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)

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:
Indirect Cost Rate = Total Indirect Costs/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

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

Key Takeaways

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

Visible Costs (Direct Costs)
- Rent/Utilities
- Telephone/Internet
- Office Supplies
- Marketing
- Communications
- Administrative Staff
- Fundraising

Hidden Costs (Indirect Costs)

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

If You Know Your Budget, 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

Create and maintain a ‘document drawer.’
## Sample Budget

### DEFINITIONS:

**Expenses:** The total cost of a project—including 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.

### INCOME

<table>
<thead>
<tr>
<th>Grants/Contributions</th>
<th>Foundations</th>
<th>$37,000</th>
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<tbody>
<tr>
<td>Corporations</td>
<td>$16,000</td>
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<tr>
<td>Individuals</td>
<td>$45,717</td>
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<tr>
<td>Federated Giving Programs</td>
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<tr>
<td><strong>Total Grants/Contributions</strong></td>
<td><strong>$101,592</strong></td>
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<table>
<thead>
<tr>
<th>Earned Income</th>
<th>Calendars</th>
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<tr>
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<td>T-Shirts</td>
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<tr>
<td><strong>Total Earned Income</strong></td>
<td><strong>$2,425</strong></td>
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<table>
<thead>
<tr>
<th>In-Kind Support</th>
<th>Volunteers</th>
<th>$6,644</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Program Space/Rent</td>
<td>$13,000</td>
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<tr>
<td><strong>Total In-Kind Support</strong></td>
<td><strong>$19,644</strong></td>
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</tbody>
</table>

| **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% (@ $30,000/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:** $12,300
- **Food/Beverage:** $1,550
- **Program Equipment:** $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** |

### 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.