

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

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

What funders want to see in project budgets

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

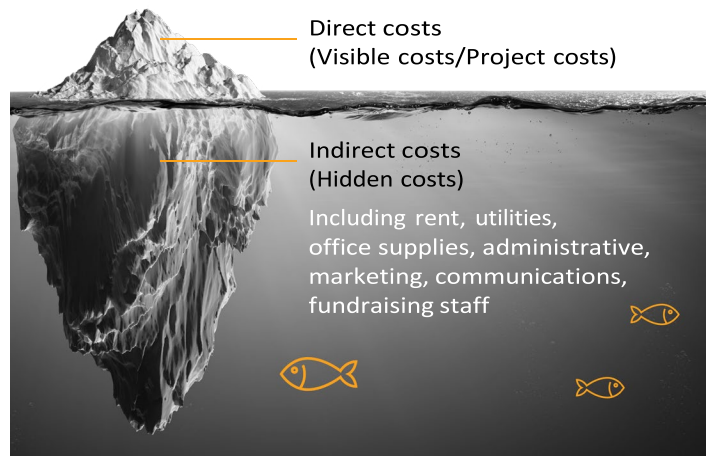
Budget considerations after the grant is approved

- 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

Indirect cost rate =
Total indirect costs / Total direct costs

Key takeaways

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



If you know your program, 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

Other financial information which is 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	\$425
Products	\$2,000

Total earned income **\$2,425**

In-kind support

Volunteers	\$6,644
Program space/rent	\$13,000

Total in-kind support **\$19,644**

Subtotal **\$123,661**

Amount to be raised **\$74,644**

TOTAL INCOME **\$198,305**

EXPENSES

Personnel costs

Executive director	10% (@ \$60,000/year)	\$6,000
Program director	100% (@ \$45,000/year)	\$45,000
Program assistant	50% (@ \$30,000/year)	\$15,000
Tutors	25% (2 @ \$20,000/year)	\$10,000

Subtotal **\$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 and beverages	Snacks	\$1,550
Program equipment	Computers (x2), software	\$3,550
Program space/rent		\$13,000

Non-personnel total **\$80,894**

Subtotal **\$165,254**

Indirect cost rate (20%) **\$33,051**

TOTAL EXPENSES **\$198,305**

Definitions

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

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

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

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

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

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.

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

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

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

Next steps

Check out these other Candid Learning classes:

- Introduction to Corporate Giving
- Creating a Sound Proposal Budget
- Proposal Writing Boot Camp

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