

INTRODUCTION TO PROJECT BUDGETS

Components of a Project Budget

INCOME

- ◆ Grants/Contributions
- ◆ Earned Income
 - Fees for Services
 - Sale of Goods

EXPENSES

- ◆ Direct Costs
 - Personnel
 - Non-Personnel
- ◆ Indirect Costs (overhead)

Key Takeaways

- ◆ Know your project thoroughly
- ◆ Estimate all the direct costs
- ◆ Include a percentage for indirect costs
- ◆ Estimate all possible income

Estimating the Cost of Your Project

- ◆ Research three estimates
- ◆ Collect and document each quote
- ◆ Choose the estimate that is most reasonable and appropriate for your project



Calculating Your Indirect Cost Rate:

$$\text{Indirect Cost Rate} = \frac{\text{Total Indirect Costs}}{\text{Total Direct Costs}}$$

What Funders Want to See in Project Budgets

- ◆ Your estimate of the true cost of the project
- ◆ Your anticipated income to meet those costs



Create and maintain a 'document drawer.'

If You Know Your Project, You Can Plan Your Budget

- ◆ Your budget should be a mirror reflection of your proposal
- ◆ Everything that is in your proposal should be represented in your budget

Budget Considerations After the Grant is Approved

- ◆ Your budget is something to be considered throughout the grant period
- ◆ Reporting requirements include reporting on the actual costs vs. projected costs
- ◆ Variances often require approval

Other Financial Information Often Requested

- ◆ Audited financial statements
- ◆ Organization-wide budgets for recent years
- ◆ List of supporters and other funding sources
- ◆ Annual report
- ◆ Budget narrative
- ◆ IRS Form 990

Sample Budget

INCOME		
Grants/Contributions		
Foundations		\$37,000
Corporations		\$16,000
Individuals		\$45,717
Federated Giving Programs		\$2,875
	Total Grants/Contributions	\$101,592
Earned Income		
Publications	Calendars	\$425
Products	T-Shirts	\$2,000
	Total Earned Income	\$2,425
In-Kind Support		
Volunteers		\$6,644
Program Space/Rent		\$13,000
	Total In-Kind Support	\$19,644
	Sub-Total	\$123,661
	Amount To Be Raised	\$74,644
	TOTAL INCOME	\$198,305
EXPENSES		
Personnel Costs		
Executive Director	10% (@ \$60,000/yr)	\$6,000
Program Director	100% (@ \$45,000/yr)	\$45,000
Program Assistant	50% (@ \$30,00/yr)	\$15,000
Tutors	25% (2 @ \$20,000/yr)	\$10,000
	Sub-Total	\$76,000
	Fringe Benefit Rate (11%)	\$8,360
	Personnel Total	\$84,360
Non-Personnel Costs		
Consultants	Program Evaluation	\$11,000
	Social Worker	\$30,000
Volunteers (Tutors)	(2 @ \$23.07) 4 hrs x 36 wks	\$6,644
Supplies/Materials		\$1,800
Printing		\$975
Postage		\$75
Travel	Ground Transportation	\$12,300
Food/Beverage	Snacks	\$1,550
Program Equipment	Computers (x2), Software	\$3,550
Program Space/Rent		\$13,000
	Non-Personnel Total	\$80,894
	Sub-Total	\$165,254
	Indirect Cost Rate (20%)	\$33,051
	TOTAL EXPENSES	\$198,305

DEFINITIONS:

Expenses: The total cost of a project—includes direct and indirect costs.

Direct Costs: Costs that are directly attributable to a specific project—includes personnel and non-personnel costs.

Personnel Costs: The salaries or wages of all staff directly involved in the project.

Non-Personnel Costs: All expenses, excluding personnel costs, directly related to a project.

Indirect Costs: Expenses not directly attributable to a project, but are necessary to sustain the project (e.g. rent, utilities, etc.). These costs are sometimes called administrative costs, overhead costs, operating costs or support services.

Income: Also referred to as support and revenue—includes grants and contributions as well as earned income.

Earned Income: Income generated by charging fees for services or selling items or goods (e.g. ticket sales, t-shirt sales, etc.).

In-Kind Support: Gifts that are not monetary, such as goods or services donated to an organization.

Budget Narrative: A brief description that may accompany a budget; can be used to clarify specific line items, explain how the costs were estimated, and/or justify the need for the costs.

NEXT STEPS

Check Out These Classes:

- ◆ Introduction to Finding Grants
- ◆ Introduction to Fundraising Planning
- ◆ Proposal Writing Workshop
- ◆ Proposal Writing Boot Camp

Visit us at foundationcenter.org and grantspace.org for more information.

