

# 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

<b>INCOME</b>		
<b>Grants/Contributions</b>		
Foundations		\$37,000
Corporations		\$16,000
Individuals		\$45,717
Federated Giving Programs		\$2,875
	<b>Total Grants/Contributions</b>	<b>\$101,592</b>
<b>Earned Income</b>		
Publications	Calendars	\$425
Products	T-Shirts	\$2,000
	<b>Total Earned Income</b>	<b>\$2,425</b>
<b>In-Kind Support</b>		
Volunteers		\$6,644
Program Space/Rent		\$13,000
	<b>Total In-Kind Support</b>	<b>\$19,644</b>
	<b>Sub-Total</b>	<b>\$123,661</b>
	Amount To Be Raised	\$74,644
	<b>TOTAL INCOME</b>	<b>\$198,305</b>
<b>EXPENSES</b>		
<b>Personnel Costs</b>		
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
	<b>Sub-Total</b>	<b>\$76,000</b>
	<b>Fringe Benefit Rate (11%)</b>	<b>\$8,360</b>
	<b>Personnel Total</b>	<b>\$84,360</b>
<b>Non-Personnel Costs</b>		
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
	<b>Non-Personnel Total</b>	<b>\$80,894</b>
	<b>Sub-Total</b>	<b>\$165,254</b>
	<b>Indirect Cost Rate (20%)</b>	<b>\$33,051</b>
	<b>TOTAL EXPENSES</b>	<b>\$198,305</b>

## 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

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