

# Sample Indirect Costs



## Centers

**Indirect Costs** are costs related to the overall running of your business. That is, your overhead costs (e.g. rent, salaries, marketing, licensing fees, insurance, etc.). Indirect costs occur regardless of how many children you care for. Shown below is a sample of what some of the indirect costs might be for your business.

Categories	Center (76 children)
<b>Salary and Wages</b>	
Owner's draw	\$2,500
Assistant director's salary	2,083
Payroll taxes (7.65% plus 2% SUTA/FUTA -assistant director only)	201
Benefits (retirement savings - assistant director only)	111
<b>Administrative Costs</b>	
Accounting/legal	\$125
Dues	13
Equipment	100
Insurance	83
Loan payments (other than mortgage)	253
Marketing/advertising	50
Mortgage/rent	1,864
Office supplies	400
Professional development	75
Repairs/maintenance	250
Telephone	150
Transportation/mileage	0
Utilities	300
Reserve	287
<b>Total Monthly Indirect Costs</b>	<b>\$8,845</b>
Divide by 4.3 (number of weeks in a month)	
<b>Total Indirect Costs per Week</b>	<b>\$2,057</b>

### Notes:

**Center:** The child care center costs are based on a license for 76 children. The business structure is assumed to be a sole proprietorship. The owner in a sole proprietorship pays her own self-employment tax on the owner's draw.

**Data Source:** Good Work and Self-Help



- If this center were registered as an S-Corporation instead of as a sole proprietorship, how would the indirect costs of the center be different?