Cost Allocation Plan Template

**[Insert Entity Cover Page/Logo]**

1. **Purpose**

The purpose of the Cost Allocation Plan (CAP) is to ensure costs benefiting multiple fund sources (including Federal, State, and Entity) are distributed fairly among each fund source based on the benefits received.

1. **Background and Services Provided**

[Entity] is a non-profit located in City, South Dakota. The non-profit administers a variety of programs funded by Federal, State, and Local agencies. These programs include (examples: AEL, Early Childhood, ECE, etc.).

1. **Organizational Chart**

*(Insert Organizational Chart)*



1. **Definitions**

**200.405 Allocable costs –** A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to a Federal award or cost objective in accordance with relative benefits received.

**200.413 Direct Costs –**identifiable specifically to a particular cost center or program.

**Direct Shared Costs -** Direct expenses that benefit more than one funding source.

**200.56 Indirect Costs –**incurred for common or joint programs and cannot be readily identified with a particular cost center or program.

**200.28 Cost Objective** – A program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired.

**200.60 Intermediate Cost Objective** – A cost objective used to accumulate shared costs subsequently allocated to one or more cost pools or final cost objectives.

**200.44 Final Cost Objective** – Sum of direct, shared and indirect costs.

**2 CFR 200 Subpart E Cost Principles Unallowable Costs –** Costs unallowable, including alcoholic beverages, bad debts, advertising (other than help-wanted ads), contributions, entertainment, fines and penalties. Lobbying and fundraising costs are unallowable, however, are treated as direct costs and allocated their share of general and administrative expenses.

1. **Purpose**

This cost allocation plan will be used to document, identify, and allocate all allowable direct costs of the [Entity]. When an allocation can be assigned directly to a program or funding source, the allocation shall be made in that manner. When it is not possible or practical to direct charge to a specific funding source, the [Entity]will use an intermediate cost allocation using the following standards:

* The allocation will recognize all costs charged to the agency and not just the cost charged to federal or state programs,
* Allocations will use an acceptable allocation base directly related to the types of costs being allocated,
* Only actual, not budgeted, costs may be pooled,
* All costs in the allocation will be allowable costs for all the funding sources to which the funding source will subsequently be allocated to.

**Basis used for the allocation of costs include:** (For template purposes, the list includes frequently used basis – underlined basis were used in this CAP example)

*Note: The objective of a CAP is to keep it as simple as possible, so the goal should be to minimize the number of basis used, while still providing an equitable distribution of costs.*

1. Direct labor hours
2. Website Space (ratio of website designated for each program/activity)
3. Number of current participants/enrollees
4. Participants served
5. **Direct Expense Allocation Method**
6. **Compensation for Personal Services**

Documented with timesheets showing time distribution for all employees on a daily basis and directly charged based on time spent on each program or grant.

1. Salaries and wages are charged directly to the program for which work has been done.
2. Fringe benefits (FICA, UC, and Worker’s Compensation) are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life & disability and other fringe benefits are also allocated in the same manner as salaries and wages.
3. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.
4. Travel Costsare allocated based on purpose of travel. All travel costs (local and out-of-town) are charged directly to the program for which the travel was incurred. Travel costs will be allocated in the same manner as salaries and wages.
5. **Direct Expenses**

An expense that benefits only one funding source will be direct charged 100% to that funding source.

1. **Direct Shared Expenses**

Direct expenses that benefit more than one funding source will be allocated by an equitable base relative to the benefits received.

1. **Allocation of Shared Direct Expenses**
2. **Direct Labor Cost Pool**

Direct labor hours will be used when the following cost categories benefit more than one funding source. The direct shared costs will be allocated to benefiting funding sources based on the ratio of each program’s direct labor hours to the total of such direct labor hours (see Examples 1 and 2). The direct labor hour allocation is updated each month (or quarter) and provided with supporting documentation with the corresponding monthly voucher.

**Expenses Allocated by this base:**

1. Professional Services Costs (such as consultants and accounting services)
2. Audit Costs (Direct labor hours of programs being audited)
3. Postage
4. Printing (including supplies, maintenance and repair) -
5. Program Supplies
6. Office/Copier
7. Equipment/Depreciation
8. Telephone/Communications
9. Training/Conferences/Seminars
10. Other Costs (including membership dues, licenses, fees, etc.)
11. Facilities Expenses (includes Rent, Utilities, Maintenance, Mortgage Interest & Depreciation, and Property Taxes)
12. Insurance

**Example 1 Direct Labor Hours -** Expense Amount = $10,000

Costs benefiting **all** programs are allocated based on a ratio of each program’s direct labor hours to the total direct labor hours as shown below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Program** | **Grant** | **Direct Labor Hours** | **%** | **Amount Allocated** |
| 1 | AEL Program | 20 | 13% | $1,300 |
| 2 | ECE | 10 | 7% | $ 700 |
| 3 | AEL Admin | 30 | 20% | $2,000 |
| 4 | Other | 40 | 27% | $2,700 |
| 5 | Early Childhood | 50 | 33% | $3,300 |
| Total | | 150 | 100% | $10,000 |

**Example 2: Direct Labor Hours -** Expense Amount = $5,000

Costs benefiting two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program’s direct labor hours to the total of benefiting programs’ direct labor hours as shown below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Program** | **Grant** | **Direct Labor Hours** | **%** | **Amount Allocated** |
| 1 | AEL Program | 20 | 20% | $1,000 |
| 3 | AEL Admin | 30 | 30% | $1,500 |
| 5 | Early Childhood | 50 | 50% | $2,500 |
| Total | | 100 | 100% | $5,000 |
|  | |  |  |  |

1. **Certification by authorized official**

*2 CFR 200.415 Must be signed by an authorized official at a level no lower than Vice President or CFO of the non-federal entity.*

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

1. The information contained in the above Cost Allocation Plan dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ was prepared in accordance with 2 CFR 200 (Uniform Guidance),
2. All costs included in this proposal [identify date] to establish cost allocations or billings for [identify period covered by plan] are allowable in accordance with the requirements of 2 CFR 200. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan,
3. All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the Federal awards to which they are allocated in accordance with applicable requirements,
4. Bases used are related to the types of costs being allocated, result in an equitable distribution of costs and are supported with adequate accounting and statistical data, and
5. The same costs treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare the foregoing statements are true and correct.

Organization: \_ [Entity]\_\_\_\_\_\_\_\_\_\_\_\_\_

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.)