



**School's Out™
Washington**

BUDGETING TOOLKIT

PREPARED BY COLLABORATIVE PARTNERS INITIATIVE, LLC



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Collaborative Partners Initiative

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Grants and Grant Budgets

Grants play a key role in launching and sustaining a nonprofit organization. Grant funds could be used to support direct programs and services the nonprofits are providing and may also provide general operating support.

The Purpose of a Grant Budget

Grant budgets are a key component of the grant application. When it comes to applying for competitive grant funding, the budget is arguably one of the most important parts. With many organizations competing for funding, a proposed grant budget is one of the more objective components of your application. The budget outlines what is needed to support the activities proposed in the grant. It includes hard numbers that funders can verify if necessary, and it will be an important document to refer to if your organization receives funding.

Overall, the purpose of a grant budget proposal is to:

Serve as proof that your organization has considered the true costs of running your project or program.

Show funders exactly how much a project or program costs — and, therefore, how much you actually need funding relative to other organizations.

Demonstrate how your nonprofit will put competitive funds to good use compared to other nonprofits applying for funding.

Creating a grant budget an exercise in financial responsibility for your organization, it's also necessary to help funders see your organization as worthy of the funding — especially in comparison to other organizations who could also put the funds to good use.

Types of Budgets

Cost Reimbursable

This budget is based on actual estimated costs when the grant proposal is submitted. The funding sponsor is invoiced based on actual costs expended by the organization at the time of invoicing. However, the costs cannot exceed the award amount. The frequency of invoicing is based on the terms of the award (e.g., monthly, quarterly, semi-annually, or annually, or other specified times).

Fixed Price

This budget is based on a set price for work performed or services provided. The funding sponsor will pay the organization an agreed amount for each deliverable, irrespective of the costs incurred by the project. Actual project costs will not be reported to the sponsor. The sponsor is invoiced based on a pre-determined schedule, which is usually included with the award document. The payment schedule can be based on specific dates or milestones/deliverables.

Cost Reimbursable vs. Fixed Price Budgets

In the cost reimbursement model, costs are paid as costs are incurred and invoiced, typically monthly, or quarterly. The fixed price model has set payments based on a milestone schedule or the submission of deliverables. When considering a cost-reimbursement budget the organization should consider if they have funding available to support the grant costs until they get reimbursed from the funding agency. With the fixed price model, there is a greater risk to the grantee organization because they must be able to deliver the service or complete the milestone before they can receive payment. If the work is unable to be completed as proposed, the grantee organization may not receive all payments as agreed upon in the deliverable schedule.

Cost reimbursable budgets are used where the work being performed cannot be precisely defined or the cost precisely estimated, which applies to much of the project's an organization undertakes. Cost reimbursable budgets allow for greater flexibility, as additional funding, or extension of the grant period of performance may be added as mutually agreed upon between the grantee organization and the funding agency.

Fixed price budgets are appropriate if there is a clear scope of work, a solid cost estimate, and well-articulated deliverables.

The type of budget that your organization will need to complete is determined by the funding agency and is described in the funding announcement.

Examples of a cost reimbursable budget template and a fixed price template are included in [Appendix A](#) and [Appendix B](#).

Budgets: Grant Proposals and Grant Management

Budgets are an important part of the grant proposal and grant management processes.

When preparing a grant proposal:

- Review the funding announcement for the budget items the funder will support
- Draft a budget with these costs in mind
- Staff costs – include hourly rate of pay/salary costs/taxes/benefits
- Ensure you include costs to support the work you are proposing to do (supplies, travel, outreach/marketing, consultants, partners/subcontracts
- Include programmatic costs

- Include indirect/administrative costs if allowed
- Budget should cover all costs for the project, but do not pad the budget.
- Review of any cost share/matching and in-kind service requirements

When managing the grant:

- Review the funding announcement and guidelines and the funding agency rules and expectations.
- Know your costs/needs and your approved budget.
- Outline specific items of costs in the budget (personnel, travel needs, supplies, equipment, subawards, etc.)
- Set up a budget worksheet to track these specific costs vs. actual expenditures.

Developing the budget

The first step in creating a grant budget is understanding what the funding agency requirements are. The overall grant application should align with the funder's interests, scope, or mission and the grant budget should adhere to the funders' specific requests or preferences.

Below are a few of the most important requirements to consider when creating a grant budget for a grant proposal.

Format – Many funders provide templates for grant budgets. If that's the case, make sure your budget ends up in the correct format.

Budget Type - The budget type will also depend on the timeline of the grant. An annual budget is important for a year-long grant, for example. However, a multi-year grant will require budget projections for each budget period.

Expense Types, Matching Funds, and Revenue – Finally, you'll need to understand the different types of expenses and numbers required and covered by a grant. There are several types of expenses you'll need to consider when creating the proposed budget.

Cost Principles

Cost principles provide standards for determining costs applicable to funded grants and other types of funded projects (contracts and cooperative agreements). The four areas to consider when considering the applicability of costs include:

Allowable –

- Are the costs allowable by the funder?
- Do they fall into the budget?
- Are you sure there are not any prohibitions to the expense?

Allocable –

- Will this specific cost benefit this specific project or program?

- Can this cost be shared by multiple projects or programs?

Reasonable –

- Would a prudent person pay the costs for this good/service?
- Would a prudent person understand this expense?

Consistently Treated –

- Is this cost treated like a direct cost or an indirect cost?
- Is it that way across the board?

Expense Categories

Typically, grant expenses fall within two categories: direct expenses and indirect expenses. Programs or services are considered direct expenses. Indirect expenses are costs that are difficult to allocate to the direct program or service costs.

- **Direct Expenses** - Expenses that can be directly connected to a specific project/program.
- **Indirect Expenses** - Necessary expenses that cannot be directly identifiable to a project/program.

Direct Expense Budget Categories

- Salaries & Wages
- Fringe Benefits
- Professional Services
 - Consultants
 - Marketing/Website
 - Accounting Services
 - Attorneys Services
- Materials & Supplies
 - Office Supplies
 - Postage
 - Telephone Services
 - Computer
- Travel (domestic & foreign)
- Equipment (capital & non-capital)
 - CAPITAL
 - Single item, >\$5,000 with a life expectancy longer than a year
 - Multiple pieces, separately each <\$5,000 but combined >\$5,000, with a life of expectancy longer than a year
 - Identity does not change with use
 - Included in inventory list
 - NON-CAPITAL
 - Tangible property (excluding land, buildings, etc.) with a cost of less than \$5,000
 - Software (not purchased with hardware)

- Printers, cameras, phones
- Filing cabinets
- Shades, shelving, cubical walls
- Blinds, carpeting, lockers

Administrative Costs

The funding announcement will outline if administrative costs should be included in the proposed grant budget. Administrative costs could include costs for project oversight (project administrator), office supplies, internet, computer software, or other items that are needed to support the functions of the project.

Indirect Expenses

Indirect expenses are items that are difficult to directly charge/allocate to a grant budget. These may include rent, utilities, administrative support. Indirect costs may also be referred to as Facilities and Administration (also referred to as F&A costs). For nonprofit organizations, “Facilities” costs are defined as the depreciation of building; equipment; and capital improvement, interest on debt associated with certain buildings; equipment; and capital improvements, and operations and maintenance expenses. “Administration” costs include general administration and expenses such as staff offices, accounting, personnel, and all other types of organization expenditures that aren’t part of the Facilities category.

Refer to the funding announcement and the funding agency website to determine if indirect costs are allowed. When preparing a grant budget, requesting a 10% rate to cover indirect costs is a common practice and generally accepted by funding agencies. If your organization has an approved indirect cost rate, this is the rate that should be used when preparing the grant budget.

Generally Unallowable Costs

- Advertising
- Alcoholic beverages
- Bad debt
- Entertainment
- Fines, interest and penalties
- First Class airfare
- Fundraising
- Gifts
- Lobbying
- Meals (without justification/approval)
- Office Supplies for general office use (without justification/approval)
- Personal Professional Association Memberships

Compare your budget to your Grant Narrative

A grant narrative is the story of what your nonprofit would do with grant money if you received it, and it needs to align with the logistics of your budget. A grant narrative needs

to encompass the basics of a grant. For example, if you're applying for a grant to run a year-long program, your budget should include the costs for the entire year.

However, your narrative also needs to line up with your stated mission in receiving the grant. If you're applying for a grant that will help you operate a free bike ferry to make biking more accessible for residents, your budget's line items should include costs related to that program.

Even the narrative of your grant needs to include concrete, realistic numbers to measure impact. Federal grants, especially, need to understand exactly how you'll use your funds to create change. Using our more accessible biking example above, you could say that you'll use grant funds to improve access to all local bike paths in a defined 10-mile radius of all ferry stops, resulting in 5% more use of those bike trails over the next year.

In this case a proposed grant budget should include line items for ferry operation. But it will also need to include items for measuring outcomes. Surveys, check-in points on trails, a volunteer standing by making tally marks — calculating and considering the costs of these impact measurements will all have to show up in your budget so they can be covered by funding.

In short, after you've added up all your numbers, you need to make sure they tell the appropriate story and help you demonstrate that you'll be able to report on your progress along the way. If it's not clear how a specific line item connects to your grant narrative, you can always include footnotes to add clarifying details to your story.

Cost Share/Matching/In Kind Services

On occasion, a funder may only partially fund a program. Here are some things to consider if your organization is asked to provide cost share or in-kind support:

- Do the cost share/matching requirements require your organization to provide money? Or In-kind support?
- Can your organization meet the required the cost share requirements?
- If yes, clearly outline these in the budget
- If no, consider identifying another grant opportunity
- In some cases, you may be able to request an exemption to this requirement

Types of Cost Share:

- In-Kind – An item of cost for which support is already in place; therefore, no cash outlay is required. (Examples: Salaries, fringe benefits, volunteer services, supplies).
- Cash – Funds contributed from unrestricted institutional resources
- Third Party Contributions – Either in-kind or case contributions from an outside organization that is participating in the project.

Documentation Needed for Cost Share

Type of In-Kind Contributions: Labor

Category	Examples	Valuation	Ideal Documentation	Acceptable Documentation	Unacceptable Documentation
Employee of another organization or Volunteer	Employee donating time	Rate: valued at the employee's regular rate of pay plus fringe benefits exclusive of OH provided that these skills for which the employee is normally paid	A paystub or copy of paycheck or current copy of a contract stating employee's rate	Organization's salary scale or pay scale for similar skill set & activity or other donor salary scale	Curriculum vitae or Resume
		Quantity of Time (LOE)	A work log/timesheet itemizing hours spent on activity signed by employee & supervisor	Letter stating hours spent on activity signed by employee & supervisor/ activity manager	Timesheet or letter missing one or both signatures

Type of In-Kind Contributions: Space

Category	Examples	Valuation	Ideal Documentation	Acceptable Documentation	Unacceptable Documentation
Space	Workshop meeting room, office space	Rate: fair rental value of comparable space	Independent appraisal of comparable space and facilities in a privately owned building in the same locality	Quote from other rental space vendors or recent lease agreement for comparable space	
		Quantity	Letter stating the number of days/months/years donated signed by authorized official of donor entity	Copy of the lease agreement that clearly states dates of rental	Letter stating the number of days/months/years donated not signed or lease agreement that shows no dates

Type of In-Kind Contributions: Supplies and Materials

Category	Examples	Valuation	Ideal Documentation	Acceptable Documentation	Unacceptable Documentation
Supplies	NEW expendable equipment, office supplies, laboratory supplies, workshop supplies	Fair market value of the property at the time of donation	Copies of receipts for donated supplies	Quotes from vendors or receipts for similar items purchased recently or current advertisements	Letter stating prices of donated supplies
Supplies	ON HAND Expendable equipment, office supplies, laboratory supplies, workshop supplies	Fair market value of the property at the time of donation	Quotes from vendors or receipts for similar items purchased recently or current advertisement		Letter stating prices of donated supplies
Materials	NEW and ON HAND training materials, presentation materials, manuals	Fair market value of time invested in producing materials & manuals	Quotes from vendors or receipts for similar items purchased recently or current advertisement		

An example of what you can include in a budget for your grant proposal:

BUDGET ITEM	DESCRIPTION	TOTAL COST
Salary & Wages		
Program Director	o 160 Hours/Month x \$30/hour x 12 months	\$76,800
Program Manager	o 160 Hours/Month x \$30/hour x 12 months	\$57,600
Program Assistant	o 160 Hours/Month x \$20/hour x 12 months	\$38,400
Contracted Services		
Translator	o 40 Hours/Month x \$35/hour x 12 months	\$16,800
Supplies		
Printing	o Workbooks: 300 books x \$12/book	\$3,600
	o Name tags: 300 attendees x \$3.50/tag	\$1,050
Workshop supplies	o Writing pads: 300 pcs x \$2.10/pc	\$630
Equipment		
	o Asus Laptops: 4 x \$600/laptop	\$2,400
	o AV system: 1 x \$800	\$800

When estimating costs for your proposed project, it's a good idea to show funders exactly where their money will go. For example, if your program costs \$20,000 and you're requesting \$10,000 from a foundation, you can show funders how you'll allocate their money and where you'll use matching funds. Including this level of detail helps demonstrate your knowledge of the funder's requirements.

If a specific grant doesn't cover overhead costs, for example, you can show how you'll pay for those without touching the funder's money. It's also a good way to show how you're putting matching funds or other revenue into working to cover the full cost of a program if a grant won't provide everything.

Appendix A Budget Example Cost-Reimbursable

YEAR 1		% effort devoted to Project			Person-months			Base Salary	Salary	Funds Requested	Cost Sharing
		CAL	ACAD	SUM	CAL	ACAD	SUM				
STAFF PERSONNEL (Applicant Organization Only)											
Name	Role on Project										
	Director	15.00%	0.00%	0.00%	1.80	0.00	0.00	\$ 200,000		\$ 30,000	\$ -
	Program Manager	20.00%		0.00%	0.00	0.00	0.00	\$ 80,101	\$ -	\$ 16,020	\$ -
	Community Engagement Liaison/RC	80.00%		0.00%	9.60	0.00	0.00	\$ 49,462	\$ -	\$ 39,570	\$ -
	Community Engagement Manager	10.00%		0.00%	1.20	0.00	0.00	\$ 74,500	\$ -	\$ 7,450	\$ -
	Director Community Engagement	5.00%		0.00%	0.00	0.00	0.00	\$ 103,690	\$ -	\$ 5,185	\$ -
				0.00%	0.00	0.00	0.00	\$ -	\$ -	\$ -	\$ -
				0.00%	0.00	0.00	0.00	\$ -	\$ -	\$ -	\$ -
				0.00%	0.00	0.00	0.00	\$ -	\$ -	\$ -	\$ -
SUBTOTAL PERSONNEL		130.00%	0.00%	0.00%	12.60	0.00	0.00	\$ 507,753	\$ -	\$ 98,225	\$ -
WAGES PERSONNEL											
										\$ -	\$ -
										\$ -	\$ -
SUBTOTAL WAGES										\$ -	\$ -
TOTAL PERSONNEL										\$ 98,225	\$ -
BENEFITS											
	Fringe Benefits @31.2% (Staff)									\$ 30,646	\$ -
	Fringe Benefits @8.2% (Wages)									\$ -	\$ -
TOTAL BENEFITS										\$ 30,646	\$ -
TOTAL PERSONNEL AND FRINGE BENEFITS										\$ 128,871	\$ -
SUPPLIES & MATERIALS											
	General Supplies			Office Supplies						\$ 500	\$ -
	Misc. Supplies			iPad x2						\$ 920	\$ -
TOTAL SUPPLIES & MATERIALS										\$ 1,420	\$ -
TRAVEL											
	Local			patients						\$ 420	\$ -
	Foreign									\$ -	\$ -
TOTAL TRAVEL										\$ 420	\$ -
FOOD											
TOTAL FOOD										\$ -	\$ -
CONSULTANTS FEES											
	(1) Consultant - NHCOA \$100 per hr x 30 hrs									\$ 3,000	\$ -
	(2) Consultant \$93.50 per hs x 120 hrs									\$ 11,220	\$ -
TOTAL CONSULTANTS FEES										\$ 14,220	\$ -
PARTICIPANT SUPPORT COSTS											
	(1) Stipends									\$ -	\$ -
	(2) Travel									\$ -	\$ -
	(3) Subsistence									\$ -	\$ -
	(4) Tuition									\$ -	\$ -
	(5) Other									\$ -	\$ -
TOTAL PARTICIPANT SUPPORT COSTS										\$ -	\$ -
EQUIPMENT											
	Equipment 1									\$ -	\$ -
	Equipment 2									\$ -	\$ -
TOTAL EQUIPMENT										\$ -	\$ -
SUBCONTRACTS											
TOTAL SUBCONTRACTS										\$ -	\$ -
OTHER											
	Study Recruitment/Advertising									\$ 5,026	\$ -
	Translation									\$ 1,000	\$ -
	Patient Incentives									\$ 900	\$ -
	Community Engagement Studio									\$ 7,000	\$ -
TOTAL OTHER										\$ 13,926	\$ -
TOTAL DIRECT COST (TDC)										\$ 158,857	\$ -
MODIFIED TOTAL DIRECT COST (MTDC)										\$ 158,857	XXXXXX
*Total Facilities & Administrative Cost @ 40 % of Modified Total Direct										\$ 63,543	XXXXXX
Inflation Rate @ 0 %										XXXXXX	XXXXXX
*NOTE: Off-Campus = 26% & On-Campus = 48%											
GRAND TOTAL										\$ 222,400	\$ -

Appendix B
Budget Example Fixed Price/Milestone/Deliverables

Activity/Deliverable	Provided by (date)
<ul style="list-style-type: none"> • Provide Sponsor with course curriculum to be taught <u>at</u> the Business Courses. • Provide Sponsor with procurement <u>guidelines</u> • Provide Sponsor with grant eligibility and process <u>documentation</u> • Plan for business advisor technical assistance program • Mentorship Program volunteer coordinator documentation 	Dec. 30, 2022
<ul style="list-style-type: none"> • Run Start Simple Report • One-on-One Technical Assistance Report • Startup Accelerator Report 	15 th of each month

Date	Amount
Dec 15	\$150,000
Jan 15	\$59,960.16
Feb 15	\$59,960.16
March 15	\$59,960.17
April 15	\$59,960.17
May 15	\$59,960.17
June 15	\$59,960.17