

SAM-ALLOCATION OF COSTS

RATE DETERMINED BY OTHER METHODS

9202.3

(New 03/10)

Method C in the [9202 Illustration](#) distributes indirect costs by a rate calculated by usage. This method may be used for distributing rent, telephone or other utilities using square footage, number of employees, or other equitable distribution base. For each distribution base, an allocation percentage is determined for each organizational unit. The allocation percentage rate for method B is determined by dividing Program 10's square footage by the total square footage occupied by all programs (Programs 10, 20 & 30).

For example, if Program 10 staff occupies 10,000 square feet of the total 20,000 square feet of the building, Program 10's allocation percentage of the space would be 50%. 50% of the rent would be charged to Program 10.

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9202 Illustration

Common Cost Allocation Methods

Method A-To Allocate Indirect Costs Using Rate Determined By Personal Services and/or Total Costs (Program 10)					
Total personal services costs per program (Program 10)	o r	Total costs per program (Program 10)	=	Allocation Percentage	X
Total personal services costs for all programs (Programs 10, 20 & 30)		Total costs for all programs (Program 10, 20 & 30)			=
Indirect costs charged to program (Program 10)					
		Indirect costs (includes administration costs)	=		
Method B-To Allocate Indirect Costs Using Rate Determined By Hours (Program 10)					
Total hours for a program (Program 10)	=	Allocation Percentage	X	Total unit costs	=
Total hours for all programs (Programs 10, 20 & 30)					Total costs charged to a program (Program 10)
Method C-To Allocate Indirect Costs Using Other Methods (Program 10)					
Total square feet used by program (Program 10)	=	Allocation Percentage	X	Total rent or other costs for organization	=
Total square feet used by all programs (Programs 10, 20 & 30)					Total rent costs or other costs charged to a program (Program 10)