

SGBS UNNATI FOUNDATION

Cost Allocation Policy

A. PREAMBLE

SGBS Unnati Foundation (SUF) operates a number of Skill Development Centres, through which its program “Unnati” is administered. The program is pre-dominantly funded by grants from many corporate entities and not-for-profit organizations and individual donations.

Any reference to “Project” in this document is to be understood to refer to “one Centre or a collection of more Centres which are funded by a grant from a specific grantor”.

B. COST ALLOCATION METHODOLOGY

SUF follows internationally accepted cost allocation methods which are designed to ensure that all Direct and Indirect Costs are identified appropriately and charged/allocated to various Projects in an equitable manner.

C. DIRECT COSTS

Direct costs are costs that can be identified specifically with a Project and therefore are charged to that Project. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose. Further distribution is not required.

Direct costs include the salaries, allowances, statutory benefits and expenses of employees attached to and/or working exclusively for the Project, all expenses incurred for the running of the Project, including but not limited to, rent, maintenance, cost of utilities, referral fees, incentives, printing, stationery, publicity etc.

Direct costs also include certain costs incurred centrally for more than one Project and which can be accurately allocated to the respective Projects for which the expenditure is incurred. These include, but not limited to, software subscriptions, insurance, proportionate salary & actual travel expenses of employees deputed to the Project for specific periods etc.

D. INDIRECT COSTS

Indirect costs are costs that are incurred for common or joint objectives and therefore cannot be readily and specifically identified with a particular Project.

Indirect costs include but not limited to, salaries, allowances, statutory benefits and expenses of employees attached to HO, overhead expenses incurred for the day to day running of the HO, consultant’s fees, volunteer’s honorarium/conveyance expenses etc

SUF has created a Head Office Services account which is charged with all the indirect costs as briefly outlined above. Indirect costs are recovered from Projects at rates agreed with the grantor for the relevant Project.

This policy is approved by the Board of Directors in their meeting held on 26 Feb 2017