

Indirect Cost Policy

As of December 16, 2019

CATEGORIZATION OF TYPICAL COSTS

The table below notes categorizations of some of the most common areas of costs for nonprofit organizations. Please note that this list is representative but not comprehensive or exhaustive, and exceptions will apply in particular circumstances.

Example of Cost	Generally in Project Costs		Generally in Indirect Cost Recovery	Could be in Project or Indirect	Notes
	Specific	Shared			
Personnel costs (salary, benefits, employer taxes) of staff working directly on grant-funded project	X				In cases of personnel who work across areas, staff can charge the project for time being spent on that project. In some organizations this may include senior staff (e.g., Executive Director, Program Director) who are spending time working directly on grant funded projects.
Personnel costs (salary, benefits, taxes, bonus) of: <ul style="list-style-type: none"> • Management and administrative staff (e.g., ED/CEO; CFO; accounting, human resources, IT staff) • Fundraising staff (Development Director, grant writer) 			X		Staff time involved in organizational administration and fundraising would be considered an indirect cost and covered as part of indirect cost recovery.
Professional fees of consultants working directly on grant-funded project	X				Professional fees are classified based on the function for which the professional services are being engaged. Professional / consultant services for project-specific activities may be included in project costs.
Professional fees of management consultants (legal, accounting/audit, human resources, IT, fundraising, etc.)			X		Professional fees are classified based on the function for which the professional services are being engaged. Professional / consultant services for administrative (e.g., finance, legal, HR) or fundraising activities would be considered indirect costs and covered as part of indirect cost recovery.
Sub-grants and awards	X				Sub-grants and awards to organizations supporting the work of the project-funded grant may be included in project costs.
Project rent, occupancy, and maintenance costs	X	X			Occupancy is normally reflected as a shared cost and is allocated to grants based on the amount of space used by a grant-funded project (including space used by project staff). If a grantee rents space specifically for that project, it may be a specific (rather than shared) cost but would still be included in project costs. Note that occupancy costs are often shared across administrative and fundraising functions as well as programs and projects; the portion of these costs allocated to administrative and fundraising functions would be part of indirect cost recovery.

Example of Cost	Generally in Project Costs		Generally in Indirect Cost Recovery	Could be in Project or Indirect	Notes
	Specific	Shared			
Project utilities, telephone, internet	X	X			Normally reflected as shared costs and usually allocated to a grant based on the number of staff associated with a grant-funded project. If a project incurs utilities, telephone and/or internet costs specifically for that project, these may be specific (rather than shared) costs but would still be included in project costs. As with occupancy costs, these costs are often shared across administrative and fundraising functions as well as programs and projects; the portion of these costs allocated to administrative and fundraising functions would be part of indirect cost recovery.
Project supplies and materials	X	X			Supplies and materials specifically used for a grant-funded project may be charged to the project. If all organizational supplies and materials are used in common, an appropriately allocated portion of costs associated with the grant-funded project's supplies and materials may be charged to the project.
Insurance, bank fees, credit card fees, interest				X	Insurance, banking and financing charges are generally covered as part of indirect cost recovery. (If a project requires its own insurance coverage, those costs may be charged to the project.)
Staff training and professional development costs				X	Staff training and professional development costs are generally indirect costs and are covered via indirect cost recovery. (If project staff members require project-specific training, those costs may be charged to the project.)
Advertising and marketing				X	Advertising and marketing costs normally benefit all areas and are usually considered indirect. In some cases, advertising related to outreach or marketing of a specific project may be charged to the project.
Travel, meetings and conferences				X	Travel, meetings and conferences associated with a particular grant-funded project can be included in project costs. Travel, meetings and conferences for administrative or fundraising activities, including board meetings, is generally an indirect cost and covered via indirect cost recovery.
Equipment purchases				X	Purchase of equipment necessary to the delivery of a grant-funded project can be included in project costs. Equipment-related costs associated with organizational support activities are generally indirect and covered via indirect cost recovery.
Fiscal sponsor fees			X		Grant-funded projects that are fiscally sponsored would cover fiscal sponsor fees from the indirect cost recovery portion of the grant.