

How can non-profits calculate employee benefits, or fringes, across funds?

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If you're a nonprofit organization your funding may be associated with a grant, a contract, or a program requiring reporting to track employee labor and non-labor expenses. When funds are awarded to you by another entity, whether a government agency or a private entity (such as a foundation), then you are subject to accountability to that funding source.

This requires careful budgeting and management of funds, in addition to being ready to show that the costs covered by the funding source were in compliance with the award guidelines if and when audited.

One of the critical components of calculating true labor costs for a grant, program, or contract is to include the employee labor, or benefit, burden. The labor burden is the actual cost of the employee to you, aside from their salary. The burden cost includes the benefits you pay the employee on your payroll and is an aggregate cost that represents the employer-paid employee benefits (e.g. Medical, Dental, 401K, car allowance, cell phone, etc.).

Labor burden, the actual cost of the employee including salary and benefits paid to the employee on your payroll, is important to include when reporting on the full cost of labor. You also need to assign the true labor burden to the grants (or other funds) worked by the employees.

How can IDI help?

Fully integrated with your time and payroll systems, IDI can allocate the labor and benefit costs across grants (or other funds) with our Time Bank Salary Allocation solution, and send the information to payroll, then take the post-payroll benefits and taxes from payroll to populate into our awarded-funds budgeting and management system, GrantAlytics. That way your true labor burden across funds match your general ledger in your accounting system.

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