

COST ACCOUNTING STANDARDS BOARD

DISCLOSURE STATEMENT (CASB DS-2)

FOR

THE UNIVERSITY OF CHICAGO

**Amended Statement
Revision No. 1
January 5, 2006**

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

COVER SHEET AND CERTIFICATION

Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
0.1	Educational Institution (a) The University of Chicago (b) 1225 East 60th Street (c) Chicago, Illinois 60637
0.2	Reporting Unit is: (Mark one.) A. _____ Independently Administered Public Institution B. <u> X </u> Independently Administered Nonprofit Institution C. _____ Administered as Part of a Public System D. _____ Administered as part of a Nonprofit System E. _____ Other (Specify)
0.3	Official to Contact Concerning this Statement: (a) William J. Hogan, Jr., Comptroller (b) (773) 702-1940
0.4	Statement Type and Effective Date: A. (Mark type of submission. If a revision, enter number) (a) _____ Original Statement (b) <u> X </u> Amended Statement, Revision No. 1
0.5	Statement Submitted to (Provide office name, location and telephone number, include area code and extension): A. Cognizant Federal Agency Department of Health and Human Services Division of Cost Allocation Cohen Building – Room 1067 330 Independence Avenue, S.W. Washington, D.C. 20201 (202) 401-2808 B. Cognizant Federal Auditor: U.S. Department of Education Office of Inspector General Wanamaker Building – Suite 502 100 Penn Square East Philadelphia, PA 19107 (215) 656-6900

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

COVER SHEET AND CERTIFICATION

**Item
No.**

Item Description, Revision No. 1, Effective Date July 1, 2003

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 (49 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. §422.

Date of Certification: January 5, 2006

(Signature)

William J. Hogan, Jr.
(Print or Type Name)

Comptroller
(Title)

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

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART I—GENERAL INFORMATION
		THE UNIVERSITY OF CHICAGO
Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003	
1.1.0	<p><i>Description of Your Cost Accounting System</i> for recording expenses charged to federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s), and if more than one is marked, explain on a continuation sheet.)</p> <p>A. _____ Accrual B. <u> X </u> Modified Accrual Basis C. _____ Cash Basis D. _____ Other¹</p>	
1.2.0	<p><i>Integration of Cost Accounting with Financial Accounting.</i> The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. _____ Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.) B. _____ Not integrated with financial accounting records (Cost data are accumulated on memorandum records.) C. <u> X </u> Combination of A and B.</p>	
1.3.0	<p><i>Unallowable Costs.</i> Costs that are not reimbursable as allowable costs under the terms and conditions of federally sponsored agreements are: (Mark one)</p> <p>A. <u> X </u> Specifically identified and recorded separately in the formal financial accounting records.¹ B. _____ Identified in separately maintained accounting records or workpapers.¹ C. _____ Identifiable through use of less formal accounting techniques that permit audit verification.¹ D. _____ Combination of A, B or C.¹ E. _____ Determinable by other means.¹</p>	
	<p>¹Describe on a Continuation Sheet.</p>	

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		THE UNIVERSITY OF CHICAGO
Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003	
1.3.1	Treatment of Unallowable Cost. (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.	
1.4.0	<i>Cost Accounting Period:</i> <u>7/1</u> to <u>6/30</u> (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g., 7/1 to 6/30. If the cost accounting period is other than the institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)	
1.5.0	<i>State Laws or Regulations.</i> Identify on a continuation sheet any state laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs.	
	¹ Describe on a Continuation Sheet.	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART I--CONTINUATION SHEET
		THE UNIVERSITY OF CHICAGO
Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003	
1.1.0	<p><i>Description of Your Cost Accounting System</i></p> <p>Expenses are charged to federally sponsored agreements as follows:</p> <ul style="list-style-type: none"> • Salary expenses for faculty who earn their salary over nine months but are paid over twelve months are charged on an accrual basis. Other salary expenses are charged on a cash basis. • Vacation, sick, and holiday leave costs are charged on a cash basis. Other fringe benefit expenses are charged on an accrual basis. • Non-compensation expenses are charged on a cash basis. 	
1.2.0	<p>For individual federally sponsored agreements, the cost accounting records are integrated with the financial accounting records. For non-sponsored activities, the cost accounting records are a combination of financial accounting and memorandum records. Memorandum records, which use a direct charge equivalent (DCE) calculation described in Item 3.4.0. (d), are used to separate departmental administration expenses from direct cost activity expenses when the financial accounting record records expenses for both. In addition, and as described in Item 3.1.0, memorandum records are used to accumulate and allocate certain indirect costs.</p>	
1.3.0	<p>University policy requires all unallowable costs identified by <i>OMB Circular No. A-21</i> be charged to accounts that specifically identify them as unallowable and, therefore, prevent them from being charged to federal awards.</p> <p>The University's account numbers are ten digits long. The first six digits are referred to as the "six-digit account", and the last four-digits are referred to as the "subaccount". Each six-digit account is designated by an accounting system attribute as either an "allowable" or "unallowable" account. If an account is designated as "unallowable", then all expenses charged to that account (salaries, fringe benefits, supplies, etc.) are accounted for as unallowable costs. If the account is designated as an "allowable" account, then only expenses charged to four-digit subaccounts reserved for unallowable expenses (meals, fines and penalties, gifts to employees, etc.) are accounted for as unallowable expenses.</p>	
1.3.1	<p>Costs that <i>OMB Circular No. A-21</i> identifies as unallowable and their directly associated costs are classified as Other Institutional Activity (OIA) costs. Examples of the unallowable costs classified as OIA include alumni activities, fundraising, lobbying activities, commencement activities, entertainment, etc. For allocation base purposes, the unallowable costs and their directly associated costs are treated the same as any other OIA cost.</p>	
1.5.0	<p>None.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II--DIRECT COSTS
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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003	
	Instruction for Part II	
	Institutions should disclose what costs are, or will be, charged directly to federally sponsored agreements or similar cost objectives as direct costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1 for classifying costs either as direct costs or indirect costs) will be consistently applied to all costs incurred by the reporting unit.	
2.1.0	<i>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</i> (For all major categories of cost under each major function or activity such as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., supplies, materials, salaries and wages, fringe benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)	
2.2.0	<i>Description of Direct Materials.</i> All materials and supplies directly identified with federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)	
2.3.0	<i>Method of Charging Direct Materials and Supplies.</i> (Mark the appropriated line(s) and if more than one is marked, explain on a continuation sheet.)	
2.3.1	Direct Purchases for Projects are Charged to Projects at:	
	A. _____ Actual Invoiced Costs B. <u> X </u> Actual Invoiced Costs Net of Discounts Taken Y. _____ Others Z. _____ Not Applicable	
2.3.2	Inventory Requisitions from Central or Common, Institution-Owned Inventory. (Identify the inventory valuation method used to charge projects):	
	A. <u> X </u> First In, First Out B. _____ Last In, First Out C. _____ Average Costs D. _____ Predetermined Costs ¹ Y. _____ Other(s) ¹ Z. _____ Not Applicable	

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2.4.0	<i>Description of Direct Personal Services.</i> All personal services directly identified with federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal service compensation costs, including applicable fringe benefits costs, if any, within each major institutional function or activity that are charged as direct personal services.)																																								
2.5.0	<p><i>Method of Charging Direct Salaries and Wages.</i> (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 45%;"></th> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;"><u>Direct Personal Services Category</u></th> </tr> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Faculty</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Staff</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Students</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Other¹</u></th> </tr> <tr> <th></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 style="padding: 5px;">A. Payroll Distribution Method (Individual time card/actual hours and rates)</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="padding: 5px;">B. Plan--Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="padding: 5px;">C. After-the-fact Activity Records (Percentage Distribution of employee activity)</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="padding: 5px;">D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="padding: 5px;">Y. Other(s)¹</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">_____</td> </tr> </tbody> </table> <p style="margin-top: 20px;">¹Describe on a Continuation sheet.</p>		<u>Direct Personal Services Category</u>					<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	<u>Other¹</u>		(1)	(2)	(3)	(4)	A. Payroll Distribution Method (Individual time card/actual hours and rates)	_____	X	X	_____	B. Plan--Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	X	X	X	_____	C. After-the-fact Activity Records (Percentage Distribution of employee activity)	_____	_____	_____	_____	D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_____	_____	_____	_____	Y. Other(s) ¹	_____	X	_____	_____
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2.5.1	<p>Salary and Wage Cost Distribution Systems.</p> <p>Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If "NO", describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)</p> <p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p>	
2.5.2	<p>Salary and Wage Cost Accumulation System.</p> <p>(Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (federally sponsored projects, non-sponsored agreements or similar cost objectives) and indirect activities. Indicate how the salary and wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)</p>	
2.6.0	<p><i>Description of Direct Fringe Benefits Costs.</i> All fringe benefits that are attributable to direct salaries and wages and are charged directly to federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet all of the different types of fringe benefits which are classified and charged as direct costs, e.g., actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, premium pay, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, tuition remission, etc.)</p>	
2.6.1	<p>Method of Charging Direct Fringe Benefits. (Describe on a continuation sheet, how each type of fringe benefit cost identified in item 2.6.0 is measured, assigned and allocated (for definitions, See 9903.302-1); first to the major functions (e.g., instruction, research); and, then to individual projects or direct cost objectives within each function.)</p>	
2.7.0	<p><i>Description of Other Direct costs.</i> All other items of cost directly identified with federally sponsored agreements or similar cost objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g., travel consultants services, subgrants, subcontracts, malpractice insurance, etc.)</p>	

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2.8.0	<p><i>Cost Transfers.</i> When federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rates(s) e.g., direct labor rate, indirect costs originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p>																								
2.9.0	<p><i>Interorganizational Transfers.</i> This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of interorganizational transfers or materials, supplies, and services to federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)</p> <table style="width: 100%; margin-left: 20px;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Materials</u> (1)</th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Supplies</u> (2)</th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Services</u> (3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <i>excluding</i> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> </tr> <tr> <td>B. At full cost including indirect costs attributable to group or central office expenses.</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> <td style="text-align: center; border-bottom: 1px solid black;">X</td> </tr> <tr> <td>Y. Other(s)¹</td> <td style="text-align: center; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable.</td> <td style="text-align: center; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-bottom: 1px solid black;">_____</td> </tr> </tbody> </table> <p style="margin-left: 20px; margin-top: 20px;">¹Describe on a Continuation sheet.</p>		<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)	A. At full cost <i>excluding</i> indirect costs attributable to group or central office expenses.	X	X	X	B. At full cost including indirect costs attributable to group or central office expenses.	X	X	X	C. At established catalog or market price or prices based on adequate competition	X	X	X	Y. Other(s) ¹	_____	_____	_____	Z. Interorganizational transfers are not applicable.	_____	_____	_____
	<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)																						
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2.1.0	<p><i>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives</i></p> <p>The University treats as direct costs those costs that can be identified specifically with a particular sponsored project an instructional activity, or any other institutional activity, and that can be directly assigned to such activities relatively easily with a high degree of accuracy, and are not costs that are normally treated as an indirect cost as described below. A sponsored project's direct costs include any cost sharing <i>OMB Circular No. A-21</i> requires to be accounted for as a cost of the sponsored agreement.</p> <p>The University treats as indirect costs those costs that are incurred for common or joint objectives and, therefore, cannot normally be identified readily and specifically with a particular sponsored project, instructional activity or any other institutional activity. The indirect costs are grouped into the following categories:</p> <ul style="list-style-type: none"> • Building Depreciation • Equipment Depreciation • Operation and Maintenance • Library • General Administration • Sponsored Project Administration • Departmental Administration • Student Administration and Services <p>Normally the services provided by the indirect cost centers are treated as indirect costs. Exceptions to the norm are described below.</p> <p>A. Operation and Maintenance:</p> <p>Services not treated as indirect costs include the following:</p> <ol style="list-style-type: none"> 1. Installation or repair of moveable equipment belonging to the occupant, including the initial cost for electrical or mechanical connections. 2. Construction, installation, or repair of furniture, cabinets, bookcases, shelving blackboards, pictures, moveable partitions, etc. 3. Replication of duplicate or lost keys, or the installation of new lock cylinders resulting from key losses. 4. Special event-related costs, including set-up and clean-up, rental of furniture or equipment, and labor costs associated with the event. 5. Office refurbishment outside of the normal maintenance schedule or standards. 6. Window washing, furniture cleaning, special orders for cleaning offices, lounges or food service spaces over and above basic cleaning services.
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	<p>B. Departmental Administration Normally, administrative and clerical compensation, office supplies, postage, and telecommunication expenses are treated as an indirect cost. Exceptions to the norm include the following:</p> <p>1. Administrative and Clerical Compensation</p> <p>Direct charging of clerical and administrative support occurs where a major project or activity budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. "Major project or activity" is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of services provided by academic departments. Examples of where administrative or clerical support may be charged as a direct cost include the following:</p> <ul style="list-style-type: none"> a) Large, complex programs, such as General Clinical Research Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions. b) Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting, such as epidemiological studies, clinical trials, and retrospective clinical records studies. c) Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars. d) Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports). e) Projects that are geographically inaccessible to normal departmental administrative services, such as seagoing research vessels, radio astronomy projects, and other research field sites that are remote from the campus. f) Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocol, IRB preparations and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communications.
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THE UNIVERSITY OF CHICAGO

Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
	<p data-bbox="428 317 760 348">2. Office Supplies & Postage</p> <p data-bbox="475 380 1328 621">Direct charging of office supplies and postage expense occurs when those expenses are greater than the routine level of support provided by the academic department and when the expense can be specifically identified with a project. Examples of items that could be charged directly include items such as lab notebooks, diskettes, transparencies, plotter pens, printer paper for research data and reports, pens, tablets, staples, file folders, binders, and postage costs for correspondence with the sponsor and project participants and any extraordinary postage expense generated by project needs such as a mail survey.</p> <p data-bbox="428 653 786 684">3. Telecommunication Expense</p> <p data-bbox="475 716 1214 831">Telecommunication expenses (charges for monthly communication services, equipment rental, local calling, voice mail, and campus data network access) are charged as direct costs where such expenses are completely dedicated to a project or set of interrelated projects.</p> <p data-bbox="212 863 675 894">2.2.0 <i>Description of Direct Materials.</i></p> <p data-bbox="334 926 1284 982">The principal categories of materials and supplies charged directly to federally sponsored agreements and similar activities are as follows:</p> <ul data-bbox="334 1020 716 1241" style="list-style-type: none"> • Animal purchases/supplies • Food supplies • Clinical supplies • Laboratory supplies • Office and educational supplies • Shop supplies • Computer software <p data-bbox="212 1272 764 1304">2.4.0 <i>Description of Direct Personal Services.</i></p> <p data-bbox="334 1335 1292 1633">Compensation costs of employees rendering direct services to federally sponsored agreements and similar activities are charged as direct costs. Compensation includes salary and fringe benefits as determined by normal University policy and practice. The types of employees rendering direct services can include faculty, other academics (emeritus and visiting faculty, research associates, Laboratory School teachers, field workers, lecturers, etc.), professionals (computer programmers, engineers, business administrators, etc.), technicians (laboratory technicians, drafters, computer operators, photo technicians, electronic technicians, etc.), service/tradesmen, clericals, and research and teaching assistants (student employees). See Item 2.6.0 for a description of the fringe benefit costs.</p> <p data-bbox="212 1671 841 1703">2.5.0 <i>Method of Charging Direct Salaries and Wages</i></p> <p data-bbox="334 1734 1247 1791">The payroll distribution method is used for all non-exempt employees, while the plan-confirmation method is used for all exempt employees.</p>

**COST ACCOUNTING STANDARDS BOARD
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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
2.5.2	<p>The University of Chicago Hospital payroll is separate from the University's payroll. Hospital employees who expend effort on University sponsored agreements or similar cost objectives have a proportionate amount of their compensation transferred to University FAS accounts by journal entries. (See 2.9.0)</p> <p>Salary and Wage Cost Accumulation System</p> <p>Payroll records are maintained for each employee. Each employee record identifies the salary and wage cost for each pay period and the Financial (Formal) Accounting System (FAS) accounts to which the cost was or will be distributed to. The FAS accounts together with the memorandum records for committed voluntary cost sharing, non-sponsored instruction and departmental administration expenses (see Items 1.2.0, 3.1.0 and 3.4.0) identify the direct and indirect cost activities to which the salary and wage costs are attributed.</p> <p>Departments create and modify employee payroll records by completing approved forms that are then reviewed and approved by the Office of the Provost or Human Resource Management.</p> <p>For each payroll, the payroll system generates control reports that identify the amount of the payroll, the amount withheld from payroll checks for taxes, retirement contributions, etc.; and the net amount written as payroll checks. The payroll system feeds the payroll accounting entry to FAS. The accounting entry is then reconciled to the payroll control reports to ensure that they are equal.</p>
2.6.0	<p><i>Description of Direct Fringe Benefits Costs.</i></p> <p>Fringe benefits that are in the form of compensation paid to employees include vacation, holiday, sick leave, jury duty, bereavement, and military leave.</p> <p>Fringe benefits that are in the form of contributions or expenses paid by the University include:</p> <ul style="list-style-type: none"> • Retirement • Tuition remission • Social security • Health care • Workmen's compensation • Unemployment compensation • Temporary shut-down stipends • Life insurance • Short-term disability • Long-term disability • Travel accident insurance • Employment physicals • Service awards • Employee assistance program • Child care • Training

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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
2.6.1	<ul style="list-style-type: none"> • Fringe benefit administration <p>Method of Charging Direct Fringe Benefits.</p> <p>Vacation, holiday, sick leave, jury duty, bereavement, and military leave pay are charged to the cost objectives that the employees are devoting their effort to at the time the leave occurs.</p> <p>Other fringe benefits are charged to cost objectives by allocating the costs on the basis of institution-wide salaries and wages of the employees receiving the benefits. The costs are allocated to two employee groups: full-time regular and other. A fringe benefit rate for each group is calculated by dividing the costs allocated to it by its salaries and wages. Under/over recoveries from actual costs are adjusted in current or future periods except in years when the University and federal government agree to use predetermined rates.</p>
2.7.0	<p><i>Description of Other Direct Costs.</i></p> <p>The principal categories of direct costs charged directly to federally sponsored agreements and similar activities are as follows:</p> <ul style="list-style-type: none"> • External computing services • Central computing services • Consultants • Construction / renovations • Duplication/printing services • Equipment purchases • Equipment maintenance/repair • Facility and plant maintenance direct charges • Human subject expenses • Insurance • Inpatient routine and ancillary patient care charges • Outpatient care charges • Postage, mailing, shipping • Professional development • Publication costs • Temporary agency help • Transportation/livery services • Travel • Relocation expense • Equipment and space lease/rental expense • Other leases/rentals • Research assistant tuition remission • Tuition and fee student aid • Service centers with annual operating budgets exceeding \$1,000,000: <ul style="list-style-type: none"> – Animal care services – Telecommunication services – Engineering center services • Service centers with annual operating budgets less than \$1,000,000: <ul style="list-style-type: none"> – Audio visual services

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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
2.8.0	<ul style="list-style-type: none"> – Physical Sciences Division Central Machine Shop services – Radiation protection services – Miscellaneous services • Stipend student aid • Subcontracts <p><i>Cost Transfers.</i></p> <p>The credit amounts for direct cost transfers are always based upon the same amounts or rates used originally to charge or allocate the costs. The credit amounts for indirect cost transfers are based upon the following rules: If the funds are restricted to a specific budget period within the total performance period, then the credit is based upon the rate in effect at the time of the original charge or at the end of the specific budget period in which the original charge was incurred. If the sponsored agreement funds are not restricted to a specific budget period within the total performance period, then the credit is based upon the rate in effect at the time of the cost transfer.</p>
2.9.0	<p><i>Interorganizational Transfers.</i></p> <p><u>A. Transfers from the University's Hospital</u></p> <p>Salaries and fringe benefit costs excluding indirect costs are transferred at full cost from the Hospital to the University for Hospital employees who perform services for the University. Similarly, Hospital incurred material and supply cost attributable to the University, are transferred to the University without indirect costs.</p> <p>Routine and ancillary patient care charges to federally sponsored research grants are made in accordance with the Research Patient Care Rate Agreement. Charges to other federally sponsored agreements are made on the basis of "reasonable cost" as set forth in the Principles of Reimbursement for Provider Costs (under Title XVIII of the Social Security Act) published by the Health Care Financing Administration, HHS, except where a different basis for reimbursement is set forth in governing programmatic regulations or guidelines. Charges to similar cost objectives are made at the published prices.</p> <p><u>B. Transfers from Argonne National Laboratory (ANL)</u></p> <p>Materials, supplies, and services are transferred to the University from ANL at full cost including indirect costs attributable to ANL.</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III—INDIRECT COSTS
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	<p>Instruction for Part III</p> <p>Institutions should disclose how the segment's total indirect costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and "billed" to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to federally sponsored agreements or similar final cost objectives. A continuation sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.</p> <p>The following Allocation Base Codes are provided for use in connection with Items 3.1.0 and 3.3.0.</p> <ul style="list-style-type: none"> A. Direct Charge or Allocation B. Total Expenditures C. Modified Total Cost Basis D. Modified Total Direct Cost Basis E. Salaries and Wages F. Salaries, Wages and Fringe Benefits G. Number of Employees (head count) H. Number of Employees (full-time equivalent basis) I. Number of Students (head count) J. Number of Students (full-time equivalent basis) K. Student Hours - classroom and work performed L. Square Footage M. Usage N. Unit of Product O. Total Production P. More Than One Base (separate cost groupings) ¹ Y. Other(s) ¹ Z. Category or Pool Not Applicable <p>¹List on a continuation sheet the category and subgrouping(s) of expenses involved and the allocation base(s) used.</p>	

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PART III—INDIRECT COSTS

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**Item
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Item Description, Revision No. 1, Effective Date July 1, 2003

3.1.0

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

<u>Indirect Cost Category</u>	<u>Accumulation Method</u>	<u>Allocation Base Code</u>	<u>Allocation Sequence</u>
(a) Depreciation/Use Allowances/Interest			1
Building	No	L	
Equipment	No	L	
Capital Improvements to Land ¹	No	P	
Interest ¹	Yes	L	
(b) Operation & Maintenance	No	P	2
(c) General Administration and General	Yes	P	3
(d) Departmental Administration	No	C	
(e) Sponsored Projects Administration	Yes	C	
(f) Library	Yes	Y	
(g) Student Administration and Services	Yes	A	
(h) Other ¹	N/A		

¹Describe on a Continuation Sheet

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3.2.0 Revised Row (c)	<p><i>Service Centers.</i> Service centers are department or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service centers include “recharge centers” and the “specialized service facilities” defined in Section J of Circular A-21. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter “Z” in Column 1, if not applicable.)</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 80%;"></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> <th style="text-align: center;">(5)</th> <th style="text-align: center;">(6)</th> </tr> </thead> <tbody> <tr> <td>(a) Scientific Computer Operations</td> <td style="text-align: center;"><u>Z</u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>(b) Business Data Processing</td> <td style="text-align: center;"><u>Z</u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>(c) Animal Care Facilities</td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>C</u></td> <td style="text-align: center;"><u>B</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>Y</u></td> </tr> <tr> <td>(d) Other service centers with annual operating budgets exceeding \$1,000,000 or that generate significant charges to federally sponsored agreements either as a direct or indirect cost. (Specify below; use a continuation sheet, if necessary.)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><u>Engineering Center</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>C</u></td> <td style="text-align: center;"><u>C</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>B</u></td> </tr> <tr> <td style="padding-left: 20px;"><u>Telecommunications</u></td> <td style="text-align: center;"><u>C</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>C</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>B</u></td> </tr> </tbody> </table> <p style="margin-top: 10px;">(1) <i>Category Code:</i> Use code “A” if the service center costs are billed only as direct costs of final cost objectives; code “B” if billed only to indirect cost categories or indirect cost pools; code “C” if billed to both direct and indirect cost objectives.</p> <p>(2) <i>Burden Code:</i> Code “A”--center receives an allocation of all applicable indirect costs; Code “B”--partial allocation of indirect costs; Code “C”--no allocation of indirect costs.</p> <p>(3) <i>Billing Rate Code:</i> Code “A”--billing rates are based on historical costs; Code “B”--rates are based on projected costs; Code “C”--rates are based on a combination of historical and projected costs; Code “D”--billings are based on the actual costs of the billing period; Code “Y”--other (explain on a Continuation Sheet).</p> <p>(4) <i>User Charges Code:</i> Code “A”--all users are charged at the same billing rates; Code “B”--some users are charged at different rates than other users (explain on a continuation sheet).</p> <p>(5) <i>Actual Costs vs. Revenues Code:</i> Code “A”--billings (revenues) are compared to actual costs (expenditures) at least annually; Code “B”--billings are compared to actual costs less frequently than annually.</p> <p>(6) <i>Variance Code:</i> Code “A”--Annual variances between billed and actual costs are prorated to users (as credits or charges); Code “B”--variances are carried forward as adjustments to billing rate of future periods; Code “C”--annual variances are charged or credited to indirect costs; Code “Y”--other (explain on a Continuation Sheet).</p>		(1)	(2)	(3)	(4)	(5)	(6)	(a) Scientific Computer Operations	<u>Z</u>	_____	_____	_____	_____	_____	(b) Business Data Processing	<u>Z</u>	_____	_____	_____	_____	_____	(c) Animal Care Facilities	<u>A</u>	<u>A</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>Y</u>	(d) Other service centers with annual operating budgets exceeding \$1,000,000 or that generate significant charges to federally sponsored agreements either as a direct or indirect cost. (Specify below; use a continuation sheet, if necessary.)							<u>Engineering Center</u>	<u>A</u>	<u>C</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>	<u>Telecommunications</u>	<u>C</u>	<u>A</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
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3.3.0	<p><u>Indirect Cost Pools and Allocation Bases</u></p> <p>(Identify all of the indirect cost pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distributed accumulated indirect costs to federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z to indicate the basis used for allocating accumulated pool costs to federally sponsored agreements or similar cost objectives.)</p> <table style="width: 100%; margin-left: 20px;"> <thead> <tr> <th style="width: 10%;"></th> <th style="width: 60%;"></th> <th style="width: 30%; text-align: center;"><u>Allocation Base Code</u></th> </tr> </thead> <tbody> <tr> <td colspan="3">A. Instruction</td> </tr> <tr> <td style="text-align: center;"><u> X </u></td> <td>On-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> X </u></td> <td>Off-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> </u></td> <td>Other¹</td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td colspan="3">B. Organized Research</td> </tr> <tr> <td style="text-align: center;"><u> X </u></td> <td>On-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> X </u></td> <td>Off-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> </u></td> <td>Other¹</td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td colspan="3">C. Other Sponsored Activities</td> </tr> <tr> <td style="text-align: center;"><u> X </u></td> <td>On-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> X </u></td> <td>Off-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> </u></td> <td>Other¹</td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td colspan="3">D. Other Institutional Activities¹</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><u> D </u></td> </tr> </tbody> </table>			<u>Allocation Base Code</u>	A. Instruction			<u> X </u>	On-Campus	<u> D </u>	<u> X </u>	Off-Campus	<u> D </u>	<u> </u>	Other ¹	<u> </u>	B. Organized Research			<u> X </u>	On-Campus	<u> D </u>	<u> X </u>	Off-Campus	<u> D </u>	<u> </u>	Other ¹	<u> </u>	C. Other Sponsored Activities			<u> X </u>	On-Campus	<u> D </u>	<u> X </u>	Off-Campus	<u> D </u>	<u> </u>	Other ¹	<u> </u>	D. Other Institutional Activities ¹					<u> D </u>
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3.4.0	<p><i>Composition of Indirect Cost Pools.</i> (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, subgroupings of expenses and elements of cost included.)</p> <p style="margin-top: 20px;">¹Describe on a Continuation Sheet.</p>																																													

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3.1.0

Indirect Cost Categories Accumulation and Allocation.

All of the FAS cost accumulations described below assume that certain reclassifications and exclusions may be necessary to eliminate direct and / or unallowable costs from FAS accounts that otherwise record only indirect costs.

(a) Depreciation/Use Allowances/Interest

Building:

Accumulation

This cost category includes depreciation expense for University and Hospital owned buildings. The expense is calculated using a straight line methodology.

For University-owned buildings, the University's FAS accumulates the depreciation expense. The amount of depreciation included in this cost category consist of the amount reported by FAS less the depreciation attributed to that part of the capitalized value that was federally funded. The amount of depreciation attributed to federal funds is identified on memorandum records maintained in the University's Property Management System (PMS).

For Hospital-owned buildings, the amount of depreciation included in this cost category is based upon memorandum records contained in the University's PMS.

Equipment:

Accumulation

Equipment depreciation is calculated using a straight line methodology. The depreciation included in this cost category is that reported by FAS less the depreciation attributed to that part of the capitalized value that was federally funded. The amount of depreciation attributed to federal funds is identified on memorandum records maintained in the University's Property Management System (PMS).

Capital Improvements to Land

Accumulation

The depreciation included in this cost category is that reported by FAS less the depreciation attributed to that part of the capitalized value that was federally funded. The amount of depreciation attributed to federal funds is identified on memorandum records maintained in the University's Property Management System (PMS).

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Allocation

Costs are allocated to employee and student full-time equivalents. The amount allocated to employees is then allocated to cost categories based upon salaries and wages. The amount allocated to students is allocated to the instruction cost category.

Interest

Accumulation

Interest expenses are accumulated in FAS and are identified as being for internal or external debt. Internal interest expenses are unallowable and are offset by internal interest revenue and, therefore, are excluded from the indirect cost calculation. External interest expenses are accumulated in memorandum records that identify the buildings, equipment, and land improvements those expenses relate to. The memorandum records draw upon information in the prospectus for each debt instrument.

(b) Operation and Maintenance

Accumulation

This cost category includes operation and maintenance expenses incurred by the University and the Hospital and the Utility Cost Adjustment (UCA) allowed by *OMB Circular No. A-21*. University incurred expenses are accumulated in the University's FAS. Hospital incurred expenses are accumulated on the Hospital's FAS, the Hospital FAS serves as memorandum records for the University.

Allocation

The University's share of the Astrophysical Research Consortium Telescope operating cost is allocated on the basis of modified total costs in the Department of Astronomy and Astrophysics. Bus expense incurred for security is allocated on the basis of employee and student headcounts. All other operation and maintenance expenses are allocated on the basis of square footage.

(c) General Administration

Allocation

Mainframe and server computing expenses are allocated on the basis of usage statistics. Modified total costs are used to allocate other expenses.

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3.2.0	<p>(d) Departmental Administration</p> <p style="padding-left: 40px;"><u>Accumulation</u></p> <p>Costs are accumulated both in FAS and in memorandum records. FAS has accounts that record only departmental administration expenses, and it has accounts that record expenses for both departmental administration and direct non-sponsored activities. For the latter set of accounts, the University uses the direct charge equivalent (DCE) calculation described in Item 3.4.0 (d) to create memorandum records that separate the departmental administration costs from direct costs. (See 2.1.0. B. for a description of the administrative and clerical compensation, office supplies, postage and telecommunication expenses that are treated as direct costs.)</p>	
	<p>(f) Library</p> <p style="padding-left: 40px;"><u>Allocation</u></p> <p>Expenses are allocated to the primary users, including students, professional employees, and other library users. The student category shall consist of full-time equivalent students enrolled at the University. The professional employee category shall consist of FTE faculty members and other professional employees of the University. The other users category shall consist of all other primary users of the library facilities. The amounts allocated to the student category will be allocated to the instruction function. The professional employee category amount will be allocated to the major functions in proportion to the salaries and wages of all faculty members and other professional employees applicable to those functions. The other users category amount will be allocated to the other institutional activities function.</p>	
	<p>(g) Student Administration and Services</p> <p style="padding-left: 40px;"><u>Allocation</u></p> <p>Costs are allocated entirely to the instruction function.</p>	
Revised	<p><i>Service Centers</i></p> <p>The Animal Care Facility and Telecommunication service centers are included in allocation bases used to allocate building depreciation, equipment depreciation, and operation and maintenance cost pools. Telecommunication service center expense is included in the general administration cost pool allocation base</p> <p>(c) Animal Care Facilities</p> <p style="padding-left: 40px;"><u>Use Charge Code</u></p> <p>Federally funded activities are charged at a lesser rate than other activities. The University, however, subsidizes both the federal and nonfederal rates.</p> <p style="padding-left: 40px;"><u>Variance Code</u></p> <p>Actual costs exceed billed costs and are subsidized by the University.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III—CONTINUATION SHEET
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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003	
3.3.0	<p><i>Indirect Cost Pools and Allocation Bases</i></p> <p>Other institutional expenses include unallowable expenses, patient care, residence halls and commons, real estate operations, University Press, and other auxiliary enterprises.</p>	
3.4.0	<p><i>Composition of Indirect Cost Pools</i></p> <p>(See 3.1.0. for a description of how FAS, adjusted for reclassifications and exclusions, and memorandum records are used to accumulate indirect costs.)</p> <p>(a) Depreciation/Use Allowances/Interest</p> <p><u>Building</u></p> <p>Contains depreciation expense for University and Hospital building assets less the depreciation on the federally funded portion of those assets.</p> <p><u>Equipment</u></p> <p>Contains depreciation expense and use allowance (shop machinery only) for University equipment less depreciation on any federally funded equipment.</p> <p><u>Capital Improvements to Land</u></p> <p>Contains the depreciation expense for University capitalized land improvements less depreciation on the federally funded portion of those assets.</p> <p><u>Interest</u></p> <p>Contains interest expense for external borrowings associated with: (1) buildings acquired or completed on or after July 1, 1982; (2) major reconstruction and remodeling of existing buildings completed on or after July 1, 1982; and (3) acquisition or fabrication of capital equipment completed on or after July 1, 1982 costing \$10,000 or more, if agreed to by the Federal Government.</p> <p>(b) Operation and maintenance</p> <p>The expenses under this heading are those that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management. The organization components and individual elements of cost are described in the following expense subgroupings:</p> <p><u>Non-Medical Center Operation and Maintenance Administration</u></p> <p>Contains expenditures incurred by the University's Facilities Planning and Management Office for the administration of campus maintenance activities.</p>	

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	<p><u>Medical Center Operation and Maintenance Administration</u></p> <p>Contains expenditures incurred by the Medical Center University's Facilities Planning and Management Office for the administration of Medical Center maintenance activities.</p> <p><u>Property, Liability and Fine Art Insurance</u></p> <p>Contains expenses incurred by the University's Risk Management Office for property, liability, and fine arts insurance. Expenses include premium payments, self-insurance reserve funding and Risk Management Office operating expenses.</p> <p><u>Electricity and Steam</u></p> <p>Contains expenses incurred by the University for purchasing electricity and gas (used to produce steam) utilities and for operating the University's steam plant and distribution system.</p> <p><u>Water and Miscellaneous Fuels</u></p> <p>Contains expenses for payments to the City of Chicago and Metropolitan Sanitary District for water treatment (sewage). Also contains expenses for natural gas purchases for laboratories and buildings that have their own gas fired boilers.</p> <p><u>Non-Medical Center Building Engineering</u></p> <p>Contains expenses incurred by the University for the maintenance and repair of electrical, steam, HVAC, plumbing, elevator, mechanical control, and other miscellaneous equipment systems fixed to non-medical center buildings.</p> <p><u>Medical Center Building Engineering</u></p> <p>Contains expenses incurred by the Hospital for the maintenance and repair of electrical, steam, HVAC, plumbing, elevator, mechanical control, and other miscellaneous equipment systems fixed to medical center buildings.</p> <p><u>Non-Medical Center Delivery, Trucking, Building Repairs, and Grounds</u></p> <p>Contains expenses incurred by the University for garbage pick-up and disposal, regular deliveries of building supplies, masonry and roofing repairs, carpentry repairs, electrical repairs, lock and door repairs, upholstery repairs, painting, lawn and shrubbery care, and snow removal.</p> <p><u>Medical Center Delivery, Trucking, Building Repairs, and Grounds</u></p> <p>Contains expenses incurred by the Hospital for garbage pick-up and disposal regular deliveries of building supplies masonry and roofing repairs carpentry repairs, electrical repairs, lock and door repairs, upholstery repairs, lawn and shrubbery care, and snow removal.</p>
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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
	<p><u>Non-Medical Center Custodial</u></p> <p>Contains custodial service expenses incurred by the University for non-medical center space.</p> <p><u>Medical Center Custodial</u></p> <p>Contains expense incurred by the Hospital for providing custodial services to medical center space occupied by the University's Biological Sciences Division.</p> <p><u>Biological Science Division Renovations and Repairs</u></p> <p>Contains expenses incurred by the University for its Biological Science Division's minor renovations and equipment repair and maintenance contracts.</p> <p><u>Other Maintenance Expenses Incurred for Specific Buildings</u></p> <p>Contains other maintenance expenses incurred by the University for specific buildings and auxiliary enterprises.</p> <p><u>Other Maintenance Expenses</u></p> <p>Contains miscellaneous maintenance expenses incurred by the University for such things as asbestos control programs, bike racks, campus walks and drives, campus lighting, fire escapes, duct cleaning, building code corrections, etc.</p> <p><u>Safety and Environmental Health, Hazardous Waste, and Radiation Safety</u></p> <p>Contains the expenses for safety and environmental health, energy management, hazardous waste disposal, and radiation safety.</p> <p><u>Medical Center Security</u></p> <p>Contains expense incurred by the University Police Department for providing security services to Biological Science Division space in the medical center.</p> <p><u>Security - Police</u></p> <p>Contains expenses for the University Police Department. It contains salary, wage and fringe benefit expense for security officers and police administrative personnel, personnel training, supplies, and security vehicles.</p> <p><u>Security – Neighborhood Bus Program</u></p> <p>Bus service expense incurred as part of the neighborhood security program.</p>

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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
	<p><u>Astrophysical Research Consortium Telescope Facility Operating Cost</u></p> <p>The Consortium built and now operates a 3.5-meter telescope facility. Members of the Consortium include the University of Chicago, New Mexico State University, Princeton University, the University of Washington, and Washington State University. Telescope time is allocated to these institutions in proportion to their contributions to the telescope's capital and operating expenses. Computers allow for most of the telescope observing to be done from a remote locations. This computer access enhances the ability for scientists to collaborate and for research and teaching to occur simultaneously because of the ability to "eavesdrop" on observations from many locations. This expense is the University's payment to the Consortium for its share of the telescope's facility operating expenses. The entire cost is treated as an indirect cost.</p> <p>(c) General Administration and General</p> <p>The general administration and general expense pool is divided into six subgroups.</p> <p><u>Administrative Information Services</u></p> <p>Contains expenses for maintaining computer system that serves as an account receivable system for gift and grant accounting and as a database system for alumni relations and fundraising.</p> <p><u>Crime, Educator, Aircraft, and Executive Insurance</u></p> <p>Contains expenses incurred for crime, educator, aircraft, and executive insurance. Expenses include premium payments, self-insurance reserve funding and Risk Management Office operating expenses.</p> <p><u>Information Technology – Mainframe and Server Computers</u></p> <p>Contains expenditures for computing mainframes and servers used to support general administration and other general expenses.</p> <p><u>Information Technology – Other Expenses</u></p> <p>Information technology expenses incurred for general management, administrative system programming, administrative desktop support, research and instruction computer resource clusters, and consulting.</p> <p><u>Other General Administration Expenses</u></p> <p>Contains expenses for the overall administration of the University. Included here are expenses incurred by the President's Office, Office of the Provost, Office of Legal Counsel, Secretary of the Faculties, Secretary of the Board of Trustees, Office of the Chief Financial Officer, Office of Financial Planning and Budget, Office of the Comptroller, Office of Internal Audit, Purchasing Office, Faculty Exchange, Publications and Human Resource Management.</p>

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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
	<p>(d) Departmental Administration</p> <p>Contains administrative expenses from the deans' offices and academic departments. Expenses are accumulated both in FAS accounts reserved for administration expenses and in accounts that record both administration and other expenses. For the latter group of accounts, memorandum records are used to separate departmental administration from other expenses. The five types of expenses included in this pool are:</p> <p><u>Administrative Salaries and Wages</u></p> <p>Salaries and wages for professional departmental business administrators are normally treated as an indirect expense. See 2.1.0.B. for a description of those instances when administrative salaries may be charged as a direct expense.</p> <p><u>Secretarial and Clerical Salaries and Wages</u></p> <p>Salaries and wages for secretarial and clerical staff are normally treated as indirect costs. See 2.1.0.B. for a description of those instances when administrative salaries may be charged as direct expenses. The amount of secretarial and clerical expense included in the Departmental Administration Cost Pool is the total secretarial and clerical expense less the amount direct charged to sponsored projects and the calculated direct-charge-equivalent (DCE) for non-sponsored direct cost activities. The DCE is calculated as follows:</p> <ol style="list-style-type: none"> 1) Sponsored secretarial and clerical salaries and wages 2) Sponsored faculty and professional salaries and wages 3) DCE ratio = (1) / (2) 4) Nonsponsored faculty and professional salaries and wages 5) Nonsponsored secretarial and clerical salaries and wages charged to accounts that record both departmental administration and direct nonsponsored costs 6) (3) x (4) = Nonsponsored direct secretarial and clerical salaries and wages 7) (5) - (6) = Nonsponsored departmental administration secretarial and clerical salaries and wages <p><u>Administrative Allowance for Faculty and Other Professionals</u></p> <p>Salaries and wages for faculty and professional staff performing administrative duties are calculated at 3.6 per cent of modified total direct costs in accordance with OMB Circular No. A-21, Section F.6.a.(2)(a).</p> <p><u>Fringe Benefits</u></p> <p>Fringe benefits applicable to the departmental administration salaries and wages.</p> <p><u>Other Expenses</u></p> <p>These are non-compensation expenses. The cost assigned to the departmental administration pool is net of the amount that is accumulated for the direct sponsored and non-sponsored activities. The FAS accumulates the direct sponsored costs, while memorandum records that use a DCE accumulate the direct non-sponsored costs. The DCE calculation is as follows:</p>

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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
3.5.0	<p>1) Other expenses charged to nonsponsored accounts that record both departmental administration and direct nonsponsored costs</p> <p>2) Departmental administration salaries charged to accounts that record both departmental administration and direct nonsponsored costs</p> <p>3) Total salaries charged to accounts that record both departmental administration and direct nonsponsored costs</p> <p>4) DCE ratio = [(3) - (2)] / (3)</p> <p>5) (4) x (1) = Nonsponsored direct other expenses</p> <p>(e) Sponsored Project Administration</p> <p>Contains expenses from the Office of the Vice President for Research, University Research Administration, and Restricted Funds, which is a discrete section of the Comptroller's Office. These are separate University departments that exist primarily to administer sponsored projects. Expenses include salaries and wages, fringe benefits and other supplies and expenses.</p> <p>(f) Library</p> <p>Contains expenses from the University's libraries. Contains expenses incurred for computing, general operating and administration, acquisitions (books and serials), binding, technical services (acquisitions, cataloging, serials), circulation, reference and special collections.</p> <p>(g) Student Administration and Services</p> <p>Contains expenses for the administration of student affairs and for services to students, including expenses of such activities as Deans of Students, admissions, registrar, counseling and placement, student advisors, catalogs, commencements and convocations. Excluded from this cost pool are student activities such as intercollegiate athletics and student unions, which are classified as Other Institutional Activities. Expenses are composed of salaries and wages, fringe benefits, services and supplies</p> <p><i>Composition of Allocation Bases.</i></p> <p>(a) Allocation Base Codes (ABC)</p> <p>A. Direct Charge or Allocation: Direct charge or allocations are made either when required by federal regulations or when a cost incurred benefits only one cost category.</p> <p>C. Modified Total Cost Basis: Consists of costs charged to both direct and indirect cost categories. It includes all of the costs identified in Part II, item 2.7.0 except for capital expenditures (includes equipment purchases and construction and renovation expenses), Physical Sciences Division Central Machine Shop, inpatient routine and ancillary patient care charges, outpatient care charges, equipment and space lease/rental expense, research assistant tuition remission, scholarships and fellowships (includes tuition, fees and stipends), and that portion of each subcontract in excess of \$25,000.</p>

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	<p>D. Modified Total Direct Cost Basis: Consists of modified total cost of the direct cost categories.</p> <p>E. Salaries and Wages: Consists of salaries and wages paid to University employees.</p> <p>H. Number of Employees (full-time equivalent basis): Consists of FTE faculty, professional, and other employees at the University.</p> <p>J. Number of Students (full-time equivalent basis): Consists of FTE students enrolled in the University's college, divisions and graduate schools.</p> <p>L. Square Footage: Consists of assignable space. Assignable space excludes vacant space, space under construction, and common space, such as hallways, public restrooms, and mechanical space.</p> <p>M1. Mainframe computer usage statistics.</p> <p>P More Than One Base (separate cost groupings)</p> <p>Y1. Capital improvements to land costs are allocated as described in OMB Circular No. A-21, Section F.2.b. (4).</p> <p>Y2. Library costs are allocated as described in OMB Circular No. A-21, Section F.8.b.</p> <p>Y3. Sponsored program MTDC.</p> <p>(b) Indirect Cost Categories</p> <p><u>Depreciation/Interest: ABC-L</u></p> <p><u>Capital Improvements to Land: ABC-Y1</u></p> <p><u>Operation and Maintenance: ABC-P</u></p> <p>Astrophysical Research Consortium Telescope Operating Costs: ABC-C Security – Neighborhood Bus Program: ABC-Y1 All Other Operation and Maintenance Cost Groupings: ABC-L</p> <p><u>General Administration and General: ABC-P</u></p> <p>Information Technology – Mainframe and Server Computers: M1 Other General Administration Expenses: ABC-C</p> <p><u>Departmental Administration: ABC-C</u></p> <p><u>Sponsored Project Administration: ABC-Y3</u></p> <p><u>Library: ABC-Y2</u></p>

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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
	<p><u>Student Administration and Services: ABC-A</u></p> <p>Costs are allocated entirely to Instruction.</p>

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**PART IV--DEPRECIATION AND USE
ALLOWANCES
THE UNIVERSITY OF CHICAGO**

**Item
No.**

Item Description, Revision No. 1, Effective Date July 1, 2003

4.1.0

Part IV

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

<u>Asset Category</u>	<u>Depreciation Method</u>	<u>Useful Life</u>	<u>Property Unit</u>	<u>Residual Value</u>
	(1)	(2)	(3)	(4)
(a) Land Improvements	A	C	A	B
(b) Buildings	A	C	A	B
(c) Building Improvements	A	C	A	B
(d) Leasehold Improvements	A	C	A	B
(e) Equipment	A	C	A	B
(f) Furniture and Fixtures	A	C	A	B
(g) Automobiles and Trucks	A	C	A	B
(h) Tools				
(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. (Other wise enter Code Z.)	Z	Z	Z	Z

Column (1)--Depreciation Method Code

- A. Straight Line
- B. Expensed at Acquisition
- C. Use Allowance
- Y. Other or more than one method¹

Column (3)--Property Unit Code

- A. Individual units are accounted for separately
- B. Applied to groups of assets with similar service lives
- C. Applied to groups of assets with varying service lives
- Y. Other or more than one method¹

Column (2)--Useful Life Code

- A. Replacement Experience
- B. Term of Lease
- C. Estimated Service Life
- D. As prescribed for use allowance by Office of Management and Budget Circular No. A-21
- Y. Other or more than one method¹

Column (4)--Residual Value Code

- A. Residual value is deducted
- B. Residual value is not deducted
- Y. Other or more than one method¹

¹Describe on Continuation Sheet.

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**PART IV--DEPRECIATION AND USE
ALLOWANCES
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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
4.1.1	<p>Asset Valuations and Useful Lives. Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements?</p> <p>A. <u> X </u> Yes B. <u> </u> No¹</p>
4.2.0	<p><i>Fully Depreciated Assets.</i> Is a usage charge for fully depreciated assets charged to federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)</p> <p>A. <u> </u> Yes B. <u> X </u> No</p>
4.3.0	<p><i>Treatment of Gain s and Losses on Disposition of Depreciable Property.</i> Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <u> </u> Excluded from determination of sponsored agreements costs B. <u> </u> Credited or charged currently to the same pools to which the depreciation of the assets was original charged C. <u> X </u> Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved D. <u> </u> Not accounted for separately, but reflected in the depreciation reserve account Y. <u> </u> Other(s)¹ Z. <u> </u> Not applicable</p>
4.4.0	<p><i>Criteria for Capitalization.</i> (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)</p> <p>A. Minimum Dollar Amount <u> \$5,000 </u> B. Minimum Life Years <u> More than 1 year </u></p>
4.5.0	<p><i>Group or Mass Purchase.</i> Are group or mass purchases (initial complement) or similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one.)</p> <p>A. <u> X </u> Yes¹ B. <u> </u> No</p> <p>¹Describe on a Continuation sheet.</p>

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4.4.0	<p><i>Criteria for Capitalization.</i></p> <p><u>Land Improvements</u> - Improvements to be capitalized include the cost of landscape, utility systems, surface parking lots, and outdoor public recreational fields having a cost in excess of \$100,000. All costs of land improvements associated with newly constructed buildings are capitalized.</p> <p><u>Building Renovations</u> - Building improvements to be capitalized are significant alterations or structural changes that a) cost in excess of \$100,000 and b) meet one or more of the following conditions:</p> <ul style="list-style-type: none"> • The project extends the useful life of the building beyond what was originally scheduled. • The project substantially changes the use or purpose of the original space. • The project expands the total square footage of the building. <p>The book value of a renovated building is reduced by the cost of the components being replaced if such costs can be easily ascertained. If the book value of the asset being renovated is unknown, there is no cost reduction of the fixed asset.</p> <p><u>Software</u> - Operating software included in the price of the hardware is capitalized. When purchased separately, software is capitalized if the cost exceeds \$100,000. Internally developed software with material and labor costs in excess of \$100,000 is also capitalized.</p>	
4.5.0	<p><i>Group or Mass Purchase.</i></p> <p>Library books (bound volumes, periodicals, serial titles, and microforms) are capitalized as a group in the fiscal year purchased.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART V--OTHER COSTS AND CREDITS
	THE UNIVERSITY OF CHICAGO

Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
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	Part V
5.1.0	<p><i>Method of Charging Leave Costs.</i> Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e., when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))</p> <p>A. <input checked="" type="checkbox"/> Cash B. <input type="checkbox"/> Accrual¹</p>
5.2.0	<p><i>Applicable Credits.</i> This item is directed at the treatment of “applicable credits” as defined in Section C of OMB Circular A-21 and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <input type="checkbox"/> The credits/receipts are offset against the specific direct or indirect costs to which they relate. B. <input type="checkbox"/> The credits/receipts are handled as a general adjustment to the indirect cost pool. C. <input type="checkbox"/> The credits /receipts are treated as income and are not offset against costs. D. <input checked="" type="checkbox"/> Combination of methods.¹ Y. <input type="checkbox"/> Other¹</p>
	¹ Describe on a Continuation Sheet.

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PART V CONTINUATION SHEET

THE UNIVERSITY OF CHICAGO

Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
5.2.0	<p><i>Applicable Credits</i></p> <p>Library fees and fines and parking fees are treated as income. Other credits/receipts are offset against the specific direct or indirect costs to which they relate. However, those credits that cannot easily be identified with the specific direct or indirect costs to which they relate are handled as a general adjustment to the indirect cost pool.</p>

**COST ACCOUNTING STANDARDS BOARD
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**PART VI--DEFERRED COMPENSATION
AND INSURANCE COSTS
THE UNIVERSITY OF CHICAGO**

Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003
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Instructions for Part VI

This part covers the measurement and assignment of costs for employee pensions, post retirement benefits other than pensions (including post retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.

Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to federally sponsored agreements are material, and the reporting unit does not have access to the information needed to complete an item, the reporting unit should require that entity to complete the applicable portions of this Part VI. (See item 4, page (i), General Instructions)

6.1.0

Pension Plans.

6.1.1

Defined-Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to federally sponsored agreements. (Mark applicable line(s) and enter number of Plans.)

Type of Plan

Number of Plans

- | | | | |
|----|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| A. | <u> </u> | Institution employees participate in State/Local Government Retirement Plan(s) | <u> </u> |
| B. | <u> X </u> | Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution | <u> 2 </u> |
| C. | <u> </u> | Institution has its own Defined-Contribution Plan(s) ¹ | <u> </u> |

6.1.2

Defined-Benefit Pension Plan. (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)

¹Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI--DEFERRED COMPENSATION AND INSURANCE COSTS THE UNIVERSITY OF CHICAGO
Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003	
6.2.0	<p><i>Post Retirement Benefits Other Than Pensions (including post retirement health care benefits) (PRBs).</i> (Identify on a continuation sheet all PRB plans whose costs are charged to federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.)</p> <p>Z. <input type="checkbox"/> Not applicable</p>	
6.2.1	<p>Determination of Annual PRB Costs. (On a continuation sheet, indicate whether PRB costs charged to federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices used, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)</p>	
6.3.0	<p><i>Self-Insurance Programs (Employee Group Insurance).</i> Costs of the self-insurance programs are charged to federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When accrued (book accrual only)</p> <p>B. <input type="checkbox"/> When contributions are made to a nonforfeitable fund</p> <p>C. <input type="checkbox"/> When contributions are made to a forfeitable fund</p> <p>D. <input type="checkbox"/> When the benefits are paid to an employee</p> <p>E. <input type="checkbox"/> When amounts are paid to an employee welfare plan</p> <p>Y. <input checked="" type="checkbox"/> Other or more than one method¹</p> <p>Z. <input type="checkbox"/> Not applicable</p>	
6.4.0	<p><i>Self-Insurance Programs (Worker's Compensation, Liability and Casualty Insurance.)</i></p>	
6.4.1	<p>Worker's Compensation and Liability. Costs of such self-insurance programs are charged to federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When claims are paid or losses are incurred (no provision for reserves)</p> <p>B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability</p> <p>C. <input type="checkbox"/> When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value of the liability</p> <p>D. <input type="checkbox"/> When funds are set aside or contributions are made to a fund</p> <p>Y. <input checked="" type="checkbox"/> Other or more than one method¹</p> <p>Z. <input type="checkbox"/> Not applicable</p>	
	<p>¹Describe on a Continuation Sheet.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI CONTINUATION SHEET
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6.1.2	<p>Defined-Benefit Pension Plan.</p> <p>Plan Name The University of Chicago Retirement Income Plan for Employees (Defined Benefit Program)</p> <p>Actuarial cost method Projected Unit Credit Cost Method</p> <p>Asset valuation method Market value of plan assets as of the valuation date as determined by the Trustee</p> <p>Criteria for changing actuarial assumptions and computations Actuarial assumptions and computations are selected by the University of Chicago, with the concurrence of William M. Mercer (the plan's actuary) and KPMG Peat Marwick (the University's external auditor). Each significant assumption used reflects the best estimate solely with respect to that assumption. Assumptions are reviewed annually and modified if economic and demographic conditions warrant modification.</p> <p>Amortization period for prior service costs Prior service cost is amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits under the plan at the time of the plan amendment.</p> <p>Amortization period for actuarial gains and losses Any unrecognized gain or loss in excess of 10% of the greater of the plan's projected benefit obligation or fair value of plan assets is amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits under the plan.</p> <p>Funding policy Contributions are made to the plan sufficient to meet minimum funding requirements established under Section 412 of the Internal Revenue Code.</p>	
6.2.0	<p><i>Post Retirement Benefits Other than Pensions</i></p> <p>The University of Chicago has one PRB plan for University employees whose costs are charged to federally sponsored agreements. The University plan is "University of Chicago Retiree Health Plan" and coverage extends to approximately 7,400 faculty, staff, and retirees and their spouses.</p>	
6.2.1	<p>Determination of Annual PRB Costs.</p> <p>Plan Name The University of Chicago Retiree Health Plan.</p> <p>Actuarial cost method Projected Unit Credit Cost Method</p> <p>Asset valuation method Market value of plan assets as of the valuation date as determined by the trustees</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI CONTINUATION SHEET
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Item No.	Item Description, Revision No. 1, Effective Date July 1, 2003	
	<p>Criteria for changing actuarial assumptions and computations</p> <p>Amortization period for prior service costs</p> <p>Amortization period for actuarial gains and losses</p> <p>Funding policy</p>	<p>Actuarial assumptions and computations are selected by the University of Chicago with the concurrence of William M. Mercer (the plan's enrolled actuary) and KPMG Peat Marwick (the University's external auditor). Each significant assumption used reflects the best estimate solely with respect to that assumption. Assumptions are reviewed annually and modified if economic and demographic conditions warrant modification.</p> <p>Prior service cost is amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits under the plan at the time of the plan amendment.</p> <p>Any unrecognized gain or loss in excess of 10% of the greater of the plan's projected benefit obligation or fair value of plan assets is amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits under the plan.</p> <p>Contributions made to the plan are equal to the net periodic post-retirement benefit cost for the fiscal year less benefit payments made to retirees.</p>
6.3.0	<p><i>Self-Insurance Programs (Employee Group Insurance).</i></p> <p>The costs of Employee Group Insurance (both self-insured and premium paid) are included in our fringe benefit expense pool and charged to federal programs as part of the fringe benefit expense rate. Expenses for the group life disability, unemployment and medical plans are charged to the fringe benefit expense pool when paid, except for an accrual at fiscal year end to record expenses for the current fiscal period that will be paid in the subsequent fiscal year. The accrual is adjusted in the subsequent fiscal year to reflect the actual expenses paid.</p>	
6.4.1	<p><i>Worker's Compensation and Liability.</i></p> <p>The University maintains a self-insurance program for workers' compensation liability claims. Under this program, the University provides annual funding to a workers compensation self-insurance liability reserve at an actuarially determined rate that is intended to provide adequate funding of the liability over a period of years. The actuarially determined cost of workers compensation claims is included in our fringe benefits expense pool and charged to federal programs as part of the fringe benefit expense rate. Actuarial assumptions and computations are selected by the University of Chicago, with the concurrence of Dion, Durrell and Associates (the program's actuary) and KPMG Peat Marwick (the University's external auditor).</p>	
6.4.2	<p><i>Casualty Insurance.</i></p> <p>The University maintains a self-insurance program for property and general liability claims. This program is supplemented with commercial excess insurance above the University self-insurance retention. An estimate of the costs of claims to be paid, commercial excess insurance premiums, and adjustments to the self-insurance liability reserve for actual claims experience is recorded as expense and charged to federal programs as part of the negotiated indirect cost rate.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART VII--CENTRAL SYSTEM
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	<p>DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE</p> <p>Instructions for Part VII</p> <p>This part should be completed <i>only</i> by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts 1 through VI of the Disclosure statement.</p> <p>The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p>
7.1.0	<p><u>Organizational Structure.</u></p> <p>On a continuation sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government-Owned Contractor-Operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.</p>
7.2.0	<p><u>Cost Accumulation and Allocation.</u></p> <p>On a continuation sheet, provide a description of:</p> <ol style="list-style-type: none"> A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief. B. How the costs of the services are identified and accumulated. C. The basis used to allocate the accumulated costs to the benefiting segments. D. Any costs that are transferred from a segment to the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state. E. Any fixed management fees that are charged to a segment(s) in lieu of a prorata or allocation basis and the basis of such charges. If none, so state.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART VII--CONTINUATION SHEET
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7.1.0	<u>Organization Structure.</u> The University of Chicago Hospital Argonne National Laboratory
7.2.0	<u>Cost Accumulation and Allocation.</u> A. The University provides the following services to the University of Chicago Hospital: (I) security services within the Hospital Facilities and surrounding areas in accordance with the University's campus security program; (ii) steam from the University's power plant for heating; (iii) maintenance of the grounds adjoining the Hospital Facilities and private access roads in accordance with the University's standard practices regarding campus areas; and (iv) all telecommunication and paging services. The University operates Argonne National Laboratory (ANL), a government-owned facility, for the U.S. Department of Energy (Contract No. W-31-109-ENG-38). The contract states the University is responsible for maintaining the Laboratory as a self-contained administrative unit as nearly as may be practicable. Because ANL is a self-contained administrative unit, its costs are excluded from the University's indirect cost calculations (but see E below). B. Costs of the different services are accumulated in the University's FAS. C. The cost allocated to the Hospital for: <ul style="list-style-type: none"> • Security services within the Hospital Facilities is based upon actual costs that are separately accumulated, • Security services within the surrounding areas is negotiated, • Steam is based upon memorandum records that contain meter readings of steam consumption at the Hospital Facilities, • Maintenance of grounds is negotiated, and • Telecommunication and paging services is based upon rates established by the University's telecommunication recharge center. D. The Hospital charges the University for building maintenance services that the Hospital provides to areas within the Hospital Facilities that are used by the University's Division of Biological Sciences. These costs are combined with the building maintenance costs for Hospital Facilities occupied by the Hospital and are allocated as Medical Center operation and maintenance costs as described in Part III. E. Under Contract No. W-31-109-ENG-38, the U.S. Department of Energy pays the University a negotiated fixed amount in lieu of indirect cost for operating ANL. That amount is treated as an offset to the University indirect cost pools before their allocation to federally sponsored agreements and other University activities.