

### Example 4

The table below presents expenses by both their nature and their function for fiscal year 20X1:

	Program Activities			Supporting Activities			Total Expenses
	Program A	Program B	Programs Subtotal	Management and General	Fundraising	Supporting Subtotal	
Salaries and benefits	\$7,400,000	\$2,725,000	\$10,125,000	\$3,130,000	\$260,000	\$3,390,000	\$13,515,000
Supplies and travel	890,000	499,000	1,389,000	325,000	40,000	365,000	1,754,000
Services and professional fees	560,000	600,000	1,160,000	450,000	90,000	540,000	1,700,000
Office and occupancy	360,000	297,000	657,000	218,000	50,000	268,000	925,000
Depreciation	960,000	670,000	1,630,000	450,000	140,000	590,000	2,220,000
Interest	271,000	68,000	339,000	27,000	20,000	47,000	386,000
<b>Total expenses</b>	<b>\$10,441,000</b>	<b>\$4,859,000</b>	<b>\$15,300,000</b>	<b>\$4,600,000</b>	<b>\$600,000</b>	<b>\$5,200,000</b>	<b>\$20,500,000</b>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.