

Indirect Cost Policy

Philosophy

The Mother Cabrini Health Foundation (Cabrini Foundation) aims to structure grants in a way that makes sense from a financial perspective while also funding partners for the cost of delivering results efficiently, supported by open and honest dialogue about the resources required. As grant proposals are developed, we try to gain a complete and accurate understanding of the total cost to execute the project efficiently and effectively. However, there may be circumstances when our views of direct and indirect costs may not align with those of our partners, including other funders.

Our expectation is that a grantee's executive and board leadership are continually evaluating how to "right size" their organization's overhead cost to operate efficiently and effectively.

We welcome partners to contact the Cabrini Foundation if they have questions about this policy. Our compliance or finance teams can help clarify appropriate treatment of costs under the Cabrini Foundation's policy.

Definitions

The spirit of this policy is to pay for expenses that are directly attributable to project outcomes and outputs as direct costs, and expenses associated with the general running of the business as indirect costs. Greater specificity on each category is described below.

Direct Costs

Direct costs are the expenses required to execute a grant that are directly attributable and can be reasonably allocated to the project. Program staff salaries, travel expenses, materials, and consultants required to execute the grant are examples. Costs that would not be incurred if the grant did not exist are often indicative of direct costs. (See Table A for additional examples)

Indirect Costs

Indirect costs are general overhead and administration expenses that support the entire operation of an organization and that may be shared across projects. Examples include facilities expenses, e.g. rent, utilities, equipment for the organization's headquarters, and associated information systems and support and administrative staff such as HR, general finance, accounting, IT, and legal. Additional examples and detail are included in Table A. Expenses that would be incurred regardless of whether the grant is funded are often indicative of indirect costs. While these costs may not be directly attributable to a project, they are real and necessary to operate as an organization.

Indirect Cost Rate

Indirect Cost Rate = Budgeted Indirect costs/ Budgeted Total Direct Costs (e.g. personnel, sub-awards, supplies, equipment, etc.) For the convenience of our grantees, Cabrini Foundation's budget form calculates the indirect cost rate and is set up to prevent applicants from entering an indirect cost amount that will result in a rate of higher than the allowed 15%.

While the definitions above are general guidance for all grants, the requirements and activities of each project should be considered when determining direct and indirect costs. We review budget

assumptions and cost categorizations on a grant by grant basis; the treatment of specific costs in one grant should not be considered precedent-setting for other grants.

Maximum Indirect Cost Rate

15% is the maximum allowed indirect cost rate under Cabrini Foundation's policy.

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. Furthermore, grantees must not exceed the allowable indirect cost rates set forth by their own formal organizational mandates and governance requirements, where applicable.

The indirect cost rate awarded in a grant budget may vary up to the maximum percentage depending on factors including, but not limited to, the type of project, level of administrative effort required, cost structure of the grantee, and overall grant size.

Cabrini Foundation reserves the right to request substantiation of any grantee's indirect cost rate and methodology.

Table A: Examples of Direct vs. Indirect Costs

DIRECT COSTS	INDIRECT COSTS
<p>=> Salaries of employees directly attributable to the execution of the project</p> <ul style="list-style-type: none"> o Includes Project Management o Includes administrative support solely dedicated to the project <p>⇒ Fringe benefits of employees directly attributable to the execution of the project</p> <ul style="list-style-type: none"> o Includes Project Management o Includes administrative support solely dedicated to the project <p>⇒ Travel for employees directly attributable to the execution of the project</p> <p>⇒ Consultants whose work is directly attributable to the execution of the project</p> <p>⇒ Supplies directly attributable to the execution of the project</p> <p>⇒ Sub-awards directly attributable to the execution of the project</p> <p>⇒ Sub-contracts directly attributable to the execution of the project</p> <p>⇒ Equipment acquired for and directly attributable to the execution of the project</p> <p>⇒ Facilities newly acquired and specifically used for the grant project (excludes existing facilities). Examples include:</p> <ul style="list-style-type: none"> o A new field clinic o New testing laboratories o Project implementation unit office <p>⇒ Utilities for facilities acquired for and directly attributable to the execution of the project</p> <p>⇒ Information technology acquired for and directly attributable to the execution of the project</p> <p>⇒ Internal legal and or accounting staff and/or external legal counsel or accountants directly attributable to the project</p>	<p>=> Facilities and non-medical equipment not acquired specifically, and exclusively for the project</p> <p>⇒ Utilities for facilities not acquired for and not directly attributable to the project</p> <p>⇒ Information technology equipment and support not directly attributable to the project</p> <p>⇒ General administrative support not directly attributable to the project. Examples are as follows:</p> <ul style="list-style-type: none"> o Executive administrators o General ledger accounting o Grants accounting o General financial management o Internal audit function o IT support personnel o Facilities support personnel o Scientific support functions (not attributable to the project) o Environment health and safety personnel o Human resources o Library & information support o Shared procurement resources o General logistics support o Materiel management o Executive management (CEO, COO, CFO, etc.) o Other shared resources not directly attributable to the project o Institutional legal support o Research management costs <p>⇒ Depreciation on non-medical equipment</p> <p>⇒ Insurance not directly attributable to a given project</p>