that are segregated in step 3 above. This will be the "pool" or top number (numerator) when dividing to compute the indirect rate. Please ensure that there are no unallowable costs included.

6. **Select the Base –federal and non-federal (denominator)**
   The base used to allocate the indirect costs is usually Total Direct Labor or Total Direct Costs of all projects/programs/activities. In the attached example, Total Direct Labor Costs is used as a base. Therefore, simply identify the direct labor costs (both federal and non-federal projects) that are segregated in step 2 above. This will be the "base" of allocation or the bottom number (denominator) for calculating the indirect rate. Normally there are no unallowable direct costs but please note that if there are any they need to be left in the total base costs so that the indirect costs are allocated equitably.

7. **Calculate the Indirect Rate (Pool/Base)**
   Divide the Pool amount in step 5 by the base amount in Step 6. This will be the Indirect Rate as a percentage of the base selected. Indirect Costs are identified in the Budget (form SF-424a) in block 6j.

D. Indirect Rate Proposal—Two Rate Method (Fringe Rate and Indirect Rate)--Example

The following is a sample INDIRECT RATE PROPOSAL using the two rate method- Sample rate calculations are included below the General Ledger with a Step by Step process. A written narrative of each step is provided on Page 6 following the example.

GENERAL LEDGER

ACCOUNT #	ACCOUNT NAME	ANNUAL TOTAL		DIRECT	Fringe	INDIRECT	UNALLOWABLE	INDIRECT-CLAIMED
8210	Holiday	$22,502			$22,502			
8211	Vacation	$31,252			$31,252			
8212	Sick Leave	$15,318			$15,318			
8213	Severence Pay	$32,419			$32,419			
8214	FICA-Employer portion	$27,427			$27,427			
8215	Federal Unemployement Insurance	$1,393			$1,393			
8216	State Unemployment Insurance	$6,722			$6,722			
8217	Workers' Compensation	$3,826			$3,826			
8218	Health Insurance	$40,009			$40,009			
8219	Life Insurance	$7,920			$7,920			
8220	Pension Plan	$60,638			$60,638			
TOTAL FRINGE POOL					$249,426			
6110	Salaries & Wages	$656,824		$656,824				
8110	Salaries & Wages	$123,067				$123,067		$123,067
	FRINGE ALLOCATED TO DIRECT & INDIRECT LABOR			$210,184	32%	$39,381		$39,381
8221	Recruitment	$285				$285		$285
8222	Relocation	$1,216				$1,216		$1,216
8223	Personal Absence	$1,082				$1,082		$1,082
6310	Travel	$35,173		$35,173				
8310	Travel	$12,987				$12,987	$2,500	$10,487
6320	Material	$843,192		$843,192				
6330	Other Direct Cost	$187,493		$187,493				
6340	Subcontracts-contractual	$944,841		$944,841				
6350	Supplies	$25,000		$25,000				
8350	Supplies	$15,014				$15,014		$15,014
6360	Equipment Rental	$15,000		$15,000				
8360	Equipment Rental	$12,150				$12,150		$12,150
8410	Legal Fees	$1,744				$1,744		$1,744
8420	Audit Fees	$32,361				$32,361		$32,361
8430	Miscellaneous	$3,969				$3,969		$3,969
8503	Entertainment	$484				$484	$484	$0
8505	Advertising & Promotion	$354				$354		$354
8520	Periodicals	$6,435				$6,435		$6,435
8522	Bad Debts	$3,018				$3,018	$3,018	$0
8523	Business Meals	$2,702				$2,702		$2,702
8524	Depreciation/Amortization	$2,824				$2,824		$2,824
8525	Dues/Memberships	$2,112				$2,112		$2,112
8526	Conventions/Seminars	$7,936				$7,936	$2,000	$5,936
8527	Interest Expense	$1,001				$1,001	$1,001	$0
8531	Insurance	$738				$738		$738
8535	Repairs/Maintenance	$1,681				$1,681		$1,681
8537	Telecopier	$2,434				$2,434		$2,434
8538	Telephone	$45,552				$45,552		$45,552
8539	Temp Help/contract labor	$1,816				$1,816		$1,816
8540	Small Equipment	$878				$878		$878
8542	Postage & Handling	$6,235				$6,235		$6,235
8553	Office Supplies	$6,461				$6,461		$6,461
8554	Other Outside Services	$30,281				$30,281		$30,281
TOTAL INDIRECT COST POOL								
TOTALS				$2,917,707		$366,198	$9,003	$357,195
				(BASE)				(Pool)

FRINGE COST POOL	$249,426	INDIRECT COST POOL	$357,195
BASE (DIRECT & INDIRECT LABOR)	$779,891	BASE= (TOTAL DIRECT COSTS)	$2,917,707
FRINGE RATE	32.0%	INDIRECT RATE	12.2%

STEPS IN THE TWO RATE METHOD

1. Develop List of Accounts (GL)
2. Segregate Direct Costs, Fringe Costs and Indirect Costs
3. Segregate Unallowable Costs
4. Consider Adjustments to Historical Costs
5. Identify Fringe Pool
6. Identify Fringe Base
7. Compute the Fringe Rate
8. Distribute Fringe Expense (direct and indirect)
9. Sum the Indirect Cost Pool
10. Identify the Indirect Cost Base
11. Calculate the Indirect Rate

D. Indirect Rate Proposal—Two Rate Method (Written Narrative)

The following is a written narrative to explain the Steps identified in the Example on page 5. Paragraph C discussed the **simplified** method for calculating an indirect rate but the **more common** approach is to develop two indirect rates, one for Fringe and a separate Indirect Rate. The only difference from Paragraph C is that the costs are separated into three categories instead of two. The two mentioned in Paragraph C were Direct and Indirect Costs. In the two-rate method the Fringe Costs are separated out of the other indirect costs in the General Ledger (GL) to create a Fringe Pool of their own.

1. Same as Step 1 in paragraph C.

2. **Segregate Direct Costs from Fringe and Indirect Costs**
   The second step in the process is to determine which accounts/costs in the GL into three categories, direct costs, fringe costs or indirect costs. First, separate out what would be considered employee benefits or fringe costs and then use the same scenario described in paragraph C-2 above to determine direct and indirect costs after the fringe is separated.

3. **Same as Step 3 in Paragraph C.**

4. **Same as Step 4 in Paragraph C.**

5. **Identify the Fringe Pool (numerator)**
   As described in step 2, the GL cost elements must be separated into three cost groupings/pools. As seen in the sample GL below, the first grouping of costs could be the Fringe pool which will include the expenses incurred by the business for the employees such as FUTA, SUTA, employer share of social security taxes, health insurance/medical, etc. Add the total of these costs to determine the Fringe Pool.

6. **Identify the Fringe Base (denominator)**
   The base for allocating Fringe will be the total of direct and indirect Salary and Wages.

7. **Compute the Fringe Rate**
   Divide the total from Step 5 by the total from Step 6. This will be the Fringe Rate which will be applied to both direct and indirect salaries and wages (total labor costs).

8. **Distribute the Fringe Expense to Direct and Indirect Columns**
   The fringe rate calculated in Step 7 can now be used to distribute or allocate the fringe expense to the Direct and Indirect Expense Columns. Use the calculated Fringe Rate in Step 7 and multiply times the amount of total Direct Labor dollars. Manually enter the amount in the Direct Expense column of the General Ledger. This fringe amount will now be considered part of the Total Direct Costs. In preparing a Budget (SF-424a) the computed Fringe Rate will be multiplied times the amount of Direct Labor in Block 6a and the amount entered in Block 6b. Similarly, multiply the Fringe Rate computed in Step 7 by the Indirect Labor dollars. Manually enter the amount in the Indirect Expense column in the General Ledger. The Fringe in the Indirect Expense column will now become part of the "indirect pool" described in Step 9.

9. **Sum the Indirect Pool (numerator)**
   Add the total of all allowable indirect costs that are segregated in step 3 above. This will be the "pool" or top number (numerator) when dividing to compute the indirect rate. Please ensure that there are no unallowable costs included or any costs in the Indirect Cost Pool that are also claimed

in the base in Step 5. Also note that the Indirect Pool includes the fringe computed on indirect labor in Step 8.

10. Identify the indirect cost base (denominator)

The base or denominator for computing the indirect rate is commonly Direct Labor which was used in this example. Total Direct Costs can also be used if appropriate.

11. Calculate the Indirect Rate (Pool/Base)

Calculate the Indirect Rate by dividing the amount from Step 9 by the selected base amount in Step 10. This will be the Indirect Rate that will be applied to either Direct Labor or Total Direct Costs when submitting a budget or cost proposal. In our example we would apply the Indirect Rate to only the Direct Labor in block 6a of SF-424a and enter the indirect charge amount in line 6j.

E. Definitions and References.

DIRECT COSTS- Direct Costs are those costs that can be identified and tracked to a single project, activity, function, program, job or contract. Examples of costs that are most easily tracked to a specific project are labor, equipment, subcontracting, supplies and other direct costs. For accounting purposes, the General Ledger would accumulate all direct costs into summary accounts such as Direct Labor, Direct Material, etc., but the subsidiary ledgers would have unique account identifiers to track the costs to the specific projects.

INDIRECT COSTS- Indirect costs are those costs or expenses that can not be identified or tracked to a single activity, project, job, or contract or costs that apply to more than one project. Some examples of the types of cost that typically might be considered indirect are clerical labor, supervisor/management labor, utilities, phone expenses, fringe benefits, insurance, legal, and office rental or mortgage. These costs will be allocated or spread to more than 1 project.

ALLOCATE- Allocate means to set apart or assign. Direct costs are assigned or allocated to individual projects based on an equitable base such as direct labor. Indirect costs are set apart or allocated to two or more projects.

BASE (denominator)-Indirect costs are assigned or allocated to individual projects by using an Indirect Rate. The number that the rate or percentage will be applied to is the "base". Therefore if an indirect rate is going to be applied to a project then the "base" has to be something that is a directly identified to the project such as direct labor hours, direct labor dollars, material, supplies etc. One concern becomes in how to know what "base" to use when computing an indirect rate. To make that determination, two things should be considered. First, who or what causes the indirect cost and secondly, who or what benefits from the indirect cost? For example the paying of salaries and wages causes a business to have to incur fringe costs so the most logical base to use for computing a fringe rate is salary and wages. Other indirect costs such as utilities are not caused by any single person or event but everything in the business benefits from paying the utilities so the base could be all direct labor costs or total direct costs since they all benefit.

INDIRECT COST POOL (numerator)- Indirect costs can not be identified to specific projects; so all the indirect costs are grouped or added together into an indirect cost pool. By combining the costs into one pool, the costs can be allocated to projects by computing an indirect rate after a base is selected. Examples of indirect costs that can be combined into one group are fringe costs that are grouped into a "fringe pool".

INDIRECT RATE- An indirect rate is simply a mathematical calculation, expressed as a percentage, that results from dividing the allowable indirect cost pool dollars by the selected direct base dollars. When expressing an Indirect Rate it is always important to express both the percentage and the base to which it applies (e.g. 45% of TDC). Expressing that an Indirect rate as 45% doesn't mean anything unless it's also stated that it is applied to Total Direct Labor or Total Direct Costs.

UNALLOWABLE COSTS- Federal guidelines prohibit the federal government from reimbursing certain types of costs that are called unallowable. Allowable and unallowable costs are listed in the corresponding cost principles for each type of organization. The references below identify the cost principles that are applicable to specific types of organizations. Some costs are totally or "expressly" unallowable and some costs are unallowable in part because of the nature of why they were incurred.

REFERENCE INFORMATION

- For DOE Financial Assistance Regulations refer to 10 CFR 600. Financial Administration is addressed in Parts 600.120-128, 220-226 and 310-318.
- For information associated with C**ost Principles** defining allowable and unallowable costs for different types of organizations refer to the following:
    1. Commercial Organizations: Federal Acquisition Regulation (FAR) Part 31.
    2. Educational Institutions: OMB Circular A-21.
    3. State, Local, & Indian Tribe Governments: OMB Circular A-87.
    4. Non-Profit Organizations: OMB Circular A-122.

- For audit requirements for States, Local Governments, and Non Profit Organizations including Institutions of Higher Education, refer to OMB Circular A-133.
- Administrative requirements are found in OMB Circular A-102 and A-110.

From: Gypsy Achong [gachong@solazyme.com]
Sent: Tuesday, March 02, 2010 1:50 PM
To: Hames, Molly
Cc: Sterner, Christy; Lindeman, Chris; sergio.arnabar@cherokee-pharma.com
Subject: FW: DOE Award: DE-EE0002877 - Solazyme, Inc. - Indirect Rates
Attachments: PMC400_2_Sample_IR_Proposal_preaward.doc

Dear Molly,

I apologize for the delay in responding to your email. Cherokee's Director of Finance, Sergio Arnabar, cc'ed here, will submit Cherokee's indirect rate proposal. Sergio will work directly with DOE in managing the indirect rate process. Cherokee's indirect rate proposal should be kept in strict confidentiality, and under no circumstances should Cherokee's indirect rate proposal be shared with Solazyme. Sergio's contact information is:

Phone: 570 271 2194
Email: Sergio.arnabar@cherokee-pharma.com

Sergio, attached is the sample indirect rate proposal form downloaded from the following website:
https://www.eere-pmc.energy.gov/forms.aspx

Molly, please let Sergio know when you will need Cherokee's indirect rate proposal.

Thanks for your help,
Gypsy

-----Original Message-----
From: Hames, Molly [mailto:molly.hames@go.doe.gov]
Sent: Friday, February 05, 2010 12:48 PM
To: Gypsy Achong
Cc: Sterner, Christy
Subject: DOE Award: DE-EE0002877 - Solazyme, Inc. - Indirect Rates

Hello,
In addition to the indirect rate proposal you've already submitted, we need one from your sub-recipient, Cherokee Pharmaceuticals. I am requesting that our CP Analyst take a look at you and your sub-recipient's indirect rate proposals while the budgets are still being negotiated, in order to expedite the process of lifting conditions on your awards.

Also, would it be okay for the CP Analyst to directly contact your sub-recipients, or would you rather our CP Analyst work through you instead?

Please let me know, and do not hesitate to contact me with any questions.

Thanks,

Molly Hames
Grants & Agreements Specialist
U.S. Department of Energy
Golden Field Office
1617 Cole Blvd. Golden, CO 80401
Phone: 303-275-4864
Fax: 303-275-4754

U.S. DEPARTMENT OF ENERGY
PROJECT MANAGEMENT CENTER

SAMPLE INDIRECT RATE PROPOSAL

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A. Introduction
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A. Introduction

There are several methods for allocating indirect costs/expenses to projects, activities and programs. For applicants who have prior experience in developing Indirect Rates, **Paragraph B** identifies the most comprehensive tool. The instructions in **Paragraphs C and D** below are provided as a **sample** for recipients who have little or no experience in developing indirect rates but intend to request reimbursement for indirect costs as part of a Federal Financial Assistance Award. Select one method from Paragraph A, B or C. The resulting Indirect Rates are needed on two occasions:

1. **Initially, indirect rates will be required for estimating the Budget** for a current or pending award if indirect costs are requested for reimbursement.
2. **After the award** is made, the applicant will provide indirect rates on an annual basis to the Specialist at the awarding office to **reconcile billed costs to actual costs** per the award terms and conditions.

Paragraph E below contains terms and references that may be unfamiliar to a new applicant but that are essential in understanding how to develop an Indirect Rate.

B. Indirect Rate Proposal — DCAA "ICE" model

For applicants who have prior experience in calculating Indirect Rates, the most comprehensive instructions with sample schedules/spreadsheets is the Defense Contract Audit Agency's (DCAA) Incurred Cost Electronic (ICE) model. The model can be located on the DCAA website at **http://www.dcaa.mil/** under **DCAA Publications, ICE Model.** Although the ICE model is intended as a sample for accumulating Annual Incurred Costs it can also be used as a model in forecasting indirect rates.

C. Indirect Rate Proposal—Single Rate Method --Example

The following is a sample INDIRECT RATE PROPOSAL using the Single Rate Method. The Indirect Rate Calculation and Step by Step instructions are shown below the General Ledger table. Each Step has a narrative explanation provided on page 3.

GENERAL LEDGER

ACCT #	ACCOUNT NAME	ANNUAL TOTAL	DIRECT	INDIRECT	UNALLOW	INDIRECT-CLAIMED
6110	Salaries & Wages	$656,824	$656,824			
8110	Salaries & Wages	$123,067		$123,067		$123,067
8210	Holiday	$22,502		$22,502		$22,502
8211	Vacation	$31,252		$31,252		$31,252
8212	Sick Leave	$15,318		$15,318		$15,318
8213	Severence Pay	$32,419		$32,419		$32,419
8214	FICA-Employer portion	$27,427		$27,427		$27,427
8215	Federal Unemployement Insurance	$1,393		$1,393		$1,393
8216	State Unemployment Insurance	$6,722		$6,722		$6,722
8217	Workers' Compensation	$3,826		$3,826		$3,826
8218	Health Insurance	$40,009		$40,009		$40,009
8219	Life Insurance	$7,920		$7,920		$7,920
8220	Pension Plan	$60,638		$60,638		$60,638
8221	Recruitment	$285		$285		$285
8222	Relocation	$1,216		$1,216		$1,216
8223	Personal Absence	$1,082		$1,082		$1,082
6310	Travel	$35,173	$35,173			
8310	Travel	$12,987		$12,987	$2,500	$10,487
6320	Material	$843,192	$843,192			
6330	Other Direct Cost	$187,493	$187,493			
6340	Subcontracts-contractual	$944,841	$944,841			
6350	Supplies	$25,000	$25,000			
8350	Supplies	$15,014		$15,014		$15,014
6360	Equipment Rental	$15,000	$15,000			
8360	Equipment Rental	$12,150		$12,150		$12,150
8410	Legal Fees	$1,744		$1,744		$1,744
8420	Audit Fees	$32,361		$32,361		$32,361
8430	Miscellaneous	$3,969		$3,969		$3,969
8503	Entertainment	$484		$484	$484	$0
8505	Advertising & Promotion	$354		$354		$354
8520	Periodicals	$6,435		$6,435		$6,435
8522	Bad Debts	$3,018		$3,018	$3,018	$0
8523	Business Meals	$2,702		$2,702		$2,702
8524	Depreciation/Amortization	$2,824		$2,824		$2,824
8525	Dues/Memberships	$2,112		$2,112		$2,112
8526	Conventions/Seminars	$7,936		$7,936	$2,000	$5,936
8527	Interest Expense	$1,001		$1,001	$1,001	$0
8531	Insurance	$738		$738		$738
8535	Repairs/Maintenance	$1,681		$1,681		$1,681
8537	Telecopier	$2,434		$2,434		$2,434
8538	Telephone	$45,552		$45,552		$45,552
8539	Temp Help/contract labor	$1,816		$1,816		$1,816
8540	Small Equipment	$878		$878		$878
8542	Postage & Handling	$6,235		$6,235		$6,235
8553	Office Supplies	$6,461		$6,461		$6,461
8554	Other Outside Services	$30,281		$30,281		$30,281
	TOTAL		$2,707,523	$576,243	$9,003	$567,240
			Base-Direct Labor			Pool

INDIRECT COST POOL	$567,240
BASE= (DIRECT LABOR)	$656,824
INDIRECT RATE	**86.4%**

STEPS IN SINGLE RATE PROCESS

1. Develop List of Accounts (GL)
2. Segregate Direct Costs from Indirect Costs
3. Segregate Unallowable Costs
4. Consider Adjustments to Historical Costs
5. Sum the Indirect Cost Pool
6. Identify the Indirect Base
7. Calculate the Indirect Rate

C. Indirect Rate Proposal—Single Rate Method—Written Narrative

The following is a written narrative to explain the Steps identified in the Single Rate Method Example on Page 2. The simplified method for allocating indirect costs is the Single Rate Method. This is usually applicable to a small business with less than $10M or less than 25 employees. This method groups all allowable indirect costs, including fringe, into a single pool. The following is a step-by-step process of how to use the information from your General Ledger (GL) to develop an indirect rate.

1. Develop List of Accounts (General Ledger)

Start the process by compiling a list of all accounts in the GL, along with the Account Number, Account Name and the Dollars that equate to the most recent fiscal year of incurred costs/expenses. If the business is new and no costs/expenses have been incurred, then use your best judgment in estimating costs or budgeted amounts for the accounts in the General Ledger. (**A GL sample is included following step 8 below**. Please note that it is provided only as a sample and therefore the recipient should use their own account names and numbers rather than those in the sample.)

2. Segregate Direct Costs from Indirect

The second step in the process is to determine which accounts/costs in the GL can be considered direct costs to a single project or indirect costs to two or more projects (see definitions in paragraph E). Evaluate each expense or account in the GL to determine if the account should be divided into separate direct and indirect accounts. For example, Salaries and Wages can be charged as a direct cost in some situations and as an indirect cost in other situations. Therefore, Salaries and Wages would be separated into two distinct account numbers in the GL to separate direct salaries from indirect salaries (as shown in the example GL following Step 8 below). Other similar costs/expenses that may be identified as sometimes direct and sometimes indirect are travel, supplies, equipment and subcontracts. Costs that are identified as direct in the GL must track in corresponding subsidiary ledgers with unique account numbers to each project or job. For example, direct salaries/labor can be accumulated into one direct account number in the GL, but in the subsidiary ledgers the direct salaries must be identified to individual projects using unique account numbers. To be considered compliant, the government requires a job order cost accounting system.

3. Segregate Unallowable Costs

Once the costs in the GL are separated into direct and indirect accounts, you must identify any cost that may be considered unallowable for Federal awards and remove them from the total indirect cost pool. Unallowable costs are identified in the Cost Principles for each type of organization (see Reference Information in paragraph E). It is essential to read the appropriate Cost Principles to identify the types of costs that are considered unallowable. In some situations costs might be considered allowable where the same type of costs can be considered unallowable in other circumstances. The sample GL following Step 8 below identifies some unallowable costs. The sample is not a complete list.

4. Consider Adjustments to Historical Expenses

As explained in the Introduction there are two situations for which the recipient will be preparing an Indirect Rate Proposal. Item 2 in the Introduction was for when you have an existing Award and you must annually submit a fiscal year Indirect Rate Proposal as required by the terms and conditions of an existing Award. In that situation, the historical expenses accumulated in Step1

must be those that are used to develop the Indirect Rate in Step 7. However, if the recipient is preparing an Indirect Rate Proposal for a pending/current Award then the recipient needs to consider the impact the pending Award will have on their financial status (General Ledger). In some cases the historical costs accumulated as part of Step 1 may need to be adjusted to better reflect the financial situation for the pending Award. As an example, if all expenses in the General Ledger will increase in the same proportion there would be no impact on the resulting Indirect Rate result calculation in Step 7. However if direct labor goes up significantly but other indirect expenses do not increase in proportion the result would be a decrease to the Indirect Rate calculated in Step 7. Therefore the recipient preparing the Indirect Rate Proposal should perform a cursory review of the nature and magnitude of the accumulated historical expenses and make appropriate adjustments to ensure that the resulting Indirect Rate is the best representation of your business during the period of performance of the current Award. If historical costs are adjusted to accommodate better business judgment then please provide the original historical costs, the adjusted costs and a written descriptive summary of the business assumptions used in determining the adjusted costs when submitting the Indirect Rate Proposal.

5. **Sum the total of the Indirect Cost Pool (numerator)**
   Add the total of all allowable indirect costs that are segregated in step 3 above. This will be the "pool" or top number (numerator) when dividing to compute the indirect rate. Please ensure that there are no unallowable costs included.

6. **Select the Base –federal and non-federal (denominator)**
   The base used to allocate the indirect costs is usually Total Direct Labor or Total Direct Costs of all projects/programs/activities. In the attached example, Total Direct Labor Costs is used as a base. Therefore, simply identify the direct labor costs (both federal and non-federal projects) that are segregated in step 2 above. This will be the "base" of allocation or the bottom number (denominator) for calculating the indirect rate. Normally there are no unallowable direct costs but please note that if there are any they need to be left in the total base costs so that the indirect costs are allocated equitably.

7. **Calculate the Indirect Rate (Pool/Base)**
   Divide the Pool amount in step 5 by the base amount in Step 6. This will be the Indirect Rate as a percentage of the base selected. Indirect Costs are identified in the Budget (form SF-424a) in block 6j.

D. Indirect Rate Proposal—Two Rate Method (Fringe Rate and Indirect Rate)--Example

The following is a sample INDIRECT RATE PROPOSAL using the two rate method- Sample rate calculations are included below the General Ledger with a Step by Step process. A written narrative of each step is provided on Page 6 following the example.

GENERAL LEDGER

ACCOUNT #	ACCOUNT NAME	ANNUAL TOTAL	DIRECT	Fringe	INDIRECT	UNALLOWABLE	INDIRECT-CLAIMED
8210	Holiday	$22,502		$22,502			
8211	Vacation	$31,252		$31,252			
8212	Sick Leave	$15,318		$15,318			
8213	Severence Pay	$32,419		$32,419			
8214	FICA-Employer portion	$27,427		$27,427			
8215	Federal Unemployement Insurance	$1,393		$1,393			
8216	State Unemployment Insurance	$6,722		$6,722			
8217	Workers' Compensation	$3,826		$3,826			
8218	Health Insurance	$40,009		$40,009			
8219	Life Insurance	$7,920		$7,920			
8220	Pension Plan	$60,638		$60,638			
TOTAL FRINGE POOL				$249,426			
6110	Salaries & Wages	$656,824	$656,824				
8110	Salaries & Wages	$123,067			$123,067		$123,067
	FRINGE ALLOCATED TO DIRECT & INDIRECT LABOR		$210,184	32%	$39,381		$39,381
8221	Recruitment	$285			$285		$285
8222	Relocation	$1,216			$1,216		$1,216
8223	Personal Absence	$1,082			$1,082		$1,082
6310	Travel	$35,173	$35,173				
8310	Travel	$12,987			$12,987	$2,500	$10,487
6320	Material	$843,192	$843,192				
6330	Other Direct Cost	$187,493	$187,493				
6340	Subcontracts-contractual	$944,841	$944,841				
6350	Supplies	$25,000	$25,000				
8350	Supplies	$15,014			$15,014		$15,014
6360	Equipment Rental	$15,000	$15,000				
8360	Equipment Rental	$12,150			$12,150		$12,150
8410	Legal Fees	$1,744			$1,744		$1,744
8420	Audit Fees	$32,361			$32,361		$32,361
8430	Miscellaneous	$3,969			$3,969		$3,969
8503	Entertainment	$484			$484	$484	$0
8505	Advertising & Promotion	$354			$354		$354
8520	Periodicals	$6,435			$6,435		$6,435
8522	Bad Debts	$3,018			$3,018	$3,018	$0
8523	Business Meals	$2,702			$2,702		$2,702
8524	Depreciation/Amortization	$2,824			$2,824		$2,824
8525	Dues/Memberships	$2,112			$2,112		$2,112
8526	Conventions/Seminars	$7,936			$7,936	$2,000	$5,936
8527	Interest Expense	$1,001			$1,001	$1,001	$0
8531	Insurance	$738			$738		$738
8535	Repairs/Maintenance	$1,681			$1,681		$1,681
8537	Telecopier	$2,434			$2,434		$2,434
8538	Telephone	$45,552			$45,552		$45,552
8539	Temp Help/contract labor	$1,816			$1,816		$1,816
8540	Small Equipment	$878			$878		$878
8542	Postage & Handling	$6,235			$6,235		$6,235
8553	Office Supplies	$6,461			$6,461		$6,461
8554	Other Outside Services	$30,281			$30,281		$30,281
TOTAL INDIRECT COST POOL							
TOTALS			$2,917,707		$366,198	$9,003	$357,195
			(BASE)				(Pool)

FRINGE COST POOL	$249,426	INDIRECT COST POOL	$357,195
BASE (DIRECT & INDIRECT LABOR)	$779,891	BASE= (TOTAL DIRECT COSTS)	$2,917,707
FRINGE RATE	32.0%	INDIRECT RATE	12.2%

STEPS IN THE TWO RATE METHOD

1. Develop List of Accounts (GL)
2. Segregate Direct Costs, Fringe Costs and Indirect Costs
3. Segregate Unallowable Costs
4. Consider Adjustments to Historical Costs
5. Identify Fringe Pool
6. Identify Fringe Base
7. Compute the Fringe Rate
8. Distribute Fringe Expense (direct and indirect)
9. Sum the Indirect Cost Pool
10. Identify the Indirect Cost Base
11. Calculate the Indirect Rate

D. Indirect Rate Proposal – Two Rate Method (Written Narrative)

The following is a written narrative to explain the Steps identified in the Example on page 5. Paragraph C discussed the **simplified** method for calculating an indirect rate but the **more common** approach is to develop two indirect rates, one for Fringe and a separate Indirect Rate. The only difference from Paragraph C is that the costs are separated into three categories instead of two. The two mentioned in Paragraph C were Direct and Indirect Costs. In the two-rate method the Fringe Costs are separated out of the other indirect costs in the General Ledger (GL) to create a Fringe Pool of their own.

1. Same as Step 1 in paragraph C.

2. **Segregate Direct Costs from Fringe and Indirect Costs**
   The second step in the process is to determine which accounts/costs in the GL into three categories, direct costs, fringe costs or indirect costs. First, separate out what would be considered employee benefits or fringe costs and then use the same scenario described in paragraph C-2 above to determine direct and indirect costs after the fringe is separated.

3. **Same as Step 3 in Paragraph C.**

4. **Same as Step 4 in Paragraph C.**

5. **Identify the Fringe Pool (numerator)**
   As described in step 2, the GL cost elements must be separated into three cost groupings/pools. As seen in the sample GL below, the first grouping of costs could be the Fringe pool which will include the expenses incurred by the business for the employees such as FUTA, SUTA, employer share of social security taxes, health insurance/medical, etc. Add the total of these costs to determine the Fringe Pool.

6. **Identify the Fringe Base (denominator)**
   The base for allocating Fringe will be the total of direct and indirect Salary and Wages.

7. **Compute the Fringe Rate**
   Divide the total from Step 5 by the total from Step 6. This will be the Fringe Rate which will be applied to both direct and indirect salaries and wages (total labor costs).

8. **Distribute the Fringe Expense to Direct and Indirect Columns**
   The fringe rate calculated in Step 7 can now be used to distribute or allocate the fringe expense to the Direct and Indirect Expense Columns. Use the calculated Fringe Rate in Step 7 and multiply times the amount of total Direct Labor dollars. Manually enter the amount in the Direct Expense column of the General Ledger. This fringe amount will now be considered part of the Total Direct Costs. In preparing a Budget (SF-424a) the computed Fringe Rate will be multiplied times the amount of Direct Labor in Block 6a and the amount entered in Block 6b. Similarly, multiply the Fringe Rate computed in Step 7 by the Indirect Labor dollars. Manually enter the amount in the Indirect Expense column in the General Ledger. The Fringe in the Indirect Expense column will now become part of the "indirect pool" described in Step 9.

9. **Sum the Indirect Pool (numerator)**
   Add the total of all allowable indirect costs that are segregated in step 3 above. This will be the "pool" or top number (numerator) when dividing to compute the indirect rate. Please ensure that there are no unallowable costs included or any costs in the Indirect Cost Pool that are also claimed

in the base in Step 5. Also note that the Indirect Pool includes the fringe computed on indirect labor in Step 8.

10. Identify the indirect cost base (denominator)

The base or denominator for computing the indirect rate is commonly Direct Labor which was used in this example. Total Direct Costs can also be used if appropriate.

11. Calculate the Indirect Rate (Pool/Base)

Calculate the Indirect Rate by dividing the amount from Step 9 by the selected base amount in Step 10. This will be the Indirect Rate that will be applied to either Direct Labor or Total Direct Costs when submitting a budget or cost proposal. In our example we would apply the Indirect Rate to only the Direct Labor in block 6a of SF-424a and enter the indirect charge amount in line 6j.

E. Definitions and References.

DIRECT COSTS- Direct Costs are those costs that can be identified and tracked to a single project, activity, function, program, job or contract. Examples of costs that are most easily tracked to a specific project are labor, equipment, subcontracting, supplies and other direct costs. For accounting purposes, the General Ledger would accumulate all direct costs into summary accounts such as Direct Labor, Direct Material, etc., but the subsidiary ledgers would have unique account identifiers to track the costs to the specific projects.

INDIRECT COSTS- Indirect costs are those costs or expenses that can not be identified or tracked to a single activity, project, job, or contract or costs that apply to more than one project. Some examples of the types of cost that typically might be considered indirect are clerical labor, supervisor/management labor, utilities, phone expenses, fringe benefits, insurance, legal, and office rental or mortgage. These costs will be allocated or spread to more than 1 project.

ALLOCATE- Allocate means to set apart or assign. Direct costs are assigned or allocated to individual projects based on an equitable base such as direct labor. Indirect costs are set apart or allocated to two or more projects.

BASE (denominator)-Indirect costs are assigned or allocated to individual projects by using an Indirect Rate. The number that the rate or percentage will be applied to is the "base". Therefore if an indirect rate is going to be applied to a project then the "base" has to be something that is a directly identified to the project such as direct labor hours, direct labor dollars, material, supplies etc. One concern becomes in how to know what "base" to use when computing an indirect rate. To make that determination, two things should be considered. First, who or what causes the indirect cost and secondly, who or what benefits from the indirect cost? For example the paying of salaries and wages causes a business to have to incur fringe costs so the most logical base to use for computing a fringe rate is salary and wages. Other indirect costs such as utilities are not caused by any single person or event but everything in the business benefits from paying the utilities so the base could be all direct labor costs or total direct costs since they all benefit.

INDIRECT COST POOL (numerator)- Indirect costs can not be identified to specific projects; so all the indirect costs are grouped or added together into an indirect cost pool. By combining the costs into one pool, the costs can be allocated to projects by computing an indirect rate after a base is selected. Examples of indirect costs that can be combined into one group are fringe costs that are grouped into a "fringe pool".

INDIRECT RATE- An indirect rate is simply a mathematical calculation, expressed as a percentage, that results from dividing the allowable indirect cost pool dollars by the selected direct base dollars. When expressing an Indirect Rate it is always important to express both the percentage and the base to which it applies (e.g. 45% of TDC). Expressing that an Indirect rate as 45% doesn't mean anything unless it's also stated that it is applied to Total Direct Labor or Total Direct Costs.

UNALLOWABLE COSTS- Federal guidelines prohibit the federal government from reimbursing certain types of costs that are called unallowable. Allowable and unallowable costs are listed in the corresponding cost principles for each type of organization. The references below identify the cost principles that are applicable to specific types of organizations. Some costs are totally or "expressly" unallowable and some costs are unallowable in part because of the nature of why they were incurred.

REFERENCE INFORMATION

- For DOE Financial Assistance Regulations refer to 10 CFR 600. Financial Administration is addressed in Parts 600.120-128, 220-226 and 310-318.
- For information associated with C**ost Principles** defining allowable and unallowable costs for different types of organizations refer to the following:
    1. Commercial Organizations: Federal Acquisition Regulation (FAR) Part 31.
    2. Educational Institutions: OMB Circular A-21.
    3. State, Local, & Indian Tribe Governments: OMB Circular A-87.
    4. Non-Profit Organizations: OMB Circular A-122.

- For audit requirements for States, Local Governments, and Non Profit Organizations including Institutions of Higher Education, refer to OMB Circular A-133.
- Administrative requirements are found in OMB Circular A-102 and A-110.

From: Sterner, Christy
Sent: Friday, March 26, 2010 4:46 PM
To: Hames, Molly
Subject: RE: Revisions to Solazyme "Assistance Agreement"

Importance: High

Hi Molly,

I don't believe I have a 'formal' email regarding approval of the P.I. change. We talked about the 'change' early on in the project and I have met David Brinkmann on numerous occasions. David Brinkmann is listed in the application as the P.I. and I have reviewed his qualifications based on the original submittal (I'm not sure why Tony was ever listed as the P.I.). From what I know of the project and the application, David has always been identified as the P.I. Regardless of how this happened, he (David Brinkmann) is highly qualified and should be the P.I. noted on all award documentation.

Please let me know if you have any further questions or need additional documentation.

Best regards,

Christy Sterner
U.S. DOE

Go to http://www.eere.energy.gov/golden/funding.aspx for important news regarding Grants.gov.

-----Original Message-----
From: Hames, Molly
Sent: Friday, March 26, 2010 4:30 PM
To: Sterner, Christy
Subject: FW: Revisions to Solazyme "Assistance Agreement"

Hello Christy,
Please see Melissa's note below. Can you resend Gypsy's email with your approval/disapproval of the PI change from the original 000 award?

Molly Hames
Grants & Agreements Specialist
U.S. Department of Energy
Golden Field Office
1617 Cole Blvd. Golden, CO 80401
Phone: 303-275-4864
Fax: 303-275-4754

-----Original Message-----
From: Wise, Melissa
Sent: Friday, March 26, 2010 4:29 PM
To: Hames, Molly
Subject: RE: Revisions to Solazyme "Assistance Agreement"

Hi Molly,

No, this is not enough. We'll need an e-mail from Christy that basically states she has reviewed the qualifications of David Brinkmann and approves the PI change.

Thanks,
Melissa

Melissa Wise
Grants and Agreements Specialist
U.S. Department of Energy
Golden Field Office

-----Original Message-----
From: Hames, Molly
Sent: Friday, March 26, 2010 4:27 PM
To: Wise, Melissa
Subject: FW: Revisions to Solazyme "Assistance Agreement"

Hello Melissa,
Does the email below work as approval, or does it need to be more formal than this?

Molly Hames
Grants & Agreements Specialist
U.S. Department of Energy
Golden Field Office
1617 Cole Blvd. Golden, CO 80401
Phone: 303-275-4864
Fax: 303-275-4754

-----Original Message-----
From: Sterner, Christy
Sent: Tuesday, January 26, 2010 11:09 AM
To: Hames, Molly
Subject: FW: Revisions to Solazyme "Assistance Agreement"

Hi Molly,

I asked that Gypsy send this information to you. If we have to do a formal amendment to modify the terms and conditions, I figured we can make the changes below as well. I'll talk to Melissa about this as well. Whew!

Thanks for your help!

Best regards,

Christy Sterner
U.S. DOE

Go to http://www.eere.energy.gov/golden/funding.aspx for important news regarding Grants.gov.

-----Original Message-----
From: Gypsy Achong [mailto:gachong@solazyme.com]
Sent: Tuesday, January 26, 2010 10:03 AM
To: Hames, Molly

Cc: Sterner, Christy; Lindeman, Chris
Subject: Revisions to Solazyme "Assistance Agreement"

Dear Molly,

I hope all is well. Christy recommended that I reach out to you with minor revisions to Solazyme's "Assistance Agreement." They are listed below:

Ques. 14. Principal Investigator - Should be David Brinkmann. Currently noted as Anthony Day. The phone number is the same.

On Page 3, Recipient Business Officer – Should be David Brinkmann. E-mail: doe_szibr@solazyme.com. The phone number is the same.

On Page 3, Recipient Principal Investigator – Should be David Brinkmann. E-mail: doe_szibr@solazyme.com. The phone number is the same.

Thanks for your help!

Gypsy

Gypsy Achong

Email: gachong@solazyme.com

Phone: 650 780 4777 x5273

Solazyme, Inc.

561 Eccles Avenue

South San Francisco, CA 94080

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From: Gypsy Achong [gachong@solazyme.com]
Sent: Tuesday, January 26, 2010 10:03 AM
To: Hames, Molly
Cc: Sterner, Christy; Lindeman, Chris
Subject: Revisions to Solazyme "Assistance Agreement"

Dear Molly,

I hope all is well. Christy recommended that I reach out to you with minor revisions to Solazyme's "Assistance Agreement." They are listed below:

Ques. 14. Principal Investigator - Should be David Brinkmann. Currently noted as Anthony Day. The phone number is the same.

On Page 3, Recipient Business Officer – Should be David Brinkmann. E-mail: doe_szibr@solazyme.com. The phone number is the same.

On Page 3, Recipient Principal Investigator – Should be David Brinkmann. E-mail: doe_szibr@solazyme.com. The phone number is the same.

Thanks for your help!

Gypsy

Gypsy Achong

Email: gachong@solazyme.com

Phone: 650 780 4777 x5273

Solazyme, Inc.

561 Eccles Avenue

South San Francisco, CA 94080

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PMC123.1 - Budget Justification for SF 424A Budget

Instructions and Summary

Award Number: DE-FOA-0000096
Award Recipient: Renewable Energy Group (sub-

Date of Submission: Resubmitted 9/28/09
Form submitted by: Solazyme
(May be award recipient or sub-recipient)

Please read the instructions on each page before starting.
If you have any questions, please ask your DOE contact. It will save you time!

On this form, provide detailed support for the estimated project costs identified on the SF-424A form (Budget).

- **The dollar amounts on this page must match the amounts on the associated SF-424A.**
- The award recipient and each sub-recipient with estimated costs of $100,000 or more must complete this form and a SF-424A form.
- The total budget presented on this form and on the SF424A must include both Federal (DOE), and Non-Federal (cost share) portions, thereby reflecting TOTAL PROJECT COSTS proposed.
- **For costs in each Object Class Category on the SF-424A, complete the corresponding worksheet on this form (tab at the bottom of the page).**
- **All costs incurred by the preparer's sub-recipients, vendors, contractors, consultants and Federal Research and Development Centers (FFRDCs), should be entered only in section f. Contractual. All other sections are for the costs of the preparer only.**

SUMMARY OF BUDGET CATEGORY COSTS PROPOSED

(Note: The values in this summary table are from entries made in each budget category sheet.)

CATEGORY	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Total Costs	Project Costs %	Comments (Add comments as needed)
a. Personnel						
b. Fringe Benefits						
c. Travel						
d. Equipment						
e. Supplies						
f. Contractual						
Sub-recipient						
FFRDC						
Vendor						
Total Contractual						
g. Construction						
h. Other Direct Costs						
i. Indirect Charges						
Total Project Costs						

REDACTED
EXEMPTION 4

Additional Explanations/Comments (as necessary)

a. Personnel

PLEASE READ!!!

List costs solely for employees of the entity completing this form (award recipient or sub-recipient). All other personnel costs (of subrecipients or other contractual efforts of the entity preparing this) must be included under f., Contractual. This includes all consultants and FFRDCs.

Identify positions to be supported. Key personnel should be identified by title. All other personnel should be identified either by title or a group category. State the amounts of time (e.g., hours or % of time) to be expended, the composite base pay rate, total direct personnel compensation and identify the rate basis (e.g., actual salary, labor distribution report, technical estimate, state civil service rates, etc.).

Add rows as needed. Formulas/calculations will need to be entered by the preparer of this form. Please enter formulas as shown in the example.

Task # and Title	Position Title	Budget Period 1			Budget Period 2			Budget Period 3			Project Total Hours	Project Total Dollars	Rate Basis
		Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 1	Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 2	Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 3			
1. Generation 2A Receiver Design													
	Total Personnel Costs												

REDACTED
EXEMPTION 4

REDACTED
EXEMPTION 4

Additional Explanations/Comments (as necessary)

b. Fringe Benefits

	Budget Period 1	Budget Period 2	Budget Period 3	Total
Rate applied:		REDACTED EXEMPTION 4		
Total fringe requested:				

A federally approved fringe benefit rate agreement, or a proposed rate supported and agreed upon by DOE for estimating purposes is required if reimbursement for fringe benefits is requested. Please check (X) one of the options below and provide the requested information, if it has not already been provided to the Contracting Officer, OR if it has changed since it was. Calculate the fringe rate and enter the total amount in Section B, line 6.b. ("Fringe Benefits") of form SF-424A.

____ **A fringe benefit rate has been negotiated with, or approved by, a federal government agency. A copy of the latest rate agreement is included with this application, and will be provided electronically to the Contracting Officer for this project.**
(When this option is selected, a presentation of the budget that demonstrates the appliction of the approved rate, to arrive at the proposed fringes benefits dollars should also be provided.)

x **There is not a current, federally approved rate agreement negotiated and available.**
(When this option is checked, the entity preparing this form shall submit a rate proposal in the format provided at the following website, or a format that provides the same level of information and which will support the rates being proposed for use in performance of the proposed project. Go to https://www.eere-pmc.energy.gov/forms.aspx and select PMC 400.2 Sample Rate Proposal.)

Additional explanation/comments (as necessary)

REDACTED
EXEMPTION 4

c. Travel

PLEASE READ!!!

Provide travel detail as requested below, identifying total Foreign and Domestic Travel as separate items. Purpose of travel are items such as professional conference, DOE sponsored meeting, project management meeting, etc. The Basis for Estimating Costs are items such as past trips, current quotations, Federal Travel Regulations, etc.

All listed travel must be necessary for performance of the Statement of Projecct Objectives.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Purpose of travel	No. of Travelers	Depart From (not required for domestic travel)	Destination (not required for domestic travel)	No. of Days	Cost per Traveler	Cost per Trip	Basis for Estimating Costs
Budget Period 1							
Domestic Travel							
EXAMPLE ONLY!!! Visit to PV cell mfr. to set up vendor agreement							
None							
			REDACTED EXEMPTION 4				
Domestic Travel subtotal							
International Travel							
International Travel subtotal							
Budget Period 1 Total							

Purpose of travel	No. of Travelers	Depart From (not required for domestic travel)	Destination (not required for domestic travel)	No. of Days	Cost per Traveler	Cost per Trip	Basis for Estimating Costs
Budget Period 2							
Domestic Travel							
Domestic Travel subtotal							
International Travel							
International Travel subtotal							
Budget Period 2 Total							
Budget Period 3							
Domestic Travel							
Domestic Travel subtotal							
International Travel							
International Travel subtotal							
Budget Period 3 Total							
PROJECT TOTAL							

Additional Explanations/Comments (as necessary)

d. Equipment

PLEASE READ!!!

Equipment is generally defined as an item with an acquisition cost greater than $5,000 and a useful life expectancy of more than one year. Further definitions can be found at 10 CFR 600 found on the PMC Recipient Resources Forms page at https://www.eere-pmc.energy.gov/Forms.aspx#regs .

List all proposed equipment below, providing a basis of cost such as vendor quotes, catalog prices, prior invoices, etc., and briefly justifying its need as it applies to the Statement of Project Objectives. If it is existing equipment, and the value of its contribution to the project budget is being shown as cost share, provide logical support for the estimated value shown. If it is new equipment which will retain a useful life upon completion of the project, provide logical support for the estimated value shown.

For equipment over $50,000 in price, also include a copy of the associated vendor quote or catalog price list.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Equipment Item	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Budget Period 1					
EXAMPLE ONLY!!! Thermal shock chamber					
None					
				REDACTED EXEMPTION 4	
Budget Period 1 Total					
Budget Period 2					
				REDACTED EXEMPTION 4	
Budget Period 2 Total					

Equipment Item	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Budget Period 3					
				REDACTED EXEMPTION 4	
Budget Period 3 Total					
PROJECT TOTAL					

Additional Explanations/Comments (as necessary)

e. Supplies

PLEASE READ!!!

Supplies are generally defined as an item with an acquisition cost of $5,000 or less and a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Further definitions can be found at 10 CFR 600 found on the PMC Recipient Resources Forms page at https://www.eere-pmc.energy.gov/Forms.aspx#regs.

List all proposed supplies below, providing a bases of cost such as vendor quotes, catalog prices, prior invoices, etc., and briefly justifying the need for the Supplies as they apply to the Statement of Project Objectives. Note that Supply items must be direct costs to the project at this budget category, and not duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

General Category of Supplies	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Budget Period 1					
EXAMPLE ONLY!!! Wireless DAS components					
None					
				REDACTED EXEMPTION 4	
Budget Period 1 Total					
Budget Period 2					
				REDACTED EXEMPTION 4	
Budget Period 2 Total					

General Category of Supplies	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Budget Period 3					
Budget Period 3 Total					
PROJECT TOTAL					

Additional Explanations/Comments (as necessary)

f. Contractual

PLEASE READ!!!

The entity completing this form must provide all costs related to sub-recipients, vendors, contractors, consultants and FFRDC partners in the applicable boxes below.

Sub-recipients (partners, sub-awardees):
For each sub-recipient with total project costs of $100,000 or more, a separate SF-424A budget and PMC123.1 budget justification form must be submitted. These sub-recipient forms may be completed by either the sub-recipients themselves or by the preparer of this form. The budget totals on the sub-recipient's forms must match the sub-recipeint entries below.

The preparer of this form need only provide further support of the completed sub-recipient budget forms as they deem necessary. The support to justify the budgets of sub-recipients with estimated costs less than $100,000 may be in any format, and at a minimum should provide what Statement of Project Objectives task(s) are being performed, the purpose/need for the effort, and a basis of the estimated costs that is considered sufficient for DOE evaluation.

Vendors (includes contractors and consultants):
List all vendors, contractors and consultants supplying commercial supplies or services used to support the project. The support to justify vendor costs (in any amount) should provide the purpose for the products or services and a basis of the estimated costs that is considered sufficient for DOE evaluation.

Federal Research and Development Centers (FFRDCs):
For FFRDC partners, award recipient will provide a Field Work Proposal (if not already provided with the original application), along with the FFRDC labor mix and hours, by category and FFRDC major purchases greater than $25,000, including Quantity, Unit Cost, Basis of Cost, and Justification. The award recipient may allow the FFRDC to provide this information directly to DOE.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Sub-Recipient Name/Organization	Purpose/Tasks in SOPO	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Project Total
EXAMPLE ONLY!!! XYZ Corp.					
	REDACTED				
	EXEMPTION 4				

Sub-Recipient Name/Organization	Purpose/Tasks in SOPO	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Project Total
	REDACTED EXEMPTION 4				
	Sub-total				

Vendor Name/Organization	Product or Service, Purpose/Need and Basis of Cost (Provide additional support at bottom of page as needed)	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Project Total
EXAMPLE ONLY!!! ABC Corp.					
	REDACTED EXEMPTION 4				

FFRDC Name/Organization	Purpose	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Project Total
	REDACTED EXEMPTION 4				

Total Contractual					

AdditionalExplanations/Comments (as necessary)

g. Construction

PLEASE READ!!!

Construction, for the purpose of budgeting, is defined as all types of work done on a particular building, including erecting, altering, or remodeling. Construction conducted by the award recipient is entered on this page. Any construction work that is performed by a vendor or subrecipient to the award recipient should be entered under f. Contractual.

List all proposed construction below, providing a basis of cost such as engineering estimates, prior construction, etc., and briefly justify its need as it applies to the Statement of Project Objectives.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Overall description of construction actiivities:

xample Only!!! - Build wind turbine platform

General Description	Cost	Basis of Cost	Justification of need
Budget Period 1			
Three days of excavation for platform site EXAMPLE ONLY!!!			rm.
None			
		REDACTED EXEMPTION 4	
Budget Period 1 Total			
Budget Period 2			
		REDACTED EXEMPTION 4	
Budget Period 2 Total			

General Description	Cost	Basis of Cost	Justification of need
Budget Period 3			
			REDACTED EXEMPTION 4
Budget Period 3 Total			
PROJECT TOTAL			

dditional Explanations/Comments (as necessary)

g. Construction

h. Other Direct Costs

PLEASE READ!!!

Other direct costs are direct cost items required for the project which do not fit clearly into other categories, and are not included in the indirect pool for which the indirect rate is being applied to this project. Examples are meeting costs, postage, couriers or express mail, telephone/fax costs, printing costs, etc.

Basis of cost are items such as vendor quotes, prior purchases of similar or like items, published price list, etc.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

General description	Cost	Basis of Cost	Justification of need
Budget Period 1			
EXAMPLE ONLY!!! Grad student tuition			
			REDACTED EXEMPTION 4
Budget Period 1 Total			
Budget Period 2			
			REDACTED EXEMPTION 4
Budget Period 3			
Budget Period 3 Total			
PROJECT TOTAL		REDACTED EXEMPTION 4	

Additional Explanations/Comments (as necessary)

i. Indirect Costs

	Budget Period 1	Budget Period 2	Budget Period 3	Total
Rate applied:			REDACTED	
Total indirect costs requested:			EXEMPTION 4	

A federally approved indirect rate agreement, or rate proposed supported and agreed upon by DOE for estimating purposes is required if reimbursement of fringe benfits is requested. Please check (X) one of the options below and provide the requested information if it has not already been provided as requested, or has changed. Calculate the indirect rate dollars and enter the total in the Section B., line 6.j. (Indirect Charges) of form SF 424A.

There is a federally approved indirect rate agreement. A copy is provided with this application and will be provided electronically to the Contracting Officer for this project.
(When this option is selected, a presentation of the budget that demonstrates the application of the approved rate, to arrive at the proposed indirect charges proposed should also be provided.)

x **There is no current, federally-approved indirect rate agreement.**
(When this option is checked, the entity preparing this form shall submit an indirect cost rate proposal in the format provided at the following website, or in a format that provides the same level of information and which supports the rate(s) being proposed for use in estimating the project. Go to https://www.eere-pmc.energy.gov/forms.aspx and select PMC 400.2 Sample Rate Proposal.)

Additional Explanations/Comments (as necessary)

Cost Share

PLEASE READ!!!

A detailed presentation of the cash or cash value of all cost share proposed for the project must be provided in the table below. Identify the source & amount of each item of cost share proposed by the award recipient and each sub-recipient or vendor. Letters of committment must be submitted for all third party cost share (other than award recipient).

Note that "cost-share" is not limited to cash investment. Other items that may be assigned value in a budget as incurred as part of the project budget and necessary to performance of the project, may be considered as cost share, such as: contribution of services or property; donated, purchased or existing equipment; buildings or land; donated, purchased or existing supplies; and/or unrecovered personnel, fringe benefits and indirect costs, etc. For each cost share contribution identified as other than cash, identify the item and describe how the value of the cost share contribution was calculated.

Funds from other Federal sources MAY NOT be counted as cost share. **This prohibition includes FFRDC sub-recipients. Non-Federal sources include private, state or local Government, or any source not originally derived from Federal funds. Documentation of cost sharing commitments must be provided, if not already provided with the original application and they have not changed since its submission.**

Fee or profit will not be paid to the award recipients or subrecipients of financial assistance awards. Additionally, foregone fee or profit by the applicant shall not be considered cost sharing under any resulting award. Reimbursement of actual costs will only include those costs that are allowable and allocable to the project as determined in accordance with the applicable cost principles prescribed in 10 CFR 600.127, 10 CFR 600.222 or 10 CFR 600.317. Also see 10 CFR 600.318 relative to profit or fee.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Organization/Source	Type (cash or other)	Cost Share Item	Budget Period 1 Cost Share	Budget Period 2 Cost Share	Budget Period 3 Cost Share	Total Project Cost Share
ABC Company EXAMPLE ONLY!!!		REDACTED EXEMPTION 4				

Organization/Source	Type (cash or other)	Cost Share Item	Budget Period 1 Cost Share	Budget Period 2 Cost Share	Budget Period 3 Cost Share	Total Project Cost Share
					REDACTED EXEMPTION 4	
		Totals				

Total Project Cost:

Cost Share Percent of Award:

Additional Explanations/Comments (as necessary)

Applicant Name: Solazyme

Award Number: DE-FOA-0000096

Budget Information - Non Construction Programs

OMB Approval No. 0348-0044

Section A - Budget Summary

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Demonstration of Integrated Biorefinery Operations	81.087			$21,765,739		
2.						
3.						
4.						
5. Totals		$0		$21,765,739		

REDACTED
EXEMPTION 4

Section B - Budget Categories

6. Object Class Categories	Grant Program, Function or Activity (1)	(2)	(3)	(4)	Total (5)
a. Personnel					
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)					
j. Indirect Charges					
k. **Totals** (sum of 6i-6j)					
7. Program Income					

REDACTED
EXEMPTION 4

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Prescribed by OMB Circular A-102

Section C - Non-Federal Resources

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) **Totals**
8. Demonstration of Integrated Biorefinery Operations				
9.				
10.				
11.				
12. **Total** (sum of lines 8 - 11)				

REDACTED
EXEMPTION 4

Section D - Forecasted Cash Needs

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th quarter

13. Federal	
14. Non-Federal	
15. **Total** (sum of lines 13 and 14)	

REDACTED
EXEMPTION 4

Section E - Budget Estimates of Federal Funds Needed for Balance of the Project

(a) Grant Program	Future Funding Periods (Years) (b) First	(c) Second	(d) Third	(e) Fourth
16. Demonstration of Integrated Biorefinery Operations				
17.				
18.				
19.				
20. **Total** (sum of lines 16-19)				

REDACTED
EXEMPTION 4

Section F - Other Budget Information

21. Direct Charges	22. Indirect Charges

23. Remarks

SF-424A (Rev. 4-92)
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Instructions for the SF-424A

Public Reporting Burden for this collection of information is estimated to average 3.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Please do not return your completed form to the Office of Management and Budget; send it to the address provided by the sponsoring agency.

General Instructions
This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the later case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary Lines 1-4 Columns (a) and (b)
For applications pertaining to a **single** Federal grant program (Federal Domestic Assistance Catalog number) and **not requiring** a functional or activity breakdown, enter on Line 1 under Column (a) the catalog program title and the catalog number in Column (b).

For applications pertaining to a **single** program **requiring** budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the catalog program title on each line in **Column** (a) and the respective catalog number on each line in Column (b).
For applications pertaining to **multiple** programs where one or more programs **require** a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does

For continuing grant program applications, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

For supplemental grants and changes to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 5—Show the totals for all columns used.

Section B. Budget Categories
In the column headings (a) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.

Lines 6a-i—Show the totals of Lines 6a to 6h in each column.

Line 6j—Show the amount of indirect cost.

not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

Lines 1-4, Columns (c) through (g)

For new applications, leave Columns (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

Line 6k—Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

Line 7—Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount. Show under the program narrative statement the nature and source of income. The estimated amount of program income may be considered by the federal grantor agency in determining the total amount of the grant.

Section C. Non-Federal Resources

Lines 8-11—Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

Column (a)—Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

Column (b)—Enter the contribution to be made by the applicant.

Column (c)—Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

Column (d)—Enter the amount of cash and in-kind contributions to be made from all other sources.

Column (e)—Enter totals of Columns (b), (c), and (d).

Line 12—Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f) Section A.

Section D. Forecasted Cash Needs

Line 13—Enter the amount of cash needed by quarter from the grantor agency during the first year.

Line 14—Enter the amount of cash from all other sources needed by quarter during the first year.

Line 15—Enter the totals of amounts on Lines 13 and 14.

Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

Lines 16-19—Enter in Column (a) the same grant program titles shown in Column
(a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants.
If more than four lines are needed to list the program titles, submit additional schedules as necessary.

Line 20—Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

Section F. Other Budget Information

Line 21—Use this space to explain amounts for individual direct object-class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.

Line 22—Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

Line 23—Provide any other explanations or comments deemed necessary.

Applicant Name: Solazyme

Award Number: DE-FOA-0000096

Budget Information - Non Construction Programs

OMB Approval No. 0348-0044

Section A - Budget Summary

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Demonstration of Integrated Biorefinery Operations	81.087			$21,765,739		
2.				REDACTED		
3.				EXEMPTION 4		
4.						
5. Totals		$0		$21,765,739		

Section B - Budget Categories

6. Object Class Categories	Grant Program, Function or Activity (1)	(2)	(3)	(4)	Total (5)
a. Personnel					
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)					
j. Indirect Charges					
k. **Totals** (sum of 6i-6j)					
7. Program Income					

REDACTED EXEMPTION 4

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Prescribed by OMB Circular A-102

Section C - Non-Federal Resources

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) **Totals**
8. Demonstration of Integrated Biorefinery Operations				
9.			REDACTED	
10.			EXEMPTION 4	
11.				
12. **Total** (sum of lines 8 - 11)		$0		

Section D - Forecasted Cash Needs

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th quarter

13. Federal		REDACTED EXEMPTION 4
14. Non-Federal		
15. **Total** (sum of lines 13 and 14)		

Section E - Budget Estimates of Federal Funds Needed for Balance of the Project

(a) Grant Program	Future Funding Periods (Years) (b) First	(c) Second	(d) Third	(e) Fourth
16. Demonstration of Integrated Biorefinery Operations				
17.				
18.			REDACTED EXEMPTION 4	
19.				
20. **Total** (sum of lines 16-19)				

Section F - Other Budget Information

21. Direct Charges	22. Indirect Charges
23. Remarks	

SF-424A (Rev. 4-92)

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Instructions for the SF-424A

Public Reporting Burden for this collection of information is estimated to average 3.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Please do not return your completed form to the Office of Management and Budget; send it to the address provided by the sponsoring agency.

General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the later case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary Lines 1-4 Columns (a) and (b)

For applications pertaining to a **single** Federal grant program (Federal Domestic Assistance Catalog number) and **not requiring** a functional or activity breakdown, enter on Line 1 under Column (a) the catalog program title and the catalog number in Column (b).

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Line 6j—Show the amount of indirect cost.

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Line 23—Provide any other explanations or comments deemed necessary.

PMC123.1 - Budget Justification for SF 424A Budget

Instructions and Summary

Award Number: DE-FOA-0000096
Award Recipient: Solazyme

Date of Submission: 8/9/2011
Form submitted by: Solazyme
(May be award recipient or sub-recipient)

Please read the instructions on each page before starting.
If you have any questions, please ask your DOE contact. It will save you time!

On this form, provide detailed support for the estimated project costs identified on the SF-424A form (Budget).

- **The dollar amounts on this page must match the amounts on the associated SF-424A.**
- The award recipient and each sub-recipient with estimated costs of $100,000 or more must complete this form and a SF-424A form.
- The total budget presented on this form and on the SF424A must include both Federal (DOE), and Non-Federal (cost share) portions, thereby reflecting TOTAL PROJECT COSTS proposed.
- **For costs in each Object Class Category on the SF-424A, complete the corresponding worksheet on this form (tab at the bottom of the page).**
- **All costs incurred by the preparer's sub-recipients, vendors, contractors, consultants and Federal Research and Development Centers (FFRDCs), should be entered only in section f. Contractual. All other sections are for the costs of the preparer only.**

SUMMARY OF BUDGET CATEGORY COSTS PROPOSED

(Note: The values in this summary table are from entries made in each budget category sheet.)

CATEGORY	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Total Costs	Project Costs %	Comments (Add comments as needed)
a. Personnel						
b. Fringe Benefits						
c. Travel						
d. Equipment						
e. Supplies						
f. Contractual						
Sub-recipient						
FFRDC						
Vendor						
Total Contractual						
g. Construction						
h. Other Direct Costs						
i. Indirect Charges						
Total Project Costs						
Cost Share						
Cost Share as % of Total						

REDACTED
EXEMPTION 4

Additional Explanations/Comments (as necessary)

DOE Share	$969,594	$20,752,502	$31,314	$21,753,410

a. Personnel

PLEASE READ!!!

List costs solely for employees of the entity completing this form (award recipient or sub-recipient). All other personnel costs (of subrecipients or other contractual efforts of the entity preparing this) must be included under f., Contractual. This includes all consultants and FFRDCs.

Identify positions to be supported. Key personnel should be identified by title. All other personnel should be identified either by title or a group category. State the amounts of time (e.g., hours or % of time) to be expended, the composite base pay rate, total direct personnel compensation and identify the rate basis (e.g., actual salary, labor distribution report, technical estimate, state civil service rates, etc.).

Add rows as needed. Formulas/calculations will need to be entered by the preparer of this form. Please enter formulas as shown in the example.

Task # and Title	Position Title	Budget Period 1			Budget Period 2			Budget Period 3			Project Total Hours	Project Total Dollars	Rate Basis
		Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 1	Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 2	Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 3			

REDACTED
EXEMPTION 4

Task # and Title	Position Title	Budget Period 1			Budget Period 2			Budget Period 3			Project Total Hours	Project Total Dollars	Rate Basis
		Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 1	Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 2	Time (Hours)	Pay Rate ($/Hr)	Total Budget Period 3			
					2000	$85.00	$170,000						

REDACTED
EXEMPTION 4
