

Sample Indirect Cost Rate Calculation (for-profit organizations)

Note: The amounts, cost categories and allocations reflected in this sample are for illustrative purposes only.

Indirect Cost Rate Calculation

Total Expenditures for fiscal year ended December 31, 20XX

COST CATEGORY	TOTAL COSTS (1)	ADJUSTMENTS (2)	INDIRECT COSTS	MODIFIED TOTAL DIRECT COSTS (MTDC)	-----DIRECT PROGRAMS AND ACTIVITIES-----			
					PROJECT A (NSF)	PROJECT B (DOE)	PROJECT C (NASA)	IR&D (4)
Salaries and Wages	\$1,131,382	\$0	\$168,141	\$963,241	\$433,708	\$142,236	\$299,472	\$87,825
Subtotal Labor:	\$1,131,382	\$0	\$168,141 (3)	\$963,241 (B)	\$433,708	\$142,236	\$299,472	\$87,825
Payroll Taxes (FICA, etc.)	\$86,551		\$86,551	\$0	\$0	\$0	\$0	\$0
Health Insurance and Other Benefits	\$179,433		\$179,433	\$0	\$0	\$0	\$0	\$0
Consultant Fees	\$68,625		\$0	\$68,625	\$27,886	\$12,862	\$22,642	\$5,235
Depreciation	\$1,511		\$1,511	\$0	\$0	\$0	\$0	\$0
Staff Development	\$1,897	(\$639)	\$1,258	\$0	\$0	\$0	\$0	\$0
Equipment	\$25,677	(\$25,677)	\$0	\$0	\$0	\$0	\$0	\$0
Legal & Accounting	\$18,624		\$18,624	\$0	\$0	\$0	\$0	\$0
Materials and Supplies	\$63,625		\$18,671	\$44,954	\$21,479	\$3,345	\$18,484	\$1,646
Computer Services	\$79,370		\$23,529	\$55,841	\$34,063	\$0	\$21,778	\$0
Postage and Telephone	\$5,931		\$5,931	\$0	\$0	\$0	\$0	\$0
Printing and Publication	\$2,270		\$540	\$1,730	\$932	\$364	\$434	\$0
Rent	\$110,520		\$110,520	\$0	\$0	\$0	\$0	\$0
Utilities	\$9,383		\$9,383	\$0	\$0	\$0	\$0	\$0
Travel	\$23,672		\$6,740	\$16,932	\$7,249	\$3,318	\$5,631	\$734
Subawards	\$48,646	(\$22,734)	\$0	\$25,912	\$16,330	\$0	\$9,582	\$0
Subtotal non-labor:	\$725,735	(\$49,050)	\$462,691	\$213,994	\$107,939	\$19,889	\$78,551	\$7,615
TOTAL	\$1,857,117	(\$49,050)	\$630,832 (A)	\$1,177,235 (C)	\$541,647	\$162,125	\$378,023	\$95,440

Calculation of the Rate:

Direct Salaries and Wages Distribution Base

Indirect Costs	\$630,832 (A)		
Salaries and Wages	\$963,241 (B)	=	65.49%

OR

Modified Total Direct Costs (MTDC) Base

Indirect Costs	\$630,832 (A)		
Base (MTDC)	\$1,177,235 (C)	=	53.59%

→ An organization can choose ONE of the two bases shown. Regardless of what base is chosen, the total indirect costs in this example (\$630,832) did not change. The only thing that changes is the distribution base.

Notes:

- The indirect cost proposal should be based on actual cost data for the most current ended accounting year and should be submitted with the financial statements (F/S) for that year. The total amount of expenses per the indirect cost proposal should be reconciled to the total expenses reported in the F/S. A second "budgeted" indirect cost proposal(s) should be provided if it is expected that the indirect cost rate will change significantly during the actual period of the award (if covering more than one accounting year, a proposal should be provided for each year). Where projected costs in any particular cost category have significantly increased, an explanation for the increase should be provided.
- Both direct costs and indirect costs shall exclude capital expenditures. Unallowable costs are also excluded, unless they 1) include the salaries of personnel, 2) occupy space, and (3) benefit from the organization's indirect costs; in which case they are included as a direct cost (see applicable cost principles which identify other unallowable costs). Distorting items such as subawards in excess of \$50,000 (per subaward) and participant support costs should be excluded from the distribution base.
- Fringe benefits, including FICA, non-work time, health, etc., in this example are included in the indirect cost pool and therefore would not be proposed as a separate direct cost element. (Although not separately itemized, vacation, holiday and sick are included in the indirect salaries and wages amounts in this example.) It can be appropriate, however, to segregate fringe type costs and allocate these costs to direct and indirect salary and wage categories in determining total indirect and direct amounts. It would then be appropriate to propose fringe benefits as a separate rate applied to direct salaries and wages.
- NSF does not fund Independent Research and Development (IR&D) costs either directly or indirectly. Therefore, while IR&D should not be proposed as direct costs, these costs must be treated as a direct cost in indirect cost rate calculations.