Social Finance, Inc., a 501(c)(3), is a public nonprofit dedicated to improving the lives of the underserved by mobilizing investment capital to drive social progress. As such, it will not regularly make grants, or sub-grants to other mission-aligned organizations.

In the course of its work, Social Finance, Inc. will establish LLC affiliates with non-profit mission statements to support individual Pay for Success projects. In those projects, it is our intent to the extent possible, to support the full costs of the non-profit service provider. However, on occasions where we are working with large institutions with high negotiated indirect costs rates (e.g. universities and hospital systems), we are unable to provide support beyond our published overhead rate. This is applied consistently for both grants and vendor contracts.

Social Finance, Inc. recognizes that grantees may have overhead costs that are not directly attributable to projects or activities being funded by LLC, but are necessary to carry out the projects or activities. The Project will consider paying for these indirect costs of up to 10 – 15 percent of direct project or activity costs, subject to project budget. Indirect costs do not apply to general operating support. Social Finance, Inc. defines indirect costs as:

- **Overhead expenses or ongoing operational costs** incurred on behalf of organization’s activities and projects, but that are not easily identified with any specific project.
- **Administrative or other expenses** which are not directly allocable to a particular activity or project.
- **Expenses related to general operations** of an organization that are shared among projects and/or functions, including: executive oversight, existing facilities costs, accounting, grants management, legal expenses, utilities, and technology support.

Social Finance, Inc. is not committed to matching the indirect cost rates of the U.S. government or other entities. We recognize that this means that: (a) some grantees may need to tap into unrestricted funds, or conduct other fundraising to cover operations, or (b) some contractors may choose not to engage with a specific project; we believe our policy is consistent with that of foundation, non-profit, and government entities that have a maximum indirect rate.

**Maximum Indirect Cost Rates**

Indirect cost rates for grants and contracts are subject to the following limitations:

- **Indirect Costs Reimbursements** = Rate % * Total Directly-attributable Project Costs (including personnel, sub-contracts, supplies, equipment, etc.)
  - Rates and limitations apply to both the primary applicant organization and any sub-grantees and sub-contractors.
- The rate provided above is the maximum rate allowed under the Organization’s policy. A grantee or contractor with an actual indirect cost rate lower than the maximum rate provided above should not increase the funding request to the maximum allowed.
  - No organization shall have an indirect fee associated with the organization of more than 15%, including: non-profit organizations, Universities, NGOs, or government agencies.
  - Given the policy provides an ‘UP TO’ percentage amount, the indirect cost rate approved may be anywhere from 0% to 15% depending on the specific situation.