



UNIVERSITY OF HAWAII

JAMES R. GAINES
INTERIM VICE PRESIDENT FOR RESEARCH

December 1, 2006

Mr. Darryl Mayes
Acting National Director
U.S. Department of Health & Human Services
Division of Cost Allocation
330 Independence Ave., S.W., Room 1067
Washington, DC 20201

Dear Mr. Mayes:

Please find attached a copy of the University of Hawai'i's disclosure statement revision #1 for your review and approval.

We look forward to working with your office and with your regional representatives on the disclosure statement revision. Should you have any questions, please contact Kevin Hanaoka of the Office of Research Services at (808) 956-9242.

Sincerely,

A handwritten signature in black ink that reads 'James R. Gaines'.

James R. Gaines
Interim Vice President for Research

c: Wallace Chan, Division of Cost Allocation, Region IX
Ronald Moody, ONR Seattle

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	COVER SHEET AND CERTIFICATION
	University of Hawaii

Item No.	Item Description
0.1	Educational Institution (a) Name University of Hawaii (b) Street Address 2444 Dole Street, Bachman Hall (c) City, State, and ZIP Code Honolulu, Hawaii 96822 (d) Division or Campus of N/A (if applicable)
0.2	Reporting unit is: (Mark one) A. <input checked="" type="checkbox"/> Independently Administered Public Institution B. <input type="checkbox"/> Independently Administered Nonprofit Institution C. <input type="checkbox"/> Administered as Part of a Public System D. <input type="checkbox"/> Administered as Part of a Nonprofit System E. <input type="checkbox"/> Other (Specify) _____
0.3	Official to Contact Concerning this Statement: (a) Name Yaa-Yin Fong Title Director, Office of Research Services (b) Phone Number (808) 956-7800
0.4	Statement Type and Effective Date: A. (Mark type of submission. If a revision, enter number) (a) <input type="checkbox"/> Original Statement (b) <input checked="" type="checkbox"/> Amended Statement; Revision No. <u> 1 </u> B. Effective Date of this Statement: (Specify) <u> July 1, 2005 </u>
0.5	Statement Submitted To (Provide office name, location and telephone number, include area code and extension): A. Cognizant Federal Agency: Department of Health & Human Services Division of Cost Allocation 330 Independence Avenue, SW Cohen Building, Room 1067 Washington, DC 20201 Phone: (202) 401-2808 B. Cognizant Federal Auditor: Department of Education Office of the Chief Financial Officer 400 Maryland Avenue, SW Washington, DC 20202 Phone: (202) 401-0085

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

COVER SHEET AND CERTIFICATION

University of Hawaii

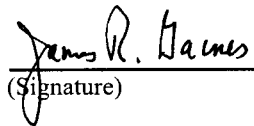
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No.

Item Description

CERTIFICATION

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

Date of Certification: DEC 1 1996



(Signature)

James R. Gaines
Interim Vice President for Research

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

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

1.3.0 Unallowable Costs (Continued)

Disallowances

UH departments are responsible for eliminating cost disallowances resulting from audits by charging them to institutional funds appropriated to the department for its general instruction, research support or other institutional activities. The account used is identified to the Office of Research Services for F&A cost study purposes.

RCUH

RCUH accumulates unallowable costs in general ledger account 9000 Unrecovered Project Costs.

1.3.1 Treatment of Unallowable Costs

For F&A cost study purposes, UH treats unallowable costs in the following manner:

1. Costs identified through the use of object of expense codes and the personal use of State vehicles workpaper are excluded from F&A cost pools and allocation bases.
2. Unallowable activities recorded under separate accounts and cost disallowances are included in the Other Institutional Activities function.
3. Discretionary funds, College Hill expenses and costs scrubbed from the President and BOR office accounts are excluded from F&A cost pools.

Exception

UH has received permission from its cognizant agency to claim interest expense on debt used to acquire, repair or renovate research buildings. For F&A cost study purposes, UH creates an interest expense account pool and allocates the costs to benefiting functions on the basis of square footage.

RCUH

RCUH excludes unallowable costs from its schedules of administrative expenses and MTDC described under part 1.2.0.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS			
		University of Hawaii			
Item No.	Item Description				
2.4.0	<p><u>Description of Direct Personal Services.</u> All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefits costs, if any, within each major institutional function or activity that are charged as direct personal services.)</p>				
2.5.0	<p><u>Method of Charging Direct Salaries and Wages.</u> (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)</p>				
		<u>Direct Personal Services Category</u>			
		<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	<u>Other</u> ¹
		(1)	(2)	(3)	(4)
	A. Payroll Distribution Method (Individuals time card/actual hours and rates)	<u> X </u>	<u> X </u>	<u> X </u>	<u> X </u>
	B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	<u> X </u>	<u> X </u>	<u> </u>	<u> X </u>
	C. After-the-fact Activity Records (Percentage Distribution of employee activity)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	D. Multiple Confirmation Records (Employee reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Y. Other(s) ¹	<u> </u>	<u> X </u>	<u> X </u>	<u> X </u>
	<p>NOTE: Line A, 'Faculty' and 'Staff' refer to employees who work for the Applied Research Laboratory (ARL) and Maui High Performance Computing Center (MHPCC).</p>				
	<p>¹ Describe on a Continuation Sheet.</p>				

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (Continued)

Exception #3 – Federally Negotiated, Unique F&A Cost Rate (Continued)

Applied Research Laboratory (ARL)

The Navy has committed to approving a unique cost structure for the ARL with respect to costs that are incurred for common or joint objectives and that cannot be specifically identified to benefiting projects or activities. This will result in the application of two rates to ARL projects for certain task orders issued under the University Affiliated Research Center contract.

ARL Institutional F&A Rate

ARL has a separate F&A rate for costs incurred by the University on behalf of the ARL. This F&A rate applies to grant and contract research performed at the ARL and is substantially lower than the University's on-campus research rate due in part to the Prorated Direct Costs (PDC) rate.

ARL PDC Rate

PDC represents a specific set of ARL direct costs that are incurred by the ARL and are allocated to ARL's grants and contracts as a percentage of modified total direct costs before PDC costs. PDCs include such costs as the director's office, business and administration, training, and other central ARL services. The PDC rate and budget is submitted, reviewed and approved by the Office of Naval Research Representative annually. The policies and procedures for PDC are explained under UH APM Section A10.130, Prorated Direct Costs.

Maui High Performance Computing Center (MHPCC)

The Air Force has approved a cost structure to enable the University to recover the increased costs of providing facilities and administrative support above the base MHPCC contract, which resulted from the addition of Air Force Research Laboratory (AFRL) Directed Technical, Level of Effort and UH internal task orders. The methodology is called the Cost Estimating Relationship (CER) and resulted in two rates that are applied to the Direct Technical, Level of Effort and UH internal task orders. The policies and procedures for the CER rates are explained under the MHPCC CER Methodology for CLIN 001 and CLIN 002 Infrastructure Support Services dated June 2, 2006.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

2.4.0 Description of Direct Personal Services (Continued)

Non-Regular Employees

Non-regular employees are student help or casual hires that are hired on an hourly basis. Federal and State wage and hour laws determine minimum hourly wages. In some cases, casual hires are hired on 90-day temporary appointments and paid salaries.

ARL

Professional employees and graduate research assistants will be paid salaries. Undergraduate students and technicians will be hired on the hourly basis.

2.5.0 Method of Charging Direct Salaries and Wages

Direct Personal Services Category

UH classifies casual hires as "Other" for the purposes of Item 2.5.0. As discussed in Part 2.4.0, casual hires are paid hourly wages. Casual hires hired on 90-day temporary appointments are paid salaries.

IFA ARS

As discussed in Part 2.1.0, IFA uses the ARS system to record administrative support costs, including salaries and wages of administrative and clerical staff. These costs are charged to sponsored agreements on the basis of MTDC.

RCUH

RCUH uses timesheets to charge salaries and fringe benefits to sponsored agreements for work performed by its employees that are directly related to the project.

2.5.2 Salary and Wage Accumulation System

UH's basic payroll document is the personnel notification form (PNF), which supports the institution's plan confirmation system. The PNF established the full-time equivalent (FTE) allocation of an employee's salary and wages to his direct and indirect activities.

Payroll is charged to sponsored agreements on the basis of the PNF. The principal investigator (PI) and fiscal officer (FO) are responsible for ensuring that the

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

2.5.2 Salary and Wage Accumulation System (Continued)

allocation of the employee's payroll to his direct and indirect activities are true and correct based on the employee's effort. UH requires a monthly FTE certification, signed by the PI and FO, to document the effort. The PI and FO are also responsible for correcting the PNF and payroll allocation, if necessary.

The policies and procedures for documenting personnel costs are explained under APM Section A8.948 – Documentation Requirements for Personnel Costs Charged Directly to Federally Sponsored Agreements.

Time cards and/or scan sheets certified on a semi-monthly basis are used to allocate costs to sponsored agreements for student employees and casual hires.

ARL

All ARL employees, as a condition of their employment by the ARL, account for 100% of their ARL and non-ARL effort regardless of whether they are hired through UH or RCUH in the ARL timekeeping system. Actual semi-monthly payroll, including fringe benefits, is allocated to benefiting task orders, other ARL activities and non-ARL activities in proportion to the percentage of recorded direct labor hours for an individual employee.

Accrued vacation for employees hired through UH will be handled in accordance with the UH policies described under Section 5.1.0 of this disclosure statement. Accrued vacation for employees hired through RCUH will be handled in accordance with the RCUH policies described under Section 5.1.0 of this disclosure statement.

The specific policies and procedures are explained in UH APM A10.110, Labor Recording System.

MHPCC

All MHPCC employees account for 100% of their effort based on actual direct labor hours performed and leave hours taken in the MHPCC timekeeping system. Actual semi-monthly payroll, including fringe benefits, is allocated to benefiting task orders in proportion to the percentage of recorded direct labor hours for an individual employee. Non-productive hours such as holidays and authorized leave for individual employees are pooled by employee and allocated on a semi-monthly basis to benefiting task orders in proportion to the individual employee's direct salary and fringe benefit costs.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

2.5.2 Salary and Wage Accumulation System (Continued)

MHPCC (Continued)

Non-productive labor charges are reconciled at task order termination and each federal fiscal year ending September 30th to ensure the proper allocation of non-productive labor charges. In addition, for federal fiscal year end reporting purposes, the accrued vacation liability for each individual employee is recorded by task order.

The specific policies and procedures are explained in MHPCC Procedure Admin-2 (Labor Recording Procedure).

Cost Sharing

As discussed in Part 1.2.0, UH records cost sharing information in a separate database. When the salaries and wages of a UH employee are cost shared, the employee's name, social security number, source of funds, committed FTE, and committed period are recorded on the Cost Sharing Record Form. This information is inputted in the database under the FMIS project account and the salary data is accumulated automatically.

Effort associated with cost shared employees that are paid via timesheet and/or scan sheet are maintained in separate workpapers. The workpapers are used to support the effort attributed to these sources in the cost sharing database.

As discussed in Part 1.2.0, the Cost Sharing Account Summary is used to match the cost shared salaries and wages to the sponsored agreement.

IFA ARS

As discussed in Part 2.1.0 and 2.5.0, administrative and clerical salaries and fringe benefits are grouped into four cost centers and allocated to sponsored agreements on the basis of MTDC.

RCUH

At the end of each pay period, all employees submit timesheets, which are keypunched into the RCUH payroll accounting system. Salary and wage cost distribution detail is captured in the Payroll & Fringe Benefit Report and summarized in the Payroll & Fringe Benefit Summary. Totals from the Summary are keypunched into the financial accounting system and simultaneously posted to the General Ledger.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.7.0 Other Direct Costs

UH charges the following costs to sponsored agreements as direct costs when they are directly related to the project:

Honoraria for services rendered (e.g. guest speaker at a conference)

Consultants

Travel

Subcontracts

Computer usage costs

Long distance charges

FAX charges

Publication costs

Photographic and graphic services

Copying and printing costs

Equipment

Equipment maintenance, repair and service contracts

Human subject fees

Space and equipment rental

Advertising for purchase bid or recruiting purposes

Motor vehicle gas and oil

Purchases include applicable general excise, use, and other taxes. Purchases of equipment include all necessary freight, handling, shipping insurance charges, and expenses required to install equipment or otherwise render it useable.

- End of Part -

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III – INDIRECT COSTS
University of Hawaii	

Item No.	Item Description																																																				
3.1.0	<p><u>Indirect Cost Categories - Accumulation and Allocation.</u> This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "Accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to other applicable cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading "Allocation Sequence," insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert "CA." If an indirect cost category listed in this section is not used, insert "NA.")</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Indirect Cost Category</u></th> <th style="text-align: center;"><u>Accumulation Method</u></th> <th style="text-align: center;"><u>Allocation Base Code</u></th> <th style="text-align: center;"><u>Allocation Sequence</u></th> </tr> </thead> <tbody> <tr> <td>(a) Depreciation/Use Allowances/Interest</td> <td></td> <td></td> <td style="text-align: center;"><u>1</u></td> </tr> <tr> <td style="padding-left: 20px;">Building</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>P</u></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Equipment</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>P</u></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Capital Improvements to Land ¹</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>P</u></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Interest ¹</td> <td style="text-align: center;"><u>No</u></td> <td style="text-align: center;"><u>P</u></td> <td></td> </tr> <tr> <td>(b) Operations and Maintenance</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>P</u></td> <td style="text-align: center;"><u>2</u></td> </tr> <tr> <td>(c) General Administration and General Expense</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>D</u></td> <td style="text-align: center;"><u>3</u></td> </tr> <tr> <td>(d) Departmental Administration</td> <td style="text-align: center;"><u>No</u></td> <td style="text-align: center;"><u>D</u></td> <td></td> </tr> <tr> <td>(e) Sponsored Projects Administration</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>D</u></td> <td></td> </tr> <tr> <td>(f) Library</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>P</u></td> <td></td> </tr> <tr> <td>(g) Student Administration and Services</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>J</u></td> <td></td> </tr> <tr> <td>(h) Other ¹</td> <td style="text-align: center;"><u>No</u></td> <td style="text-align: center;"><u>NA</u></td> <td></td> </tr> </tbody> </table> <p>¹ Describe on a Continuation Sheet.</p>	<u>Indirect Cost Category</u>	<u>Accumulation Method</u>	<u>Allocation Base Code</u>	<u>Allocation Sequence</u>	(a) Depreciation/Use Allowances/Interest			<u>1</u>	Building	<u>Yes</u>	<u>P</u>		Equipment	<u>Yes</u>	<u>P</u>		Capital Improvements to Land ¹	<u>Yes</u>	<u>P</u>		Interest ¹	<u>No</u>	<u>P</u>		(b) Operations and Maintenance	<u>Yes</u>	<u>P</u>	<u>2</u>	(c) General Administration and General Expense	<u>Yes</u>	<u>D</u>	<u>3</u>	(d) Departmental Administration	<u>No</u>	<u>D</u>		(e) Sponsored Projects Administration	<u>Yes</u>	<u>D</u>		(f) Library	<u>Yes</u>	<u>P</u>		(g) Student Administration and Services	<u>Yes</u>	<u>J</u>		(h) Other ¹	<u>No</u>	<u>NA</u>	
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.1.0 Indirect Cost Categories – Accumulation & Allocation.

Indirect Cost Category

Capital Improvements to Land

This category represents all improvements not related specifically to an individual building such as utility lines, streets, sidewalks, parking areas, etc.

Interest

This category represents amortized interest paid on State of Hawaii bonds issued to acquire, construct or renovate buildings that UH is permitted by its cognizant agency to recover in its F&A cost rates.

Accumulation Method

Depreciation/Use Allowances/Interest

UH documents its computation of depreciation for F&A purposes on separately maintained workpapers. Equipment or facilities paid with Federal funds are eliminated from the computation bases for depreciation. Equipment that is considered fully depreciated is eliminated from the computation base for depreciation.

UH capitalizes library books for financial statement purposes. For F&A cost study purposes, UH expenses non-rare library books and periodicals.

UH documents amortized interest paid for buildings on separately maintained workpapers.

RCUH computes depreciation on separately maintained workpapers and includes it in its schedule of administrative expenses.

Departmental Administration

As discussed in Part 2.1.0, UH uses the DCE methodology to compensate for differences in the treatment of administrative support costs for its sponsored and nonsponsored activities. Thus, UH uses a separate workpaper analysis to derive academic department DA for accumulation into the DA cost pool for F&A cost study purposes.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.1.0 Indirect Cost Categories – Accumulation and Allocation. (Continued)

Allocation Bases

Depreciation

UH uses an allocation base of square footage to allocate depreciation for buildings and equipment. However, for buildings where no square footage data is available, UH uses an alternate allocation base of salaries and wages of the employees within the departments or colleges that occupy the space. Where UH can attribute usage of equipment or building space to a single function, a direct allocation is made to that function. Where the performance of activities occur simultaneously in the same space, UH distributes square footage to functions based on the salaries and wages of the employees within the departments or colleges that jointly occupy the space.

UH uses an allocation base of employee FTE and student FTE to allocate depreciation for general improvements. However, where UH can attribute general improvements to a single function, a direct allocation is made to that function.

Depreciation is included with RCUH administrative expenses, which are allocated to benefiting projects on the basis of MTDC.

Operations and Maintenance; Interest Expense

UH uses an allocation base of square footage to allocate operations and maintenance costs and interest expenses. However, for buildings where no square footage data is available, UH uses an alternate allocation base of salaries and wages of the employees within the departments or colleges that occupy the space. Where UH can attribute usage of equipment or building space to a single function, a direct allocation is made to that function. Where the performance of activities occur simultaneously in the same space, UH distributes square footage to functions based on the salaries and wages of the employees within the departments or colleges that jointly occupy the space.

Library

UH uses allocation base of employee FTE and student FTE for libraries on the Manoa campus. Because UH Hilo, UH West Oahu and the UH Community Colleges are primarily instructional, the costs of their libraries are directly allocated to instruction. However, if significant research is conducted on these campuses in the future, the allocations bases will be changed to reflect all benefiting activities.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii	
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3.2.0 Service Centers (Continued)**UH Revolving Funds Administered by RCUH (Continued)**

Service Center	(1)	(2)	(3)	(4)	(5)	(6)
Marine Science & Technology	A	A	C	A	A	B
Hawaii International Program	A	A	C	A	A	B
Rehab. Training & Technical Assistance	A	A	C	A	A	B
Rehab. Data Analysis	A	A	C	A	A	B
HIMB Boat Operations	A	A	C	A	A	B
Faculty Development Int'l Business	A	A	C	A	A	B
HOT-JGOFS Projects	A	A	C	A	A	B
Planetary Systems (TOPS) Conference	A	A	C	A	A	B
Geology & Geophysics	A	A	C	A	A	B
Ultraviolet Radiation	A	A	C	A	A	B
UH Cryogenic Support Facility	A	A	C	A	A	B
Manufacturing of Diamond	A	A	C	A	A	B
ICP-MS (Induc. Coupled Pla	A	A	C	A	A	B
HI Ed. & Res. Network	A	A	C	A	A	B
Cray EL-92	A	A	C	A	A	B
Nutritional Support Shared	A	A	C	A	A	B
Annual HI Conservation Conference	A	A	C	A	A	B
Marine Micromolluscan Fauna	A	A	C	A	A	B
Medex Group Training Courses	A	A	C	A	A	B
Cara Construction Camp Rental	A	A	C	A	A	B
BNF Business Account	A	A	C	A	A	B
Analytical Lav Research Service	A	A	C	A	A	B
Western Curr Coord Ctr	A	A	C	A	A	B
Scientific Computer Systems Support	A	A	C	A	A	B

Recharge rates are analyzed and adjusted in accordance with UH APM A8.930 and in accordance with clarification guidance issued by UH and RCUH dated July 10, 2004.

3.3.0

Indirect Cost Pools and Allocation Bases

B. Organized Research

As discussed in Part 2.1.0, UH computes a separate organized research F&A cost rate for the Institute For Astronomy and the Applied Research Laboratory. As discussed in Part 1.1.0, UH computes RCUH's direct projects F&A cost rate.

A separate organized research rate is also computed for the Kakaako Biomedical Research Campus. The allocation base is modified total direct costs of research activities conducted at the Kakaako facility.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART IV - DEPRECIATION AND USE ALLOWANCES University of Hawaii
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Item No.	Item Description																																																											
4.1.0	<p><u>Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (For each asset category listed below, enter a code from A through C in Column (1) describing the method of depreciation; a code from A through D in Column (2) describing the basis for determining the useful life; a code from A through C in Column (3) describing how depreciation methods or use allowances are applied to property units; and Code A or B in Column (4) indicating whether or not the estimated residual value is deducted from the total cost of depreciable assets. Enter Code Y in each column of an asset category where another or more than one method applies. Enter Code Z in Column (1) only, if an asset category is not applicable.)</p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:50%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Depreciation Method</th> <th style="text-align: center; border-bottom: 1px solid black;">Useful Life</th> <th style="text-align: center; border-bottom: 1px solid black;">Property Unit</th> <th style="text-align: center; border-bottom: 1px solid black;">Residual Value</th> </tr> <tr> <th style="text-align: left;"><u>Asset Category</u></th> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> <th style="text-align: center;">(4)</th> </tr> </thead> <tbody> <tr> <td>(a) Land Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(b) Buildings</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(c) Building Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(d) Leasehold Improvements</td> <td style="text-align: center;">Z</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>(e) Equipment</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(f) Furniture and Fixtures</td> <td style="text-align: center;">Z</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>(g) Automobiles and Trucks</td> <td style="text-align: center;">Z</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>(h) Tools</td> <td style="text-align: center;">Z</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. 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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

4.1.0 Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives

<u>Asset Category</u>	<u>Depreciation Method</u> (1)	<u>Useful Life</u> (2)	<u>Property Unit</u> (3)	<u>Residual Value</u> (4)
Computer equipment	A	C	A	B

4.1.1 Asset Valuation and Useful Lives

UH records depreciation for financial statement purposes. Asset useful lives are contained in UH Administrative Procedure A8.554. A separate workpaper is prepared to exclude federally-funded assets and fully depreciated assets for F&A cost study purposes.

As disclosed under Part 3.1.0, UH capitalizes library books for financial statement purposes. For F&A cost study purposes, UH has elected to expense non-rare library books and periodicals.

RCUH

For financial statement and F&A cost study purposes, RCUH depreciates office equipment on the straight-line basis over six years.

ARL

Leasehold improvements are amortized over the shorter of the useful of the improvement or the remaining lease term. If there is a lease renewal and the prospect of renewal cannot be predicted with certainty, the amortization period is the original lease term rather than the longer possible term.

4.4.0 Criteria for Capitalization

Physical Plant

UH has a policy to capitalize initial construction or acquisition costs of buildings and improvements other than building if the total project costs are \$5,000 or more. UH defines improvements other than building as all improvements not related specifically to individual buildings such as utility lines, streets, sidewalks, parking areas, etc.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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4.4.0 Criteria for Capitalization (Continued)

UH capitalizes costs incurred subsequent to the initial acquisition or lease of a building, land improvement, or infrastructure asset accountability unit (AAU) exceeding \$100,000 and results in extending the life or increasing the value of that building (e.g., major renovations and additions), land improvement or infrastructure AAU.

Building Componentization

UH componentizes new research buildings beginning with the Kaka'ako Campus. UH also records the costs of improving or replacing a building component and writes down the original value of the improved or replaced building component. The process is described under APM A8.553.

Improvement or Replacement of a Component of Existing Equipment

UH capitalizes costs incurred subsequent to the acquisition, fabrication or lease of equipment that extends the life or increases the production capacity and that has a unit acquisition cost of \$1,000 or more.

4.5.0 Group or Mass Purchase

UH groups assets that individually cost less than \$5,000 and are not within the definition of inventoried assets. Such items are physically and functionally identical and have sufficient durability (over one year) and the total value of the items as a group justifies listing it as inventory control. Each item is removed from inventory as it becomes unusable, dilapidated or unaccounted for. These rules apply to UH Student Housing which is accounted for as an other institutional activity for F&A cost study purposes.

RCUH

RCUH does not capitalize group or mass purchases of similar items, which individually are less than the capitalization amount indicated in Part 4.4.0.

- End of Part -

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

5.1.0 Method of Charging Leave Costs (Continued)

ARL

Accrued vacation for ARL employees hired through UH will be handled in accordance with the policies described under Part 5.1.0, Accrual Basis.

Accrued vacation for ARL employees hired through RCUH will be handled in accordance with the policies described under Part 5.1.0, RCUH.

MHPCC

Non-productive hours, such as vacation and sick leave, are treated as pool costs and distributed semi-monthly to all benefiting tasks orders in proportion to the percentage of total productive (direct labor) salary and fringe benefit costs for each employee. Non-productive labor charges are reconciled at the close of task order termination and at federal fiscal year end (September 30) to ensure the proper allocation of non-productive hours, including the recordation of the employee's used and unused vacation by task order.