

## Indirect vs. Direct Costs

Amended 11/28/2021; effective 1/1/2022

The Sea Otter Foundation & Trust's policy regarding Indirect Costs

The Sea Otter Foundation & Trust, herein referred to as The Foundation, exists to accomplish charitable aims within the sea otter industry and prefers to fund specific projects with specific outcomes. The budget for each grant should reflect the expenses that are required for, and can be tracked directly to, the grant project. These are referred to as direct costs.

However, The Foundation understands that the recovery of some indirect costs may be a necessity. The Foundation calculates indirect costs as a percentage of direct project costs. Indirect cost percentages are up to the discretion of the board of The Foundation, but should not exceed 2%\* of direct costs.

If indirect costs exceed 2%\* of direct costs, The Foundation will pursue the matter with the applicant. If the applicant can provide justification for the amount, it may be accepted and the grant approved. If the grantee's explanation is insufficient to justify the indirect cost percentage, the grantee will be notified that its grant request may not be approved.

### Indirect vs. Direct Costs - explanation

Direct costs are those for activities or services that benefit specific projects or programs, e.g. materials required, field equipment, project data analysis costs, staffing that specifically benefits said project (The Foundation encourages any salary cost not to exceed 2%\* of the project budget).

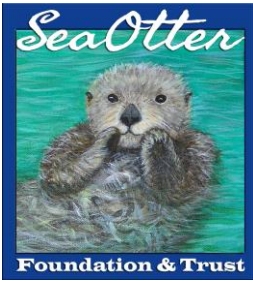
Indirect costs are those for activities or services that benefit more than one project. Their precise benefits to a specific project are often difficult or impossible to trace. For example, it may be difficult to determine precisely how the activities of the director of an organization benefit a specific project.

Examples of costs usually charged directly:

- Project supplies & Equipment
- Data analysis costs
- Project Printing Costs
- Project Publication
- Project staff (not to exceed percentage mentioned above)
- Software, hardware or equipment use that can be traced to the project

Examples of costs usually charged indirectly:

- Telephone charges
- General software or hardware
- Project clerical personnel
- Miscellaneous office supplies
- Administrative & Accounting staff



The Foundation **does not fund**:

Individuals

For profit businesses

Overhead

General and/or administrative wages and salaries

(see salary/wage exception regarding field biology work in 2022 grant application)\*

Stipends or living expenses

Non-project related travel (contact us prior to ask)\*

Generalized vessel deployment (contact us prior to ask)\*

Fundraising and marketing initiatives

Website development and any accompanying technology necessities to generalized website(s)

Capital campaigns

Endowment management fees

Non-project related Conferences (contact us prior to ask)\*

Audit and/or legal fees

Event sponsorships.

The Foundation reserves the right to evaluate costs within the project budget with the applicant on a case-by-case basis and will pursue discussions with the applicant should it be deemed necessary.

\*New or update to policy 1/2022