



Methodist Healthcare Ministries Indirect Cost Policy

Methodist Healthcare Ministries recognizes that there are costs associated with the administration of funding agreements including staff time for accounting, reporting, and administration. MHM has a policy to allow applications to include a percentage for indirect costs for specific projects or programs.

Direct costs are those that are a result of running a specific project or program and can be identified. Examples are program staff salaries and benefits, project supplies, and consultants procured to run a specific program. If an organization has an allocation rate based on number of employees or square footage or other allocation, those costs can be directly allocated to a program and may be considered direct.

Indirect costs are expenditures that are shared across multiple projects or programs within an organization and therefore are difficult or impossible to attribute to a specific project or program. These expenditures would exist regardless of the programs run within an organization.

Examples include utilities, administrative staff salaries and benefits, legal services, and rent.

MHM reserves the right to deny any portion of the grant budget including line items for indirect costs.

Indirect costs are:

- Allowed to be included in a grant at a maximum rate of 15% of the direct costs.
- Allowed to be included for universities/colleges up to 10%.
- Not allowed for government agencies or municipalities.
- Not applicable for General Operating grants.
- Not allowed for capital expenses, equipment purchases, or bulk purchases of computers.
- Only allowed to be included at time of application.

Funded organizations will be allowed indirect costs at a maximum of 15% based on actual spend of the project or program's direct costs. Actual spend will be reviewed when the organizations submit reports (example: budget to actual at mid-year reports for Community Investments grants).

If the organization plans to request \$100,000 for a program grant from MHM, you may request up to \$13,044 for indirect cost and \$86,956 in direct costs.

| Direct Cost Calculation | | |
|-------------------------|----|---------|
| MHM Request | \$ | 100,000 |
| Divide by 1.15 | | 1.15 |
| Direct Cost | \$ | 86,956 |

| Indirect Cost Calculation | | |
|---------------------------|----|--------|
| Direct Cost | \$ | 86,956 |
| x 15% Maximum | | 15% |
| Direct Cost | \$ | 13,044 |