

# Cost Allocation Policy

Costs that are allowable will be charged to the program, grant or activity as follows:

- A. The Organization treats each funding source as a cost center. Each cost center's receipts and expenditures are to be tracked separately. Currently tracking is done by divisions in QuickBooks but other methods are allowable that track each funding source separately
- B. Direct costs are those costs incurred solely for the purpose of one cost center. All allowable direct costs are to be charged directly to the funding source to which they go.
- C. Shared costs are those costs which can be identified to more than one funding source. Shared costs are to be prorated individually as direct costs using a base most appropriate to the particular cost being prorated. In no case, shall the allocation be based on "availability of funds." Examples of allocation basis are percentage of space utilized, number of units or total staff utilized.
- D. All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific funding source) are to be allocated to funding sources as follows:
  - a. General and Administrative expenses shall be grouped first according to the cost centers to which they render services or provide benefits
  - b. The aggregate expenses of each group shall then be allocated to the benefiting cost centers based on the modified total direct costs
    - i. Modified total direct costs consists of all salaries and wages, fringe benefits, materials and supplies, services, travel and sub-grants and subcontracts up to the first \$25,000.
    - ii. Equipment, capital expenditures, charges for patient care, rental costs and the portion in excess of \$25,000.00 shall be excluded from MTDC.