



## Bike Walk Connecticut Cost Allocation Plan

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### Overview of Organization

Bike Walk Connecticut is a 501(c)(3) organization that works to make Connecticut a better place to bike and walk. The organization was formed in 2005 as the Central Connecticut Bicycle Alliance, which evolved into Bike Walk Connecticut in 2010.

Bike Walk Connecticut was an all-volunteer organization until 2010. The organization's staff currently consists of one full-time employee, the Executive Director, and a temporary part-time administrative assistant. The organization's work is supported by an active board, other volunteers, and occasional contractors for the organization's bicycle education program.

Bike Walk Connecticut provides no fringe benefits to its employees and does not allocate overhead, administrative or general operating expenses to specific programs. The organization's budgeting practices are straightforward.

### Overview of Agency Costs

#### Direct Costs

Direct costs are specifically identified with a program or activity. Our principal direct costs consist of payroll, supplies, and services.

#### Allocable as Direct Costs

"Allocable as Direct" costs are costs that can be specifically identified with more than one program or activity, which can include administrative and general functions. Some organizations allocate these costs among the benefiting programs or activities, with the primary "allocable as direct" costs (salaries, fringe benefits, and services) accounted for in the General Operating account.

Bike Walk Connecticut does not currently allocate salaries or wages to its individual programs or activities for budget or accounting purposes. However, the Executive Director and Administrative Assistant regularly track their actual time spent on each program and activity for management and planning purposes.

### **Administrative and General Cost**

Some organizations include in their Administrative and General (A&G) costs those costs for general management functions that cannot be specifically identified with a program. Bike Walk Connecticut does not employ this practice.

Bike Walk Connecticut's A&G costs consist primarily of salaries, wages, rent, insurance, and utilities. Bike Walk Connecticut provides no fringe benefits. Bike Walk Connecticut does not allocate overhead expenses, such as rent, insurance, or utilities, to the organization's specific programs or activities. Such costs are tracked as general operating expenses.

### **General Ledger Structure**

Bike Walk Connecticut tracks revenue and expenses by source and program (membership fees, individual and corporate donations, programs and events, grants, and general operations).

### **Initial Cost Recognition**

#### **Payroll Costs**

Payroll costs are reflected in Bike Walk Connecticut's general operating budget. The organization's two employees are involved in a combination of program and administrative and general functions. As stated above, for budget and accounting purposes Bike Walk Connecticut does not allocate or "charge" salary and wages to the organization's individual programs and activities.

For management and planning purposes to assess the resource requirements of a specific program or activity, employees' salary is allocated based on the actual hours expended on each program or activity, multiplied by the employee's hourly pay rate.

#### **Employee Benefits Costs**

As stated above, Bike Walk Connecticut provides no employee benefits. Accordingly, there are no health insurance, life insurance, disability insurance, or retirement costs to allocate among programs and activities. Payroll taxes and other employee costs such as worker's compensation insurance are tracked as general operating expenses and are not allocated to individual programs or activities.

#### **Nonpayroll Costs**

Direct, nonpayroll costs to a single program or activity are charged to the applicable account as an expense. The Executive Director and the Treasurer determine the budget accounts to which direct costs are to be charged.

As stated above, Bike Walk Connecticut does not allocate indirect costs or direct costs that pertain to more than one activity among the benefiting programs or activities. Such indirect, overhead costs are tracked separately as general operating expenses.

### Cost Allocation Process

1. Direct costs are charged to the applicable program or activity account as described above, as designated by the Executive Director and Treasurer in collaboration.
2. As stated above, payroll, payroll tax, general insurance, and workers compensation costs are charged as General Operating Expenses. When required, event insurance is charged to the program for which it is required.
3. For management and planning purposes, employees track their time on a daily basis by project or activity. Reports summarizing time spent on each program or activity can be generated for any desired period, including year-to-date, monthly, or by pay period. Employees will record their actual time spent on the SHAPE grant and its various components (survey, scorecard, publicity, workshop, e.g.).
4. Salary costs for the actual time spent by the Executive Director and the Administrative Assistant on the SHAPE grant are calculated by the number of hours worked multiplied by the employee's hourly pay rate. The total time and costs for staff salaries are not to exceed the total amount allocated for staff salaries in the grant agreement and its supporting budget.

### Changes in Conditions

This cost allocation plan reflects the current needs of the organization and can accommodate minor changes. Major changes to the organization may require this plan to be revised. If conditions warrant revision of the plan, the Executive Director will inform the Treasurer and Board President, and plan revisions will be brought to the Board of Directors for its approval.

The Executive Director is responsible for monitoring the effectiveness of this plan.

### Plan Approval

This cost allocation plan was approved by the Bike Walk Connecticut Board of Directors on **January 15, 2014**.

Submitted on January 16, 2014 by:



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Kelly Kennedy, Executive Director