Year-end Procedures

Allocate Support Centers

All Support Centers must be allocated before any Cost Centers are transferred. When the allocation process is complete, all Support Center classes will show a zero net income, however the total amounts allocated are still reflected in the total column by Support Center Transfer Account.

Allocations are made as of the last day of the year (or reporting period), and are accomplished via journal entries. Also, there are Excel worksheets that calculate the allocations based on your specified criteria. It is important to keep the worksheets for future reference.

Allocation tips:

Run P&L by Class, transfer amount to be allocated to appropriate spreadsheets.

Examples of allocation criteria:

- **G&A** allocated by total direct cost
- **Finance** allocated by total direct cost (especially if most of interest is a result of an operating line of credit)
- **M&E** allocated by acre (if mostly farming operation) or by head (if mostly ranching operation)
- **Labor & Mgmt** allocated directly to cattle at $2/hd/mo for stockers & rep hfrs & $5/hd/mo for cows; remainder allocated indirectly to all classes by level of time spent (also predetermined)

Date of journal entry is 12/31/XX.

Debit **Other Expense: Support Center Allocation: G&A** (or M&E, Finance, or Labor & Mgmt) for Net Income (Profit & Loss by Class) of the class to be allocated. **Be sure to classify the transaction with the class you are allocating from!**

Credit **Other Expense: Support Center Allocation: G&A** (or M&E, Finance, or Labor & Mgmt) for Net Income (Profit & Loss by Class) of the class to be allocated. **Be sure to classify the transaction with the class you are allocating to!**

Refresh the P&L by Class; check the net income for the allocated class. It should be zero.