

Overhead vs. Indirect Cost

Overhead Rate

$$\frac{\text{Management \& General} + \text{Fundraising}}{\text{Total Organizational Expense}}$$

Indirect Cost Rate

$$\frac{\text{Management \& General} + \text{Fundraising}}{\text{Total Program Expense}}$$

Indirect Cost Rate

	Program		Supporting Services		Total
	Program A	Program B	M&G	Fundraising	
Total Expense	210,944	178,937	59,535	38,684	488,100
	↓		↓		
	389,881		98,219		
	$98,219 \div 389,881 = 25\%$				

Overhead Rate

	Program A	Program B	M&G	Fundraising	Total
	Total Expense	210,944	178,937	59,535	38,684
			↓		↓
			98,219		488,100
	$98,219 \div 488,100 = 20\%$				

	Program		Supporting Services	
	Program A	Program B	M&G	Fundraising
Total Expense	210,944	178,937	59,535	38,684

Applying the Indirect Rate → $210,944 \times 25\% = 52,736$

$+ 210,944$

True Cost of Program A → **\$263,680**