**Cost Allocation Plan: Sample[[1]](#footnote-1)**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Health Center Name and EIN ( xx-xxxxxxx)**

**Address:**

**Telephone: Fax:**

**Contact Person(s):**

**A. INTRODUCTION**

*[Health Center Name]* (“Health Center”) is a non-profit located in *[Anytown, State]*. The Health Center administers a variety of programs funded by federal, state, and local agencies. These programs include *[providing primary, behavioral, and dental care; outreach and enrollment]*.

**B. COST ALLOCATION METHODOLOGY[[2]](#footnote-2)**

This proposal is for a Cost Allocation Plan (Plan) to cover the period beginning July 1, 201X and ending June 30, 201Y.[[3]](#footnote-3) This proposal is based on the Health Center's actual costs reconcilable to the audited financial statements for its fiscal year ending June 30, 201Y. 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 the [*Department of 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.

Health Center 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**

Health Center 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**

The Health Center 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**

Health Center 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/ have not 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).[[4]](#footnote-4)

**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 Health Center’s timekeeping system to support compliance with the standards of [45 C.F.R. § 75.430(i).](http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75#se45.1.75_1430)

Also, please provide a recently completed time sheet.

**I. INDIRECT FRINGE BENEFITS[[5]](#footnote-5)**

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  |

**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 Health Center’s IRS letter granting non-profit status.[[6]](#footnote-6)

**Schedule A – Elements of Cost[[7]](#footnote-7)**

|  |  |  |
| --- | --- | --- |
| **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 |

| **Schedule B** |  |  |  | **DIRECT PROGRAMS and ACTIVITIES (6/30/xx)** |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **A** | **B** | **C** |  | **D** | **E** | **F** | **G** | **H** | **I** |  |
| **ELEMENTS OF COSTS** | **FINANCIAL STATEMENT EXPENDITURES** | **ADJUSTMENTS/ UNALLOWABLE COSTS** |  | **ENVIRONMENTAL SERVICES** | **HEALTH SERVICES** | **WEATHERI-ZATION** | **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  |  |
| Renovations and improvement | $16,470  | ($16,470) | 1/ | $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

Health Resources and Services Administration:

 Program A.1 $482,211

 Program A.2 239,954

State Department of Public Health:

 Program B.1 1,734,528

 Program B.2 125,899

Kellog Foundation:

 Program C 5,490

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 45 C.F.R. Part 75, Subpart E and Appx. IV.,

(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.)

**LOBBYING COST CERTIFICATE**

I hereby certify that the

 (Name of organization)

has complied with the requirements and standards on lobbying costs in 2 CFR Part 230 (formerly OMB Circular A-122) for the following period: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Fiscal year covered by the cost allocation plan)

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.)

**Note: The above certification is a requirement per** [**45 C.F.R. § 75.450(c)(2)(vi).**](http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75#se45.1.75_1450)

1. These materials were adapted by attorneys at the law firm of Feldesman Tucker Leifer Fidell LLP from federal government on-line resources. The sample documents offer general guidance based on federal law and regulations and do not necessarily apply to all health centers under all facts and circumstances. Further, these materials do not replace, and are not a substitute for, legal advice from qualified legal counsel. [↑](#footnote-ref-1)
2. Authors’ note: Using the following sample as a guide, health centers should tailor the procedure to reflect their own structures and operations. [↑](#footnote-ref-2)
3. This example assumes a June 30 year-end. Health centers can have different year-ends and should use their year-end when preparing cost allocation plans. [↑](#footnote-ref-3)
4. Changes in the allocation methodology should be identified here as well as reported on the Element of Costs (Schedule A). See Section E above. [↑](#footnote-ref-4)
5. The health center’s fringe benefit policies should be included with initial proposal submission and only when updated thereafter. [↑](#footnote-ref-5)
6. Required for first year submission only. [↑](#footnote-ref-6)
7. 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. [↑](#footnote-ref-7)