WORKED EXAMPLE · ILLUSTRATIVE FIGURES

Indirect Cost Rate — Sample Nonprofit — FY2025

Simplified allocation method: allowable indirect costs ÷ modified total direct costs (MTDC). Same figures as the Excel calculator.

1. INDIRECT COST POOL

Line	Amount
Management, finance, HR salaries and fringe	$125,000
Occupancy, utilities, insurance (administrative share)	$29,500
Audit, legal, IT, supplies, depreciation	$22,000
Total pool	$176,500
Less unallowable (entertainment)	($800)
Allowable indirect cost pool	**$175,700**

2. DIRECT COST BASE

Line	Amount
Total direct costs, including $120,000 of subawards	$952,000
Less equipment, rental costs, participant support (excluded from MTDC)	($74,000)
Less portion of each subaward above $50,000 (one subaward of $80,000)	($30,000)
Modified total direct costs (MTDC)	**$848,000**

3. THE RATE

Measure	Result
Indirect cost rate on an MTDC base (175,700 ÷ 848,000)	**20.7%**
De minimis rate available without negotiation (2 CFR 200.414(f))	15.0%
Difference	5.7 points

4. WHAT THE DIFFERENCE IS WORTH ON ONE GRANT (MTDC $180,000)

Line	At 15% de minimis	At 20.7% actual	Difference
Indirect costs charged	$27,000	$37,295	$10,295
Total request (direct $210,000 + indirect)	$237,000	$247,295	$10,295

> **Reading it:** this organization's real rate is 20.7%, about 6 points above the de minimis rate. On a single $210,000 grant that gap is roughly $10,295 a year. Whether a negotiated rate is worth the proposal depends on how many federal awards it would apply to; the calculator shows the gap, the decision is yours.