

# ARCHER FOUNDATION

## INDIRECT COST POLICY FOR GRANT AWARDS FOR APPLICANT ORGANIZATIONS

The Archer Foundation recognizes that grantees may have overhead costs that are not directly attributable to projects or activities being funded by the Foundation's grant awards, but are necessary to carry out the project or its activities. The Foundation will consider paying for these indirect costs up to a maximum of 10 percent of direct project or activity costs. This amount is included in the \$100,000 per year (up to \$300,000 over three years) award.

The Foundation defines indirect costs as:

- Administrative or other expenses incurred by the applicant organization on behalf of the proposed project which are not directly allocable to the project.
- Costs for activities or services that benefit more than one project or objective, and that may be related to general operations of an organization that are shared among projects or functions.
- Examples include existing facilities costs, equipment, executive oversight, accounting, grants management, legal expenses, utilities, and technology support.

Direct costs are defined as:

- Costs that are incurred solely for the project and that can be specifically attributed to the project. Costs normally considered indirect should not be separately included as direct costs.
- Direct costs are costs that would not be incurred if not for the existence of the program or project being funded.
- Examples include salaries for project staff, and materials /equipment required for the project.

The Archer Foundation is a charitable entity and is not committed to matching the indirect cost rates of the U.S. government or other entities. We believe our policy is consistent with that of many private foundations. The Foundation's policy helps ensure furtherance of our charitable purpose.

## CALCULATING INDIRECT COSTS

Organizations requesting funds for indirect costs should be able to demonstrate how specific indirect costs are allocated or provide evidence of an overall indirect cost rate. The overall percent of indirect costs should not exceed an organization's actual rate. The actual rate can generally be calculated from an organization's IRS Form 990. A grantee with an actual indirect cost rate lower than the maximum rate provided above should not increase the funding request to the maximum allowed. Rates and limitations apply to both the primary applicant organization and any sub-grantees and subcontractors.