

**Budgeting for**

**Grant Proposals**

**January 31, 2018**

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# Budgeting for Grant Proposals

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# Introduction

Often one of the most difficult aspects of nonprofit program planning is developing the program budgets for internal and fundraising purposes that reflect *all* of the costs of making a program happen.

How many times have you wondered if you've included everything that should be in a program budget? Or worried that a budget already approved by a funder actually won't cover all of the program's costs?

The bottom line is that to do the best job of planning and funding any nonprofit program, you need to know the *full program costs*.

## Workshop goal

The goal of this workshop is to learn how to create and communicate program and proposal budgets that accurately reflect full program costs.

## Course objectives

By the end of this class, you should be able to:

* Define the concept of “full program cost”
* Define and compare *common, overhead,* and *program-specific* costs
* Identify the impact of not including all costs in a budget
* Determine the components of a program’s costs
* Allocate common and overhead costs to your program
* Communicate program costs in compliance with *funder guidelines*

# The case study

Throughout the class, we will refer to Food.org, a fictional organization, to help illustrate key points. Full program costs will be represented by a rectangle, and a triangle will represent the funder’s giving guidelines.

Full Program Costs

Funder

Guidelines

## The organization

Food.org is a community-based nonprofit with two programs:

1. Meal delivery program
2. Nutrition education program

# Pricing Your Programs

Many nonprofits provide services that philanthropy or government want to fund. Yet we often do not consider the full costs of producing our services when we price them. Businesses routinely analyze their costs and set a selling price, which may or may not equal the cost of production.

The nonprofit experience is not as different as many people assume. A strong, financially viable nonprofit will recover as many of its programs’ identified costs as possible within funder guidelines.

To accomplish this, you will need to look at your business and your budget from at least two perspectives:

INTERNAL view – Activity Budget

EXTERNAL view – Source Budget

# Figure 1: Activity Budget

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Food.org | | | | | |
|  | *Program Activities* | | *Supporting Activities* | |  |
|  |  |  |  |  |  |
|  | Meal | Nutrition |  | Fund- |  |
|  | Delivery | Education | Admin | raising | Total |
|  |  |  |  |  |  |
| Contributions | - | - | - | 31,875 | 31,875 |
| Foundation grants | 480,000 | 135,000 | - | 35,000 | 650,000 |
| Government contracts | - | 115,000 | - | - | 115,000 |
| Interest and dividends | - | - | 5,750 | - | 5,750 |
| Total income | 480,000 | 250,000 | 5,750 | 66,875 | 802,625 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Salaries | 217,500 | 126,250 | 39,250 | 39,500 | 422,500 |
| Benefits | 54,375 | 31,563 | 9,813 | 9,875 | 105,626 |
| Personnel expense | 271,875 | 157,813 | 49,063 | 49,375 | 528,126 |
|  |  |  |  |  |  |
| Supplies | 30,775 | 18,300 | 990 | 3,435 | 53,500 |
| Equipment | 61,300 | 3,600 | 1,080 | 1,020 | 67,000 |
| Printing | 10,000 | 10,000 | - | 2,500 | 22,500 |
| Travel | 3,750 | 1,500 | 500 | 1,500 | 7,250 |
| Telephone | 11,025 | 6,300 | 1,890 | 1,785 | 21,000 |
| Postage | 9,450 | 5,400 | 1,620 | 1,530 | 18,000 |
| Occupancy | 40,950 | 23,400 | 7,020 | 6,630 | 78,000 |
| Training | 2,500 | 1,500 | 500 | 1,500 | 6,000 |
| Non-personnel expense | 169,750 | 70,000 | 13,600 | 19,900 | 273,250 |
|  |  |  |  |  |  |
| Total expenses | 441,625 | 227,813 | 62,663 | 69,275 | 801,376 |
|  |  |  |  |  |  |
| Income - expenses | 38,375 | 22,187 | (56,913) | (2,400) | 1,249 |

An **activity budget** is a projection of income and expenditures for a particular activity or program of your organization. It is based on the actual structure of your organization and its mission-related activities. Activity budgets should:

* Reflect actual program costs or our best projection of what the true costs will be
* Reflect real program services and organizational structures
* Match program costs with program income to give a realistic bottom line
* Enable management to plan, monitor, and adjust program execution

# Figure 2: Source Budget

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Meal Delivery Program | | | | |
|  |  |  |  |  |
|  | Funder A | Funder B | Funder C | Funder D |
|  |  |  |  |  |
| Contributions | - | - | - | - |
| Foundation grants | 200,000 | 150,000 | 50,000 | 80,000 |
| Government contracts | - | - | - | - |
| Interest and dividends | - | - | - | - |
| Total income | 200,000 | 150,000 | 50,000 | 80,000 |
|  |  |  |  |  |
|  |  |  |  |  |
| Salaries | 100,000 | 85,000 | - | 16,000 |
| Benefits | 25,000 | 21,250 | - | 4,000 |
| Personnel expense | 125,000 | 106,250 | - | 20,000 |
|  |  |  |  |  |
| Supplies | 13,250 | 7,750 | - | 8,500 |
| Equipment | 2,500 | 1,500 | 50,000 | 7,000 |
| Printing | 4,000 | - | - | 6,000 |
| Travel | 1,250 | 1,250 | - | 1,250 |
| Telephone | 2,500 | 1,000 | - | 4,250 |
| Postage | 4,500 | 1,000 | - | 3,500 |
| Occupancy | 20,000 | 10,000 | - | 14,000 |
| Training | 750 | 1,250 | - | 500 |
| Non-personnel expense | 48,750 | 23,750 | 50,000 | 45,000 |
|  |  |  |  |  |
| Indirect costs | 26,250 | 20,000 | - | 15,000 |
|  |  |  |  |  |
| Total expenses | 200,000 | 150,000 | 50,000 | 80,000 |
|  |  |  |  |  |
| Income - expenses | - | - | - | - |

A **source budget** is a plan or projection of how the organization will spend the funds of a particular funding source. It should be based upon the full program costs, but, at best, it will only represent a part of that program. The purpose of the source budget is to communicate to the funder how a proposed scope of work translates into income and expenses. Source budgets should:

* Reflect the program reality (be based on the most realistic program plan and budget)
* Adhere to all proposal or grant agreement guidelines
* Support the proposal narrative by explaining the costs of the proposed project
* Enable management to monitor the use of restricted funds
* Not be mistaken for an activity budget—it only represents a part of the activity

## Source ≠ Activity

For various reasons, source budgets almost never reflect the full costs of an activity. For example:

* The funder may not allow all costs
* Program execution may depart from the original proposal (the true costs of a program will inevitably differ from original projections)
* A source budget may be reduced to ask for less than the full costs of the program in order to make the request more competitive
* The person who created the proposal and source budget may not have known the full program cost

As such, organizations need tools to bring together their activity and source budgeting.

# Figure 3: Activity by Source

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Meal Delivery Program | | | | | | | |
|  |  |  |  |  |  |  | (Over) |
|  | Program |  |  |  |  | Funding | Under |
|  | Total | Funder A | Funder B | Funder C | Funder D | Total | Funded |
|  |  |  |  |  |  |  |  |
| Salaries | 217,500 | 100,000 | 85,000 | - | 16,000 | 201,000 | 16,500 |
| Benefits | 54,375 | 25,000 | 21,250 | - | 4,000 | 50,250 | 4,125 |
| Personnel expense | 271,875 | 125,000 | 106,250 | - | 20,000 | 251,250 | 20,625 |
|  |  |  |  |  |  |  |  |
| Supplies | 30,775 | 13,250 | 7,750 | - | 8,500 | 29,500 | 1,275 |
| Equipment | 61,300 | 2,500 | 1,500 | 50,000 | 7,000 | 61,000 | 300 |
| Printing | 10,000 | 4,000 | - | - | 6,000 | 10,000 | - |
| Travel | 3,750 | 1,250 | 1,250 | - | 1,250 | 3,750 | - |
| Telephone | 11,025 | 2,500 | 1,000 | - | 4,250 | 7,750 | 3,275 |
| Postage | 9,450 | 4,500 | 1,000 | - | 3,500 | 9,000 | 450 |
| Occupancy | 40,950 | 20,000 | 10,000 | - | 14,000 | 44,000 | (3,050) |
| Training | 2,500 | 750 | 1,250 | - | 500 | 2,500 | - |
| Non-personnel expense | 169,750 | 48,750 | 23,750 | 50,000 | 45,000 | 167,500 | 2,250 |
|  |  |  |  |  |  |  |  |
| Indirect costs | 41,338 | 26,250 | 20,000 | - | 15,000 | 61,250 | (19,912) |
|  |  |  |  |  |  |  |  |
| Total expenses | 482,963 | 200,000 | 150,000 | 50,000 | 80,000 | 480,000 | 2,963 |

**Defining Activities**

In order to prepare an activity by source budget, you first must define your activities. The IRS and Generally Accepted Accounting Practices (GAAP) require that nonprofit organizations distinguish between program and supporting services.

## Program services

Program services are the activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purposes or mission for which the organization exists. Those services are the major purpose for and the major output of the organization and often relate to several major programs.

In our case study, meal delivery and nutrition education are the program services of Food.org.

## Supporting services

Supporting services are all activities of a nonprofit organization other than program services. Generally, they include management and general (or administration), fundraising, and membership-development activities. Management and general activities include oversight, business management, general record keeping, budgeting, finance, and related administrative activities.

For Food.org, administration and fundraising are the two supporting activities.

|  |  |
| --- | --- |
| Administrative activities | **Fundraising activities** |
| Board expenses and other costs associated with oversight and general management | Fundraising campaigns |
| Legal, accounting/finance, budgeting, general record keeping | Developing/maintaining donor mailing lists |
| Salary of ED/CEO except what’s allocable to programs or fundraising | Maintaining relationships with current and potential donors |

Match each expense to its activity.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Expense** | **Program** | | **Supporting** | |
|  | Nutrition | Meals | Admin | Fundraising |
|  |  |  |  |  |
| 1. Food delivered to homebound seniors | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Postage for fundraising event invitations | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Gas for meal delivery trucks | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Refreshments for a nutrition education workshop | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Food for a board meeting | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Salary for the meals program intake worker | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Consultant fee for a grantwriter | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Stipend for nutrition workshop leaders | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Mileage and parking for client home visits | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Airfare and travel expense for Program Manager to attend national nutrition conference | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 1. Fees for warehouse staff to attend database and computer skills trainings | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |

# Know your full program costs

The rectangle below represents the full program costs. Notice that it is broken down into three parts. All nonprofits have these three types of costs, and in order to know the full costs of a program, it is essential to consider all three.

# Program-

# Specific

# Common

# Overhead

# Full Program Costs

## Program-specific costs

Program-specific costs are those that are clearly associated with only one program in an organization.

Examples from Food.org’s meal delivery program are:

* Groceries
* Salaries of meal delivery drivers

## Common costs

Common costs are difficult to associate with only one program of the organization. They are shared by two or more activities.

Examples from Food.org include:

* Telephone
* Office supplies
* Postage
* Rent

## Overhead costs

Overhead costs are the administrative and fundraising costs that can be associated with each program to determine the program’s full costs.

An example from Food.org is:

* Salary of the bookkeeper—he processes accounting transactions that support the meal delivery program

# Program-specific costs

## Personnel costs

For most nonprofits, personnel costs are a major part of executing a program. To calculate these expenses, start by listing the staff that works on the given program, their salaries, and how much of their time is spent on the program. It’s also important to include the cost of employer-paid payroll taxes and benefits.

# Figure 4: Staffing Plan

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Food.org | | | | | | | | | | | | |
| Name | Position | Salary (FTE) | Total FTE | Salary (adj) | FTE | Meals | FTE | Nutrition | FTE | Admin | FTE | F/R |
| Elena | Exec Dir | 50,000 | 1.00 | 50,000 | 0.25 | 12,500 | 0.25 | 12,500 | 0.25 | 12,500 | 0.25 | 12,500 |
| Paula | Prg Mgr | 45,000 | 1.00 | 45,000 | 0.50 | 22,500 | 0.50 | 22,500 | 0.00 | 0 | 0.00 | 0 |
| Ollie | Off Mgr | 45,000 | 1.00 | 45,000 | 0.50 | 22,500 | 0.25 | 11,250 | 0.15 | 6,750 | 0.10 | 4,500 |
| Gary | Grants | 45,000 | 0.50 | 22,500 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.50 | 22,500 |
| Betty | Bookkeeper | 40,000 | 0.50 | 20,000 | 0.00 | 0 | 0.00 | 0 | 0.50 | 20,000 | 0.00 | 0 |
| Wally | Warehouse | 40,000 | 1.00 | 40,000 | 1.00 | 40,000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| Delia | Driver | 40,000 | 1.00 | 40,000 | 1.00 | 40,000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| Dan | Driver | 40,000 | 1.00 | 40,000 | 1.00 | 40,000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| Ina | Intake | 40,000 | 1.00 | 40,000 | 1.00 | 40,000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| Trinity | Trainer | 40,000 | 1.00 | 40,000 | 0.00 | 0 | 1.00 | 40,000 | 0.00 | 0 | 0.00 | 0 |
| Tabitha | Trainer | 40,000 | 1.00 | 40,000 | 0.00 | 0 | 1.00 | 40,000 | 0.00 | 0 | 0.00 | 0 |
|  |  |  | 10.00 | 422,500 | 5.25 | 217,500 | 3.00 | 126,250 | 0.90 | 39,250 | 0.85 | 39,500 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| FTE's without common | |  | 10.00 |  |  |  |  |  |  |  |  |  |
| % of FTE's for allocation of common | | | 100% |  | 52.50% | | 30.00% | | 9.00% | | 8.50% | |

## Non-personnel costs

The specific non-personnel costs of a program can be projected by breaking each cost down into individual components.

For example:

* Groceries: 100,000 cartons of milk x $0.25/carton = $25,000
* Printing: 25,000 menus and flyers x $0.40/flyer = $10,000
* Travel: 15,000 delivery miles x $0.25/mile = $3,750

# Figure 5: Program-Specific Costs

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Meal Delivery Program | | | | |
| Name | Position | Salary | FTE |  |
| Elena | Executive Director | 50,000 | 0.25 | 12,500 |
| Paula | Program Manager | 45,000 | 0.50 | 22,500 |
| Ollie | Office Manager | 45,000 | 0.50 | 22,500 |
| Wally | Warehouse | 40,000 | 1.00 | 40,000 |
| Delia | Driver | 40,000 | 1.00 | 40,000 |
| Dan | Driver | 40,000 | 1.00 | 40,000 |
| Ina | Intake | 40,000 | 1.00 | 40,000 |
| Salary | Total |  | 5.25 | 217,500 |
| Benefits | At 25% |  |  | 54,375 |
| Personnel |  |  |  | 271,875 |
|  |  |  |  |  |
| Groceries and packaging | |  |  | 25,000 |
| Truck rental, maintenance, repair | |  |  | 55,000 |
| Printing of menus and flyers | |  |  | 10,000 |
| Travel for home visits | |  |  | 3,750 |
| Training for program staff | |  |  | 2,500 |
| Non-personnel |  |  |  | 96,250 |
|  |  |  |  |  |
| Total specific costs | |  |  | 368,125 |
|  |  |  |  |  |
| # of meals |  |  |  | 100,000 |
|  |  |  |  |  |
| Cost per meal |  |  |  | $3.68 |

*Note that if we stop here, the cost per meal is only $3.68.*

Now you try it!

Interview Paula the Program Manager (AKA your workshop instructor) to determine the program-specific costs of the Nutrition Education program, and use the same format as the Meal Delivery program budget to fill in the worksheet on the following page.

# Figure 6: Program -Specific Costs

# 

# Figure 6: Program -Specific Costs (completed)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Nutrition Education Program | | | | | | | | | | | | | | | |
| Name | |  | | Position | |  | Salary | |  | | FTE | | |  | Budget |
| **Elena** | |  | | **Exec Director** | |  | **50,000** | |  | | **0.25** | | |  | **12,500** |
| **Paula** | |  | | **Prog Director** | |  | **45,000** | |  | | **0.50** | | |  | **22,500** |
| **Oliie** | |  | | **Office Mngr** | |  | **45,000** | |  | | **0.25** | | |  | **11,250** |
| **Trinity & Tabitha** | |  | | **Trainers** | |  | **40,000** | |  | | **2.00** | | |  | **80,000** |
| Subtotal | |  | |  | |  |  | |  | | **3.00** | | |  | **126,250** |
| Benefits at 25% | |  | |  | |  |  | |  | |  | | |  | **31,563** |
| Personnel | |  | |  | |  |  | |  | |  | | |  | **157,813** |
|  | |  | |  | |  |  | |  | |  | | |  |  |
| **Program supplies: healthy snacks for participants, food vouchers** | | | | | | | | | | | |  |  |  | **15,000** |
| **Printing: educational materials** | | | | | |  |  | |  | |  | | |  | **10,000** |
| **Travel: outreach presentations** | | | | | | | |  | |  | |  |  |  | **1,500** |
| **Training for program staff** | | | | |  |  |  | |  | |  | | |  | **1,500** |
| Non-personnel |  | |  | | |  |  | |  | |  | | |  | **28,000** |
|  |  | |  | | |  |  | |  | |  | | |  |  |
| Total specific costs |  | |  | | |  |  | |  | |  | | |  | **185,813** |
|  |  | |  | | |  |  | |  | |  | | |  |  |
| # of clients trained |  | |  | | |  |  | |  | |  | | |  | 2,500 |
|  |  | |  | | |  |  | |  | |  | | |  |  |
| Cost per client |  | |  | | |  |  | |  | |  | | |  | **$74.33** |

# Common costs

Common costs are defined as those expenses that are shared by more than one program or activity of the organization. Be sure not to confuse common costs with supporting costs (administration and fundraising).

Categorize the following expenses of Food.org as specific program, specific supporting, or common costs:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Specific** | **Specific** |  | |
| **Expense** | **Program** | **Supporting** | **Common** | |
|  |  |  | |  | |
| 1. Salary for a Meal Delivery Driver | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| 1. Salary for the Bookkeeper | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| 1. Office supplies for the main office supply cabinet | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| 1. Office supplies for Nutrition Education presentations | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| 1. Annual auditing expense | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| 1. Site liability insurance | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| 1. Directors and officers liability insurance | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |

**Allocation** is the process of splitting up a cost and distributing or sharing it among two or more agency programs or activities. When you craft a budget to reflect full program costs, you need to allocate a fair share of common and overhead costs to your program too. If you don't, you are understating the cost of delivering your program! Let's start the powerful process of cost allocation with common costs.

Food.org has one facility shared by all of its activities, so Food.org treats all the costs of running that facility--from rent to stocking the copier--as common costs. This varies by agency; there is no standard or desired percentage. A common cost, such as rent, is divided up and a fair share assigned to each program that benefits from it. To determine what is "a fair share" of the cost, we use an *allocation basis*.

## Allocation basis

An allocation basis is a method for approximating what portion of cost to assign to two or more programs or activities. In the case of common costs like telephone and office supplies, you choose an allocation basis that most accurately reflects how the various programs make use of common agency resources.

Here are four methods for allocating common costs:

1. **Square footage** – allocate common costs based on the percentage of agency office square footage used by the program
2. **FTE** – allocate common costs based on the percentage of agency full-time equivalents employed by the program
3. **Payroll** – allocate common costs based on the program’s percentage of the total agency payroll
4. **Program-specific costs** – allocate common costs based on the percentage of agency costs incurred by the program before common costs are added

Food.org has decided to use FTE’s as the basis for allocating its common costs. The organization has a total of 10 FTE’s. The meal delivery program employs 5.25 FTE’s, so the meal delivery program’s portion of common costs would be calculated as follows:

* 1. **FTE’s**

**= 0.525 or 52.50%**

**10.00 FTE’s**

# Figure 7: Allocating Common Costs

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Food.org | | | | | | | | | | | |
|  | *Program Activities* | | |  |  | *Supporting Activities* | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | Meal |  | Nutrition |  |  |  |  | Fund- |  |  |  |
|  | Delivery |  | Education |  |  | Admin |  | raising |  | Common | Total |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Salaries | 217,500 |  | 126,250 |  |  | 39,250 |  | 39,500 |  | - | 422,500 |
| Benefits | 54,375 |  | 31,563 |  |  | 9,813 |  | 9,875 |  | - | 105,626 |
| Personnel expense | 271,875 |  | 157,813 |  |  | 49,063 |  | 49,375 |  | - | 528,126 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Supplies | 25,000 |  | 15,000 |  |  | - |  | 2,500 |  | 11,000 | 53,500 |
| Equipment | 55,000 |  | - |  |  | - |  | - |  | 12,000 | 67,000 |
| Printing | 10,000 |  | 10,000 |  |  | - |  | 2,500 |  | - | 22,500 |
| Travel | 3,750 |  | 1,500 |  |  | 500 |  | 1,500 |  | - | 7,250 |
| Telephone | - |  | - |  |  | - |  | - |  | 21,000 | 21,000 |
| Postage | - |  | - |  |  | - |  | - |  | 18,000 | 18,000 |
| Occupancy | - |  | - |  |  | - |  | - |  | 78,000 | 78,000 |
| Training | 2,500 |  | 1,500 |  |  | 500 |  | 1,500 |  | - | 6,000 |
| Non-personnel expense | 96,250 |  | 28,000 |  |  | 1,000 |  | 8,000 |  | 140,000 | 273,250 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total specific costs | 368,125 |  | 185,813 |  |  | 50,063 |  | 57,375 |  | 140,000 | 801,376 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| % of FTE's | 52.50% |  |  |  |  |  |  |  |  | -100% | 0% |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Allocation of common costs | 73,500 |  |  |  |  |  |  |  |  | (140,000) | - |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total expenses | 441,625 |  |  |  |  |  |  |  |  | - | 801,376 |

# Figure 7: Allocating Common Costs (completed)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Food.org | | | | | | | | | | | |
|  | *Program Activities* | | |  |  | *Supporting Activities* | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | Meal |  | Nutrition |  |  |  |  | Fund- |  |  |  |
|  | Delivery |  | Education |  |  | Admin |  | raising |  | Common | Total |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Salaries | 217,500 |  | 126,250 |  |  | 39,250 |  | 39,500 |  | - | 422,500 |
| Benefits | 54,375 |  | 31,563 |  |  | 9,813 |  | 9,875 |  | - | 105,626 |
| Personnel expense | 271,875 |  | 157,813 |  |  | 49,063 |  | 49,375 |  | - | 528,126 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Supplies | 25,000 |  | 15,000 |  |  | - |  | 2,500 |  | 11,000 | 53,500 |
| Equipment | 55,000 |  | - |  |  | - |  | - |  | 12,000 | 67,000 |
| Printing | 10,000 |  | 10,000 |  |  | - |  | 2,500 |  | - | 22,500 |
| Travel | 3,750 |  | 1,500 |  |  | 500 |  | 1,500 |  | - | 7,250 |
| Telephone | - |  | - |  |  | - |  | - |  | 21,000 | 21,000 |
| Postage | - |  | - |  |  | - |  | - |  | 18,000 | 18,000 |
| Occupancy | - |  | - |  |  | - |  | - |  | 78,000 | 78,000 |
| Training | 2,500 |  | 1,500 |  |  | 500 |  | 1,500 |  | - | 6,000 |
| Non-personnel expense | 96,250 |  | 28,000 |  |  | 1,000 |  | 8,000 |  | 140,000 | 273,250 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total specific costs | 368,125 |  | 185,813 |  |  | 50,063 |  | 57,375 |  | 140,000 | 801,376 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| % of FTE's | 52.50% |  | **30.00%** |  |  | **9.00%** |  | **8.50%** |  | -100% | 0% |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Allocation of common costs | 73,500 |  | **42,000** |  |  | **12,600** |  | **11,900** |  | (140,000) | - |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total expenses | 441,625 |  | **227,813** |  |  | **62,663** |  | **69,275** |  | - | 801,376 |

# Overhead costs

Overhead costs are costs associated with administration, fundraising, and membership development. On your IRS Form 990 and your annual audit, if you have one, these are referred to as supporting activities.

Like common costs, overhead costs are a component of full program costs and will be included in the full program cost estimate.

NOTE: The administrative and fundraising activities get allocated their fair share of common costs too. So, for instance, the fundraising costs of Food.org include not only the grant writer’s salary, but also a portion of telephone expenses. Common should be allocated before overhead so that the overhead costs are complete.

##### Allocating Overhead Costs

When estimating its full program costs, Food.org has chosen to allocate ONLY a portion of its overhead costs to the meal delivery and nutrition programs. In their case, the development department is responsible for raising unrestricted and capital gifts only and the program directors raise their own program-related income, so the organization allocates only its management & general (AKA admin) costs to program.

The percentage of overhead costs that can be assigned to the meal delivery program would be calculated as follows:

**Meal Delivery Expenses**

**= Meal Delivery’s % of**   
 **(Meal Delivery Expenses + Nutrition Education Expenses) Total Program Expenses**

Fill in the spaces below to calculate the percentage of costs that should be assigned to the meal delivery program:

[ ]

**=** [ ]

[ ] + [ ]

As with the common costs, this percentage can now be used to calculate the overhead cost for the meal delivery program:

**Meal Delivery’s % of Admin Meal Delivery’s**

**Total Program Expenses x Expenses = Allocated Overhead Cost**

Use the information from your answer in the exercise above to calculate the overhead cost for Food.org’s meal delivery program:

[ ]% x ( ) = [ ]

# Figure 8: Allocating Overhead Costs

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Food.org | | | | | | |
|  | *Program Activities* | | *Supporting Activities* | |  |  |
|  |  |  |  |  |  |  |
|  | Meal | Nutrition |  | Fund- |  |  |
|  | Delivery | Education | Admin | raising | Common | Total |
|  |  |  |  |  |  |  |
| Salaries | 217,500 | 126,250 | 39,250 | 39,500 | - | 422,500 |
| Benefits | 54,375 | 31,563 | 9,813 | 9,875 | - | 105,626 |
| Personnel expense | 271,875 | 157,813 | 49,063 | 49,375 | - | 528,126 |
|  |  |  |  |  |  |  |
| Supplies | 25,000 | 15,000 | - | 2,500 | 11,000 | 53,500 |
| Equipment | 55,000 | - | - | - | 12,000 | 67,000 |
| Printing | 10,000 | 10,000 | - | 2,500 | - | 22,500 |
| Travel | 3,750 | 1,500 | 500 | 1,500 | - | 7,250 |
| Telephone | - | - | - | - | 21,000 | 21,000 |
| Postage | - | - | - | - | 18,000 | 18,000 |
| Occupancy | - | - | - | - | 78,000 | 78,000 |
| Training | 2,500 | 1,500 | 500 | 1,500 | - | 6,000 |
| Non-personnel expense | 96,250 | 28,000 | 1,000 | 8,000 | 140,000 | 273,250 |
|  |  |  |  |  |  |  |
| Total specific costs | 368,125 | 185,813 | 50,063 | 57,375 | 140,000 | 801,376 |
|  |  |  |  |  |  |  |
| Allocation rate | 53% | 30% | 9% | 9% | -100% | 0% |
| Common costs | 73,500 | 42,000 | 12,600 | 11,900 | (140,000) | - |
|  |  |  |  |  |  |  |
| Expenses before admin | 441,625 | 227,813 | 62,663 | 69,275 | - | 801,376 |
|  |  |  |  |  |  |  |
| % of program activity | 66% | 34% | -100% | 0% | - | 0% |
|  |  |  |  |  |  |  |
| Admin costs | 41,338 | 21,325 | (62,663) | - | - | - |
|  |  |  |  |  |  |  |
| Total expenses | 482,963 | 249,138 | - | 69,275 | - | 801,376 |

Many organizations allocate BOTH administrative and fundraising costs to each program. Although these costs are not allocated on Form 990 or financial statements, they allocate these costs internally so that they can be included in proposal budgets. This way the organization can recover its fundraising costs through its program-related funding.

If this were the case for Food.org, the allocated overhead costs would be higher:

**Meal Delivery’s % of Meal Delivery’s**

**Total Program Expenses x (F/R + Admin) = Allocated Overhead Cost**

[ ]% x ( + ) = [ ]

*Each organization needs to know its own overhead costs and determine which costs will be allocated to program.*

# Overhead rate

The **overhead rate** is a percentage of total program-specific plus program common costs. The overhead rate is calculated by dividing the organization’s total supporting costs by its total program costs:

**( Supporting Costs )**

**= Overhead Rate**

**( Program Costs )**

Use this formula to calculate Food.org’s FULL overhead rate:

( [ ] + [ ] )

= [ ]

( [ ] + [ ] )

# Presenting full costs in a proposal

A proposal budget is the program plan—as articulated in the narrative of your proposal—expressed in dollars and cents.

The proposal budget is an opportunity to communicate the full program costs to the funder. Good proposal budgeting involves excellent cost analysis, careful research of your funder’s guidelines, and strategic budget presentation.

Understanding how to determine the full program costs prepares us to present those costs in our proposals. However, the terms that we are working with—program-specific costs, common costs, and overhead—are *your* terms for expenses. Your cost language is not the same as that of your funders.

**Program-**

**Specific**

**Common**

**Overhead**

**%**

**Indirect**

**Direct**

**Full Program Costs Funder’s Guidelines**

What’s the relationship between your program’s full costs and the funder’s budget guidelines?

Notice that the funder triangle contains to types of costs: direct and indirect. In our program cost analysis rectangle, however, we identified three types of costs: program-specific, common, and overhead costs.

## Direct costs

In funder terminology, direct costs are those costs that the funder wants you to specify, justify, monitor, and document explicitly. These will usually be made up of your program-specific costs and some or all of your common costs.

**Program-**

**Specific**

**Common**

**Overhead**

**%**

**Indirect**

**Direct**

## Indirect costs

Indirect usually corresponds to what you call overhead. In funder language, indirect costs are expressed as a percentage of direct costs, and the sum of direct and indirect costs is the total allowable cost for the project.

**Program-**

**Specific**

**Common**

**Overhead**

**%**

**Indirect**

**Direct**

*Note that an organization’s federal indirect rate includes common costs and overhead less fundraising expenses.*

# Researching funder guidelines

Because you have one set of terms for your internal program cost analysis, but funders have a variety of ways they want to see proposal budgets, it’s very important to research each funder’s particular budget guidelines. Most funders provide written specifications about how to propose a project for funding, including the proposal budget.

## Kind of budget

What kind of budget is the funder looking for? Are you being asked to submit a budget for your entire agency, a budget for a department or a major program, and/or a budget for a proposed project?

## Allowable costs

What costs are allowed and which are not? Find out what types of costs the funder wants to see.

* Some funders won’t pay for equipment purchases but will pay for a lease; or they may exclude certain common costs such as rent or insurance.
* Many funders will not pay for fundraising costs, but they might pay for efforts to find ongoing or replacement funding for the proposed project.

## Direct and indirect

What does the funder classify as *indirect?*

* Are the costs that you internally term common, such as rent and telephone, considered direct costs or indirect costs? This will vary by funder.
* Are there elements of your internal overhead costs that the funder does not allow you to include even as indirect?

Once you find out what kind of budget your funder is looking for, and how they define allowable costs and direct and indirect, you can start your proposal budget.

# Justifying costs

Justification means providing sufficient information about your costs so that your funder understands the rationale for the budget numbers. Budget justification helps the funder see the budget as a reflection of the work described in the proposal narrative. By providing more than just a simple line item and amount, you lend your proposal credibility and demonstrate that you really know what it will take to achieve the work you are proposing to undertake.

Remember how we identified the components of program costs? That information is exactly what you'll need to justify your costs to your funders.

So instead of simply writing: *Milk $25,000*

We can write: *100,000 cartons of milk x $0.25/carton = $25,000*

If you research your funder guidelines well, you may come away with an in idea of how much specificity or detail they are looking for in your proposal budget justification.

If you're a new grant writer or program staff member, you may be full of eagerness to detail each and every cost to please your first pair of funder's eyes, assuming that the more detail you provide in your budget, the better off you'll be. But it is important to realize that if you provide more detail than the funder requests, you may limit your choices in how to deliver your program by reducing your spending flexibility.

# Cost per FTE

Being able to identify the cost per full-time equivalent is useful not only for justifying common costs in a proposal budget, but also for learning the implications of creating new programs, expanding existing ones, and/or hiring additional staff.

For example, the following calculation shows Food.org’s telephone cost per FTE:

**$21,000**

**= $2,100/FTE**

**10 FTE’s**

Use the same formula and the information in Figure 7 to find Food.org’s occupancy expense per FTE:

[ ]

**=** [ ]

**10 FTE’s**

# Minimize restrictions

In creating your proposal budget and justifying your costs, be wary of creating self-imposed limits and restrictions on how you may spend the money once awarded. Different funders may require a further breakdown of costs than others.

## More restrictive

For example, a government contract may require Food.org to break its travel expenses down as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Local Travel | Fuel for delivery trucks for local deliveries | 8,000 miles x 0.25/mile | $2,000 |
| Out-of-Town Travel | Fuel for delivery trucks for out-of-town deliveries | 7,000 miles x 0.25/mile | $1,750 |

In this scenario, the specificity of justification is required by the government funding source. Food.org will not have much flexibility in its travel spending. If they end up having fewer out-of-town clients, they may have to go back and renegotiate the breakout of their $3,750 in travel costs.

## Less restrictive

If, however, Food.org is applying for a grant from a private funder with less stringent guidelines, the justification of travel expenses can be less specific:

*Travel 15,000 miles x $0.25/mile $3,750*

By including just the essential components of cost, there are no explicit restrictions on how many vehicles or where they will travel. If the funder doesn't request more information than this, Food.org has no reason to provide more detail.

# Presenting the proposal budget

When you submit a proposal budget to a funder, you present it in line with their guidelines and in the language they request. You do not include internal language such as program-specific and common. Remember, those are not typical funder terms.

For Food.org’s proposal to the Giving Fund notice the following:

* The meal delivery program’s overhead costs are expressed as indirect costs. They are approximately 9% of direct costs.
* The meal delivery program’s common costs are expressed as direct costs.
* This proposal reflects full program costs at $482,338. This presents the meal delivery program’s costs within the funder’s guidelines.
* The cost per meal of $4.83 is presented.

# Figure 9: Full Program Budget

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Meal Delivery Program | | | | | | | | | |
| Position |  |  |  |  | Salary | FTE | | | Budget |
| Executive Director | Oversees implementation of the meal program | | | | 50,000 | 0.25 | | | 12,500 |
| Program Manager | Supervises meal program staff | | | | 45,000 | 0.50 | | | 22,500 |
| Office Manager | Maintains facilities, computers and equipment | | | | 45,000 | 0.50 | | | 22,500 |
| Warehouse Coordinator | Coordinates warehouse operations | | | | 40,000 | 1.00 | | | 40,000 |
| Driver | Delivers meals | |  |  | 40,000 | 1.00 | | | 40,000 |
| Driver | Delivers meals | |  |  | 40,000 | 1.00 | | | 40,000 |
| Intake Coordinator | Registers clients for the meal program | | | | 40,000 | 1.00 | | | 40,000 |
| Subtotal |  |  |  |  |  | 5.25 | | | 217,500 |
| Benefits at 25% |  |  |  |  |  |  | | | 54,375 |
| Personnel |  |  |  |  |  |  | | | 271,875 |
|  |  |  |  |  |  |  | | |  |
| Groceries and packaging | 100,000 cartons of milk x $0.25/carton | | | |  |  | | | 25,000 |
| Truck rental, maintenance, repair | $4,000/month for maintenance and $7,000/year for rental | | | | | |  |  | 55,000 |
| Printing of menus and flyers | 25,000 menus and flyers x $0.40 each | | | |  |  | | | 10,000 |
| Travel for home visits | 15,000 miles x $0.25/mile | | | |  |  | | | 3,750 |
| Training for program staff | Database training for 4 staff x $625 each | | | |  |  | | | 2,500 |
| Telephone | $2,100/FTE | x | 5.25 | FTE |  |  | | | 11,025 |
| Postage | $1,800/FTE | x | 5.25 | FTE |  |  | | | 9,450 |
| Occupancy | $7,800/FTE | x | 5.25 | FTE |  |  | | | 40,950 |
| Office equipment | $1,200/FTE | x | 5.25 | FTE |  |  | | | 6,300 |
| Office supplies | $1,100/FTE | x | 5.25 | FTE |  |  | | | 5,775 |
|  |  |  |  |  |  |  | | |  |
| Total direct costs |  |  |  |  |  |  | | | 441,625 |
|  |  |  |  |  |  |  | | |  |
| Indirect costs | Approximately 9% | | |  |  |  | | | 41,338 |
|  |  |  |  |  |  |  | | |  |
| Total costs |  |  |  |  |  |  | | | 482,963 |
|  |  |  |  |  |  |  | | |  |
| Cost per meal | @ 100,000 meals | | |  |  |  | | | $4.83 |

Often we ask more than one funder to support a program. Depending on the kind of budget the funder requests, one of the formats on the following pages might be used.

* The Program and Proposal Budget adds another column to show the amount that is being paid for by this funder. The amount for each line is determined by dividing the amount of the request ($200,000) by the amount of the total program budget and multiplying the result (41.41%) by each line item of the program budget.
* The Proposal Only Budget shows only the amounts that are being paid for by this funder. The same method is used to determine the amount of each line item (including salaries), but some rounding is used for clarity.
* The Funders as Rows Program Budget might be used if the funder had requested only a program budget and had not requested information on how their funds would be used within the program. This format has the advantage of showing who else is funding the program. Note that a line for a line for unrestricted donations has been added to balance the budget.

# Figure 10: Program and Proposal Budget

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Meal Delivery Program | | | | | | | | | | | | | | |
|  |  | |  |  |  | | |  | | |  | | Program | Proposal |
| Position |  | |  |  |  | | | Salary | | | FTE | | Budget | Budget |
| Executive Director | Oversees implementation of the program | | | | | | | 50,000 | | | 0.25 | | 12,500 | 5,176 |
| Program Manager | Supervises meal program staff | | | |  | | | 45,000 | | | 0.50 | | 22,500 | 9,317 |
| Office Manager | Maintains facilities, computers and equip | | | | | | | 45,000 | | | 0.50 | | 22,500 | 9,317 |
| Warehouse Coordinator | Coordinates warehouse operations | | | | | | | 40,000 | | | 1.00 | | 40,000 | 16,564 |
| Driver | Delivers meals | |  |  |  | | | 40,000 | | | 1.00 | | 40,000 | 16,564 |
| Driver | Delivers meals | |  |  |  | | | 40,000 | | | 1.00 | | 40,000 | 16,564 |
| Intake Coordinator | Registers clients for the meal program | | | | | | | 40,000 | | | 1.00 | | 40,000 | 16,564 |
| Subtotal |  | |  |  |  | | |  | | | 5.25 | | 217,500 | 90,066 |
| Benefits at 25% |  | |  |  |  | | |  | | |  | | 54,375 | 22,517 |
| Personnel |  | |  |  |  | | |  | | |  | | 271,875 | 112,583 |
|  |  | |  |  |  | | |  | | |  | |  |  |
| Groceries and packaging | 100,000 cartons of milk x $0.25/carton | | | | | | |  | | |  | | 25,000 | 10,353 |
| Truck expenses | $4,000/month for maintenance and $7,000/year for rental | | | | | | | | | | |  | 55,000 | 22,776 |
| Printing | 25,000 menus and flyers x $0.40 each | | | | | |  | |  | | | | 10,000 | 4,141 |
| Travel for home visits | 15,000 miles x $0.25/mile | | | |  |  |  | |  | | | | 3,750 | 1,553 |
| Training for program staff | Database training for 4 staff x $625 each | | | | | |  | |  | | | | 2,500 | 1,035 |
| Telephone | $2,100/FTE | | x | 5.25 | FTE | |  | |  | | | | 11,025 | 4,566 |
| Postage | $1,800/FTE | | x | 5.25 | FTE | |  | |  | | | | 9,450 | 3,913 |
| Occupancy | $7,800/FTE | | x | 5.25 | FTE | |  | |  | | | | 40,950 | 16,958 |
| Office equipment | $1,200/FTE | | x | 5.25 | FTE | |  | |  | | | | 6,300 | 2,609 |
| Office supplies | $1,100/FTE | | x | 5.25 | FTE | |  | |  | | | | 5,775 | 2,390 |
|  |  | |  |  |  | |  | |  | | | |  |  |
| Total direct costs |  | |  |  |  | |  | |  | | | | 441,625 | 182,877 |
|  |  | |  |  |  | |  | |  | | | |  |  |
| Indirect costs | Approximately 9% | |  |  |  | |  | |  | | | | 41,338 | 17,123 |
|  |  | |  |  |  | |  | |  | | | |  |  |
| Total costs |  | |  |  |  | |  | |  | | | | 482,963 | 200,000 |
|  |  | |  |  |  | |  | |  | | | |  |  |
| Cost per meal @ 100,000 meals = | | $4.83 |  |  |  | |  | |  | Funder A Meals | | | | 41,411 |

# Figure 11: Proposal Only Budget

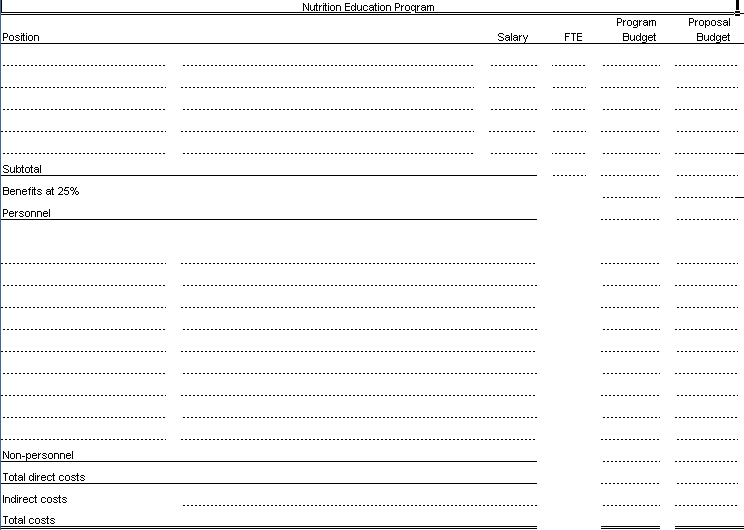
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Meal Delivery Program | | | | | | | | | | | | | | | | | | |
| Position |  | |  | | | | |  |  | Salary | | | FTE | | | Budget |  |  |
| Executive Director | Oversees implementation of the program | | | | | | |  |  | 50,000 | | | 0.10 | | | 5,000 |  |  |
| Program Manager | Supervises meal program staff | | | | | |  |  |  | 45,000 | | | 0.21 | | | 9,450 |  |  |
| Office Manager | Maintains facilities, computers and equipment | | | | | | | |  | 45,000 | | | 0.21 | | | 9,450 |  |  |
| Warehouse Coord | Coordinates warehouse operations | | | | | |  |  |  | 40,000 | | | 0.41 | | | 16,400 |  |  |
| Driver | Delivers meals | |  | | | | |  |  | 40,000 | | | 0.41 | | | 16,400 |  |  |
| Driver | Delivers meals | |  | | | | |  |  | 40,000 | | | 0.41 | | | 16,400 |  |  |
| Intake Coordinator | Registers clients for the meal program | | | | | |  |  |  | 40,000 | | | 0.41 | | | 16,400 |  |  |
| Subtotal |  | |  | | | | |  |  |  | | | 2.16 | | | 89,500 |  |  |
| Benefits at 25% |  | |  | | | | |  |  |  | | |  | | | 22,375 |  |  |
| Personnel |  | |  | | | | |  |  |  | | |  | | | 111,875 |  |  |
|  |  | |  | | | | |  |  |  | | |  | | |  |  |  |
| Groceries | 38,000 cartons of milk x $0.25/carton | | | | | |  |  |  | |  | |  | | | 9,500 |  |  |
| Truck expenses | $1,525/month for maintenance and $2,700/year for rental | | | | | | | | | |  | |  | | | 10,200 |  |  |
| Printing | 9,500 menus and flyers x $0.40 each | | | | | | |  |  |  | |  | | |  | 3,840 |  |  |
| Home visits | 5,700 miles x $0.25/mile | | | | | |  |  |  |  | | |  | | | 1,425 |  |  |
| Database training | $475/FTE x 2.16 FTE's | |  | | | | |  |  |  | | |  | | | 1,035 |  |  |
| Telephone | $2,100/FTE | | x | | | | | 2.16 | FTE |  | | |  | | | 4,566 |  |  |
| Postage | $1,800/FTE | | x | | | | | 2.16 | FTE |  | | |  | | | 3,914 |  |  |
| Occupancy | $7,800/FTE | | x | | | | | 2.16 | FTE |  | | |  | | | 16,959 |  |  |
| Office equipment | $1,200/FTE | | x | | | | | 2.16 | FTE |  | | |  | | | 2,609 |  |  |
| Office supplies | $1,100/FTE | | x | | | | | 2.16 | FTE |  | | |  | | | 2,611 |  |  |
|  |  | |  | | | | |  |  |  | | |  | | |  |  |  |
| Total direct costs |  | |  | | | | |  |  |  | | |  | | | 168,534 |  |  |
|  |  | |  | | | | |  |  |  | | |  | | |  |  |  |
| Indirect costs | Approximately 9% | |  | | | | |  |  |  | | |  | | | 31,466 |  |  |
|  |  | |  | | | | |  |  |  | | |  | | |  |  |  |
| Total costs |  | |  | | | | |  |  |  | | |  | | | 200,000 |  |  |
|  |  | |  | | | | |  |  |  | | |  | | |  |  |  |
| Cost per meal @ 100,000 meals = | | $4.83 |  |  |  | Number of Meals | | | | | | | |  | | 41,411 |  |  |

# Figure 12: Funders as Rows Program Budget

|  |  |  |
| --- | --- | --- |
| Meal Delivery Program | | |
|  |  |  |
| Funder A | Proposed | 200,000 |
| Funder B | Secured | 150,000 |
| Funder C | Pending | 50,000 |
| Funder D | Secured | 80,000 |
| Individuals | Unrestricted donations | 2,963 |
| Total income |  | 482,963 |
|  |  |  |
|  |  |  |
| Salaries | Program staff | 217,500 |
| Benefits | at 25% | 54,375 |
| Personnel expense |  | 271,875 |
|  |  |  |
| Groceries | 100,000 cartons of milk x $0.25/carton | 25,000 |
| Equipment | Truck rental, maintenance, and repair | 55,000 |
| Printing of menus and flyers | 25,000 pieces x $0.40/piece | 10,000 |
| Travel for home visits | 15,000 miles x $0.25/mile | 3,750 |
| Training | Database training for 4 staff x $625 each | 2,500 |
| Telephone | $2,100/FTE x 5.25 FTE's | 11,025 |
| Postage | $1,800/FTE x 5.25 FTE's | 9,450 |
| Occupancy | $7,800/FTE x 5.25 FTE's | 40,950 |
| Office equipment | $1,200/FTE x 5.25 FTE's | 6,300 |
| Office supplies | $1,100/FTE x 5.25 FTE's | 5,775 |
| Non-personnel expense |  | 169,750 |
|  |  |  |
| Direct expenses |  | 441,625 |
|  |  |  |
| Indirect expenses | Approximately 9% | 41,338 |
|  |  |  |
| Total expenses |  | 482,963 |
|  |  |  |
| Income - expenses |  | (0) |
|  |  |  |
| Cost per meal | @ 100,000 meals | $4.83 |
|  |  |  |
| Number of meals provided by Funder A | | 41,411 |

Use the worksheet on the following page to create a *compelling* budget for a $100,000 request to the Giving Fund for the Nutrition Education program. Use the following to prepare the proposal budget:

* 100 nutrition education workshops
* 20 participants per workshop
* The program-specific costs you developed
* The common costs from the activity budget
* The full overhead rate you calculated

**Figure 13: Program and Proposal Budget** 

**Figure 13: Program and Proposal Budget (completed)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | | |  | Program |  | Proposal |
| Position |  |  |  | Salary |  | FTE | | |  | Budget |  | Budget |
| **Elena** |  | **Executive Director** |  | **50,000** |  | **0.25** | | |  | **12,500** |  | **4,584** |
| **Paula** |  | **Program Director** |  | **45,000** |  | **0.50** | | |  | **22,500** |  | **8,251** |
| **Oliie** |  | **Office Manager** |  | **45,000** |  | **0.25** | | |  | **11,250** |  | **4,126** |
| **Trinity & Tabitha** |  | **Trainers** |  | **40,000** |  | **2.00** | | |  | **80,000** |  | **29,337** |
| Subtotal |  |  |  |  |  | **3.00** | | |  | **126,250** |  | **46,298** |
| Benefits at 25% |  |  |  |  |  |  | | |  | **31,563** |  | **11,574** |
| Personnel |  |  |  |  |  |  | | |  | **157,813** |  | **57,872** |
|  |  |  |  |  |  |  | | |  |  |  |  |
| **Program supplies: healthy snacks for participants, food vouchers** | | | | |  |  |  |  |  | **15,000** |  | **5,501** |
| **Printing: educational materials** | | |  |  |  |  | | |  | **10,000** |  | **3,667** |
| **Travel for program staff: outreach presentations** | | |  |  |  |  | | |  | **1,500** |  | **550** |
| **Training for program staff** | |  |  |  |  |  | | |  | **1,500** |  | **550** |
| **Telephone** |  | **$2,100/FTE x 3.0 FTE** |  |  |  |  | | |  | **6,300** |  | **2,310** |
| **Postage** |  | **$1,800/FTE x 3.0 FTE** |  |  |  |  | | |  | **5,400** |  | **1,980** |
| **Occupancy** |  | **$7,800/FTE x 3.0 FTE** |  |  |  |  | | |  | **23,400** |  | **8,581** |
| **Office Equipment** |  | **$1,200/FTE x 3.0 FTE** |  |  |  |  | | |  | **3,600** |  | **1,320** |
| **Office Supplies** |  | **$1,100/FTE x 3.0 FTE** |  |  |  |  | | |  | **3,300** |  | **1,210** |
| Non-personnel |  |  |  |  |  |  | | |  | **70,000** |  | **25,670** |
| Total direct costs |  |  |  |  |  |  | | |  | **227,813** |  | **83,542** |
| Indirect costs |  | **19.7% of direct costs** |  |  |  |  | | |  | **44,879** |  | **16,458** |
| Total costs |  |  |  |  |  |  | | |  | **272,692** |  | **100,000** |