

Evaluating a Fee Structure for a Not-for-Profit Community Foundation: A Case Study on Activity Based Costing

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Abstract

A case is presented focusing on a not-for-profit organization offering multiple services while having a costing base which is essentially fixed. At issue is determining a fee structure for the services provided. The organization is a community foundation acting as custodian and disbursing of several endowments designated for differing purposes.

To assist in determining an appropriate fee structure, an activity based costing (ABC) analysis is employed to allocate costs to the community foundation's eight products. ABC provides an approach for allocating costs to products when costs are not directly or easily traceable to the products. This case illustrates an approach for allocation of indirect costs to cost objects. In turn, the measures of this resource allocation may be used in determining an appropriate fee structure.

As noted by Warren (2015, 399), "many service companies are now using activity-based costing for determining the cost of providing services to customers." The principles do, however, apply to other types of organizations which attempt to assign indirect/overhead costs more accurately to products. For all types of organizations, service or manufacturing, activity based costing techniques can be and are used to allocate overhead and indirect costs to products.

Key Words: Activity Based Costing, Community Foundations

Introduction and Literature

This paper presents a case involving cost allocation for a not-for-profit service enterprise using an activity based costing (ABC) approach. Names and dollar amounts have been changed, but the case is based on a consulting project performed for a community foundation. The not-for-profit is The Rockwell Community Foundation which acts as custodian and disbursing of funds donated and earmarked for specific purposes, referred to as "products." The Foundation adopts the ABC study as a basis for investigating alternative fee structures to that which is currently used.

The primary objective of this case is to illustrate to students who are already somewhat familiar with activity based costing, how ABC might be applied in a service industry setting. This case is unique in that it delves more deeply into the entire activity based costing process than have other problems and cases. It begins with the original source documents, the time sheets completed by the Community Foundation employees. From there it has students work, step by step, all of the myriad analyses, beginning with compiling data from the time sheets through the computations necessary to arrive at the finished product, the allocation of indirect costs to the final cost products.

The analyses in this case are not difficult, enabling students to focus on and grasp the conceptual nature of activity based costing. The case illustrates the computational cumbersomeness and effort in performing an activity based costing analysis. It is also likely that students will question the validity of an activity based costing approach, given the many estimates and assumptions necessary for the analysis.

A secondary objective of the case is to prompt a discussion of possible alternative administrative fee structures that may be employed by the not-for-profit, using the information provided by the activity based costing analysis. Students will appreciate the issues involved in developing a cost based fee structure for service type organizations with multiple products and predominantly fixed costs.

Activity based costing systems "identify activities in all functions of the value chain, calculate costs of individual activities, and assign costs to cost objects such as products and services on the basis of the mix of activities needed to produce each product or service" with an activity being defined as an "event, task, or unit of work with a specific purpose" (Horngren et al. 2012, 146). ABC attempts to allocate costs to products or services in a way that reflects the consumption of these resources by the products or services. These costs include indirect costs, which include non-divisible expenditures which are largely fixed in nature, and support multiple products or customers (Ross 2004, 2-3). It can be argued that the products and services of an organization do benefit, albeit indirectly, from marketing, data processing, and other overhead costs. Activity based costing is well suited for service type organizations for which operating costs are largely fixed in nature (Kaplan and Cooper 1998, 38).

There is an extensive amount of research on activity based costing. Following is a brief review of more recent research followed by a review of research in the health care and service settings. Jones (2014) published a case study comparing absorption costing and ABC for a fictional manufacturer. Zaree et al. (2014) analyzed the costing system of a tire manufacturing company, comparing the cost of products manufactured using a traditional costing system and an activity based costing approach. They found a significant difference in cost when comparing the two approaches (ABC versus traditional). Interestingly they also found that cost of products when employing ABC to be lower than when using a traditional approach. Akinyomi (2014) surveyed accountants in the Nigerian manufacturing sector and found a positive relationship between the use of activity based costing and the level of competition. As competition increased, use of ABC also increased. They hypothesized this was due to ". . . be able to compete favourably with other firms both at the local and international markets" (Akinyomi 2014, 25). In another paper, Akinyomi (2014), using survey data, found a positive relationship between employment of activity based costing and product diversity in the Nigerian manufacturing sector. Ibrahim and Saheem (2013) investigated managers' motivational antecedents to support activity based costing systems in the Middle East and Asian countries. In this behavioral study, based on an experiment employing 129 managers, they concluded that the primary motivation was to obtain more accurate costing information.

Ross (2004), in advocating an ABC approach in healthcare, argued that accounting practices which "often rely on easily available measures to allocate production costs to output and customers" do not provide appropriate information to determine the cost of service or to make decisions. Devine et al. (2000) cited the common use in health care of capitation fee arrangements (payment of a fixed fee to health-care providers in exchange for providing medical care when it is needed) as increasing the importance of accurate costing of services, making the role of activity based costing increasingly important. Kelemen et al. (2007, 37) advocate an ABC approach in order to accurately assign selling, general and administrative costs for managed care companies, citing the importance of "strategic cost management models at a product-by-product and customer-by-customer level." Lawson (2005) surveyed organizations on the mailing list of The Institute for the Advancement of Healthcare Management and found that ABC in hospitals had declined (most commonly cited reason was the complexity of implementation of such systems) while it had increased in other types of health care organizations.

The next section of this paper (Methods) presents the case, followed by Results, showing the case solution. The last section, Conclusion, overviews the findings and merits of the case.

Methods

The Rockwell Community Foundation is a not-for-profit organization which since 1984, has helped Rockwell County residents build a better community by linking donor interests with the community's most pressing needs and promising opportunities. Through partnerships with local nonprofits, The Rockwell Community Foundation helps to fulfill charitable dreams of donors while at the same time creating a strong, vibrant community for all people in Rockwell County now and for generations to come.

Like other nonprofits, the Rockwell Community Foundation addresses a variety of needs in local communities. Amounts donated will always be with The Foundation as part of its endowment. With the help of endowment investments, the original amounts will be left untouched and will grow as they gain interest and value. However, any monies earned above and beyond that principal will be awarded in the form of grants and scholarships to other nonprofit organizations and individuals within Rockwell County. These grants and scholarships help an array of programs and special initiatives addressing topics such as: arts and culture, recreation, education, senior citizens, agriculture, healthcare, and many more.

The Rockwell Community Foundation currently has eight "products." A product is a category to which donations are given. The primary purpose of each the eight products is shown in Schedule 1. The eight products are: (1) Donor Advised/Grant Making; (2) Unrestricted Field of Interest; (3) Agency and Restricted Funds; (4) Scholarships; (5) FORCE; (6) Americas Promise; (7) Field of Interest; and (8) Special Projects.

For the year just ended, Foundation Product assets total \$36,985,263, with the largest being Agency and Restricted Funds at \$16,819,425 and the smallest being Americas Promise at \$73,428. Administrative fees assessed for maintaining each product, one percent of the average total assets for each fund, total \$400,996. Schedule 1 lists the products, total assets by product, fees charged by The Rockwell Community Foundation for each product, and product definitions.

For the year just ended, The Rockwell Community Foundation earned a net profit of \$79,578. Total revenues were \$481,658, with the bulk of the revenues consisting of administrative fees charged funds, \$400,996 (83% of total revenues). The remaining revenues, which do not represent ongoing revenues that can be counted on each year, consisted of miscellaneous (\$74,895), grants (\$5,689), and transfers (\$78). Expenses totaled \$402,080, with the majority of expenses (67%) consisting of salaries (\$225,820), employee benefits (\$26,350), and payroll taxes (\$18,029). The income statement for the Rockwell Community Foundation is presented in Schedule 2.

Near the end of January, Rachael Bennett, President and CEO of The Rockwell Community Foundation, had finished a meeting with the Board of Directors. The primary topic of interest was the assessment of administrative fees for maintaining the various funds. Administrative fees are currently charged in the amount of one percent of the average balance in each fund. The Board had heard a few complaints from some clients regarding the fee structure, and asked Rachael to analyze the fee structure and recommend alternatives. Rachael had a friend in the MBA program at a local university, Chris Simpson. Chris was his capstone project away from finishing the degree. Thinking that this may be a good project for Chris, she met with him for lunch on February 4. The meeting went something like this.

"Chris, have you found a project for your MBA?" asked Rachael.

"Not yet," responded Chris, "I'm still looking."

Rachael responded, "Your search might have come to an end. We have a project that I think might work nicely for your project."

"That's great. What do you have?" Chris responded.

Rachael gave Chris a copy of the income statement (Schedule 2) and the schedule of total assets and fees by product (Schedule 1). “The board has asked me to research our administrative fee structure. Some clients, especially those with a larger asset base at The Foundation, have complained that our fees are too high. Also, from my point of view, it appears that the fees we charge do not necessarily correspond to the amount of work we devote to each product. For example, we get a lot of money from the Agency funds, but they require very little of our time. We are basically holding the money for the Agencies, they do the decision making. Could you perform a study which gives us an idea of the cost of maintaining each product? Unfortunately our costs are not the type that can easily be traced to each product. Our costs are largely fixed, and they benefit, maybe to differing degrees, all the products.”

Chris thought for a moment, then responded “I could do an activity based costing analysis,” then went on to explain activity based costing to Rachael.

After hearing Chris’s explanation, Rachael responded, “That sounds perfect. Let me know what you need and I’ll take care of it.”

Chris visited The Foundation on several occasions. He decided to allocate employee wages, taxes, and benefits to each product based on the percentage of time each employee devoted to the product. Given the absence of documentation that could directly assist with the allocation of other costs, Chris decided to use the employees’ percentage of time for that purpose. However, not all the employees worked full time. Following the logic that a part time employee consumes resources to a lesser degree than a full time employee, he computed the full time equivalent status of each employee, based on a 40 hour work week. The part time employees were Emily Garza, who averaged 14.4 hours per week ($FTE = 14.4/40 = 0.36$), and Beth Hodge, who averaged 27.6 hours per week ($FTE = 0.69$). Salaries, taxes, benefits and full time equivalent (FTE) status of each employee are shown in Schedule 3.

Next, Chris researched community foundation literature to gain an understanding of activities typically performed by foundation employees. He followed this research by interviewing the Rockwell Foundation employees, asking what their primary activities were when working on each of the products. Based on this information, these primary activities were determined to be: (1) acquiring a new fund or gift, (2) maintaining funds, (3) making grants, (4) non-grant community services, and (5) other staff activities. From there Chris prepared a time sheet for each product and each activity, to be filled out by the employees. He asked them to fill out activities to the tenth of an hour (six minute increments). They recorded their times on these time sheets for one work week during the year, Monday through Friday. These time/activity forms, filled out by the employees, are shown in Schedule 4. Six completed forms, one for each employee, are shown.

Required:

- 1) Using the time sheets in Schedule 4, determine the percentage of time each employee worked on each product. Also determine the percentage of time that is unassigned to any product.
- 2) Allocate employee wages, benefits, and taxes (Schedule 3) to each of the eight products using the percentage of time worked on each product (Requirement 1) as the cost driver.
- 3) Allocate all the other costs to the eight products. To do so, first use the FTE weights (Schedule 3) to determine the indirect costs to allocate, in total, to each employee (an employee who only works half time will not consume the resources that a full time employee will consume, hence the FTE weights). Second, for each employee, use the percentage of time worked on each product to allocate those costs to the products.
- 4) Using the allocations in steps 2) and 3) above, and using the Administrative Fees revenue by product displayed in Schedule 1, prepare a statement showing Administrative Fee revenue and expenses for each of the eight products. You may combine the expenses into two categories; i) wages, benefits, and taxes, and ii) other expenses.
- 5) Based on your analysis in 3) above, please suggest potential alternatives to the fee structure employed by The Rockwell Community Foundation.

Results

The solution to Requirement 1), determining the percentage of time worked on each of the products, is shown in Schedule 5. For example, Laurie Albert worked 1.5 hours on Agency and Restricted funds (3.75% of her 40 hours), 1.4 hours (3.50%) devoted to acquiring a new fund or gift and 0.1 hour (0.25%) maintaining the fund.

The solution to Requirement 2), the allocation of employee wages, taxes, and benefits to each of the products, is shown in Schedule 6. Dollar amounts for Schedule 6 were arrived at by multiplying the wages, taxes, and benefits for each employee (Schedule 3) by the percentage of time the employee worked on each product (Schedule 5). For example, Laurie Albert had \$1,452 of her wages, taxes, and benefits allocated to the Agency and Restricted product by multiplying her total wages, taxes, and benefits (\$38,724, Schedule 3) by the percentage of time she worked on the Agency and Restricted product (Schedule 5, Laurie Albert partition, Agency and Restricted total percentage of 3.75%), and she had \$24,203 of her wages, taxes, and benefits allocated to the Scholarships product by multiplying her total wages, taxes, and benefits (\$38,724, Schedule 3) by the percentage of time she worked on Scholarships (Schedule 5, Laurie Albert partition, Scholarships total percentage of 62.50%). Approximately seventy five percent of the wages were allocated to the products, with approximately twenty five percent remaining unassigned.

Schedule 7 shows the solution for Requirement 3). The top partition of Schedule 7 shows the allocation of the other costs to each of the employees using their FTE status. For example, Laurie Albert's allocation was \$26,115 ($1.00/5.05 \times \$131,881$) and Emily Garza's allocation was \$9,402 ($0.36/5.05 \times \$131,881$). Hence, full time employees were allocated a greater proportion of costs than were part time employees. The bottom partition shows the allocation of the costs assigned each employee, to each product. For example, Emily Garza had \$915 of her costs allocated to the Donor Advised/Grant Making product by multiplying her assigned total of other costs (\$9,402, top partition of Schedule 7) by the percentage of time she worked on the Donor Advised/Grant Making product (Schedule 5, Emily Garza partition, Donor Advised/Grant Making total percentage of 9.72%), and she had \$1,631 of her other costs allocated to the FORCE product by multiplying her assigned total of other costs (\$9,402, top partition of Schedule 7) by the percentage of time she worked on the FORCE product (Schedule 5, Emily Garza partition, FORCE total percentage of 17.35%). Again, approximately twenty five percent of the indirect costs remain unallocated.

Schedule 8 shows the solution to Requirement 4). Administrative fee revenues are taken from Schedule 1 and the allocation of wages and other costs using an ABC approach are taken from Schedules 6 and 7, respectively. For example, for Donor Advised/Grant Making, the administrative fees (\$18,214, Schedule 1) are combined with the allocation of wages, taxes, and benefits (\$18,441, Schedule 6) and other costs (\$9,858, Schedule 7), to arrive at a net loss of \$10,085. As can be seen, the activity based costing analysis shows little relationship between the fees charged and the resources allocated to each product. Following the objective that fees charged should reflect the cost of maintaining each product, the fee structure needs to be revised.

Requirement 5) asks for alternative fee structures. Generally speaking, the products with higher total assets show an allocated net income while products with smaller asset bases show an allocated net loss. Thus, it appears that the size of the fund does not correlate with the resources consumed to maintain the fund. Therefore, assessing a fee of one percent of total assets poorly matches revenues with resources allocated.

There are myriad alternative fee structures. One alternative would be to charge a graduated fee based on the size of the fund. For example; 4% for funds with assets less than \$500,000, 3% for funds with assets from \$500,001 - \$1,000,000, 2% for funds with assets from \$1,000,001 - \$4,000,000, 1% for funds with assets from \$4,000,001 - \$8,000,000, 0.75% for funds with assets over \$8,000,000. Students would need to work with various combinations to determine the combination that best covers costs. Also, assessing fees using a graduated fee structure will indirectly be a function of resources consumed, because as Schedule 8 shows, the smaller the fund (in total assets), the larger are the resources consumed as a percentage of total assets.

Another alternative would involve assessing fees based on the relative times worked on each product by the employees. Following this approach, a fee could be separately determined for each product, with the fee being sufficient to cover the allocated costs of each product.

Schedule 9 compares the Administrative Fees revenue with the costs allocated to products following the ABC analysis. Importantly, as shown in Schedule 9, there are significant costs which are unassigned to the products. Also, the non-administrative fee revenues (Grants, Transfers, and Miscellaneous) cannot be counted on as an ongoing revenue stream each year. As such, the fee structure adopted would have to provide fees sufficient to cover the allocated costs of each product as well as the unallocated costs (approximately 25% of total costs, or \$101,038 for 2006). Students will arrive at many fee structure suggestions, and there obviously are myriad potential alternatives.

Conclusion

This case presents students with a problem involving the use of activity based costing in a service industry setting. The organization is The Rockwell Community Foundation, which has multiple products and exclusively administrative fixed costs which span across products. The case presents students with information on The Foundation, most importantly Foundation revenues, expenses, and percentage of time employees' devoted to The Foundation's products. Using this information, students conduct an activity based costing analysis to allocate Foundation expenses to Foundation products. Based on this analysis, it becomes clear that The Foundation's current fee structure, one percent of the average total assets held by each fund, does not correspond with the effort and allocated resources necessary to service (or maintain) each of the products. Students are asked to suggest alternative fee structures which more closely match the resources allocated to each product. Based on the analysis, when comparing administrative fees charged with resources allocated to each product, it appears that, generally speaking, products with larger asset bases are overcharged and products with smaller asset bases are undercharged. Alternative fee structures are discussed.

This case serves nicely to demonstrate the cumbersome and complex nature of computations when performing an activity based costing study. It also demonstrates some of the shortcomings of activity based costing, such as the large amount of unassigned costs resulting in this analysis. Students will appreciate the revised information provided by the analysis, comparing revenues with costs by product. Overall, the case provides the students with a good working idea of how activity based costing works.

The study of activity based costing and other approaches for allocating indirect costs is growing in importance. The principles of this case are applicable to all organizations in their attempts to properly allocate indirect costs across multiple activities or products. Organizational cost structures are changing. These changes are largely due to an increasing variety of customers and products, accompanied by a growth in technology and equipment. Increasing complexity is created by these changes, which in turn leads to a growth in overhead and indirect costs. In effect, indirect costs are displacing direct costs (Institute of Management Accountants 2006, 1). Because of this proliferation of indirect costs, attention to the proper allocation of these costs is intensifying in importance. Allocation should be based on what causes these indirect costs, in effect looking for cause and effect or logical relationships between activities and indirect costs. Not doing so will distort product costs. As a result organizations have been adopting activity based costing systems, which "are based on cost modeling that traces an organization's expenses—both direct and indirect—to the products, services, channels, and customers that cause those expenses to be incurred" (Institute of Management Accountants 2006, 1). This case provides a look into one approach used by a service organization to allocate indirect costs to products.

Schedule 1. Assets and assessed fees by product

Product	Total Assets	Administrative Fee
Donor Advised/Grant Making	\$ 2,017,933	\$ 18,214
Unrestricted Field of Interest	11,811,749	132,336
Agency and Restricted Funds	16,819,425	170,443
Scholarships	3,336,254	39,008
FORCE	1,406,620	27,728
Americas Promise	73,428	696
Field of Interest	1,139,798	7,286
Special Projects	380,056	5,285
Total	\$ 36,985,263	\$ 400,996

Product designated purposes:

Donor Advised/Grant Making - donor reserves the right to be involved and suggest grants from the fund they establish. Can be used to establish any type of fund.

Unrestricted Field of Interest - beneficiary is not specified at the time of the gift. The Foundation Board has the flexibility to support current priority needs no matter what they are or how the community's needs have changed.

Agency and Restricted Funds - a separate legal entity which is affiliated with The Foundation. Supporting organizations enjoy public charity tax status and are not subject to excise taxes or the rules governing private foundations.

Scholarships - provide students with an opportunity to further their education or training.

FORCE – After school program for high school students where they do community related activities.

Americas Promise – a national initiative founded by General Colin Powell, seeking to ensure that at-risk youth have access to fundamental resources necessary for them to get a good start in life.

Field of Interest – designated for a particular area of interest such as "the arts," or "children," or the "elderly." Does not limit grants to any particular organization.

Special Projects - monies designated for a specific agency or agencies, i.e. funds benefit the United Way, the Rockwell Area Symphony Orchestra, the Childrens' Zoo, or any other agency of choice.

Schedule 2. Income statement of the Rockwell Community Foundation

The Rockwell Community Foundation
Income Statement
Year ended December 31

Revenues	
Miscellaneous	\$ 74,895
Fees	400,996
Grants	5,689
Transfers	78
Total revenues	481,658
Expenses	
Salaries	225,820
Employee benefits	26,350
Taxes-payroll	18,029
Accounting services	10,501
Legal services	2,191
Consulting services	19,741
Website	3,608
Dues	250
Supplies	9,270
Postage	8,367
Insurance	6,548
Equipment rental/maintenance	1,895
Publications and subscriptions	167
Printing	14,724
Professional development	5,473
Mileage	475
Meetings	1,527
Annual meeting	4,462
Excellence in education	7,055
Occupancy	24,858
Telephone	5,810
Publicity/promotions	2,046
Miscellaneous	2,913
Total expenses	402,080
Net profit (Loss)	\$ 79,578

Schedule 3. Employee wages, benefits, taxes, and full time equivalent (FTE)*

	<u>FTE</u>	<u>Salary</u>	<u>Benefits</u>	<u>Taxes</u>	<u>Total</u>
Laurie Albert	1.00	\$ 32,932	\$ 3,148	\$ 2,644	\$ 38,724
Rachael Bennett	1.00	86,409	719	6,743	93,871
Emily Garza	0.36	6,984	1,685	629	9,298
Beth Hodge	0.69	17,600	3,915	1,487	23,002
Shelly Smith	1.00	36,686	15,978	2,940	55,604
Mike Timmerman	1.00	45,209	905	3,586	49,700
Total	<u>5.05</u>	<u>\$ 225,820</u>	<u>\$ 26,350</u>	<u>\$ 18,029</u>	<u>\$ 270,199</u>

*FTE based on forty hour work week.

Schedule 4. Employee Time Form – Laurie Albert

Name: <i>Laurie Albert</i>	Mon	Tues	Wed	Thu	Fri
Date	7/31	8/1	8/2	8/3	8/4
Arrival Time	8:00	8:00	8:00	8:00	8:00
Departure Time	4:30	4:30	4:30	4:30	4:30
(Less)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Total	8.0	8.0	8.0	8.0	8.0
Donor Advised/Grant Making					
Acquiring new fund or gift					
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Unrestricted Field of Interest					
Acquiring new fund or gift					
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Agency and Restricted Funds					
Acquiring new fund or gift	1		0.4		
Maintaining a fund		0.1			
Making grants					
Non-grant community services					
Other staff activities					
Scholarships					
Acquiring new fund or gift			0.2	5	
Maintaining a fund		0.8	2		
Making grants	2	2	2	3	8
Non-grant community services					
Other staff activities					
FORCE					
Acquiring new fund or gift					
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
America's Promise					
Acquiring new fund or gift					
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Field of Interest					
Acquiring new fund or gift					
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Special Projects					
Acquiring new fund or gift					
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Unassigned	5	5.1	3.4		

Schedule 4. Employee Time Form – Rachel Bennett

Name: Rachael Bennett	Mon	Tues	Wed	Thu	Fri
Date	7/31	8/1	8/2	8/3	8/4
Arrival Time	8:00	8:00	8:00	8:00	8:00
Departure Time	4:30	4:30	4:30	4:30	4:30
(Less)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Total	8.0	8.0	8.0	8.0	8.0
Donor Advised/Grant Making					
Acquiring new fund or gift	0.1				
Maintaining a fund	0.1				
Making grants	1.4				
Non-grant community services					
Other staff activities					
Unrestricted Field of Interest					
Acquiring new fund or gift		0.1			
Maintaining a fund		0.1			
Making grants		1.3			
Non-grant community services					
Other staff activities					
Agency and Restricted Funds					
Acquiring new fund or gift		0.1			
Maintaining a fund		0.1			
Making grants					1.5
Non-grant community services					0.2
Other staff activities					
Scholarships					
Acquiring new fund or gift		2.5	1.2		
Maintaining a fund			0.2		
Making grants					
Non-grant community services					
Other staff activities				3.5	
FORCE					
Acquiring new fund or gift					
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
America's Promise					
Acquiring new fund or gift			0.2		
Maintaining a fund			0.1		
Making grants			0.1		
Non-grant community services			0.2		
Other staff activities					
Field of Interest					
Acquiring new fund or gift					
Maintaining a fund					
Making grants			0.2		
Non-grant community services			1		
Other staff activities			2		
Special Projects					
Acquiring new fund or gift	0.6				
Maintaining a fund	0.1				
Making grants	0.1				
Non-grant community services				4.5	2.1
Other staff activities		2.1			
Unassigned	5.6	1.7	2.8		4.2

Schedule 4. Employee Time Form – Emily Garza

Name: <i>Emily Garza</i>	Mon	Tues	Wed	Thu	Fri
Date	7/31	8/1	8/2	8/3	8/4
Arrival Time	8:00	8:00			8:00
Departure Time	1:00	2:00			12:00
(Less)		(0.6)			
Total	5.0	5.4			4.0
Donor Advised/Grant Making					
Acquiring new fund or gift		1.1			
Maintaining a fund					
Making grants		0.3			
Non-grant community services					
Other staff activities					
Unrestricted Field of Interest					
Acquiring new fund or gift	1.1				
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Agency and Restricted Funds					
Acquiring new fund or gift	1.1				
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Scholarships					
Acquiring new fund or gift					0.6
Maintaining a fund					
Making grants					0.7
Non-grant community services					
Other staff activities					
FORCE					
Acquiring new fund or gift					
Maintaining a fund	0.1				
Making grants	1.5	0.8			
Non-grant community services		0.1			
Other staff activities					
America's Promise					
Acquiring new fund or gift					0.2
Maintaining a fund					
Making grants					0.3
Non-grant community services	1.1				
Other staff activities					
Field of Interest					
Acquiring new fund or gift					0.4
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Special Projects					
Acquiring new fund or gift					0.2
Maintaining a fund					0.1
Making grants					0.5
Non-grant community services					0.9
Other staff activities					
Unassigned	0.1	3.1			0.1

Schedule 4. Employee Time Form – Beth Hodge

Name: <i>Beth Hodge</i>	Mon	Tues	Wed	Thu	Fri
Date	7/31	8/1	8/2	8/3	8/4
Arrival Time		8:00	8:00	8:00	8:00
Departure Time		4:30	11:06	4:30	4:30
(Less)		(0.5)		(0.5)	
Total		8.0	3.1	8.0	8.5
Donor Advised/Grant Making					
Acquiring new fund or gift		2.2			
Maintaining a fund		0.1			
Making grants		2.1			
Non-grant community services		0.1			
Other staff activities					
Unrestricted Field of Interest					
Acquiring new fund or gift				2.2	
Maintaining a fund				0.1	
Making grants				0.2	
Non-grant community services				0.1	
Other staff activities					
Agency and Restricted Funds					
Acquiring new fund or gift				1	1.2
Maintaining a fund					0.1
Making grants					0.2
Non-grant community services				0.1	
Other staff activities					
Scholarships					
Acquiring new fund or gift		1.3			
Maintaining a fund		0.1			
Making grants		2		1.3	
Non-grant community services				0.6	
Other staff activities					
FORCE					
Acquiring new fund or gift					
Maintaining a fund					0.3
Making grants					3.3
Non-grant community services					0.9
Other staff activities					
America's Promise					
Acquiring new fund or gift			0.3		
Maintaining a fund			0.2		
Making grants					
Non-grant community services			1.4		
Other staff activities					
Field of Interest					
Acquiring new fund or gift			0.6		
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Special Projects					
Acquiring new fund or gift			0.6		
Maintaining a fund					
Making grants					
Non-grant community services					
Other staff activities					
Unassigned		0.1		2.4	2.5

Schedule 4. Employee Time Form – Shelley Smith

Name: <i>Shelley Smith</i>	Mon	Tues	Wed	Thu	Fri
Date	7/31	8/1	8/2	8/3	8/4
Arrival Time	8:00	8:00	8:00	8:00	8:00
Departure Time	4:30	4:30	4:30	4:30	4:30
(Less)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Total	8.0	8.0	8.0	8.0	8.0
Donor Advised/Grant Making					
Acquiring new fund or gift			0.8		
Maintaining a fund			2.4	0.8	
Making grants					
Non-grant community services					
Other staff activities					
Unrestricted Field of Interest					
Acquiring new fund or gift			0.9		
Maintaining a fund		3	2.2		
Making grants					
Non-grant community services					
Other staff activities					
Agency and Restricted Funds					
Acquiring new fund or gift	1.4				
Maintaining a fund	5	3			
Making grants					
Non-grant community services					
Other staff activities					
Scholarships					
Acquiring new fund or gift					
Maintaining a fund				1	1.3
Making grants					0.1
Non-grant community services					0.8
Other staff activities					
FORCE					
Acquiring new fund or gift					1.3
Maintaining a fund					2.4
Making grants					
Non-grant community services					
Other staff activities					
America's Promise					
Acquiring new fund or gift		0.2			
Maintaining a fund		1.5			
Making grants					
Non-grant community services					
Other staff activities					
Field of Interest					
Acquiring new fund or gift			0.2		
Maintaining a fund			1.3		
Making grants					
Non-grant community services					
Other staff activities					
Special Projects					
Acquiring new fund or gift					
Maintaining a fund					0.8
Making grants					
Non-grant community services					
Other staff activities					
Unassigned	1.6	0.3	0.2	6.2	1.3

Schedule 4. Employee Time Form – Mike Timmerman

Name: <i>Mike Timmerman</i>	Mon	Tues	Wed	Thu	Fri
Date	7/31	8/1	8/2	8/3	8/4
Arrival Time	8:00	8:00	8:00	8:00	8:00
Departure Time	4:30	4:30	4:30	4:30	4:30
(Less)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Total	8.0	8.0	8.0	8.0	8.0
Donor Advised/Grant Making					
Acquiring new fund or gift					
Maintaining a fund				0.6	
Making grants				2.1	0.5
Non-grant community services					
Other staff activities				0.4	
Unrestricted Field of Interest					
Acquiring new fund or gift					
Maintaining a fund		0.5			
Making grants		7.5	2.8		
Non-grant community services					
Other staff activities			1.4		
Agency and Restricted Funds					
Acquiring new fund or gift					
Maintaining a fund	0.7				
Making grants	2.3				
Non-grant community services	0.4				
Other staff activities	0.4				
Scholarships					
Acquiring new fund or gift					2
Maintaining a fund					0.4
Making grants	0.3				5
Non-grant community services	0.3				0.1
Other staff activities			3.8	0.4	
FORCE					
Acquiring new fund or gift					
Maintaining a fund	0.7				
Making grants					
Non-grant community services					
Other staff activities					
America's Promise					
Acquiring new fund or gift					
Maintaining a fund				0.1	
Making grants					
Non-grant community services					
Other staff activities					
Field of Interest					
Acquiring new fund or gift	0.8				
Maintaining a fund	0.1				
Making grants					
Non-grant community services	0.8				
Other staff activities					
Special Projects					
Acquiring new fund or gift					
Maintaining a fund					
Making grants					
Non-grant community services				2	
Other staff activities				1	
Unassigned	1.2			1.4	

Schedule 5. Percentage of time, per activity per product

	Donor Advised/ Grant Making	Un- restricted	Agency and Restricted	FORCE	Scholar- ships	Special Projects	Americas Promise	Field of Interest	Unassigned
Laurie Albert									
Acquiring new fund or gift	0.00%	0.00%	3.50%	0.00%	13.00%	0.00%	0.00%	0.00%	
Maintaining a fund	0.00%	0.00%	0.25%	0.00%	7.00%	0.00%	0.00%	0.00%	
Making grants	0.00%	0.00%	0.00%	0.00%	42.50%	0.00%	0.00%	0.00%	
Non-grant community services	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Other staff activities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Unassigned									33.75%
Total	0.00%	0.00%	3.75%	0.00%	62.50%	0.00%	0.00%	0.00%	33.75%
Rachael Bennett									
Acquiring new fund or gift	0.25%	0.25%	0.25%	0.00%	9.25%	1.50%	0.50%	0.00%	
Maintaining a fund	0.25%	0.25%	0.25%	0.00%	0.50%	0.25%	0.25%	0.00%	
Making grants	3.50%	3.25%	3.75%	0.00%	0.00%	0.25%	0.25%	0.50%	
Non-grant community services	0.00%	0.00%	0.50%	0.00%	0.00%	16.50%	0.50%	2.50%	
Other staff activities	0.00%	0.00%	0.00%	0.00%	8.75%	5.25%	0.00%	5.00%	
Unassigned									35.75%
Total	4.00%	3.75%	4.75%	0.00%	18.50%	23.75%	1.50%	8.00%	35.75%
Emily Garza									
Acquiring new fund or gift	7.64%	7.64%	7.64%	0.00%	4.17%	1.39%	1.39%	2.78%	
Maintaining a fund	0.00%	0.00%	0.00%	0.69%	0.00%	0.69%	0.00%	0.00%	
Making grants	2.08%	0.00%	0.00%	15.97%	4.86%	3.48%	2.08%	0.00%	
Non-grant community services	0.00%	0.00%	0.00%	0.69%	0.00%	6.25%	7.64%	0.00%	
Other staff activities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Unassigned									22.92%
Total	9.72%	7.64%	7.64%	17.35%	9.03%	11.81%	11.11%	2.78%	22.92%
Beth Hodge									
Acquiring new fund or gift	7.97%	7.97%	7.97%	0.00%	4.71%	2.17%	1.09%	2.17%	
Maintaining a fund	0.36%	0.36%	0.36%	1.09%	0.36%	0.00%	0.73%	0.00%	
Making grants	7.61%	0.73%	0.73%	11.96%	11.96%	0.00%	0.00%	0.00%	
Non-grant community services	0.36%	0.36%	0.36%	3.26%	2.17%	0.00%	5.07%	0.00%	
Other staff activities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Unassigned									18.12%
Total	16.30%	9.42%	9.42%	16.31%	19.20%	2.17%	6.89%	2.17%	18.12%

Schedule 5. Percentage of time, per activity per product (concluded)

	Donor Advised/ Grant Making	Un- restricted	Agency and Restricted	FORCE	Scholar- ships	Special Projects	Americas Promise	Field of Interest	Unassigned
Shelly Smith									
Acquiring new fund or gift	2.00%	2.25%	3.50%	3.25%	0.00%	0.00%	0.50%	0.50%	
Maintaining a fund	8.00%	13.00%	20.00%	6.00%	5.75%	2.00%	3.75%	3.25%	
Making grants	0.00%	0.00%	0.00%	0.00%	0.25%	0.00%	0.00%	0.00%	
Non-grant community services	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	
Other staff activities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Unassigned									24.00%
Total	10.00%	15.25%	23.50%	9.25%	8.00%	2.00%	4.25%	3.75%	24.00%
Mike Timmerman									
Acquiring new fund or gift	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%	0.00%	2.00%	
Maintaining a fund	1.50%	1.25%	1.75%	1.75%	1.00%	0.00%	0.25%	0.25%	
Making grants	6.50%	25.75%	5.75%	0.00%	13.25%	0.00%	0.00%	0.00%	
Non-grant community services	0.00%	0.00%	1.00%	0.00%	1.00%	5.00%	0.00%	2.00%	
Other staff activities	1.00%	3.50%	1.00%	0.00%	10.50%	2.50%	0.00%	0.00%	
Unassigned									6.50%
Total	9.00%	30.50%	9.50%	1.75%	30.75%	7.50%	0.25%	4.25%	6.50%

Schedule 6. Wages, taxes, benefits allocated to products

	Total Wages, Taxes, Benefits	Donor Advised/ Grant Making	Un- restricted	Agency and Restricted	Scholar- ships	FORCE	Americas Promise	Field of Interest	Special Projects	Unassigned
L. Albert	\$ 38,724	\$ 0	\$ 0	\$ 1,452	\$ 24,203	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,069
R. Bennett	93,872	3,755	3,520	4,459	17,366	0	1,408	7,510	22,295	33,559
E. Garza	9,297	905	710	710	839	1,613	1,033	258	1,098	2,131
B. Hodge	23,002	3,749	2,167	2,167	4,416	3,752	1,585	499	499	4,168
S. Smith	55,604	5,561	8,480	13,067	4,448	5,143	2,363	2,085	1,112	13,345
M. Timmerman	49,700	4,471	15,159	4,722	15,283	870	124	2,112	3,728	3,231
Total	\$270,199	\$ 18,441	\$ 30,036	\$ 26,577	\$ 66,555	\$ 11,378	\$ 6,513	\$ 12,464	\$ 28,732	\$ 69,503

Schedule 7. Two steps in allocation of other costs to products

Step 1: Allocate Other Costs (all indirect) to Employees
Using Employee FTE Status

	FTE	Other Costs	Portion to Employee using FTE
Laurie Albert	1.00	\$ 131,881	\$ 26,115
Rachael Bennett	1.00	\$ 131,881	26,115
Emily Garza	0.36	\$ 131,881	9,401
Beth Hodge	0.69	\$ 131,881	18,020
Shelly Smith	1.00	\$ 131,881	26,115
Mike Timmerman	1.00	\$ 131,881	26,115
Total	5.05		\$ 131,881

Note: $1.00/5.05 \times \$131,881 = \$26,115$, etc.

Step 2: Allocation of Other Indirect Costs Using Time Reported by Employees

	Other Indirect Costs Allocated									
	Total Other Indirect Costs	Donor Advised/ Grant Making	Un- restricted	Agency and Restricted	Scholar- ships	FORCE	Americas Promise	Field of Interest	Special Projects	Unassigned
Albert	\$ 26,115	\$ 0	\$ 0	\$ 979	\$ 16,322	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,814
Bennett	26,115	1,045	980	1,240	4,831	0	392	2,089	6,202	9,336
Garza	9,402	915	718	718	849	1,631	1,045	261	1,110	2,155
Hodge	18,019	2,937	1,697	1,697	3,460	2,939	1,242	391	391	3,265
Smith	26,115	2,611	3,983	6,137	2,089	2,416	1,110	979	522	6,268
Timmerman	26,115	2,350	7,965	2,481	8,030	458	65	1,110	1,959	1,697
Total	\$ 131,881	\$ 9,858	\$ 15,343	\$ 13,252	\$ 35,581	\$ 7,444	\$ 3,854	\$ 4,830	\$ 10,184	\$ 31,535

Schedule 8. Administrative fees revenue compared with ABC allocation of costs for all products

	Donor Advised/ Grant Making	Un- restricted	Agency and Restricted	FORCE	Scholar- ships	Special Projects	Americas Promise	Field of Interest
Admin. fee revenue	\$ 18,214	\$ 132,336	\$ 170,443	\$ 27,728	\$ 39,008	\$ 5,285	\$ 696	\$ 7,286
Wages, taxes, benefits	18,441	30,036	26,577	11,378	66,555	28,732	6,513	12,464
Other costs	9,858	15,343	13,252	7,444	35,581	10,184	3,854	4,830
Net income (loss)	\$ (10,085)	\$ 86,957	\$ 130,614	\$ 8,906	\$ (63,128)	\$ (33,631)	\$ (9,671)	\$ (10,008)
Total assets	\$2,017,933	\$11,811,749	\$16,819,425	\$1,406,620	\$3,336,254	\$380,056	\$73,428	\$1,139,798
Allocated costs as a percentage of total assets	1.40%	0.38%	0.24%	1.34%	3.06%	10.24%	14.12%	1.52%

Note: This schedule compares Administrative Fees Revenue with Foundation costs. This schedule does not include Miscellaneous revenues (\$74,895), Grants revenues (\$5,689) or Transfers revenue (\$78), because they do not represent an ongoing revenue stream that can be counted on.

Schedule 9. Income statement showing allocated and unallocated costs and revenues

Administrative fees charged	\$ 400,996
Costs allocated to all products	<u>301,042</u>
Allocated profit for products	99,954
Unassigned costs	<u>101,038</u>
Net loss	(1,084)
Miscellaneous revenues, grant revenues, and transfers	<u>80,662</u>
Overall net profit	<u>\$ 79,578</u>

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