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
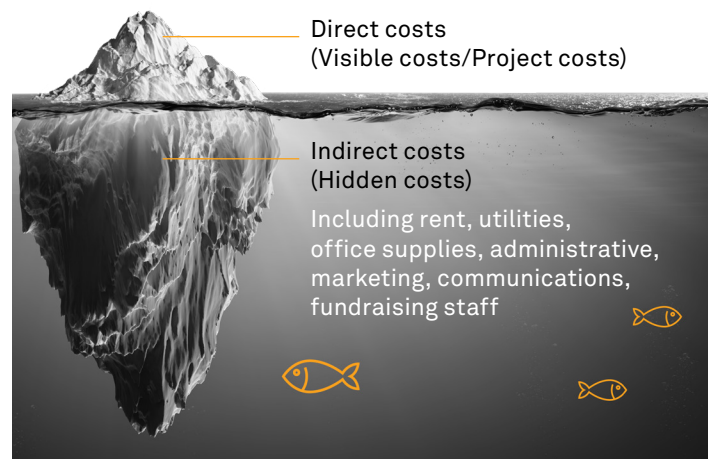- Your anticipated income to meet those costs

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

Direct costs
(Visible costs/Project costs)

Indirect costs
(Hidden costs)

Including rent, utilities, office supplies, administrative, marketing, communications, fundraising staff

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

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	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**
	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**

Next steps

Check out these other Candid Learning classes:

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

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.