



Effective Date: January 1, 2015

**Indirect Cost Policies and Practices Understanding
For Grant Applications and Grant Awards Made To Recipients by the Leave No
Trace Center for Outdoor Ethics**

**SECTION 1 – FOR GRANT APPLICATIONS SUBMITTED BY THE LEAVE NO TRACE
CENTER FOR OUTDOOR ETHICS**

A. Introduction

The Leave No Trace Center For Outdoor Ethics is a 501(c)(3) nonprofit located in Boulder, Colorado (the Center) and administers a variety of programs funded by diverse sources. The Center’s fiscal year is a calendar year from January 1 through December 31. The effective period for the rates recited herein are commensurate with the calendar year and are subject to change with the start of each fiscal year or with 90 days notice to any recipient of any funding opportunity for a collaborative project (“Project”).

B. Cost Allocation Methodology

The Center treats all costs as direct costs (“Direct Costs”) except general administration expenses as outlined in the Supplemental Schedule of Functional Expenses, found in the Audited Financial Statements for the organization. Therefore, the direct allocation method has been used in allocating Indirect Costs in connection with each Project.

C. Direct Costs

Direct Costs are costs that are directly attributable to expenses incurred and charged to a Project. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose. Further distribution is not required.

D. Indirect Costs

Indirect Costs are costs incurred that are typically attributable to common operating activities and expenses which are not a direct result of activities or expenses attributable to a Project. Such costs, however, may in part, facilitate a Project and, as a result, can be demonstrated to be attributable, in part, to a Project. These costs are allocated to general supporting operations and activities and associated expenses incurred by a simple cost allocation process.

E. Indirect Cost Recovery Rate

The Indirect Cost Recovery Rate is calculated based on the prior year audited financial statements of the Center. From the Supplemental Schedule of Functional Expenses, the recited total General Administrative Expenses are divided by the total Program Expenses for the prior year to arrive at the Indirect Cost Recovery Rate percentage for the upcoming fiscal year. The Rate percentage will be updated annually at the start of each fiscal year, subject to a change in circumstances as provided below, after the financial statement audit is complete.

For all Federal Grants, that require the application and approval of a Negotiated Indirect Cost Rate Agreement (“NICRA”), the Center will elect to use the current federal default Rate percentage.

Additionally, the Center reserves the right to adopt the Indirect Cost Recovery Rate from a funding source that identifies Indirect Costs for a Project.

F. Limitations And Challenges

Any challenge against the Center for any Indirect Costs must be made in writing within 30 days of any review by participant and can only be challenged during the Project. In the event a challenge is without merit, the Center shall be permitted to continue claiming the Indirect Cost. However, if the challenge has merit, the Center shall timely discontinue claiming the line item as an Indirect Cost. The Center shall have no liability of any legal or equitable type for such line item except to modify its characterization.

G. Supporting Financial Statements

The organization’s Audited Financial Statements which include the Supplemental Schedule of Functional Expenses can be obtained by request from the Center, or online: <https://lnt.org/about/annual-reports-and-audited-financials>

SECTION 2 - INDIRECT COST RECOVERY RATE FOR GRANT AWARDS MADE TO RECIPIENTS BY THE LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

A. Examples And Applicability To Project Applicants And Participants

Typical examples of Indirect Costs may include, but not be limited to, general operating costs (occupancy and salaries), maintenance costs (cleaning services), and general overhead costs (office supplies and materials). As a result, line items for Indirect Costs may vary. A listing of Indirect Costs from Recipients for a Project under a grant or contract shall be made available for review and comment.

Additionally, the Center requires all Project applicants and participants wishing to charge Indirect Costs under a Project to disclose and have available for review published policies and practices reciting Indirect Cost explanation and application or to provide a NICRA promptly upon request by the Center.

Indirect Costs Recovery Rate percentages that are greater than those percentage Rates recited herein are considered unrecoverable and cannot be charged by the Project participant to the Project. Further, if the participant does not have a valid NICRA or a published policy or practice on Indirect Costs, no Indirect Costs can be charged to a Project.

Indirect Cost Recovery Rate under any funding source for grants and contracts or under NICRA are subject to the following limitations:

- U.S. universities, U.S. colleges, U.S. community colleges may charge up to but not exceed a percentage rate of 15% for Indirect Costs.
- Non-governmental organizations may charge up to but not exceed a percentage rate of 10% for Indirect Costs.

The percentage rates recited above are the *maximum* rates allowed under the Center's policy. A Project participant with an actual Indirect Cost rate lower than the maximum percentage rate recited above may *not* increase the Project source funding request to achieve the maximum allowed.

All Indirect Cost line items are subject to review by the Center. Furthermore, the Center reserves the right to question the justification of an item being an Indirect Cost. The participant shall promptly comply with any request for information concerning an item. If the Center, at its discretion and at any time, determines that an item should not be characterized as an Indirect Cost—then, the Center shall have the sole right to allow or disallow such line item.

B. Limitations And Challenges

Use of any percentage rates for Indirect Costs are subject to statutory or administrative limitations, where applicable, and only to the extent of available funds from a source. Acceptance of percentage rates are conditioned on valid justification of the identified line item; on the fact that line items for indirect costs have not been claimed as direct costs; on the fact that indirect costs, historically, are consistently treated as indirect costs; and on the fact that such line items are not materially inaccurate. Any challenges once identified to the foregoing can occur prior to the Project, during the Project or within a reasonable period of time after the Project conclusion. Any challenge is subject to a written explanation from Project participant, which is reviewable by the Center to make a final determination.