



# **AFRICAN INITIATIVE FOR MANKIND PROGRESS ORGANIZATION - AIMPO**

## **COST ALLOCATION POLICY**

### **Introduction**

Established in 2001, the African Initiative for Mankind Progress Organization (AIMPO) is a nationally recognized, non-governmental and non-profit organization dedicated to the advancement of Rwanda's indigenous, Batwa population, legally categorized as 'Historically Marginalized Peoples' (HMP) in Rwanda. The Government of Rwanda (GoR) required our organization to change its name from the African Indigenous Minority People's Organization to its current name in 2007, claiming that the recognition of ethnicity and indigeneity is not relevant to Rwanda.

- ***Our vision*** is to advance the cause and integration of marginalized people (i.e. the Indigenous Batwa population) into a society in which all citizens should be equal in terms of political decision-making, economic opportunities, and access to education and healthcare. This will contribute to a decrease in the discrimination against the Indigenous Batwa.

- **Our goal** is to deliver high-impact, cost-effective, and culturally competent capacity-building programs to Historically Marginalized People in our target regions in Rwanda.
- **Our missions** are to promote the individual and collective rights of HMP; to facilitate sustainable development in Historically Marginalized Communities; and to accelerate the social, political, and economic integration of these communities into Rwandan society.

The purpose of this cost allocation policy is to summarize, in writing, the methods and procedures that the African Initiative for Mankind Progress Organization (AIMPO) will use to allocate costs to various programs, departments, grants, contracts and agreements.

## General Statements

AIMPO Administrative & Financial Manual, “Cost Principles for the Organizations,” establishes the principles for determining costs of departments, programs, grants, contracts, and other agreements. AIMPO’s Cost Allocation Policy is based on the Direct Allocation Method described in AIMPO Administrative & Financial Manual. The Direct Allocation Method treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost 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, will be allocated to the benefiting programs.

## General Approach

AIMPO’s general approach to allocating costs to particular grants and contracts is as follows:

- A. All allowable direct costs are charged directly to programs, departments, grants, activity, etc.
- B. Allowable direct costs that can be attributed to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.
- C. All other allowable general and administrative costs (costs that benefit all programs and departments that cannot be attributed to a specific program or department) are allocated to programs, departments, grants, etc. using a base that results in an equitable distribution.

- D. Each Check Request Form will document the distribution of costs to programs as provided in this policy.
- E. The Executive Director is authorized to make all necessary internal transfers of funds between AIMPO's Lines of Business as required:
  - (1) to comply with this Cost Allocation Policy and
  - (2) to ensure the interfund accounts are set to zero at least once each accounting period. All interfund loans that exceed 30 days must be approved by the Board President.

## Allocation of Costs

The following information summarizes the procedures that AIMPO will use beginning December 1, 2021:

A. **Compensation for Personnel Services** - Documented with timesheets showing time distribution for all employees and allocated based on time spent on each program, department, or grant. Salaries and wages are charged directly to the department, program or project for which work was done. Costs that benefit more than one program will be allocated to those programs based on the time worked on each program. Costs that benefit more than one department will be allocated based on the square footage of department.

1. Fringe benefits (RSSB, TPR, and Worker's Compensation) are allocated in the same manner as salaries and wages. Health insurance, life and disability insurance, maternity leave and other fringe benefits are allocated to the employee's program.
2. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.

A. **Travel Costs** - All travel costs (local and out-of-town) are charged directly to the program or department for which the employee works. Travel costs that benefit all or more than one program or department will be allocated based on the ratio in Example 1 or 2.

B. **Professional Services Costs** (such as consultants, accounting, and auditing services) - Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit one program, Project or

department will be charged directly to that program or department. Costs that benefit all or more than one program or department will be allocated based on the ratio in Example 1 or 2 or will be based on total revenue by program.

- C. Office Expense and Supplies (including office supplies and postage) - Allocated based on usage. Expenses used for a specific program or department will be charged directly to that program, project, or department. Postage expenses are charged directly to the program or department using the postage to the extent possible. Costs that benefit all or more than one program or department will be allocated based on the ratio in Example 1 or 2.

- D. Equipment – The African Initiative for Mankind Progress Organization depreciates equipment when the initial acquisition cost exceeds \$1,000. Items below \$1,000 are reflected in the supplies and computer equipment category and expensed in the current year. Unless not allowed by the awarding agency, equipment purchases are recovered through depreciation. Depreciation costs for allowable equipment are charged directly to program, Project or department using the equipment.
- E. Printing (including supplies, maintenance and repair) - Expenses are charged directly to program, Project or departments that benefit from the service. Costs that benefit all or more than one program or department will be allocated based on the ratio in Example 1 or 2.
- F. Insurance - Insurance needed for a particular program is charged directly to the program, Project or department requiring the coverage. Other insurance coverage that benefits all or more than one program or department will be allocated based on the ratio in Example 1 or 2.
- G. Telephone/Communications - Long distance and local calls and Internet are charged to program, Project or department if readily identifiable. Other telephone, Internet or communications expenses that benefit all or more than one program or department will be allocated based on the ratio in Example 1 or 2.
- H. Facilities Expenses - Allocated based upon Example 2. The ratio of total square footage used by all personnel to total square footage is calculated. Facilities costs related to general and administrative activities are allocated to programs based on the ratio in Example 2.
- I. Training/Conferences/Seminars/Meetings – Allocated to the program, Project or department benefiting from the training, conferences or seminars. Costs that benefit all or more than one program or department will be allocated based on the ratio in Example 1 or 2.

J. Other Costs (including dues, licenses, fees, etc.) - Other joint costs will be allocated on a basis determined to be appropriate to the particular costs.

### Examples of Allocation Methodology

Example 1

Expense Amount = \$5,000

Costs that benefit all Section 8 programs, are allocated to those programs based on the ratio of each program's total awarded vouchers, as follows: <b>Programs</b>	<b>Total Vouchers Awarded</b>	<b>%</b>	<b>Amount Allocated</b>
	4,157	97%	\$4,850
	8	1%	\$50
	72	2%	\$100
<b>Total</b>	<b>4,237</b>	<b>100%</b>	<b>\$5,000</b>