

activities, the administrative costs already included in the direct costs of the project, and alignment of the indirect costs with the organization's budget.

If including an indirect costs line item in the budget, please note that these costs should be contained within the total amount requested (which is generally agreed upon between your organization and Irvine program staff when the proposal is invited). Indirect cost amounts are not in addition to the grant amount under consideration.

Indirect costs are not allowed on grants that require expenditure responsibility (for-profit organizations, private foundations, 501(c)(4) and 501(c)(6) organizations).

## Indirect Cost Policy

The James Irvine Foundation (Irvine) is predisposed to providing multi-year core organizational support to its grant applicants whenever that may be appropriate in view of the grant objectives and their alignment with Irvine's program priorities. At the same time, Irvine frequently funds discrete and specific projects. Project grants generally occur in one of the following instances:

- The funding request relates to a focused and discrete activity;
- Project support is preferred by the grant applicant as a means to increase the visibility of a specific program and attract other funders or participants;
- When the Foundation applies its test for "supplementing vs. supplanting" government funding;
- The Foundation exercises expenditure responsibility;
- The grantee organization serves as the fiscal sponsor for a program or another organization.

For project support grants, Irvine offers funding for both "direct" and "indirect costs" associated with the project. Because core support grants, in essence, support the organization as a whole (and, understandably, already comprise "indirect costs"), we do not offer a separate line item for indirect costs for these type of grants.

For a project support grant, "direct costs" of a project are those costs *directly attributable to the design, planning and implementation of a project*. Direct costs generally include: salaries and benefits of project and administrative personnel who assist or manage the project; grant awards, fellowships or subcontracts; telephone, postage, and printing costs; and the purchase or rent of any professional services, specific facilities, materials, equipment or other resources required to carry out the project.

Irvine believes it is also important to fund, within reason, "indirect costs" associated with the project. We define "indirect costs" as general or administrative costs that are necessary to deliver project services or activities but that may not be captured within the "direct costs" or the line-item budget of the project itself. Funding such "indirect costs" helps to ensure that Irvine contributes to the true cost incurred by the grantee in carrying out the project.

Indirect costs may include the following general and administrative costs: office supplies; bank, payroll processing or audit fees; liability insurance; rent; utilities; equipment purchase or maintenance; and salaries and benefits of executive or administrative personnel who may not be directly engaged in the project. Indirect costs must be listed in the grant budget as a line item and identified as indirect costs.

It is Irvine's policy to consider support for indirect costs in the range of 10-15 percent of the total project budget (excluding fees for subcontractors or major one-time capital expenditures, such as capital renovations or capital purchases). In rare exceptions, with the approval of the Vice President for Programs, grant budgets may include indirect cost allocations beyond 15 percent of direct costs.

Calculations for indirect costs and any other overhead expenses will be thoroughly reviewed by Foundation staff for accuracy and applicability to the project. Irvine staff will determine the appropriate percentage and amount of indirect costs that are requested given the scope and nature of the project