F. Example -Direct Allocation Method

This method is acceptable provided each joint cost is prorated using an acceptable base.

Directly allocated costs	**Common allocation bases**
Occupancy	• Sq. ft. of programs • Cost of programs
Property insurance	• Sq. ft. of programs • Cost of property per dept.
Professional liability insurance	• Number of staff with professional degrees
Information technology	• Number of computers • Number of personnel • Hours spent per department
Human Resources	• Number of employees • Payroll dollars
Internal audit	• Number of employees • Hours worked per department
Maintenance services	• Sq. ft. of programs • Actual charges
Grant administration	• Revenue of grants • Cost of programs • Percentage of salary charged direct

Example of allocation methodology:

Allocation of $10,000 on compensation for personal services that benefit all awards:

Award	Direct Personnel Costs	%	Amount Allocated
1	$20,000	13%	$1,300
2	$10,000	7%	$700
3	$30,000	20%	$2,000
4	$40,000	27%	$2,700
5	$50,000	33%	$3,300
Total	$150,000	100%	$10,000

Allocation of $4,000 on consultant costs that benefit two or more specific awards, but not all awards:

Grant	Direct Award Costs	%	Amount Allocated
1	$120,000	30%	$1,200
3	$130,000	33%	$1,320
5	$150,000	37%	$1,480
Total	$400,000	100%	$4,000

Allocation of $10,000 facilities expenses that benefit all awards:

Award	Square Footage	%	Amount Allocated
1	300	30%	$3,000
2	100	10%	$1,000
3	200	20%	$2,000
4	200	20%	$2,000
5	200	20%	$2,000
Total	1,000	100%	$10,000