

Understanding Dynamic Allocations in Sage Intacct

Best Practices and Tips



MAY 5-7, 2025

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Hank Wright

Senior ERP Implementation Consultant
JMT Consulting Group, LLC.



- 30 years of experience in finance, data management, programming, and IT, specializing in optimizing business processes.
- Passionate about solving complex challenges, by combining deep financial system knowledge with creative problem-solving to deliver ERP solutions that drive operational efficiency and support long-term success.

Session Agenda

Welcome and Relevance:
Why Dynamic Allocations matter for 2025 nonprofit trends (regulations, grants, donors).

Benefits of Dynamic Allocations: Efficiency, compliance, and transparency with UDBs vs. transaction allocations.

Setting Up Dynamic Allocations: Requirements, journal setup, and 2025 best practices.

Live: Navigate Sage and Dynamic Allocations Related.

Q&A/Form/Exercises:
Address questions and share take-home exercises.



Benefits of Dynamic Allocations



INTRO

Dynamic Allocations is a native module in Sage Intacct that automates the allocation of indirect costs, revenue, assets, and liabilities across multiple dimensions (e.g., departments, projects, locations) and entities. Unlike manual spreadsheet-based methods, it eliminates errors, saves time, and provides real-time visibility into financial performance. It supports recurring or scheduled allocations, flexible calculation bases (financial or statistical), and robust audit trails, making it ideal for organizations needing accurate, scalable, and transparent cost distribution. The feature also offers "true-up" capabilities to adjust prior allocations automatically and innovative allocation books for before-and-after comparisons, empowering finance teams to focus on strategy rather than manual tasks.

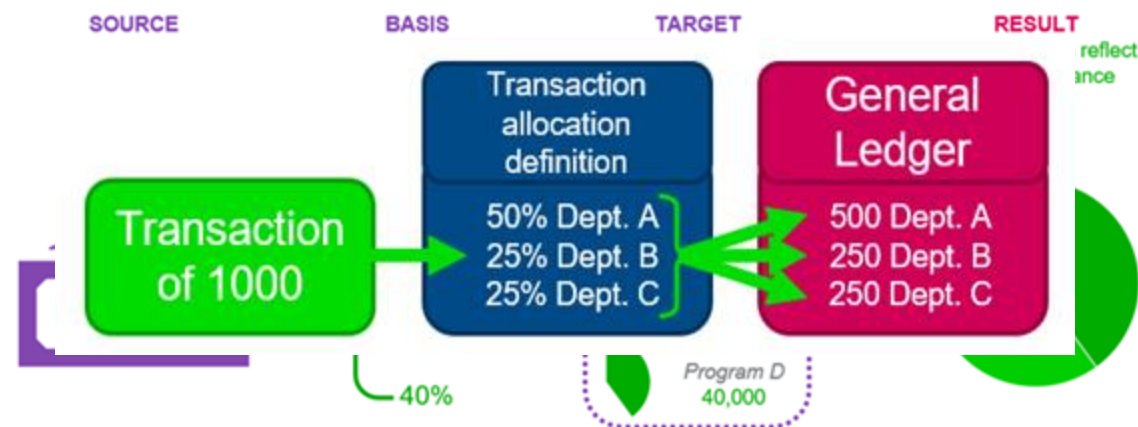


Transaction Allocations vs Dynamic Allocations

Feature	Transaction Allocations	Dynamic Allocations
Basis	<ul style="list-style-type: none"> - Static percentages or amounts (e.g., 50% Program A, 50% Program B). - Defined during transaction entry (e.g., AP bill, journal entry). - Manual updates if allocation rules change. - Suitable for fixed, predictable splits. 	<ul style="list-style-type: none"> - Dynamic basis (e.g., FTEs, direct costs, square footage). - Automatically pulls source balances for calculations. - Adjusts to changing data (e.g., monthly FTE updates). - Ideal for variable or complex allocations.
Audit Trail	<ul style="list-style-type: none"> - Transaction Allocations capture static splits at entry. - Basic view in General Ledger > Transactions > View Log. - Limited drill-down (shows split amounts, not rationale). - Manual documentation needed for audits. 	<ul style="list-style-type: none"> - UDB reports provide detailed, click-through history. - Allocation Log and Snapshot reports in General Ledger > Reports. - Tracks source, basis, and target for transparency. - Built-in rationale field for audit compliance.
2025 Fit	<ul style="list-style-type: none"> - Meets basic compliance for smaller nonprofits. - Sufficient for simple donor or grant reporting. - Struggles with variable indirect cost rates (e.g., 15% federal grants). - Limited for OMB Uniform Guidance audits. 	<ul style="list-style-type: none"> - Aligns with 2025 grant audits (OMB Uniform Guidance). - Supports complex donor transparency (pre/post-allocation views). - Handles variable indirect cost rates dynamically. - Enhances efficiency for multi-grant reporting.

Allocations and 2025 Trends

- **Transaction Allocations:** Core Sage Intacct feature, using static splits (e.g., 50% Program A, 50% B) logged during entry. Suitable for basic nonprofit needs.
- **Dynamic Allocations:** Advanced feature (additional subscription), using dynamic bases (e.g., FTEs) and UDBs for flexible reporting. Ideal for 2025 compliance.



2025 Relevance:

- **Government Regulations:** Transaction allocations meet basic compliance for smaller nonprofits but lack granularity for 2025's OMB Uniform Guidance audits. Dynamic Allocations with UDBs provide detailed, auditable reports for federal/state grants.
- **Grants:** Transaction allocations handle fixed grant splits (e.g., \$10,000 across programs) but struggle with variable performance reporting. UDBs automate multi-year grant tracking, ensuring accuracy.
- **Donations:** Transaction allocations support static donor fund splits but offer limited transparency for complex requirements. UDBs provide pre/post-allocation reports, enhancing donor trust in 2025.
- **Indirect Costs:** Transaction allocations require manual updates for variable rates (e.g., 15% federal grants), risking errors. Dynamic Allocations with UDBs calculate and report rates dynamically, streamlining audits.
- **Why UDBs Shine:** UDBs store allocation results (e.g., "2025 Grant Allocations"), enabling custom reports for audits, donors, and grant managers.

Efficiency and Compliance with Dynamic Allocations

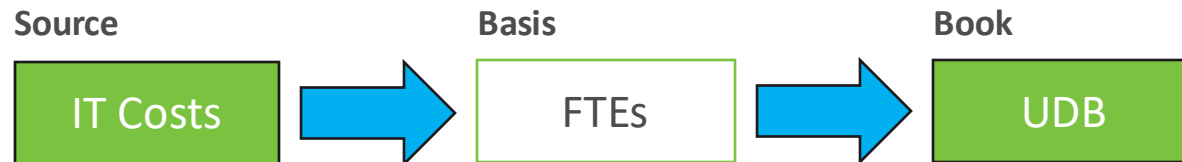
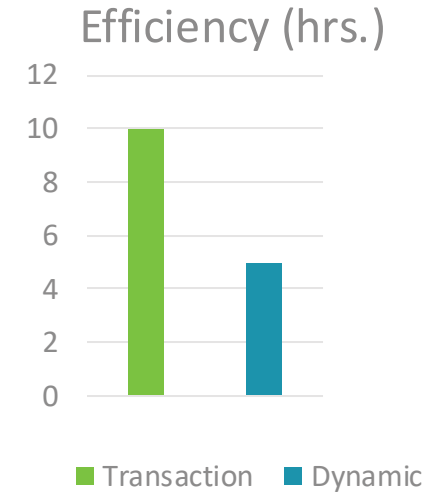
- **Efficiency:**

- Automates splits (e.g., \$20,000 IT costs by FTEs), saving 30-50% time vs. transaction allocations.
- Reduces errors in grant/donor reporting.

- **Compliance:**

- UDBs store auditable results (e.g., “2025 Grant Allocations”), meeting 2025 OMB audits.
- Transaction Allocations provide basic compliance, not detailed audits.

- **Example: \$200,000 grant with 15% indirect rate—UDBs ensure audit readiness.**



Transparency and Insights with UDBs

- **Donor Transparency:**
 - UDBs show pre/post-allocation (e.g., \$28,000 salaries to grants), building trust.
 - Transaction allocations offer static splits, not flexible reports.
- **Grant Insights:**
 - UDB reports (e.g., Allocation Log) track performance by grant.
 - Example: \$9,450 allocated to Disaster Relief, auditable in UDBs.
- **2025 Advantage:** UDBs meet donor and grant manager demands for clarity.

UDB Report Example

	Shared		Disaster Relief			
	Before Allocation		After	After Allocation		After
Salaries	28000	-28000	0	0	8700	8700
Indirect Cost Recovery	0	0	0	0	750	750
Total Expenditures	28000	-28000	0	0	9450	9450



Analysis



Setting up Dynamic Allocations



- ☐ Subscribe to Dynamic Allocations (additional cost applies):
Company > Subscriptions > Dynamic Allocations > Configure
- ☐ Configure UDB:
General Ledger > User defined > Add

Source Pool Configuration

Source pool

Select the account group that will be the source of your allocation.
You can narrow the allocation scope by selecting dimension filters.

Account group * Allocation Expenses

Reporting book ACCRUAL

Source pool time period * Current Month

Percentage to allocate * 100

Alternate book [Select](#)

True-up
☐ Activity delta
☒ Auto-reverse prior post
☐ None

Dimension filters

Entity/Location(s) * 100--United States

Vendor(s)

Project(s)

Department(s) GA--General and Admin

Customer(s)

Contract(s)

Item(s)

Class(es)

Employee ID(s)

Test UDD

Account groups containing accounts to allocate and respective percentage

True Up Methodology:
Activity Delta: Allocates change in source pool from initial allocation
Auto-Reverse Prior Post: Reverses prior allocation to re-allocate full amount for one posting per period
None: No true up

Dimension Filters (optional):
 Filter source pool to only include transactions tagged to specific dimensions. You can also use dimension groups.

Note: If allocating across entities, entity/location is required to serve as the source entity for intercompany transactions.

Basis Configuration

▼ Basis

Select the basis for how the allocation splits source amounts into each target. You can narrow the allocation scope by selecting dimension filters.

Allocation method *
Dynamic-relative account statistical

Account group *
Employee Headcount Dept

Accumulation *
Ending Balance

Reporting book
ACCRUAL

Alternate book
Select

Use amounts from *
Main reporting book and alternate books

Basis time period *
Current Month

☐ Drop negative basis lines from consideration

Dimension filters

Entity/Location(s)
▼

Customer(s)
▼

Class(es)
▼

Vendor(s)
▼

Contract(s)
▼

Employee ID(s)
▼

Project(s)
▼

Item(s)
▼

Test UDD
▼

Department(s)
▼

Account groups containing accounts to determine how the allocation will be split (can be financial or statistical)

Period Activity: Net Change/Income Statement
Ending Balance: Cumulative/Balance Sheet

Dimension Filters (optional):
Filter basis to only include transactions tagged to specific dimensions. You can also use dimension groups.

Target Configuration

▼ Target entry

Select the Journal where the allocation entry will be recorded.
The debit and credit accounts selected depends on how your allocation has been set up.
For example, expense allocations would normally have the allocation as a debit.

Reporting book: ACCRUAL

Alternate book: Allocation

Journal *: ALLOCJ--Allocation Journal

Allocation destination

Account *: 8000--Allocated Expenses

Exchange rate type *: Intacct Daily Rate

Dimension overrides

Dimensions	Name
1	

☐ Flag target lines as billable

Reversing source pool

☒ Use source account

Reversing source pool

☐ Use source account

Account *: 8000--Allocated Expenses

Dimension overrides

Dimensions	Name
1	

Annotations:

- User Defined Book and Journal where allocation should post to.
- GL Account the allocation should post to
- Dimension override if dimension treatment was set to "not considered" under *Dimension Treatment*
- Reverses amount from where the balances were originally posted (alternatively, can select specific GL account)

Note: You can setup multiple books/journals to separate different type of allocations



Live Demonstrations & Examples

Navigating and Allocating in Sage Intacct

Statistical Accounts

Subscribing

UDB

Allocations

Dimension Groups

DA-

Account Groups

e.g.; Distributing Facility Overhead Cost to Programs

Scenario: NP pays \$15,000/month in rent for a shared office space used by multiple programs. They want to allocate this cost based on client service hours (e.g., Supported Living: 600 hours, Veteran Services: 300 hours, Employment Services: 100 hours; total 1,000 hours).

Dynamic Allocation Setup:

Source Pool: Rent expense from the GL (\$15,000/month).

Basis: Client service hours (statistical measure: 60%, 30%, 10%).

Target: Allocate to Supported Living, Veteran Services, and Employment Services dimensions.

Result:

- Monthly allocation: \$9,000 to Supported Living, \$4,500 to Veteran Services, \$1,500 to Employment Services.
- Adjusts dynamically if service hours change (e.g., Veteran Services expands to 400 hours).
- **Benefit:** Automates indirect cost allocation for program budgets, ensuring compliance with grantor rules (e.g., negotiated indirect cost rates) and supporting NP's housing-first and community integration goals.



e.g.; Billing Indirect Costs w/Negotiated Rate for Veterans' Programs

Scenario: NP has a federal grant for veteran services allowing a 15% indirect cost rate on direct expenses. Direct costs for the month are \$40,000 (e.g., housing support, case management), and they need to bill the grantor for indirect costs like administrative support.

Dynamic Allocation Setup:

Source Pool: Direct expenses tagged to the veteran program (\$40,000).

Basis: Fixed rate (15% of direct costs).

Target: Allocate to an indirect cost GL account tied to the Veteran Housing-First dimension.



Result:

- Indirect cost: \$6,000 allocated and billed to the grant.
- Updates automatically as direct costs fluctuate (e.g., \$50,000 next month → \$7,500 indirect).
- **Benefit:** Streamlines billing for indirect costs, aligns with grantor agreements, and simplifies audit preparation for NP's nonprofit accounting standards.

e.g.; Spreading Shared Training Costs Across Programs

Scenario: NP invests \$8,000 in staff training that benefits two programs: Supported Living (70% impact) and Employment Services (30% impact). They need to allocate this cost for program reporting to donors.

Dynamic Allocation Setup:

Source Pool: Training expense from the GL (\$8,000).

Basis: Program impact percentage (70%, 30%).

Target: Allocate to Supported Living and Employment Services dimensions.

Result:

- Allocation: \$5,600 to Supported Living, \$2,400 to Employment Services.
- Recalculates if training scope changes (e.g., a \$12,000 follow-up training).
- **Benefit:** Ensures program costs are tracked accurately, supports budget-to-actual reporting for funders, and reduces manual errors, enhancing NP's accountability to stakeholders.



e.g.; Automating Monthly Restricted Donation Revenue Recognition

Scenario: NP receives a \$60,000 annual donation restricted to the Employment Services program, which must be recognized evenly over 12 months (\$5,000/month). They want to allocate this revenue to the program's financials.

Dynamic Allocation Setup:

Source Pool: Deferred revenue account for the donation (\$60,000).

Basis: Fixed monthly amount (\$5,000, or 1/12th of total).

Target: Recognize into the Employment Services revenue account tied to the program dimension.

Result:

- Monthly allocation: \$5,000 recognized each month.
- Adjusts if donation terms change (e.g., extended to 15 months → \$4,000/month).
- **Benefit:** Automates revenue recognition per nonprofit accounting standards (e.g., ASU 2018-08), ties it to program tracking, and ensures compliance with donor restrictions.





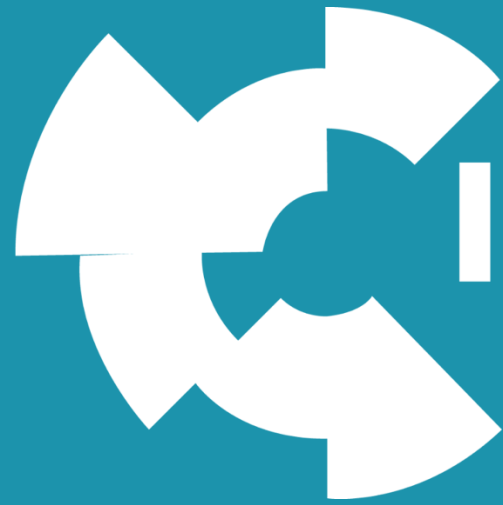
Terminology

Dimension Related

Allocation focus	dimensions you want to allocate or reclassify based on the calculation method selected in the Basis section. This can only be used with Employee and Department dimensions.
Per dimension value	dimensions you want to allocate or reclassify but still process a full allocation per individual value
Preserve values	keep original values assigned during initial entry (as found by the source pool)
Not considered	used for the calculations during the generation of the allocation but can still be used as a filter to narrow the source pool or basis

Other

TrueUp	An adjustment process in accounting to align estimated allocations (e.g., costs, salaries) with actual values, ensuring accurate financial reporting.
UDB	or User Defined Book - Custom book storing allocation results (e.g., "2025 Grant Allocations").
Allocation Rule	Predefined formula to distribute costs across dimensions.
ActivityDelta	A measure of the difference between planned and actual allocation amounts, used to identify variances in financial reporting.
Source Pool	The account or dimension (e.g., Shared Salaries) from which costs are allocated in Dynamic Allocations.
Basis	The metric or method (e.g., FTEs, square footage) used to calculate how costs are split in allocations
Target	The account or dimension (e.g., Program, Department) where allocated costs are assigned in Dynamic Allocations.
Accumulation	The process of collecting and combining costs from multiple sources into a single pool for allocation.



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