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)
Hidden Costs
(Indirect Costs)

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

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

Create and maintain a ‘document drawer.’
## INCOME

**Grants/Contributions**
- Foundations
- Corporations
- Individuals
- Federated Giving Programs

**Total Grants/Contributions** $101,592

**Earned Income**
- Publications
- Products

**Total Earned Income** $2,425

**In-Kind Support**
- Volunteers
- Program Space/Rent

**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
- Program Director
- Program Assistant
- Tutors

**Sub-Total** $76,000

**Fringe Benefit Rate** (11%)

**Personnel Total** $84,360

**Non-Personnel Costs**
- Consultants
- Volunteers (Tutors)
- Supplies/Materials
- Printing
- Postage
- Travel
- Food/Beverage
- Program Equipment
- Program Space/Rent

**Non-Personnel Total** $80,894

**Sub-Total** $165,254

**Indirect Cost Rate** (20%)

**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
- Proposal Writing Workshop
- Introduction to Fundraising Planning
- Proposal Writing Boot Camp

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