

International Dark-Sky Association Cost Allocation Plan

Adopted 15 September 2014

Purpose

The purpose of the cost allocation plan is to summarize, in writing, the methods and procedures that this International Dark-Sky Association (IDA) will use to allocate costs to various programs, grants, contracts and agreements.

Federal grants require that OMB Circular A-122, "Cost Principles for Nonprofit Organizations: be compiled with by IDA, in addition, various state and other grants require compliance with A-122".

A-122 states that "the total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits." Further, costs must be reasonable, necessary and documented.

According to A-122, "a cost is allocable to a particular cost objective...in accordance with the relative benefits received. Direct costs are those that can be identified specifically with a particular final objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective".

Only costs that are allowable in accordance with the cost principles and appropriate contract provisions will be allocated to benefiting programs of the IDA. Allocation must also be made to nongrant activities, such as fundraising.

General Approach

The general approach of the IDA in allocating costs to particular grants and contracts is as follows:

- A. All allowable direct costs are charged directly to programs, grants, etc. (including general and administrative costs).
- B. All allowable joint or shared costs are prorated individually using a base most appropriate to the particular cost being prorated.
- C. All other allowable general and administrative costs are allocated to programs, grants, etc. based upon a labor distribution (timesheet) method for those general and administrative staff.

The joint cost allocation of general administrative costs are discussed in the following sections of this plan.

PART I: ALLOCATION OF JOINT COSTS

Joint costs (including general and administrative costs) are allocated to programs, grants, etc. using a base that is most appropriate to those particular costs. Considerations in determining an appropriate base include the relative benefits, the materiality of the cost, and the amount of time and cost to perform the allocation. Joint costs will be allocated to the programs and to the indirect pool, which will then be allocated in accordance with Part II of this plan.

The following information summarizes the joint cost procedures that will be used by IDA .

- A. Compensation for Personnel Services – allocated based on time spent on each program/grant.
 - 1. Salaries and wages of staff assigned to more than one program are allocated using the following method:
 - IDA's time sheets shall be used to measure time spent on different programs
 - 2. Salaries and wages of staff assigned to only one program are charged directly to that program.
 - 3. Fringe benefits (FICA, UC and Worker's Comp.) are allocated in the same manner as salaries and wages.
 - 4. Vacation, Holiday, and Sick pay are allocated in the same manner as salaries and wages.
 - 5. Health insurance, Dental insurance and Life & Disability are also allocated as above.
- B. Travel Costs – Allocated based on purpose of travel. All travel costs (local and out-of-town) are allocated to the program for which the travel was incurred. All travel forms require the individual to indicate the appropriate program.
- C. Professional Services Costs – Allocated to the program benefiting from the service. Each time consultants or contractors (including attorneys and auditors) are hired it will be determined which programs are benefiting and the most reasonable method to assign the cost if more than one program received benefits. A memo indicating the programs, method, and showing the actual calculation will be included with the documentation supporting the payment of consultant and contract services invoices.
- D. Office Expense and Supplies (including office supplies and postage) – Allocated based on usage in the following ways:
 - 1. Supplies ordered for a specific program will be allocated to that program. Otherwise they will be allocated to the indirect pool.
 - 2. Postage will be allocated through Indirect cost pool.
- E. Equipment purchased or leased (over \$1,000) and services agreements – Allocated to the

program using the equipment. Equipment will be purchased in accordance with IDA purchasing requirements. The cost will then be allocated to the program using the equipment. If more than one program used the equipment, then an allocation of the purchase cost (or leased cost) will be through the indirect cost pool.

- F. Printing (including supplies, maintenance and repair) – Allocated based upon the actual costs for photocopy to major programs. Allocation between grants within a program will be allocated on a percentage of total expenditure.
- G. Insurance – Allocated on the following basis:
 - 1. Vehicle insurance allocated to the program using that vehicle.
 - 2. General Liability, Dishonesty Bonding, Director’s & Officer’s coverage is charged through the Indirect cost pool.
 - 3. Insurance needed for particular programs is charged directly to the program requiring the coverage.
- H. Telephone – Long distance calls are charged to programs if readily identifiable, otherwise they will be allocated through the Indirect cost pool.
- I. Space Costs – Allocated based upon usable square footage. Total square footage by program to total leased square footage is calculated. The derived percentage is used to allocate space costs to various programs. Space occupied by administrative staff is included in total building square footage.
- J. Vehicle Costs – Allocated to the program using the vehicle.
- K. Other Costs (including advertising, special costs, etc.) – Other joint costs will be allocated on a basis determined to be appropriate to the particular costs.

General and Administrative Costs

The underlying methodology for allocation of general and administrative wage cost is actual time worked as indicated by a periodic study.

The following positions may be included in the general and administrative costs:

- Executive Director
- Office Manager
- Accountant/Bookkeeper

These employees spend their time in two ways. They spend time working on specific programs, for such things as meetings with program staff, meetings with funding source representatives, developing and/or reviewing budgets, reviewing and monitoring ongoing operations, preparing and receiving financial and program reports, etc. Second, they spend time doing work that benefits all IDA programs and that cannot be readily identifiable with any specific program. For example, developing overall IDA policies and procedures, attending IDA staff and/or board meetings, meetings with various third parties relating to overall IDA operations, audit and other accounting matters, etc.

The procedure to allocate general and administrative costs:

- a. Total actual salary and fringe benefits spent directly for individual programs are charged directly to those programs, as indicated by the time study.
- b. Time allocated to “shared” cost center are allocated through the IDA indirect cost pool.

PART II: DESCRIPTION OF THE INDIRECT COST POOL

IDA uses a separate set of administrative accounts within the general ledger to record distribution of shared costs.

- A. Costs to be distributed during the month are charged to appropriate administrative expense categories by the Accountant.
- B. Before month end closing, the charges to this account are reviewed by the Accountant. Account totals are entered into an Excel program by cost center.
- C. A direct wage percentage is calculated from year-to-date payroll records, using direct time actually charged to each program. This percentage is entered into the Excel program.
- D. A general journal entry is prepared by the Excel program and these figures are manually entered as credit to the administrative expenses and individual programs are charged for the portion of costs that applies to that program.
- E. The Excel program maintains monthly year-to-date information.

Allocation of General Administrative and Joint or Shared Costs

All costs, other than direct costs, are allocated to various programs based on the ratio of budgeted program salaries to total program salaries and will be a part of all IDA Board approved budgets. The calculated allocation percentages will adjusted quarterly based on budget modifications.