

Sample Cost Allocation Plan For Non-profit Organizations

Name of Organization (EIN: 02-9876543)

1234 Front Street

Anytown, State 95668-1111

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A. INTRODUCTION

"Name of Organization" is a non-profit located in Anytown, State. The non-profit administers a variety of programs funded by Federal, State, and Local agencies. These programs include Community Service programs, Head Start programs, State Source Reduction Assistance Programs, Pollution Prevention Grants, and Environmental Policy and Innovation Grants. (This example assumes a June 30 year end. Non-profits can have different year ends and should use their year end when preparing cost allocation plans.)

B. COST ALLOCATION METHODOLOGY

This proposal is for a Cost Allocation Plan (Plan) to cover the period beginning July 1, 200X and ending June 30, 200Y. This proposal is based on the non-profit's actual costs reconcilable to the audited financial statements for its fiscal year ending June 30, 200Y. The status of our cost allocation plan is (please select one):

(a) This is our initial request for the approval of our cost allocation plan. None of the federal agencies have ever officially approved our cost allocation plan. Attached you will find a copy of our IRS letter granting non-profit status.

(b) We have received an official written approval of our cost allocation plan from Department of XYZ Federal funding agency (other than National Business Center, Department of Interior). Attached you will find our 3 most recent approval letters.

(c) We have received an official written approval of our cost allocation plan from National Business Center, Department of the Interior.

Non-profit Organization maintains adequate internal controls to insure that no cost is charged both directly and indirectly to Federal contracts or grants.

C. DIRECT COSTS

Direct costs are costs that can be identified specifically with a project and therefore are charged to that project. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose. Further distribution is not required.

D. INDIRECT COSTS

Indirect costs are costs incurred for common or joint objectives and therefore cannot be readily and specifically identified with a particular project or activity. Indirect costs are (please select one):

(a) direct charged to all programs and grants, or

(b) grouped into common pool(s) and then distributed to benefiting activities by a cost allocation process.

(c) none of the above. Indirect costs are (fill in the blank)_____.

E. COST POOL AND BASE FOR DISTRIBUTION

The non-profit has created an Administrative Services (Indirect) Pool consisting of salaries, fringe benefits, and other costs. The Administrative Services (Indirect) Pool is charged with all the indirect costs as defined above. The pool is distributed to the various program activities on the basis of {state the distribution basis, e.g. direct salaries, including vacation, holiday, and sick pay but excluding other fringe benefits expended on those activities; direct salaries and wages, excluding fringe benefits; direct salaries and wages, including fringe benefits; modified total direct costs, less capital expenditures and the portion of subawards in excess of \$25,000.} Each category of non-salary expenditures has been analyzed based on the facts, and the **Elements of Cost (Schedule A)** explains the allocation between the Direct and Administrative Services (Indirect) Costs.

F. SUPPORTING FINANCIAL STATEMENTS, SUMMARY SCHEDULE AND UNALLOWABLE COSTS

NOTE: Non-profit must include a complete copy of the audited financial statements or IRS Form 990, as applicable, with their proposal submission.

The **Schedule of Total Expenditures (Schedule B)** contained in this proposal agrees with the non-profit's audit report, Statement of Functional Expenses, or IRS Form 990, as applicable. Any differences must be explained.

Unallowable and Excludable Costs – The following costs have been excluded from the allocation process: {List specific costs, such as capital outlay over the threshold of \$5,000, entertainment, fines and penalties, bad debts, and food costs, etc.}

G. DESCRIPTION OF ACCOUNTING SYSTEM

{SAMPLE – Adjust to fit your organization} The [non-profit entity] uses a [modified accrual] system of accounting. Under the [modified accrual] basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measureable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all federally-funded revenue. Expenditures are recorded when the related liability is incurred.

We have not made any significant changes [or We have made significant changes] during the proposal fiscal year (1) to our accounting system, or (2) to the definition or to the accounting treatment of any expense category (e.g. a change in building/equipment costing methodology, capitalization level, or a change in charging an expense from direct to indirect or visa versa). Note: Changes in the allocation methodology should be identified here as well as reported on the Element of Costs (Schedule A). See Section E above.

H. INDIRECT SALARIES

Listed below are the positions, functions, and actual salaries for the people who comprise the Administrative Services (Indirect) Pool. These positions are charged the applicable percentage to Administrative Services.

Position and % Indirect 1/	Function	Salary
Executive Director (100%)	General Management	\$48,754
Deputy Director (100%)	General Management	\$30,664
Administrative Assistant to Executive Director (100%)	General Management	\$21,566
Administrative Secretary / Personnel Officer (100%)	Clerical support to the Executive Director and Administrative Assistant responsible for personnel information	\$17,087
Finance Officer (100%)	Accounting and related activities	\$26,484
Bookkeeper (100%)	Accounting	\$20,797
Bookkeeper (50%)	Accounting	\$17,215
Bookkeeper / Payroll Clerk (50%)	Payroll accounting and general disbursements	\$16,560
Custodian (25%)	Cleaning	\$2,936
Receptionist (100%)	Switchboard / Clerical	\$14,232
Total Administrative Services (Indirect) Pool Salaries:		\$216,295

1/ If the indirect percentage for any employee is less than 100%, please include a description of the non-profit's timekeeping system to support compliance with the standards of 2 CFR 230 Appendix B Subsection 8.m.(2). Also, please provide a recently completed time sheet.

I. INDIRECT FRINGE BENEFITS

Fringe benefits associated with the positions within the Administrative Services (Indirect) Pool are as follows:

Payroll taxes:

FICA	\$16,546
State Unemployment	\$1,145

Health and Life Insurance	\$22,474
Retirement Plan	\$3,050
TOTAL	\$43,215

The non-profit's fringe benefit policies should be included with initial proposal submission and only when updated thereafter.

J. SCHEDULE OF FINANCIAL ASSISTANCE

See Schedule C and attached copy of the approved grant or contract budget with the Federal funding agency.

K. ORGANIZATION CHART

See Schedule D

L. COST ALLOCATION PLAN CERTIFICATION AND LOBBYING COST CERTIFICATE

See Attached

M. NON-PROFIT STATUS VERIFICATION

Attached you will find our IRS letter granting non-profit status (required for first year submission only).

Schedule A – Elements of Cost (adjust to fit your organization)

Elements of Cost	Methodology of Allocation
Contractual services	Actual usage
Depreciation / use allowance	Indirect cost
Emergency assistance payments	Direct cost
Equipment rental and maintenance	Rental and maintenance on equipment used in central office finance office
Equipment / capital	Purchasing of office furniture for use in performing administrative services
Equipment / minor	Actual usage
Program materials	Direct cost
Insurance	Actual usage
Occupancy	Central office repairs and utilities on basis of square footage used for administrative services
Office supplies	Office and janitorial supplies for administrative and program services
Other expenses	Based on administrative services actual use
Postage	Actual usage
Professional fees	Accounting and audit services, payroll processing services, charged on work performed for administrative services
Program supplies	Charged to project as costs are incurred; direct cost
Printing	Actual usage
Renovations and improvements	Direct cost
Telephone	Basic services allocated on number of instruments, toll calls charged on basis of logs of such calls for administrative services
Travel	Actual usage

The methodologies used in this example are **not** recommended methodologies. They are used for demonstration purposes only. Allocation of costs should be accomplished on a cost benefit basis. This cost benefit can be different from one non-profit to the next. Any change in the allocation methodology (from the prior year) should be explained. Also, include explanatory information for individual cost elements as shown above.

DIRECT PROGRAMS and ACTIVITIES (6/30/xx)									
Schedule B	A	B	C	D	E	F	G	H	I
ELEMENTS OF COSTS	FINANCIAL STATEMENT EXPENDITURES	ADJUSTMENTS/ UNALLOWABLE COSTS	ENVIRONMENTAL SERVICES	HEAD START & OTHERS	WEATHERIZATION	FUNDRAISING	(D)-(E)+(F)+(G) TOTAL DIRECT COSTS	INDIRECT COSTS	
Salaries and wages	\$1,327,638	0	\$140,831	\$950,615	\$18,305	\$1,592	\$1,111,343	\$216,295	
Fringe benefits	\$245,434	0	\$28,138	\$170,107	\$3,657	\$317	\$202,219	\$43,215	
Subtotal labor & fringes	\$1,573,072	0	\$168,969	\$1,120,722	\$21,962	\$1,909	\$1,313,562	\$259,510	

Contractual services	\$245,420	0	\$3,493	\$207,770	\$34,157	\$0	\$245,420	\$0
Depreciation/use allowance	\$41,582	0	\$0	\$0	\$0	\$0	\$0	\$41,582
Emergency asst. payments	\$72,859	0	\$52,809	\$0	\$20,050	\$0	\$72,859	\$0
Equipment rental and maintenance	\$11,448	0	\$592	\$5,197	\$0	\$281	\$6,070	\$5,378
Equipment / capital	\$58,215	(\$58,215) 1/	\$0	\$0	\$0	\$0	\$0	\$0
Equipment / minor	\$546	0	\$0	\$0	\$546	\$0	\$546	\$0
Program materials	\$124,616	0	\$0	\$124,616	\$0	\$0	\$124,616	\$0
Insurance	\$12,554	0	\$92	\$8,209	\$85	\$373	\$8,759	\$3,795
Occupancy	\$129,314	0	\$24,637	\$100,956	\$459	\$233	\$126,285	\$3,029
Office supplies	\$32,540	0	\$1,794	\$13,317	\$3,649	\$842	\$19,602	\$12,938
Other expenses	\$36	(\$36) 2/	\$0	\$0	\$0	\$0	\$0	\$0
Postage	\$3,901	0	\$476	\$301	\$125	\$2,467	\$3,369	\$532
Professional fees	\$34,211	0	\$0	\$0	\$0	\$0	\$0	\$34,211
Program supplies	\$109,663	0	\$7,603	\$55,241	\$40,659	\$6,160	\$109,663	\$0
Printing	\$65,697	0	\$5,140	\$7,022	\$1,345	\$44,838	\$58,345	\$7,352

DIRECT PROGRAMS and ACTIVITIES (6/30/xx)									
Schedule B	A	B	C	D	E	F	G	H	I
ELEMENTS OF COSTS		FINANCIAL STATEMENT EXPENDITURES	ADJUSTMENTS/ UNALLOWABLE COSTS	ENVIRONMENTAL SERVICES	HEAD START & OTHERS	WEATHERIZATION	FUNDRAISING	(D)+(E)+(F)+(G) TOTAL DIRECT COSTS	INDIRECT COSTS
Renovations and improvement		\$16,470	(\$16,470)	\$0	\$0	\$0	\$0	\$0	\$0
Telephone		\$29,013	0	\$5,788	\$13,331	\$349	\$600	\$20,068	\$8,945
Travel		\$71,292	0	\$7,298	\$56,553	\$2,513	\$0	\$66,364	\$4,928
Subtotal other		\$1,059,377	(\$74,721)	\$109,722	\$592,513	\$103,937	\$55,794	\$861,966	\$122,690
TOTAL		\$2,632,449	(\$74,721)	\$278,691	\$1,713,235	\$125,899	\$57,703	\$2,175,528	\$382,200

Reconciliation:

Direct	\$2,175,528
Indirect	\$382,200
Exclusions	\$74,721
Total expenditures	\$2,632,449

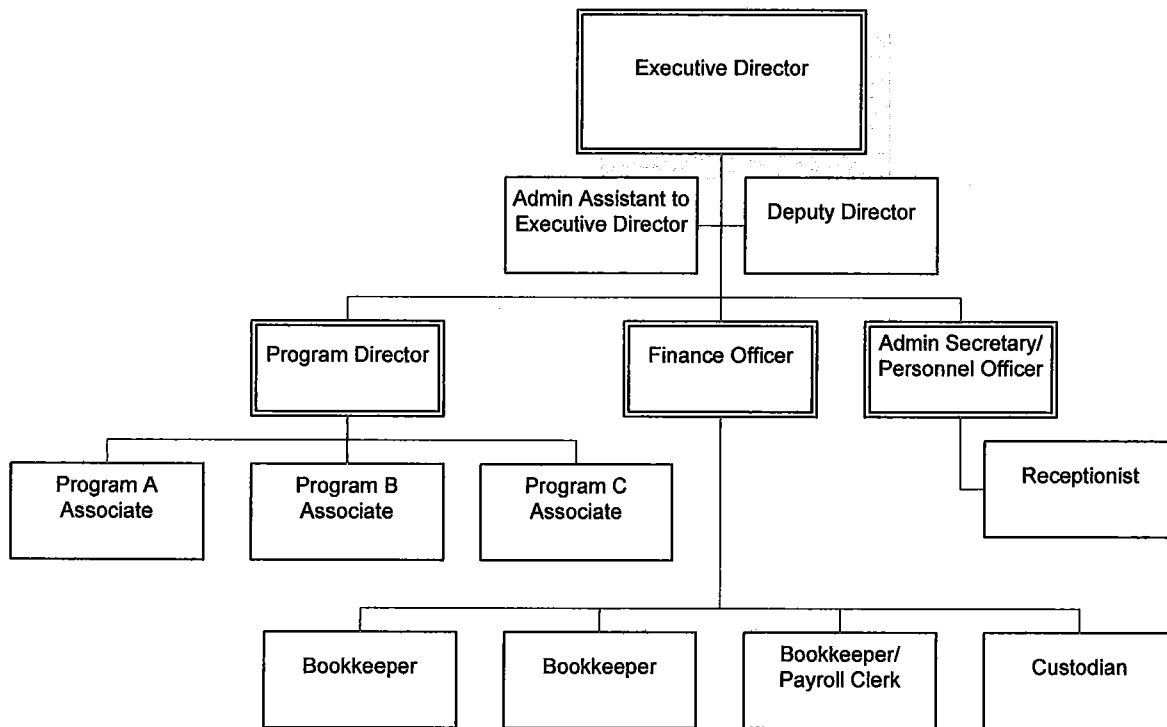
1/ capital outlay related to unallowable activities per 2 CFR 230 Appendix B Subsection 15

2/ bad debt, unallowable per 2 CFR 230 Appendix B Subsection 5

Schedule C – Schedule of All Funding by Source for fiscal year ended 6/30/xx

Program Title	Funding
Environmental Protection Agency:	
Clean Water Act	\$482,211
Healthy Environment	239,954
Department of Agriculture:	
Head Start	1,734,528
Weatherization	125,899
Kellog Foundation:	
Assessment Initiative	5,490
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Total Funding	\$2,588,082

Schedule D – Organization chart as of June 20xx



Cost Allocation Plan Certification (Non-profit)

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief that:

- (1) the information contained in the Plan dated _____ was prepared in accordance with 2 CFR Part 230 (formerly OMB Circular A-122),
- (2) the costs have been accorded consistent treatment in accordance with generally accepted accounting principles,
- (3) an adequate accounting and statistical system exists to support claims that will be made under the Plan,
- (4) the information provided in support of the Cost Allocation Plan is accurate, and
- (5) all federally unallowable costs have been excluded from allocations.

I declare that the foregoing is true and correct.

Organization: _____

Signature: _____

Name of Official (printed): _____

Title: _____

Date of Execution: _____

(Signed by the official having the authority to negotiate cost allocation plans for the organization, or by a higher level official.)