



# **Supply Chain Relationship Management System (SCRMS) Subcontract (SubK) Reporting Scenarios**

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

## Definitions

### Subcontract

Any agreement (other than one involving an employer/employee relationship) entered into by a US Postal Service contractor or subcontractor calling for products or services required for performance of the contract or subcontract.

### Direct Subcontracting

Directly attributable subcontract spend activity within the USPS contract reporting period for each specific agreement calling for products or services.

### Allocable (indirect) Subcontracting

Allocable contracting activity is derived from indirect cost information. Allocable subcontracting activity is any expenditure (other than a direct contract or purchase) by the supplier which can be associated with the contract in accordance with Generally Accepted Accounting Principles (GAAP).

Indirect subcontract spend activity within the USPS contract reporting period for each specific agreement calling for products or services as calculated using the following:  $(U / R) \times (TIS) = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - "Supplier A"
- R = Total Revenue within reporting period for "Supplier A"
- TIS = Total Indirect **S**ubcontract spend activity within reporting period
- AS = Allocable **S**ubcontracting within reporting period

### Number of Subcontracts (#SubKs)

Total number of subcontracts (direct awards, indirect awards, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services.

### Actions

Business category counts based on the number of subcontracts identified for each subcontractor. The Supply Chain Relationship Management System (SCRMS) will calculate Actions for the period total based on the figures entered into the "#SubKs" fields. Multiple business categories may apply to a subcontractor (see business category and classification definitions below).

### Business Category:

Size Classifications:

- Large Business - LB
- Small Business - SM

Diversity Classifications:

- Minority-owned Business - MO
- Woman-owned Business - WO

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**Small business:** A business, including an affiliate (see below), that is independently owned and operated, is not dominant in producing or performing the supplies or services being purchased, and has no more than 500 employees, unless a different size standard has been established by the Small Business Administration (see 13 CFR 121, particularly for different size standards for airline, railroad, and construction companies). For subcontracts of \$50,000 or less, a subcontractor having no more than 500 employees qualifies as a small business without regard to other factors.

**Affiliate:** A business, organization, person, or individual connected by the fact that one controls or has the power to control the other or by the fact that a third party controls or has the power to control both. Factors such as common ownership, common management, and contractual relationships may be considered. Franchise agreements are not conclusive evidence of affiliation if the franchisee has a right to profit in proportion to its ownership and bears the risk of loss or failure.

**Dominant:** Being a controlling or major influence in a market in which a number of businesses are primarily engaged. Factors such as business volume; number of employees; financial resources; competitiveness; ownership or control of materials, processes, patents, and license agreements; facilities; sales territory; and nature of the business must be considered.

**Minority business:** A minority business is a concern that is at least 51 percent owned by, and whose management and daily business operations are controlled by, one or more members of a socially and economically disadvantaged minority group, namely U.S. citizens who are Black Americans, Hispanic Americans, Native Americans, or Asian Americans. (Native Americans are American Indians, Eskimos, Aleuts, and Native Hawaiians. Asian Americans are U.S. citizens whose origins are Japanese, Chinese, Filipino, Vietnamese, Korean, Samoan, Laotian, Kampuchea (Cambodian), Taiwanese, in the U.S. Trust Territories of the Pacific Islands or in the Indian subcontinent.)

**Woman-owned business:** A concern at least 51 percent of which is owned by a woman (or women) who is a U.S. citizen, controls the firm by exercising the power to make policy decisions, and operates the business by being actively involved in day-to-day management.

**Number of employees:** Average employment (including domestic and foreign affiliates), based on the number of people employed (whether full-time, part-time, or temporary), during each pay period of the preceding 12 months, or, if the business has been in existence less than 12 months, during each pay period of its existence.

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### **Suppliers Use of Subcontractors**

In accordance with Clause 3-2: Participation of Small, Minority-, and Woman-Owned Businesses (SMWOBs), the policy of the Postal Service is to encourage the participation of small, minority-, and woman-owned businesses in its purchases of supplies and services to the maximum extent practicable, consistent with efficient contract performance. The supplier agrees to follow the same policy in performing this contract and also agrees that any eventual subcontractors will also follow the same policy.

Clause 9-9: Equal Opportunity Preaward Compliance of Subcontracts states that a Prime Supplier may not enter into a first-tier subcontract for an estimated or actual amount of \$10 million or more without obtaining in writing from the Contracting Officer a clearance that the proposed subcontractor is in compliance with equal opportunity requirements and therefore eligible for award.

### **Supplier Reports**

Each supplier awarded a contract valued at \$500,000 or more must submit calendar-quarter reports on its subcontracting activity for that contract. Three types of reporting methods may be used: (1) reports showing direct subcontract awards, awarded under the Postal Service contract; (2) reports showing subcontracting activity that is allocable to the Postal Service contract using generally accepted accounting principles; or (3) reports that are a combination of the two.

During discussions, the Purchase/SCM Team and the Supplier must agree to which type of report will be used. The supplier will submit, via the SCRMS system, an electronic report to the contracting officer within 15 calendar days after the end of each calendar-year quarter, describing all subcontract awards to small, minority, or woman-owned businesses. The contracting officers may require more frequent reports

### **Supplier Plans**

Plans which specifically address subcontracting with SMWOBs are required for all contracts valued at \$1 million or more. Unless formally waived by the contracting officer for urgent and compelling business reasons, suppliers must submit the plans with their proposals, and plans must be agreed to before award of the contract (small businesses are exempt from the plan requirement).

**See U.S. Postal Service Supplying Principles and Practices located at:**

<http://www.usps.com/suppliers/publications.htm>

### **Clauses & Provisions**

Clause 3-1: Small, Minority-, and Woman-Owned Business Subcontracting Requirements

Clause 3-2: Participation of Small, Minority-, and Woman-Owned Businesses

Provision 3-1: Notice of Small, Minority, and Woman-owned Business Subcontracting Requirements

### **Laws**

Executive Order (EO) 11246

Title 41 Code of Federal Regulations (CFR) 60-1.1

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## Scenarios

The following scenarios illustrate how to report, on a calendar-quarter basis, subcontracting activity for contracts valued at \$500,000 or more and contracts valued at \$1million or more with negotiated subcontracting plans which specifically address small, minority and woman-owned business participation.

**Note:** Subcontracting activity for contracts with foreign suppliers are excluded from SCRMS.

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### Supplier Reports: Contacts valued at \$500,000 or more with no plan requirement

#### Example 1: Supplies, Services, and Mail Equipment

In April of 2008, Robeson Inc., a small, minority-owned printing firm was awarded a 1-year \$750K USPS contract with a 1-year option. Because the contract is above \$500K but below \$1M, a subcontracting plan is not required. As a small business, Robeson Inc. must report their subcontracting activity indicating their total subcontracting on a quarterly basis.

Total of USPS contracts awarded to Robeson Inc. = \$ 750 K  
 Total Subcontracting = \$ 187.5K

|        | Supplier                    | Total Contract \$750,000 | %              |
|--------|-----------------------------|--------------------------|----------------|
|        | <b>Prime Supplier</b>       | <b>\$ 562,500</b>        | <b>75.0 %</b>  |
|        | <b>Total Subcontracting</b> | <b>\$ 187,500</b>        | <b>25.0 %</b>  |
| SM     | Johnny's Office Supplies    | \$ 52,500                | 7.0 %          |
| LB, MO | R & J Support Services      | \$ 90,000                | 12.0 %         |
| SM, WO | Dana's Electric             | \$ 45,000                | 6.0 %          |
|        | <b>Total</b>                | <b>\$ 750,000</b>        | <b>100.0 %</b> |

|        | Supplier                 | Total Subcontracting Contract \$187,500 | %              |
|--------|--------------------------|---|----------------|
| SM     | Johnny's Office Supplies | \$ 52,500                               | 28.0 %         |
| LB, MO | R & J Support Services   | \$ 90,000                               | 48.0 %         |
| SM, WO | Dana's Electric          | \$ 45,000                               | 24.0 %         |
|        | <b>Total</b>             | <b>\$ 187,500</b>                       | <b>100.0 %</b> |

| <b>By Size Classification</b>      |                   |             |
|------------------------------------|-------------------|-------------|
| Large Businesses:                  | \$ 90,000         | 48%         |
| Small Business:                    | \$ 97,500         | 52%         |
|                                    | <b>\$ 187,500</b> | <b>100%</b> |
| <b>By Diversity Classification</b> |                   |             |
| Minority Businesses:               | \$ 90,000         |             |
| Women Businesses:                  | \$ 45,000         |             |

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 1a: Direct Reporting (Supplies, Services, and Mail Equipment)**

Using the Subcontracting information provided in Example 1 – Robeson Inc. made three contract awards to suppliers whose work is directly attributable to the Postal contract. Quarter III, Robeson Inc.'s subcontracting activity totaled \$46,875.

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Robeson Inc. and the Postal Service, Robeson Inc. will report subcontracting activity showing the amount of money paid to subcontractors during the report period using generally accepted accounting principles.*

Total of USPS contract awarded to Robeson Inc. = \$ 750 K  
 Total Subcontracting = \$ 187.5 K

|        | Supplier                 | Direct Subcontract Activity |
|--------|--------------------------|-----------------------------|
| SM     | Johnny's Office Supplies | \$ 13,125                   |
| LB, MO | R & J Support Services   | \$ 22,500                   |
| SM, WO | Dana's Electric          | \$ 11,250                   |
|        | <b>Total</b>             | <b>\$ 46,875</b>            |

**Quarter III Subcontracting**

**By Size Classification**

Large Businesses: \$ 22,500 48%  
 Small Business: \$ 24,375 52%  
**\$ 46,875 100%**

**By Diversity Classification**

Minority Businesses: \$ 22,500  
 Women Businesses: \$ 11,250

**Example1a: Subcontract Supplier Submission Report**

**Supplier's Name:** Robeson Inc.  
**Contract Number:** 04291986  
  
**USPS Contracting Officer's Name:** Nick Morrow  
**Reporting Period:** Quarter III (04/1–06/30)

|                 | Negotiated Goals |   | Period Total |         | Cumulative to Plan |   |
|-----------------|------------------|---|--------------|---------|--------------------|---|
|                 | Dollars          | % | Dollars      | Actions | Dollars            | % |
| <b>Minority</b> |                  |   | \$ 22,500    | 1       |                    |   |
| <b>Women</b>    |                  |   | \$ 11,250    | 1       |                    |   |
| <b>Small</b>    |                  |   | \$ 24,375    | 2       |                    |   |
| <b>Large</b>    |                  |   | \$ 22,500    | 1       |                    |   |

| Name                     | City, State | Zip + 4    | ** #SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |           | Business Category |       |       |       |
|--------------------------|-------------|------------|-----------|------------|-------------------------------|-------------------|-----------|-------------------|-------|-------|-------|
|                          |             |            |           |            |                               | Direct            | Allocated | Minority          | Women | Small | Large |
| Johnny's Office Supplies | Orlando, FL | 32801-9999 | 1         | 424120     | \$ 13,125                     | \$ 13,125         |           |                   |       | X     |       |
| R & J Support Services   | Tampa, FL   | 33607-9999 | 1         | 541513     | \$ 22,500                     | \$ 22,500         |           | X                 |       |       | X     |
| Dana's Electric          | Orlando, FL | 32805-9999 | 1         | 237990     | \$ 11,250                     | \$ 11,250         |           |                   | X     | X     |       |
| <b>Totals</b>            |             |            | <b>3</b>  |            | <b>\$ 46,875</b>              | <b>\$ 46,875</b>  |           |                   |       |       |       |

**\*\*Note: Number of Subcontracts (# Subk's)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate total actions per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 1b: Allocable Reporting (Supplies, Services, and Mail Equipment)**

Using the Subcontracting information provided in Example 1 – In Quarter III, Robeson Inc. received \$200K towards the Postal contract. Additionally, Robeson Inc.’s total revenue was \$2M. During that time, Robeson Inc. spent a total of \$600K to support the operations of his business including expenditures that are associated with the Postal contract (e.g. office supplies, support services, and utilities).

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Robeson Inc. and the Postal Service, Robeson Inc. will report showing subcontracting activity that is allocable to the contract during the report period using generally accepted accounting principles.*

Use the following formula to calculate the allocable spend for the reporting period:  
 $(U / R) \times TIS = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - “Supplier A”
- R = Total **Revenue** within reporting period for “Supplier A”
- TIS = Total **Indirect Subcontract** spend activity within reporting period
- AS = **Allocable Subcontracting** within reporting period

Quarter I

U=\$ 200K

R=\$ 2M

TIS=\$ 600K

AS=Total Allocable Subcontracting within Quarter I

$(U=\$200K / \$2M) \times (\$600K) = \$ 60,000$  Allocable Subcontracting

Total dollars paid to Robeson Inc. against USPS contract: \$ 200K  
 Robeson Inc.’s total revenue (Quarter III):           \$ 2M  
**% of Robeson’s Dependency on USPS (200k/2M)                   10.0%**

|        | <b>Supplier</b>          | <b>Expenditures</b> | <b>%</b>   | <b>USPS Allocated Dollar</b> |
|--------|--------------------------|---------------------|------------|------------------------------|
| SM     | Johnny’s Office Supplies | \$ 115,000          | 10%        | \$ 11,500                    |
| LB, MO | R & J Support Services   | \$ 330,000          | 10%        | \$ 33,000                    |
| SM, WO | Dana’s Electric          | \$ 155,000          | 10%        | \$ 15,500                    |
|        | <b>Total</b>             | <b>\$ 600,000</b>   | <b>10%</b> | <b>\$ 60,000</b>             |

| <b>Quarter III Subcontracting</b>  |             |
|------------------------------------|-------------|
| <b>By Size Classification</b>      |             |
| Large Businesses: \$ 33,000        | 55%         |
| Small Business: \$ 27,000          | 45%         |
| <b>\$ 60,000</b>                   | <b>100%</b> |
| <b>By Diversity Classification</b> |             |
| Minority Businesses: \$ 33,000     |             |
| Women Businesses: \$ 15,500        |             |

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**Example 1b: Allocable Reporting (Supplies, Services, and Mail Equipment)**

**Example 1b: Subcontract Supplier Submission Report**

**Supplier's Name:** Robeson Inc.  
**Contract Number:** 04291986

**USPS Contracting Officer's Name:** Nick Morrow  
**Reporting Period:** Quarter III (04/1–06/30)

|                 | Negotiated Goals |   | Period Total |         | Cumulative to Plan |   |
|-----------------|------------------|---|--------------|---------|--------------------|---|
|                 | Dollars          | % | Dollars      | Actions | Dollars            | % |
| <b>Minority</b> |                  |   | \$ 33,000    | 1       |                    |   |
| <b>Women</b>    |                  |   | \$ 15,500    | 1       |                    |   |
| <b>Small</b>    |                  |   | \$ 27,000    | 2       |                    |   |
| <b>Large</b>    |                  |   | \$ 33,000    | 1       |                    |   |

| Name                     | City, State | Zip + 4    | ** #SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |                  | Business Category |       |       |       |   |
|--------------------------|-------------|------------|-----------|------------|-------------------------------|-------------------|------------------|-------------------|-------|-------|-------|---|
|                          |             |            |           |            |                               | Direct            | Allocated        | Minority          | Women | Small | Large |   |
| Johnny's Office Supplies | Orlando, FL | 32801-9999 | 1         | 424120     | \$ 11,500                     |                   | \$ 11,500        |                   |       |       | X     |   |
| R & J Support Services   | Tampa, FL   | 33607-9999 | 1         | 541513     | \$ 33,000                     |                   | \$ 33,000        | X                 |       |       |       | X |
| Dana's Electric          | Orlando, FL | 32805-9999 | 1         | 237990     | \$ 15,500                     |                   | \$ 15,500        |                   | X     | X     |       |   |
| <b>Totals</b>            |             |            | <b>3</b>  |            | <b>\$ 60,000</b>              |                   | <b>\$ 60,000</b> |                   |       |       |       |   |

**\*\*Note: Number of Subcontracts (# Subk's)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate total actions per business category.

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**Example 1c: Combination (Direct & Allocable) Reporting (Supplies, Services, and Mail Equipment)**

Using the Subcontracting information provided in Example 1 – In Quarter III, Robeson Inc. received \$200K towards the Postal contract. Additionally, Robeson Inc.’s total revenue was \$2M. During that time, Robeson Inc. made an award of \$25K that was directly attributable to the Postal Contract. The company spent a total of \$600K to support the operations of his business including expenditures that are associated with the Postal contract (e.g. office supplies, support services, and utilities).

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Robeson Inc. and the Postal Service, Robeson Inc. will report a combination of subcontracting activity showing the amount of money paid to subcontractors, and showing subcontracting activity that is allocable to the contract using generally accepted accounting principles for the report period.*

Use the following formula to calculate the allocable spend for the reporting period:  
 $(U / R) \times (TIS) = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - “Supplier A”
- R = Total **Revenue** within reporting period for “Supplier A”
- TIS = Total **Indirect Subcontract** spend activity within reporting period
- AS = **Allocable Subcontracting** within reporting period

Quarter I  
 U=\$ 200K  
 R=\$ 2M  
 TIS=\$600K  
 AS=Total Allocable Subcontracting within Quarter I

$(U=\$200K / \$2M) \times (\$600K) = \$ 60,000$  Allocable Subcontracting

Total dollars paid to Robeson Inc. against USPS contract: \$ 200K  
 Robeson Inc. total revenue (Quarter I):           \$ 2M  
**% of Robeson Inc.’s Dependency on USPS (200K/2M)   10%**

|        | Supplier                 | Direct Subcontract Activity |            |                       |
|--------|--------------------------|-----------------------------|------------|-----------------------|
| LB, MO | R & J Support Services   | \$ 25,000                   |            |                       |
|        | <b>Total</b>             | <b>\$ 25,000</b>            |            |                       |
|        | Supplier                 | Expenditures                | %          | USPS Allocated Dollar |
| SM     | Johnny’s Office Supplies | \$ 115,000                  | 10%        | \$ 11,500             |
| LB, MO | R & J Support Services   | \$ 330,000                  | 10%        | \$ 33,000             |
| SM, WO | Dana’s Electric          | \$ 155,000                  | 10%        | \$ 15,500             |
|        | <b>Total</b>             | <b>\$ 600,000</b>           | <b>10%</b> | <b>\$ 60,000</b>      |

| <b>Quarter III Subcontracting</b>  |             |
|------------------------------------|-------------|
| <b>By Size Classification</b>      |             |
| Large Businesses: \$ 58,000        | 68%         |
| Small Business: <u>\$ 27,000</u>   | <u>32%</u>  |
| <b>\$ 85,000</b>                   | <b>100%</b> |
| <b>By Diversity Classification</b> |             |
| Minority Businesses: \$ 58,000     |             |
| Women Businesses: \$ 15,500        |             |

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**Example 1c: Combination (Direct & Allocable) Reporting (Supplies, Services, and Mail Equipment)**

**Example 1c: Subcontract Supplier Submission Report**

**Supplier's Name:** Robeson Inc.  
**Contract Number:** 04291986

**USPS Contracting Officer's Name:** Nick Morrow  
**Reporting Period:** Quarter III (04/1–06/30)

|                 | Negotiated Goals |   | Period Total |         | Cumulative to Plan |   |
|-----------------|------------------|---|--------------|---------|--------------------|---|
|                 | Dollars          | % | Dollars      | Actions | Dollars            | % |
| <b>Minority</b> |                  |   | \$ 58,000    | 1       |                    |   |
| <b>Women</b>    |                  |   | \$ 15,500    | 1       |                    |   |
| <b>Small</b>    |                  |   | \$ 27,000    | 2       |                    |   |
| <b>Large</b>    |                  |   | \$ 58,000    | 1       |                    |   |

| Name                     | City, State | Zip + 4    | ** #SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |                  | Business Category |       |       |       |
|--------------------------|-------------|------------|-----------|------------|-------------------------------|-------------------|------------------|-------------------|-------|-------|-------|
|                          |             |            |           |            |                               | Direct            | Allocated        | Minority          | Women | Small | Large |
| Johnny's Office Supplies | Orlando, FL | 32801-9999 | 1         | 424120     | \$ 11,500                     |                   | \$ 11,500        |                   |       | X     |       |
| R & J Support Services   | Tampa, FL   | 33607-9999 | 1         | 541513     | \$ 58,000                     | \$ 25,000         | \$ 33,000        | X                 |       |       | X     |
| Dana's Electric          | Orlando, FL | 32805-9999 | 1         | 237990     | \$ 15,500                     |                   | \$ 15,500        |                   | X     | X     |       |
| <b>Totals</b>            |             |            | <b>3</b>  |            | <b>\$ 85,000</b>              | <b>\$25,000</b>   | <b>\$ 60,000</b> |                   |       |       |       |

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**Supplier Reports: Contracts valued at \$1million or more with negotiated subcontracting plan requirements**

**Example 2: Supplies, Services, and Mail Equipment**

Bennett, LLC, a technology support services company, was awarded a 3-year \$12M USPS contract with two option years. Because the contract is above \$1M a Subcontracting Plan is required. Bennett LLC negotiated a Subcontracting Plan indicating total subcontracting would be \$2M ((Large business – 70% & Small business – 30%) (Minority-owned business – 70% & Woman-owned business – 12%))

Subcontracting Plan for Bennett LLC

Total USPS Contract for Bennett LLC = \$12M  
 Total Subcontracting = \$ 2M

|        | Supplier                    | Total Subcontracting Plan \$12M | %              |
|--------|-----------------------------|---------------------------------|----------------|
|        | <b>Prime Supplier</b>       | <b>\$ 10,000,000</b>            | <b>83.0 %</b>  |
|        | <b>Total Subcontracting</b> | <b>\$ 2,000,000</b>             | <b>17.0%</b>   |
| SM     | Michael’s Office Products   | \$ 360,000                      | 3.0 %          |
| LB, MO | DSY Support Services        | \$ 1,400,000                    | 12.0 %         |
| SM, WO | Elaine’s Electrical         | \$ 240,000                      | 2.0 %          |
|        | <b>Total</b>                | <b>\$12,000,000</b>             | <b>100.0 %</b> |

|        | Supplier                    | Total Subcontracting \$2M | %             |
|--------|-----------------------------|---------------------------|---------------|
| SM     | Michael’s Office Products   | \$ 360,000                | 18.0 %        |
| LB, MO | DSY Support Services        | \$ 1,400,000              | 70.0 %        |
| SM,WO  | Elaine’s Electrical         | \$ 240,000                | 12.0 %        |
|        | <b>Total Subcontracting</b> | <b>\$ 2,000,000</b>       | <b>100.0%</b> |

| <b>Total Subcontracting Plan</b>          |                          |
|---|--------------------------|
| <b><u>By Size Classification</u></b>      |                          |
| Large Businesses:                         | \$ 1,400,000 70%         |
| Small Business:                           | \$ 600,000 30%           |
|   | <b>\$ 2,000,000 100%</b> |
| <b><u>By Diversity Classification</u></b> |                          |
| Minority Businesses:                      | \$ 1,400,000             |
| Women Businesses:                         | \$ 240,000               |

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 2a: Direct Reporting (Supplies, Services, and Mail Equipment)**

Using the Subcontracting information provided in Example 2 – Bennett LLC made three contract awards to suppliers whose work is directly attributable to the Postal contract. Quarter I, Bennett LLC’s subcontracting activity totaled \$250k.

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Bennett LLC and the Postal Service, Bennett LLC will report subcontracting activity showing the amount of money paid to subcontractors during the report period using generally accepted accounting principles.*

Total of USPS contract awarded to Bennett LLC = \$12M  
 Total Subcontracting = \$ 2M

|        | Supplier                  | Direct Subcontract Activity |
|--------|---------------------------|-----------------------------|
| SM     | Michael’s Office Products | \$ 60,000                   |
| LB, MO | DSY Support Services      | \$ 115,000                  |
| SM, WO | Elaine’s Electrical       | \$ 75,000                   |
|        | <b>Total</b>              | <b>\$ 250,000</b>           |

**Quarter I Subcontracting**

**By Size Classification**

Large Businesses: \$ 115,000 46%  
 Small Business: \$ 135,000 54%  
**\$ 250,000 100%**

**By Diversity Classification**

Minority Businesses: \$ 115,000  
 Women Businesses: \$ 75,000

**Example 2a: Subcontract Supplier Submission Report**

**Supplier’s Name:** Bennett LLC  
**Contract Number:** 0123456

**USPS Contracting Officer’s Name:** J.C. Johnson  
**Reporting Period:** Quarter I (10/1–12/31)

|                 | Negotiated Goals |     | Period Total |         | Cumulative to Plan |       |
|-----------------|------------------|-----|--------------|---------|--------------------|-------|
|                 | Dollars          | %   | Dollars      | Actions | Dollars            | %     |
| <b>Minority</b> | \$1,400,000      | 70% | \$115,000    | 1       | \$115,000          | 8.2%  |
| <b>Women</b>    | \$ 240,000       | 12% | \$ 75,000    | 1       | \$ 75,000          | 31.3% |
| <b>Small</b>    | \$ 600,000       | 30% | \$135,000    | 2       | \$135,000          | 22.5% |
| <b>Large</b>    | \$1,400,000      | 70% | \$115,000    | 1       | \$115,000          | 8.2%  |

| Name                      | City, State   | Zip + 4    | ** #SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |           | Business Category |       |       |       |
|---------------------------|---------------|------------|-----------|------------|-------------------------------|-------------------|-----------|-------------------|-------|-------|-------|
|                           |               |            |           |            |                               | Direct            | Allocated | Minority          | Women | Small | Large |
| Michael’s Office Products | Arlington, VA | 22201-9999 | 1         | 424120     | \$ 60,000                     | \$ 60,000         |           |                   |       | X     |       |
| DSY Support Services      | Arlington, VA | 22201-9999 | 1         | 541513     | \$ 115,000                    | \$ 115,000        |           | X                 |       |       | X     |
| Elaine’s Electrical       | Arlington, VA | 22201-9999 | 1         | 237990     | \$ 75,000                     | \$ 75,000         |           |                   | X     | X     |       |
| <b>Totals</b>             |               |            | <b>3</b>  |            | <b>\$ 250,000</b>             | <b>\$ 250,000</b> |           |                   |       |       |       |

**\*\*Note: Number of Subcontracts (# Subk’s)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk’s reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 2b: Allocable Reporting (Supplies, Services, and Mail Equipment)**

Using the Subcontracting information provided in Example 2 – In Quarter I, Bennett LLC received \$1M towards the Postal contract. Additionally, Bennett LLC’s total revenue was \$5M. During that time, Bennett LLC spent a total of \$833,335 to support the operations of his business including expenditures that are associated with the Postal contract (e.g. office supplies, support services, and utilities).

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Bennett LLC and the Postal Service, Bennett LLC will report showing subcontracting activity that is allocable to the contract during the report period using generally accepted accounting principles.*

Use the following formula to calculate the allocable spend for the reporting period:  
 $(U / R) \times (TIS) = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - “Supplier A”
- R = Total **Revenue** within reporting period for “Supplier A”
- TIS = Total **Indirect Subcontract** spend activity within reporting period
- AS = **Allocable Subcontracting** within reporting period

Quarter I

U=\$ 1M

R=\$ 5M

TIS=\$833,335

AS=Total Allocable Subcontracting within Quarter I

$(U=\$1M / \$5M) \times (\$833,335) = \$166,667$  Allocable Subcontracting

Total dollars paid to Bennett LLC against USPS contract: \$ 1M  
 Bennett LLC total revenue (Quarter I): \$ 5M  
**% of Bennett’s Dependency on USPS (1M/5M) 20%**

|        | Supplier                  | Expenditures      | %          | USPS Allocated Dollar |
|--------|---------------------------|-------------------|------------|-----------------------|
| SM     | Michael’s Office Products | \$ 420,000        | 20%        | \$ 84,000             |
| LB, MO | DSY Support Services      | \$ 210,000        | 20%        | \$ 42,000             |
| SM, WO | Elaine’s Electrical       | \$ 203,335        | 20%        | \$ 40,667             |
|        | <b>Total</b>              | <b>\$ 833,335</b> | <b>20%</b> | <b>\$ 166,667</b>     |

| <b>Quarter I Subcontracting</b>    |             |
|------------------------------------|-------------|
| <b>By Size Classification</b>      |             |
| Large Businesses: \$ 42,000        | 25%         |
| Small Business: \$ 124,667         | 75%         |
| <b>\$166,667</b>                   | <b>100%</b> |
| <b>By Diversity Classification</b> |             |
| Minority Businesses: \$ 42,000     |             |
| Women Businesses: \$ 40,667        |             |

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 2b: Allocable Reporting (Supplies, Services, and Mail Equipment)**

**Example 2b: Subcontract Supplier Submission Report**

**Supplier's Name:** Bennett LLC

**Contract Number:** 0123456

**USPS Contracting Officer's Name:** J.C. Johnson

**Reporting Period:** Quarter I (10/1–12/31)

|                 | Negotiated Goals |     | Period Total |         | Cumulative to Plan |       |
|-----------------|------------------|-----|--------------|---------|--------------------|-------|
|                 | Dollars          | %   | Dollars      | Actions | Dollars            | %     |
| <b>Minority</b> | \$1,400,000      | 70% | \$ 42,000    | 1       | \$ 42,000          | 3.0%  |
| <b>Women</b>    | \$ 240,000       | 12% | \$ 40,667    | 1       | \$ 40,667          | 17.0% |
| <b>Small</b>    | \$ 600,000       | 30% | \$ 124,667   | 2       | \$ 124,667         | 21.0% |
| <b>Large</b>    | \$1,400,000      | 70% | \$ 42,000    | 1       | \$ 42,000          | 3.0%  |

| Name                      | City, State   | Zip + 4    | ** # SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |                   | Business Category |       |       |       |
|---------------------------|---------------|------------|------------|------------|-------------------------------|-------------------|-------------------|-------------------|-------|-------|-------|
|                           |               |            |            |            |                               | Direct            | Allocated         | Minority          | Women | Small | Large |
| Michael's Office Products | Arlington, VA | 22201-9999 | 1          | 424120     | \$ 84,000                     |                   | \$ 84,000         |                   |       | X     |       |
| DSY Support Services      | Arlington, VA | 22201-9999 | 1          | 541513     | \$ 42,000                     |                   | \$ 42,000         | X                 |       |       | X     |
| Elaine's Electrical       | Arlington, VA | 22201-9999 | 1          | 237990     | \$ 40,667                     |                   | \$ 40,667         |                   | X     | X     |       |
| <b>Totals</b>             |               |            | <b>3</b>   |            | <b>\$ 166,667</b>             |                   | <b>\$ 166,667</b> |                   |       |       |       |

**\*\*Note: Number of Subcontracts (# SubKs)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 2c: Combination (Direct & Allocable) Reporting (Supplies, Services, and Mail Equipment)**

Using the Subcontracting information provided in Example 2 – In Quarter I, Bennett LLC received \$1M towards the Postal contract; the company's total revenue was \$5M. During that time, Bennett LLC made an award of \$100k that was directly attributable to the Postal Contract. The company spent a total of \$833,335 to support the operations of the business including expenditures that are associated with the Postal contract (e.g. office supplies, support services, and utilities).

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Bennett LLC and the Postal Service, Bennett LLC will report a combination of subcontracting activity showing the amount of money paid to subcontractors, and showing subcontracting activity that is allocable to the contract using generally accepted accounting principles for the report period.*

Use the following formula to calculate the allocable spend for the reporting period:  
 $(U / R) \times TIS = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - "Supplier A"
- R = Total **Revenue** within reporting period for "Supplier A"
- TIS = Total **Indirect Subcontract** spend activity within reporting period
- AS = **Allocable Subcontracting** within reporting period

Quarter I

U=\$ 1M

R=\$ 5M

TIS=\$833,335

AS=Total Allocable Subcontracting within Quarter I

$(U=\$1M / \$5M) \times (\$833,335) = \$166,667$  Allocable Subcontracting

Total dollars paid to Bennett LLC against USPS contract: \$ 1M  
 Bennett LLC total revenue (Quarter I): \$ 5M  
**% of Bennett LLC's Dependency on USPS (1M/5M) 20%**

|        | Supplier                  | Direct Subcontract Activity |            |                       |
|--------|---------------------------|-----------------------------|------------|-----------------------|
| LB, MO | DSY Support Services      | \$ 100,000                  |            |                       |
|        | <b>Total</b>              | <b>\$100,000</b>            |            |                       |
|        | Supplier                  | Expenditures                | %          | USPS Allocated Dollar |
| SM     | Michael's Office Products | \$ 420,000                  | 20%        | \$ 84,000             |
| LB, MO | DSY Support Services      | \$ 210,000                  | 20%        | \$ 42,000             |
| SM, WO | Elaine's Electrical       | \$ 203,335                  | 20%        | \$ 40,667             |
|        | <b>Total</b>              | <b>\$ 833,335</b>           | <b>20%</b> | <b>\$ 166,667</b>     |

| <b>Quarter I Subcontracting</b>    |             |
|------------------------------------|-------------|
| <b>By Size Classification</b>      |             |
| Large Businesses: \$ 142,000       | 53%         |
| Small Business: \$ 124,667         | 47%         |
| <b>\$ 266,667</b>                  | <b>100%</b> |
| <b>By Diversity Classification</b> |             |
| Minority Businesses: \$ 142,000    |             |
| Women Businesses: \$ 40,667        |             |

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 2c: Combination (Direct & Allocable) Reporting (Supplies, Services, and Mail Equipment)**

**Example 2c: Subcontract Supplier Submission Report**

**Supplier's Name:** Bennett LLC

**Contract Number:** 0123456

**USPS Contracting Officer's Name:** J.C. Johnson

**Reporting Period:** Quarter I (10/1–12/31)

|                 | Negotiated Goals |     | Period Total |         | Cumulative to Plan |       |
|-----------------|------------------|-----|--------------|---------|--------------------|-------|
|                 | Dollars          | %   | Dollars      | Actions | Dollars            | %     |
| <b>Minority</b> | \$1,400,000      | 70% | \$ 142,000   | 2       | \$ 142,000         | 10.1% |
| <b>Women</b>    | \$ 240,000       | 12% | \$ 40,667    | 1       | \$ 40,667          | 17.0% |
| <b>Small</b>    | \$ 600,000       | 30% | \$ 124,667   | 2       | \$ 124,667         | 21.0% |
| <b>Large</b>    | \$1,400,000      | 70% | \$ 142,000   | 2       | \$ 142,000         | 10.1% |

| Name                      | City, State   | Zip + 4    | ** # SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |                   | Business Category |       |       |       |
|---------------------------|---------------|------------|------------|------------|-------------------------------|-------------------|-------------------|-------------------|-------|-------|-------|
|                           |               |            |            |            |                               | Direct            | Allocated         | Minority          | Women | Small | Large |
| Michael's Office Products | Arlington, VA | 22201-9999 | 1          | 424120     | \$ 84,000                     |                   | \$ 84,000         |                   |       | X     |       |
| DSY Support Services      | Arlington, VA | 22201-9999 | 2          | 541513     | \$ 142,000                    | \$100,000         | \$ 42,000         | X                 |       |       | X     |
| Elaine's Electrical       | Arlington, VA | 22201-9999 | 1          | 237990     | \$ 40,667                     |                   | \$ 40,667         |                   | X     | X     |       |
| <b>Totals</b>             |               |            | <b>4</b>   |            | <b>\$ 266,667</b>             | <b>\$100,000</b>  | <b>\$ 166,667</b> |                   |       |       |       |

**\*\*Note: Number of Subcontracts (# SubKs)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM



**Example 3: Facilities**

In October, 2008, B&B Construction was awarded a 3-month \$12M USPS contract to renovate a facility after a tornado. Because B&B Construction's contract is above \$1M, B&B negotiated a subcontracting plan indicating total subcontracting would be \$2.4M. Large business goal was set at 65%, small business goal at 35%, minority-owned business goal at 35%, the women-owned business goal at 50%.

Total of USPS contracts awarded to B&B Construction = \$12.0M  
 Total Subcontracting = \$ 2.4M

|        | Supplier             | Total Contract \$12,000,000 | %              |
|--------|----------------------|-----------------------------|----------------|
|        | Prime Supplier       | \$ 9,600,000                | 80.0 %         |
|        | Total Subcontracting | \$ 2,400,000                | 20.0%          |
| LB     | Roofing King         | \$ 360,000                  | 3.0 %          |
| LB, WO | Rachelle's Cabling   | \$ 1,200,000                | 10.0 %         |
| SM, MO | Spartan Drywall      | \$ 840,000                  | 7.0 %          |
|        | <b>Total</b>         | <b>\$12,000,000</b>         | <b>100.0 %</b> |

**Quarter I Subcontracting**

Large Businesses: \$ 1,560,000 65%  
 Small Business: \$ 840,000 35%  
**\$ 2,400,000 100%**

**By Diversity Classification**

Minority Businesses: \$ 840,000  
 Women Businesses: \$ 1,200,000

|        | Supplier                    | Total Subcontracting \$2,400,000 | %             |
|--------|-----------------------------|----------------------------------|---------------|
| LB     | Roofing King                | \$ 360,000                       | 15.0 %        |
| LB, WO | Rachelle's Cabling          | \$ 1,200,000                     | 50.0 %        |
| SM, MO | Spartan Drywall             | \$ 840,000                       | 35.0 %        |
|        | <b>Total Subcontracting</b> | <b>\$ 2,400,000</b>              | <b>100.0%</b> |

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 3a: Direct Reporting (Facilities)**

Using the subcontracting information provided in Example 3 - B&B Construction made three contract awards to suppliers whose work is directly attributable to the Postal contract. Quarter I, B&B Construction's subcontracting activity totaled \$2.6M, which exceeded the negotiated goal.

*SPs&Ps Clause 3-2 . . . Subject to the agreement between B&B Construction and the Postal Service, B&B will report subcontracting activity showing the amount of money paid to subcontractors during the report period using generally accepted accounting principles.*

Total of USPS contracts awarded to B&B Construction = \$ 12.0M  
 Total Subcontracting = \$ 2.6M

|        | Supplier                    | Direct Subcontract Activity |
|--------|-----------------------------|-----------------------------|
| LB     | Roofing King                | \$ 500,000                  |
| LB, WO | Rachelle's Cabling          | \$ 1,200,000                |
| SM, MO | Spartan Drywall             | \$ 900,000                  |
|        | <b>Total Subcontracting</b> | <b>\$ 2,600,000</b>         |

| <u>Quarter I Subcontracting</u>    |                     |             |
|------------------------------------|---------------------|-------------|
| Large Businesses:                  | \$ 1,700,000        | 65%         |
| Small Business:                    | \$ 900,000          | 35%         |
|                                    | <b>\$ 2,600,000</b> | <b>100%</b> |
| <u>By Diversity Classification</u> |                     |             |
| Minority Businesses:               | \$ 900,000          |             |
| Women Businesses:                  | \$ 1,200,000        |             |

**Example 3a: Subcontract Supplier Submission Report**

**Supplier's Name:** B&B Construction  
**Contract Number:** 987654

**USPS Contracting Officer's Name:** M.C. Blue  
**Reporting Period:** Quarter I (10/1 – 12/31)

|                 | Negotiated Goals |        | Period Total |         | Cumulative to Plan |       |
|-----------------|------------------|--------|--------------|---------|--------------------|-------|
|                 | Dollars          | %      | Dollars      | Actions | Dollars            | %     |
| <b>Minority</b> | \$ 840,000       | 35.0 % | \$ 900,000   | 1       | \$ 900,000         | 107 % |
| <b>Women</b>    | \$1,200,000      | 50.0%  | \$1,200,000  | 1       | \$1,200,000        | 100 % |
| <b>Small</b>    | \$ 840,000       | 35.0 % | \$ 900,000   | 1       | \$ 900,000         | 107 % |
| <b>Large</b>    | \$1,560,000      | 65.0%  | \$1,700,000  | 2       | \$1,700,000        | 109 % |

| Name               | City, State | Zip + 4    | ** #SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific  |           | Business Category |       |       |       |   |
|--------------------|-------------|------------|-----------|------------|-------------------------------|--------------------|-----------|-------------------|-------|-------|-------|---|
|                    |             |            |           |            |                               | Direct             | Allocated | Minority          | Women | Small | Large |   |
| Roofing King       | Troy, MI    | 48098-9999 | 1         | 238160     | \$ 500,000                    | \$ 500,000         |           |                   |       |       |       | X |
| Rachelle's Cabling | Troy, MI    | 48098-9999 | 1         | 237130     | \$1,200,000                   | \$1,200,000        |           |                   | X     |       |       | X |
| Spartan Drywall    | Troy, MI    | 48098-9999 | 1         | 238310     | \$ 900,000                    | \$ 900,000         |           | X                 |       | X     |       |   |
| <b>Totals</b>      |             |            | <b>3</b>  |            | <b>\$2,600,000</b>            | <b>\$2,600,000</b> |           |                   |       |       |       |   |

**\*\*Note: Number of Subcontracts (# SubKs)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 3b: Allocable Reporting (Facilities)**

Using the subcontracting information provided in Example 3 - At the end of Quarter I, B&B Construction received the final payment toward the fulfillment of the \$12M contract with the Postal Service. The company's total revenue during the reporting period was \$60M. B&B Construction spent a total of \$12M to support the operations of the business including expenditures that are associated with the Postal contract (e.g. roofing, cabling, and drywall).

*SPs&Ps Clause 3-2 . . . Subject to the agreement between B&B Construction and the Postal Service, B&B Construction will report showing subcontracting activity that is allocable to the contract during the report period using generally accepted accounting principles.*

Use the following formula to calculate the allocable spend for the reporting period:  
 $(U / R) \times (TIS) = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - "Supplier A"
- R = Total **Revenue** within reporting period for "Supplier A"
- TIS = Total **Indirect Subcontract** spend activity within reporting period
- AS = **Allocable Subcontracting** within reporting period

Quarter I

U=\$ 12M

R=\$ 60M

TIS=\$12M

AS=Total Allocable Subcontracting within Quarter I

$(U=\$12M / \$60M) \times (\$12M) = \$2,400,000$  Allocable Subcontracting

Total dollars paid to B&B against USPS contract: \$ 12M  
 B&B total revenue (Quarter I): \$ 60M  
**% of B&B Dependency on USPS (12M/60M) 20%**

|        | Supplier           | Expenditures         | %          | USPS Allocated Dollar |
|--------|--------------------|----------------------|------------|-----------------------|
| LB     | Roofing King       | \$ 1,800,000         | 20%        | \$ 360,000            |
| LB, WO | Rachelle's Cabling | \$ 6,000,000         | 20%        | \$ 1,200,000          |
| SM, MO | Spartan Drywall    | \$ 4,200,000         | 20%        | \$ 840,000            |
|        | <b>Total</b>       | <b>\$ 12,000,000</b> | <b>20%</b> | <b>\$ 2,400,000</b>   |

| <b>Quarter I Subcontracting</b>    |                          |
|------------------------------------|--------------------------|
| <b>By Size Classification</b>      |                          |
| Large Businesses:                  | \$ 1,560,000 65%         |
| Small Business:                    | \$ 840,000 35%           |
|                                    | <b>\$ 2,400,000 100%</b> |
| <b>By Diversity Classification</b> |                          |
| Minority Businesses:               | \$ 840,000               |
| Women Businesses:                  | \$ 1,200,000             |

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 3b: Allocable Reporting (Facilities)**

**Example 3b: Subcontract Supplier Submission Report**

**Supplier's Name:** B&B Construction

**Contract Number:** 987654

**USPS Contracting Officer's Name:** M.C. Blue

**Reporting Period:** Quarter I (10/1 – 12/31)

|                 | Negotiated Goals |        | Period Total |         | Cumulative to Plan |       |
|-----------------|------------------|--------|--------------|---------|--------------------|-------|
|                 | Dollars          | %      | Dollars      | Actions | Dollars            | %     |
| <b>Minority</b> | \$ 840,000       | 35.0 % | \$ 840,000   | 1       | \$ 840,000         | 100 % |
| <b>Women</b>    | \$1,200,000      | 50.0%  | \$1,200,000  | 1       | \$1,200,000        | 100 % |
| <b>Small</b>    | \$ 840,000       | 35.0 % | \$ 840,000   | 1       | \$ 840,000         | 100 % |
| <b>Large</b>    | \$1,560,000      | 65.0%  | \$1,560,000  | 2       | \$1,560,000        | 100 % |

| Name               | City, State | Zip + 4    | ** #SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |                     | Business Category |       |       |       |
|--------------------|-------------|------------|-----------|------------|-------------------------------|-------------------|---------------------|-------------------|-------|-------|-------|
|                    |             |            |           |            |                               | Direct            | Allocated           | Minority          | Women | Small | Large |
| Roofing King       | Troy, MI    | 48098-9999 | 1         | 238160     | \$ 360,000                    |                   | \$ 360,000          |                   |       |       | X     |
| Rachelle's Cabling | Troy, MI    | 48098-9999 | 1         | 237130     | \$ 1,200,000                  |                   | \$ 1,200,000        |                   | X     |       | X     |
| Spartan Drywall    | Troy, MI    | 48098-9999 | 1         | 238310     | \$ 840,000                    |                   | \$ 840,000          | X                 |       | X     |       |
| <b>Totals</b>      |             |            | <b>3</b>  |            | <b>\$ 2,400,000</b>           |                   | <b>\$ 2,400,000</b> |                   |       |       |       |

**\*\*Note: Number of Subcontracts (# SubKs)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 3c: Combination (Direct & Allocable) Reporting (Facilities)**

Using the subcontracting information provided in Example 3 - At the end of Quarter I, B&B Construction received the final payment toward the fulfillment of the \$12M contract with the Postal Service. The company’s total revenue during that period was \$24M.

B&B Construction awarded three contracts to suppliers in support of the Postal contract. During that time, B&B Construction spent a total of \$500K to support the operations of the business including expenditures that are associated with the Postal contract (e.g. roofing, cabling, and drywall).

*SPs&Ps Clause 3-2 . . . Subject to the agreement between B&B Construction and the Postal Service, B&B Construction will report a combination subcontracting activity showing the amount of money paid to subcontractors and showing subcontracting activity that is allocable to the contract using generally accepted accounting principles during the reporting period.*

Use the following formula to calculate the allocable spend for the reporting period:  
 $(U / R) \times (TIS) = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - “Supplier A”
- R = Total **Revenue** within reporting period for “Supplier A”
- TIS = Total **Indirect Subcontract** spend activity within reporting period
- AS = **Allocable Subcontracting** within reporting period

Quarter I I  
 U=\$ 12M  
 R=\$ 24M  
 TIS=\$500K  
 AS=Total Allocable Subcontracting within Quarter I

$(U=\$12M / \$24M) \times (\$500K) = \$ 250,000$  Allocable Subcontracting

Total dollars paid to B&B against USPS contract: \$ 12M  
 B&B total revenue (Quarter I): \$ 24M  
**% of B&B Dependency on USPS (12M/24M) 50%**

|        | Supplier           | Direct Subcontracting Activity |            |                              |
|--------|--------------------|--------------------------------|------------|------------------------------|
| LB     | Roofing King       | \$ 360,000                     |            |                              |
| LB, WO | Rachelle’s Cabling | \$ 950,000                     |            |                              |
| SM, MO | Spartan Drywall    | \$ 840,000                     |            |                              |
|        | <b>Total</b>       | <b>\$ 2,150,000</b>            |            |                              |
|        |                    |                                |            |                              |
|        | <b>Supplier</b>    | <b>Expenditures</b>            | <b>%</b>   | <b>USPS Allocated Dollar</b> |
| LB, WO | Rachelle’s Cabling | \$ 500,000                     | 50 %       | \$ 250,000                   |
|        | <b>Total</b>       | <b>\$ 500,000</b>              | <b>50%</b> | <b>\$ 250,000</b>            |

|                                    |                          |
|------------------------------------|--------------------------|
| <b>Quarter I Subcontracting</b>    |                          |
| <b>By Size Classification</b>      |                          |
| Large Businesses:                  | \$ 1,560,000 65%         |
| Small Business:                    | \$ 840,000 35%           |
|                                    | <b>\$ 2,400,000 100%</b> |
| <b>By Diversity Classification</b> |                          |
| Minority Businesses:               | \$ 840,000               |
| Women Businesses:                  | \$ 1,200,000             |

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 3c: Combination (Direct & Allocable) Reporting (Facilities)**

**Example 3c: Combination (Direct & Allocable) Reporting**

**Supplier's Name:** B&B Construction  
**Contract Number:** 987654

**USPS Contracting Officer's Name:** M.C. Blue  
**Reporting Period:** Quarter I (10/1 – 12/31)

|                 | Negotiated Goals |        | Period Total |         | Cumulative to Plan |       |
|-----------------|------------------|--------|--------------|---------|--------------------|-------|
|                 | Dollars          | %      | Dollars      | Actions | Dollars            | %     |
| <b>Minority</b> | \$ 840,000       | 35.0 % | \$ 840,000   | 1       | \$ 840,000         | 100 % |
| <b>Women</b>    | \$1,200,000      | 50.0%  | \$1,200,000  | 2       | \$1,200,000        | 100 % |
| <b>Small</b>    | \$ 840,000       | 35.0 % | \$ 840,000   | 1       | \$ 840,000         | 100 % |
| <b>Large</b>    | \$1,560,000      | 65.0%  | \$1,560,000  | 3       | \$1,560,000        | 100%  |

| Name               | City, State | Zip + 4    | **# SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |                  | Business Category |       |       |       |   |
|--------------------|-------------|------------|-----------|------------|-------------------------------|-------------------|------------------|-------------------|-------|-------|-------|---|
|                    |             |            |           |            |                               | Direct            | Allocated        | Minority          | Women | Small | Large |   |
| Roofing King       | Troy, MI    | 48098-9999 | 1         | 238160     | \$ 360,000                    | \$ 360,000        |                  |                   |       |       |       | X |
| Rachelle's Cabling | Troy, MI    | 48098-9999 | 2         | 237130     | \$ 1,200,000                  | \$950,000         | \$ 250,000       |                   | X     |       |       | X |
| Spartan Drywall    | Troy, MI    | 48098-9999 | 1         | 238310     | \$ 840,000                    | \$ 840,000        |                  | X                 |       | X     |       |   |
| <b>Totals</b>      |             |            | <b>4</b>  |            | <b>\$ 2,400,000</b>           | <b>2,150,000</b>  | <b>\$250,000</b> |                   |       |       |       |   |

**\*\*Note: Number of Subcontracts (# SubKs)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

#### Example 4: Transportation

In Quarter II of 2008, Global World Transport was awarded a 6-month \$12M USPS contract. Global World Transport negotiated a subcontracting plan indicating total subcontracting would be \$3M. Large business goal was set at 72%, small business goal at 28%, minority-owned business goal at 28%, the women-owned business goal at 40%.

Total of USPS contracts awarded to Global World Transport = \$12M  
 Total Subcontracting = \$ 3M

|        | Supplier                    | Total Contract \$12,000,000 | %              |
|--------|-----------------------------|-----------------------------|----------------|
|        | <b>Prime Supplier</b>       | <b>\$ 9,000,000</b>         | <b>75.0 %</b>  |
|        | <b>Total Subcontracting</b> | <b>\$ 3,000,000</b>         | <b>25.0%</b>   |
| SM, MO | Sam's Spare Parts           | \$ 420,000                  | 3.500 %        |
| SM     | Express Allied Services     | \$ 384,600                  | 3.205 %        |
| LB, MO | Tractor & Co.               | \$ 407,400                  | 3.395 %        |
| LB     | Red's Rental                | \$ 540,000                  | 4.500 %        |
| LB, WO | R&D Freight Haulers         | \$ 1,200,000                | 10.000 %       |
| SM     | Kane Petroleum              | \$ 35,400                   | .295 %         |
| LB, MO | Joe's VMF                   | \$ 12,600                   | .105 %         |
|        | <b>Total</b>                | <b>\$ 12,000,000</b>        | <b>100.0 %</b> |

#### **By Size Classification**

|                   |                     |             |
|-------------------|---------------------|-------------|
| Large Businesses: | \$ 2,160,000        | 72%         |
| Small Business:   | \$ 840,000          | 28%         |
|                   | <b>\$ 3,000,000</b> | <b>100%</b> |

#### **By Diversity Classification**

|                      |              |
|----------------------|--------------|
| Minority Businesses: | \$ 840,000   |
| Women Businesses:    | \$ 1,200,000 |

|        | Supplier                | Total Subcontracting Contract \$3,000,000 | %              |
|--------|-------------------------|---|----------------|
| SM, MO | Sam's Spare Parts       | \$420,000                                 | 14.000 %       |
| SM     | Express Allied Services | \$384,600                                 | 12.820 %       |
| LB, MO | Tractor & Co.           | \$407,400                                 | 13.580 %       |
| LB     | Red's Rental            | \$540,000                                 | 18.000 %       |
| LB, WO | R&D Freight Haulers     | \$1,200,000                               | 40.000 %       |
| SM     | Kane Petroleum          | \$35,400                                  | .012 %         |
| LB, MO | Joe's VMF               | \$12,600                                  | .004 %         |
|        | <b>Total</b>            | <b>\$ 3,000,000</b>                       | <b>100.0 %</b> |

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 4a: Direct Reporting (Transportation)**

Using the Subcontracting information provided in Example 4 - Global World Transport made awards to seven suppliers whose work is directly attributable to the Postal Contract. At the end of Quarter II, Global World Transport subcontracting activity totaled \$1,524,000

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Global World Transport and the Postal Service, Global World Transport will report subcontracting activity showing the amount of money paid to subcontractors during the report period using generally accepted accounting principles.*

Total of USPS contracts awarded to Global World Transport = \$12M  
 Total Subcontracting = \$ 3M

|        | Supplier                | Direct Subcontracting Activity (Quarter II) |
|--------|-------------------------|---|
| SM, MO | Sam's Spare Parts       | \$ 210,000                                  |
| SM     | Express Allied Services | \$ 192,300                                  |
| LB, MO | Tractor & Co.           | \$ 203,700                                  |
| LB     | Red's Rental            | \$ 270,000                                  |
| LB, WO | R&D Freight Haulers     | \$ 600,000                                  |
| SM     | Kane Petroleum          | \$ 35,400                                   |
| LB, MO | Joe's VMF               | \$ 12,600                                   |
|        | <b>Total</b>            | <b>\$1,524,000</b>                          |

| <b>Quarter II Subcontracting</b>   |                     |              |
|------------------------------------|---------------------|--------------|
| Large Businesses:                  | \$ 1,086,300        | 71.3 %       |
| Small Business:                    | \$ 437,700          | 28.7 %       |
|                                    | <b>\$ 1,524,000</b> | <b>100 %</b> |
| <b>By Diversity Classification</b> |                     |              |
| Minority Businesses:               | \$ 420,000          |              |
| Women Businesses:                  | \$ 600,000          |              |

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM



**Example 4a Direct Reporting (Transportation)**

**Example 4a: Subcontract Supplier Submission Report**

**Supplier's Name:** Global World Transport  
**Contract Number:** 8675309

**USPS Contracting Officer's Name:** J.M. Popp  
**Reporting Period:** Quarter II (1/1 – 3/31)

|                 | Negotiated Goals |       | Period Total |         | Cumulative to Plan |        |
|-----------------|------------------|-------|--------------|---------|--------------------|--------|
|                 | Dollars          | %     | Dollars      | Actions | Dollars            | %      |
| <b>Minority</b> | \$ 840,000       | 28.0% | \$ 420,000   | 3       | \$ 420,000         | 50.0 % |
| <b>Women</b>    | \$1,200,000      | 40.0% | \$ 600,000   | 1       | \$ 600,000         | 50.0 % |
| <b>Small</b>    | \$ 840,000       | 28.0% | \$ 437,700   | 3       | \$ 437,700         | 52.1 % |
| <b>Large</b>    | \$2,160,000      | 72.0% | \$1,086,300  | 4       | \$1,086,300        | 50.3 % |

| Name                               | City, State     | Zip + 4    | *** SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific   |           | Business Category |       |       |       |
|------------------------------------|-----------------|------------|-----------|------------|-------------------------------|---------------------|-----------|-------------------|-------|-------|-------|
|                                    |                 |            |           |            |                               | Direct              | Allocated | Minority          | Women | Small | Large |
| Express Allied Services            | New York NY     | 10001-9999 | 1         | 484121     | \$ 192,300                    | \$ 192,300          |           |                   |       | X     |       |
| Kane Petroleum                     | Dallas, TX      | 75202-9999 | 1         | 324110     | \$ 35,400                     | \$ 35,400           |           |                   |       | X     |       |
| R&D Freight Haulers                | Austin, TX      | 73344-9999 | 1         | 484110     | \$ 600,000                    | \$ 600,000          |           |                   | X     |       | X     |
| Joe's Vehicle Maintenance Facility | San Antonio, TX | 78201-9999 | 1         | 811111     | \$ 12,600                     | \$ 12,600           |           | X                 |       |       | X     |
| Tractor & Co.                      | Memphis, TN     | 37501-9999 | 1         | 532120     | \$ 203,700                    | \$ 203,700          |           | X                 |       |       | X     |
| Sam's Spare Parts                  | New York NY     | 10005-9999 | 1         | 423120     | \$ 210,000                    | \$ 210,000          |           | X                 |       | X     |       |
| Red's Rentals                      | Memphis, TN     | 37501-9999 | 1         | 532120     | \$ 270,000                    | \$270,000           |           |                   |       |       | X     |
| <b>Totals</b>                      |                 |            | <b>7</b>  |            | <b>1,524,000</b>              | <b>\$ 1,524,000</b> |           |                   |       |       |       |

**\*\*Note: Number of Subcontracts (# SubKs)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 4b: Allocable Reporting (Transportation)**

Using the Subcontracting information provided in Example 4 – Quarter II, Global World Transport received \$6M toward the Postal Contract. Global World Transport’s total revenue was \$24M. Global World Transport spent a total of \$6M to support the operations of the business, including expenditures that are associated with the postal contract. (e.g. VMF, maintenance, fuel, and freight)

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Global World Transport and the Postal Service, Global World Transport will report showing subcontracting activity that is allocable to the contract during the report period using generally accepted accounting principles.*

Use the following formula to calculate the allocable spend for the reporting period:  
 $(U / R) \times (TIS) = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - “Supplier A”
- R = Total **Revenue** within reporting period for “Supplier A”
- TIS = Total **Indirect Subcontract** spend activity within reporting period
- AS = **Allocable Subcontracting** within reporting period

Quarter II

U=\$ 6M

R=\$ 24M

TIS=\$ 6M

AS=Total Allocable Subcontracting within Quarter II

$(U=\$6M / \$24M) \times (\$6M) = \$1.5M$  Allocable Subcontracting

Total dollars paid to Global against USPS contract:           \$ 6M  
 Global total revenue (Quarter II):                                   \$ 24M  
**% of Global Dependency on USPS (6M/24M)                           25%**

| <b>Quarter II Subcontracting</b>   |                     |             |
|------------------------------------|---------------------|-------------|
| Large Businesses:                  | \$ 1,080,000        | 72%         |
| Small Business:                    | \$ 420,000          | 28%         |
|                                    | <b>\$ 1,500,000</b> | <b>100%</b> |
| <b>By Diversity Classification</b> |                     |             |
| Minority Businesses:               | \$ 420,000          |             |
| Women Businesses:                  | \$ 600,000          |             |

|        | <b>Supplier</b>         | <b>Expenditures</b> | <b>Percentage</b> | <b>USPS Allocated Dollars</b> |
|--------|-------------------------|---------------------|-------------------|-------------------------------|
| SM, MO | Sam’s Spare Parts       | \$ 840,000          | 25 %              | \$ 210,000                    |
| SM     | Express Allied Services | \$ 769,200          | 25 %              | \$ 192,300                    |
| LB, MO | Tractor & Co.           | \$ 814,800          | 25 %              | \$ 203,700                    |
| LB     | Red’s Rental            | \$ 1,080,000        | 25 %              | \$ 270,000                    |
| LB, WO | R&D Freight Haulers     | \$ 2,400,000        | 25 %              | \$ 600,000                    |
| SM     | Kane Petroleum          | \$ 70,800           | 25 %              | \$ 17,700                     |
| LB, MO | Joe’s VMF               | \$ 25,200           | 25 %              | \$ 6,300                      |
|        | <b>Total</b>            | <b>\$ 6,000,000</b> | <b>25 %</b>       | <b>\$ 1,500,000</b>           |

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 4b Direct Reporting (Transportation)**

**Example 4b: Subcontract Supplier Submission Report**

**Supplier's Name:** Global World Transport  
**Contract Number:** 8675309

**USPS Contracting Officer's Name:** J.M. Popp  
**Reporting Period:** Quarter II (1/1 – 3/31)

|                 | Negotiated Goals |       | Period Total |         | Cumulative to Plan |      |
|-----------------|------------------|-------|--------------|---------|--------------------|------|
|                 | Dollars          | %     | Dollars      | Actions | Dollars            | %    |
| <b>Minority</b> | \$ 840,000       | 28.0% | \$ 420,000   | 3       | \$ 420,000         | 50 % |
| <b>Women</b>    | \$1,200,000      | 40.0% | \$ 600,000   | 1       | \$ 600,000         | 50 % |
| <b>Small</b>    | \$ 840,000       | 28.0% | \$ 437,700   | 3       | \$ 420,000         | 50 % |
| <b>Large</b>    | \$2,160,000      | 72.0% | \$1,086,300  | 4       | \$1,080,000        | 50 % |

| Name                               | City, State     | Zip + 4    | *** SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific |                     | Business Category |       |       |       |
|------------------------------------|-----------------|------------|-----------|------------|-------------------------------|-------------------|---------------------|-------------------|-------|-------|-------|
|                                    |                 |            |           |            |                               | Direct            | Allocated           | Minority          | Women | Small | Large |
| Express Allied Services            | New York NY     | 10001-9999 | 1         | 484121     | \$ 192,300                    |                   | \$ 192,300          |                   |       | X     |       |
| Kane Petroleum                     | Dallas, TX      | 75202-9999 | 1         | 324110     | \$ 17,700                     |                   | \$ 17,700           |                   |       | X     |       |
| R&D Freight Haulers                | Austin, TX      | 73344-9999 | 1         | 484110     | \$ 600,000                    |                   | \$ 600,000          |                   | X     |       | X     |
| Joe's Vehicle Maintenance Facility | San Antonio, TX | 78201-9999 | 1         | 811111     | \$ 6,300                      |                   | \$ 6,300            | X                 |       |       | X     |
| Tractor & Co.                      | Memphis, TN     | 37501-9999 | 1         | 532120     | \$ 203,700                    |                   | \$ 203,700          | X                 |       |       | X     |
| Sam's Spare Parts                  | New York NY     | 10005-9999 | 1         | 423120     | \$ 210,000                    |                   | \$ 210,000          | X                 |       | X     |       |
| Red's Rentals                      | Memphis, TN     | 37501-9999 | 1         | 532120     | \$ 270,000                    |                   | \$270,000           |                   |       |       | X     |
| <b>Totals</b>                      |                 |            | <b>7</b>  |            | <b>1,500,000</b>              |                   | <b>\$ 1,500,000</b> |                   |       |       |       |

**\*\*Note: Number of Subcontracts (# SubKs)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

Note: These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 4c: Combination (Direct & Allocable) Reporting (Transportation)**

Using the subcontracting information provided in Example 4– Global World Transport made five awards to suppliers whose work is directly attributable to the Postal contract. In Quarter II Global World Transport reported zero dollars against the subcontracting plan. In Quarter III Global World Transport received delayed invoices from suppliers and a delayed payment for Quarter II activity. In Quarter III, Global World Transport’s total revenue was \$100M, during that time Global World Transport spent a total of \$475k to support the operations of the business including expenditures that are associated with the Postal contract (e.g. VMF maintenance, fuel, and freight).

*SPs&Ps Clause 3-2 . . . Subject to the agreement between Global World Transport and the Postal Service, Global World Transport will report a combination subcontracting activity showing the amount of money paid to subcontractors and showing subcontracting activity that is allocable to the contract using generally accepted accounting principles during the reporting period.*

Use the following formula to calculate the allocable spend for the reporting period:  
 $(U / R) \times (TIS) = AS$

- U = Total of **USPS** funds paid against a specific contract agreement during a reporting period - “Supplier A”
- R = Total **Revenue** within reporting period for “Supplier A”
- TIS = Total **Indirect Subcontract** spend activity within reporting period
- AS = **Allocable Subcontracting** within reporting period

**Quarter III Reporting:**

U=\$12M  
R=\$100M  
TIS=\$475k  
AS=Total Allocable Subcontracting within Quarter I

$(U=\$12M / \$100M) \times (\$475k) = \$57k$  Allocable Subcontracting

|   |   |               |
|---|---|---------------|
| Total of USPS contracts awarded to Global World Transport | = | \$ 12M        |
| Global World Transport total revenue (Quarter III)        | = | <u>\$100M</u> |
| <b>% of Global World Transport’s Dependency on USPS</b>   |   | <b>12.0%</b>  |

|   |   |         |
|---|---|---------|
| Total of USPS contracts awarded to Global World Transport | = | \$12.0M |
| Total Subcontracting                                      | = | \$ 3.0M |

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM

**Example 4c: Combination (Direct & Allocable) Reporting (Transportation)**

|        | Supplier                | Direct Subcontract Activity (QT II) | Direct Subcontract Activity (QT III) | Direct Subcontract Reported (QT III) |
|--------|-------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| SM, MO | Sam's Spare Parts       | \$ 210,000                          | \$ 210,000                           | \$ 420,000                           |
| SM     | Express Allied Services | \$ 192,300                          | \$ 192,300                           | \$ 384,600                           |
| LB, MO | Tractor & Co.           | \$ 203,700                          | \$ 203,700                           | \$ 407,400                           |
| LB     | Red's Rental            | \$ 270,000                          | \$ 270,000                           | \$ 540,000                           |
| LB, WO | R&D Freight Haulers     | \$ 595,500                          | \$ 595,500                           | \$ 1,191,000                         |
|        | <b>Total</b>            | <b>\$ 1,471,500</b>                 | <b>\$1,471,500</b>                   | <b>\$ 2,943,000</b>                  |
|        | Supplier                | Expenditures (QTIII)                | %                                    | USPS Allocated Dollar (QT III)       |
| LB, WO | R&D Freight Haulers     | \$ 295,000                          | 12.0 %                               | \$ 9,000                             |
| SM     | Kane Petroleum          | \$ 105,000                          | 12.0 %                               | \$ 35,400                            |
| LB, MO | Joe's VMF               | \$ 75,000                           | 12.0 %                               | \$ 12,600                            |
|        | <b>Total</b>            | <b>\$ 475,000</b>                   | <b>100.0 %</b>                       | <b>\$ 57,000</b>                     |

**Quarter III Subcontracting**

Large Businesses: \$ 2,160,000 72 %  
 Small Business: \$ 840,000 28 %  
**\$ 3,000,000 100%**

**By Diversity Classification**

Minority Businesses: \$ 840,000  
 Women Businesses: \$ 1,200,000

**Example 4c: Subcontract Supplier Submission Report**

**Supplier's Name:** Global World Transport  
**Contract Number:** 8675309

**USPS Contracting Officer's Name:** J.M. Popp  
**Reporting Period:** Quarter III (4/1 – 6/30)

|                 | Negotiated Goals |       | Period Total |         | Cumulative to Plan |       |
|-----------------|------------------|-------|--------------|---------|--------------------|-------|
|                 | Dollars          | %     | Dollars      | Actions | Dollars            | %     |
| <b>Minority</b> | \$ 840,000       | 28.0% | \$ 840,000   | 3       | \$ 840,000         | 100 % |
| <b>Women</b>    | \$1,200,000      | 40.0% | \$1,200,000  | 2       | \$1,200,000        | 100 % |
| <b>Small</b>    | \$ 840,000       | 28.0% | \$ 840,000   | 3       | \$ 840,000         | 100 % |
| <b>Large</b>    | \$2,160,000      | 72.0% | \$2,160,000  | 5       | \$2,160,000        | 100 % |

| Name                               | City, State     | Zip + 4    | *** SubKs | NAICS Code | Total Direct & Allocated Subk | Contract Specific   |                  | Business Category |       |       |       |
|------------------------------------|-----------------|------------|-----------|------------|-------------------------------|---------------------|------------------|-------------------|-------|-------|-------|
|                                    |                 |            |           |            |                               | Direct              | Allocated        | Minority          | Women | Small | Large |
| Express Allied Services            | New York NY     | 10001-9999 | 1         | 484121     | \$ 384,600                    | \$ 384,600          |                  |                   |       | X     |       |
| Kane Petroleum                     | Dallas, TX      | 75202-9999 | 1         | 324110     | \$ 35,400                     | \$ 35,400           |                  |                   |       | X     |       |
| R&D Freight Haulers                | Austin, TX      | 73344-9999 | 2         | 484110     | \$ 1,200,000                  | \$ 1,191,000        | \$ 9,000         |                   | X     |       | X     |
| Joe's Vehicle Maintenance Facility | San Antonio, TX | 78201-9999 | 1         | 811111     | \$ 12,600                     | \$ 12,600           |                  | X                 |       |       | X     |
| Tractor & Co.                      | Memphis, TN     | 37501-9999 | 1         | 532120     | \$ 203,700                    | \$ 203,700          |                  | X                 |       |       | X     |
| Sam's Spare Parts                  | New York NY     | 10005-9999 | 1         | 423120     | \$ 420,000                    | \$ 420,000          |                  | X                 |       | X     |       |
| Red's Rentals                      | Memphis, TN     | 37501-9999 | 1         | 532120     | \$ 270,000                    | \$ 270,000          |                  |                   |       |       | X     |
| <b>Totals</b>                      |                 |            | <b>8</b>  |            | <b>\$ 3,000,000</b>           | <b>\$ 2,943,000</b> | <b>\$ 57,000</b> |                   |       |       |       |

**\*\*Note: Number of Subcontracts (# SubKs)** Total number of subcontracts (direct awards, indirect, and/or purchases) and modifications made during the applicable period. This would include allocable transactions made by the supplier attributable to the USPS contract during the reporting period for each specific agreement calling for products or services. Based on the number of Subk's reported and business categories identified for each contractor or subcontractor, SCRMS will calculate actions for the period total per business category.

**Note:** These are merely examples of how to report subcontracting activities using Generally Accepted Accounting Principles. Included are examples of how to allocate subcontractor costs that are part of overhead accounts. Supplier accounting systems may be different and their method of making such allocations may differ from those in the examples. Created on 7/22/2009 8:59 AM