

PROJECT BUDGETING

For Grants

TOOLKIT

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CRAFTING AN EFFECTIVE BUDGET



“Just like a 60-second elevator pitch or a 500-word narrative, a project budget is a tool for communication. It is an incredibly useful tool for helping individual artists conduct their practices within financial limits. Project budgets are also a way to share information with a grant review panel, potential donors, and other team members. Creating a strong project budget simply requires artists to present the hard work they are already doing in a new format.”

— From our friends at NYFA

Your project budget should give a clear and specific projection of your revenues and expenses related to the grant proposal. It will include funds from the grant* you are applying for but have not yet received (fingers crossed) as well as funding from other sources (sponsors, crowdfunding, other grants, etc.) and future earned revenue (ticket sales, etc.).

**Note: this toolkit was created to help artists with creating budgets for projects seeking grant funding, but much of this information can be applied to other project proposals for exhibitions, commissions, awards, etc.*

Step 1: RESEARCH, RESEARCH, RESEARCH



As with writing your project narrative, the first step to crafting an effective budget is:

FAMILIARIZE YOURSELF WITH THE FUNDING GUIDELINES.

Research is essential to composing the most accurate budget possible for your project and projecting how likely it is that you will receive funding from a particular source. Start with the granting institution to whom you will apply.

1. What portions of my project expenses will this grant fund?
2. What portions of my project expenses will the grant not cover?
3. What other funding sources or opportunities exist to cover the remaining expenses?

Some awards are relatively unrestrictive while others may have very specific guidelines for use of funds. For example, the funder may stipulate that money may not be used for travel or the purchase of equipment. Some grants require matching funds from other sources, which means they will not fund the entire budget for the project and want you to list your other funding sources (both pending and secured). Other grants require applicants to have non-profit status or to be fiscally sponsored by a 501(c)(3) public organization.

STEP 1: RESEARCH, RESEARCH, RESEARCH CONTINUED**MAKE SURE YOU'RE CLEAR ON THE FUNDER'S EXPECTATIONS BEFORE YOU BEGIN CRUNCHING THE NUMBERS.**

Consider the following questions as you do your funding research:

1. Do they award set amounts, or do grants occur within a wide range?
2. How many projects did they fund in the last cycle and how much was each project awarded? Read about these other projects.
3. Does your project have a similar scope and budget as the ones this organization has funded in the past?

Research Your Project Expenses

Next, spend some time researching all of your expenses. Your budget won't be set in stone – grant administrators know that unexpected changes may come up during the course of the grant period – but they do want to know that you are both professional enough to accurately estimate costs and responsible enough to spend the money wisely.

TIP: The grant application may include specific budget categories that they would like to see identified. Some applications include a sample budget or a budget template that the funding institution prefers that you use.

Here are some common project expenses to consider:

Documentation – photo, video, and/or sound recording of your final event, exhibition, or performance, for your own portfolio and possibly for the granting agency.

Fabrication – Do you need to have something constructed, programmed, or composed? Get a quote and add it to the budget.

Insurance

Marketing – project website fees, paid ads, printed matter, postcard postage, etc.

Materials/Supplies

Rental Fees – Are you renting a performance venue or exhibition space? Renting a lift or other equipment?

Shipping – transport costs for your art, musical instruments, etc.

Professional Services or Fees – Are you using a Fiscal Sponsor? Will you incur fees for permits? Include those fees in your budget.

Travel and/or meals – for you and your collaborators

Your artist fee* – Don't forget to pay yourself for all of your time and hard work!

Your Project Collaborators* – Does your project include other artists? Others should be paid for their labor, too.

Discretionary/Contingency spending*

* – More information about calculating these fees in continuing sections.

Step 2: BRAINSTORM PROJECT EXPENSES



Spend some time brainstorming your project expenses. Begin by considering everything about the project that costs money. Start with the main expenses and list any associated items. Don't worry about the costs at this point, just focus on thinking through the expense list.

- Are you documenting your work? Having photos, video, and/or sound recording of your final event, exhibition, or performance for your own portfolio and possibly for the granting agency?
- Do you need to have something constructed, programmed, composed, or designed?
- Will you need special insurance or permits?
- How do you plan to market your completed project? Printing postcards or flyers? Will you have a website for the project (web hosting fees)?
- What Materials/Supplies will you need?
- Are you renting a performance venue, workspace or exhibition space? Renting a lift or other equipment? Need lighting or sound equipment?
- Will you need to have art work or instruments shipped or professionally moved?

STEP 2: BRAINSTORM PROJECT EXPENSES CONTINUED

- Are you using a Fiscal Sponsor? Include applicable fees in your budget.
- Will your project require travel and/or meals, for you and your collaborators?
- Are you participating in the project as a project lead, curator, or as an artist creating new work?
- Don't forget to pay yourself for your time and hard work!
- Does your project include other artists? Others should be paid for their labor, too.*

*More on this in a continuing section

Cost Out Your Expenses

Next, research the estimated costs associated with each item you listed. Don't know how much something costs? A quick Google search might help otherwise call for quotes or ask another artist who has done similar projects.

Tip: Your budget won't be set in stone – grant administrators know that unexpected changes may come up during the course of the grant period – but they do want to know that you are both professional enough to accurately estimate costs and responsible enough to spend the money wisely.

Here are a few sources to get your started. Don't be afraid to shop around for the best price and quality for your project needs.

PRINTING

- [Copydotcom](#) is a huge supporter of the arts and a great local source for printing flyers and postcards with a short turn-around time. Show them your profile of Fresh Arts Artist Registry for a 10% discount.
- [GotPrint](#) has low pricing for printed items of all kinds (banners, postcards, stickers, etc.) just make sure you include an extra week for shipping time.

MATERIALS/SUPPLIES

- [Jerry's Artarama](#) for art supplies at often discounted prices.
- [JS Canvas Makers](#) for custom panels, stretchers and pedestals.
- [Houston Toolbank](#)*, tool and equipment lending.
- [Reuse Warehouse](#)* *Must be affiliated with a nonprofit to use their materials/services

GRAPHIC DESIGN/PUBLISHING TOOLS

- [PicMonkey](#), Free.
- [Canva](#), Free

Have other recommendations you'd like us to share? Let us know! Email reyes@fresharts.org

STEP 2: BRAINSTORM PROJECT EXPENSES CONTINUED

How to Pay Yourself

Artists should always find a way to pay themselves and their collaborators for their time and efforts. Some common ways to calculate your artist fee include: basing it on a percentage of a reasonable yearly salary, using an hourly rate, or making the fee a percentage of the total project budget. For example:

Based on a percentage of salary (*helpful if the project will be a major source of income*)

For a solid six months of full-time work on a project: 50% of $\$35,000/\text{year} = \$17,500$

Based on an hourly rate (*helpful if you have a consistent “day job” or several projects*)

For eight months of work, 20 hours per month (or 5 hours/week):

$8 \text{ months} \times 20 \text{ hours} @ \$25/\text{hour} = \$4000$

Based on a percentage of the total budget (*using the fee as “administration and overhead”*)

20% of $\$40,000 \text{ project} = \8000

TAX TIP: Keep in mind that grant awards to individual artists are taxed as income, but the granting institution will not take the taxes out for you the way an employer would. Your artist fee should be thought of as pre-tax income, not net income, and be adjusted according to your needs.

It is also important to ask for and keep receipts and invoices related to your project for income tax purposes.

Fresh Arts hosts a FREE Artist Tax Workshop every February. Sign up for the Resource Newsletter to stay-up-to-date with all of our workshops.

How to Pay Your Contributors

Make sure that you are fairly compensating your collaborators as well as yourself. Start with getting a quote from the people you want to work with. If your collaborators are also artists, they may tend to undervalue their labor, which is no good for anyone involved. The sites below are helpful guides to fair pay for artists (including yourself!) in many different disciplines:

Visual artists/performers: wageforwork.com

Dancers and actors: theworkingdancer.com

Musicians (example from a musician’s union in the Dallas/Fort Worth area): musiciansdfw.org

Step 3: ORGANIZE EXPENSES INTO CATEGORIES



Group similar types of expenses together to create line items on your budget. For example, plaster, burlap, and buckets could be grouped under a 'Materials' category. Depending on your budget template, all of the details and subcategories you captured through brainstorming can be listed in a corresponding 'Notes' section, or broken down into separate line items.

HERE ARE SOME COMMON PROJECT EXPENSE CATEGORIES:

- Artist Fee*
- Discretionary/
Contingency spending
- Documentation
- Fabrication
- In-Kind*
- Insurance
- Marketing/Promotion
- Materials/Supplies
- Permits or Fees
- Project Collaborators
- Rentals
- Shipping
- Professional Services
- Travel and/or meals

* – More information about calculating these fees in continuing sections.

**STEP 3: ORGANIZE EXPENSES INTO CATEGORIES
CONTINUED**

Contingency/Discretionary Spending



YOUR BUDGET SHOULD ALWAYS INCLUDE A LINE ITEM FOR CONTINGENCIES AND DISCRETIONARY SPENDING, EQUAL TO 5-10% OF THE TOTAL PROJECT BUDGET.

This allocation includes unexpected spending due to shifts in the project, equipment repairs (like when your hard drive crashes in the middle of a project period), or the need to hire an extra helper. You may not know exactly when you'll spend this money, but you *will* inevitably need a small cushion of funds during the life of the project, and funders will appreciate your forethought.

TIP: The grant application may include specific budget categories that they would like to see identified. Some applications include a sample budget or a budget template that the funding institution prefers that you use.

Step 4: **ASSESS SOURCES OF INCOME**



The income portion of the budget is easy for small projects that require only one source of funding, but larger projects that need multiple forms of support will have to document all of these contributions, including seeking funding from other grants.

Income for a project can be categorized into earned income, unearned income, and in-kind support.

EARNED INCOME

Merchandise or art sales, revenue from expected tickets sales, etc.

CONTRIBUTED INCOME

Funds from project grants, fellowships, cash prizes, etc. This can also include individual contributions through a crowdfunding campaign.

IN-KIND SUPPORT

Goods and services that are not monetary, such as donations of materials. (More on this in an upcoming section).

STEP 4: ASSESS SOURCES OF INCOME CONTINUED

You may include both confirmed, pending, and anticipated/projected funds from any potential income source.

If you've secured other grant funding or plan to apply for more, then these sources should be documented in the budget as well.

Add the word "pending" to funding that has not yet been confirmed and later use the budget narrative to explain your plan (and backup plan) for covering this portion of the money. More on budget narratives in a later section.

In-kind Donations



In-kind donations are goods or services that you receive for free in support of your project, like food from a caterer to serve at your fund-raiser, a free rental of sound equipment, or volunteer labor. In-kind donations are documented by listing them both as income and expenses so that they balance out to net zero dollars.

For example; Free food worth \$500 from your friend who owns a restaurant would be listed as \$500 of in-kind income and listed again as an expense of \$500 for food, because that's what you would have spent had you paid for it.

Step 5:

DRAFT YOUR FINAL BUDGET

Your final budget should be created in a table format and be as simple, clean, and easy to read as possible. Use a spreadsheet in Excel or Google Sheets to organize information and build formulas within the document.

THIS DOCUMENT IS ABOUT NUMBERS, NOT A LOT OF TEXT.

Save any explanation for the budget narrative. Add expenses according to the categories you defined (refer to page #) and make a total for each category before you reach the grand total.

- Clearly lay out all of your calculations.
- Triple check your math.
- Make sure your budget is balanced. Your grand total of expenses should match the grand total of income.

A SIMPLE BUDGET FOR A ONE-NIGHT DANCE PERFORMANCE MIGHT LOOK LIKE THIS:

EXPENSES			
Performers	3 dancers	\$250/performance x 3	\$750
	1 cellist	\$250/performance x 3	\$250
Venue Rental	3 nights	\$200/hr x 4 hours	\$800
Costumes		\$450	\$450
INCOME			
Artist Project Grant		\$1,500	\$1,500
Ticket Sales	\$10/ticket	\$10 x 75 attendees	\$750
		Total Expenses	\$2,250

Please see the end of the toolkit for project budget examples.

HOW TO WRITE A BUDGET NARRATIVE



Also known as a budget summary, budget detail, budget description, or budget justification, the budget narrative is a paragraph that explains what the numbers in the budget table or spreadsheet represent and how you arrived at them.

Not all grant applications require a budget narrative. The benefit of preparing a budget narrative is that it requires you to get down to your project's nitty-gritty details by laying out who will accomplish what and when, as well as how you arrived at costs.

Along with the budget, the budget narrative tells a funder exactly how a nonprofit will spend its investment, item by item. From a funder's perspective, the budget narrative ensures:

- 1. You did your research and that your project costs are reasonable and well thought out.**
- 2. Your project is within the funder's giving range and/or it includes a plan to seek additional funding.**

This is a great place to get feedback from a friend who is reading your proposal for the first time and, for example, doesn't understand why you need to buy 40 pounds of glitter. Their question is your cue to write about why the glitter is essential to the project and where you got the quote for purchasing it. You can also justify your artist fee by talking about the amount of time you expect to spend on the project, detail the rental fees of your rehearsal space, and explain the avenues you've chosen to market the work. The granting institution may also provide specific questions for you to address in this section.

HOW TO WRITE A BUDGET NARRATIVE CONTINUED

EXAMPLE BUDGET NARRATIVE EXCERPT:

Going back to the simple budget example listed in the previous section, here is an example of a budget narrative:

“The funding I seek from this grant will be used primarily for artistic costs associated with hiring three local dancers and a cellist for the one-night showcase. Participating artists are paid according to industry pay standards. The confirmed venue and its rental cost for 4 hours includes performance space, lighting, sound, and seating with no other anticipated rental expenses. Additional expenses include custom costumes for each dancer. In addition to grant funds, I am offsetting costs through ticket sales which are intentionally priced at just ten dollars to reach a wide public audience with a conservative goal of 75 patrons.” (100 word count.)

Before You Submit Your Grant

1. Go back and reread the grant guidelines to ensure that your project expenses are in line with their funding guidelines.
2. Triple check your budget numbers to confirm your budget is balanced.
3. Have a friend* review your grant to ensure that your project narrative and budget are in alignment.

**Fresh Arts also offers grant peer review sessions as part of their new PeerLab program. Sign-up for our [Resource Newsletter](#) or check out our [Workshop schedule](#).*

Sample Budget For Literary Project

	CASH	IN-KIND	TOTAL	NOTES
EXPENSES				
Artist Fees				
Contributors	\$2,000		\$2,000	\$200 x 10 Contributors
Project Lead	\$1,000		\$1,000	\$20/hr x 50 Hours
PRODUCTION				
Materials/Supplies	\$500		\$500	Paper and Binding
Labor	\$250	\$250	\$500	Layout/Design
Equipment				
Documentation	\$1,000		\$1,000	Chapbook printing/Photo Documentation
Other	\$500		\$500	Taxes
MARKETING				
Fliers	\$100		\$100	
Web/Media	\$200		\$200	
Stickers	\$100		\$100	
TOTAL EXPENSES			\$5,900	
INCOME				
ABC Grant			\$4,000	
Other Grants			\$1,250	City Arts Grant (Pending)
In-Kind			\$250	Original Cover Art/Design
Merchandise Sales			\$400	Sales of Chapbook and Stickers
TOTAL INCOME			\$5,900	Total Income should equal Total Expenses

*From our friends at***Creative Capital** **Sample Visual Arts Project Budget****EXPENSES****Artist Fee**

Salary for Spring Semester Leave \$25000**

Materials:

Production materials \$5500

Work Space

Studio rent \$3000 (\$500 x 6 months)

Studio assistant \$2400 (\$12 x 200 hours)

Internet, phone service \$60 (\$100 x 6 months x 10%)

Research Travel

Seattle to Kansas City plane ticket \$500

Car rental \$525 (\$35 x 15 days)

Lodging & Meals \$2250 (\$150 x 15 days)

Promotion & Publicity

Web Designer & Launch \$1000

Documentation of work \$400

In-Kind:

Use of University carpentry shop \$100 (\$50 x 2 days)

Contingency

~5% of total budget \$2000

Total Expenses: **\$42,735****INCOME**

State Art Council grant \$7500 confirmed

Foundation \$10000 confirmed

Private donors \$10000 projected

Sale of work \$20000 projected

In-kind donation \$100

Total Income: **\$47,600****Projected Profit** **\$4,865**

**this line item assumes there are no collaborators on the project

Sample Film, Video, or Moving Image Project Budget

EXPENSES

Development & Pre-production

Transportation and meals (airfares, car rental, lodging, meals, per diems)	\$3600
Materials	\$900
Personnel (director, producer, writer, researcher)	\$20000
Administration (phone, postage, copies, internet, fiscal agent fees)	\$1700

Production

Transportation and meals (airfares, car rental, lodging, meals, per diems)	\$15000
Materials	\$3200
Personnel (director, producer, production crew)	\$42000
Actors	\$50000
Administration (phone, postage, copies, internet, fiscal agent fees)	\$2000
Production equipment and facilities rental	\$9500

Post-production

Transportation and meals (airfares, car rental, lodging, meals, per diems)	\$6000
Materials	\$2640
Personnel (director, producer, editor, sound engineers, etc)	\$42000
Administration (phone, postage, copies, internet, fiscal agent fees)	\$4600
Lab fees and post-production facilities (dubs, editing, subtitles, mix)	\$16000

Distribution Launch

Transportation and meals (airfares, car rental, lodging, meals, per diems)	\$8000
Personnel (director, producer, production crew, publicist)	\$5000
Mastering & production	\$5000
Administration (phone, postage, copies, internet, fiscal agent fees)	\$1000

Contingency

~5% of total budget	\$12000
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Total Expenses:

\$250,140

INCOME

Confirmed

Foundation	\$10000
State Art Commission	\$8000
Kickstarter Campaign	\$10140

Pending

Paul Robeson Foundation	\$10000
Private Donors	\$60000

Projected

Direct online sales (\$20 x 1000 units)	\$20000
Cable TV rights	\$50000
Foreign rights	\$20000

To Be Raised

\$5200

Total Income

\$250,140

*From
Creative Capital*

Example of an Interdisciplinary Project Budget

EXPENSES

Artist's Fee

Salary for Spring Semester Leave \$29000

Materials:

Production materials \$5500

Equipment \$8700

Software \$3300

Fabrication \$10000

Sub-total: \$27500

Work Space

Studio rent & utilities \$4000 (\$500 x 8 months)

Studio assistant \$2250 (\$15 x 150 hours)

Sub-total: \$6250

Research Travel

2 plane tickets: Minneapolis to New Orleans \$800

Car rental \$525 (\$35 x 15 days)

Lodging & Meals \$2250 (\$150 x 15 days)

Sub-total: \$3575

Promotion & Publicity

Web Designer \$1400

Marketing consultant \$500

Documentation of work \$500

Sub-total: \$2400

In-Kind:

Use of University Lab \$1500 (\$50 x 30 days)

Total Expenses: **\$70,225**

INCOME

Faculty grant \$2500

Foundation Grant \$10000

Sale of work (estimate) \$8000

In-kind donation \$1500

To be raised \$48225

Total Income: **\$70,225**

*From
Creative Capital*

Example of a Literary Project Budget

EXPENSES

Writer's Fee & Advance

Writer's Fee	\$30000
Publisher's Advance	<u>\$5000</u>
<i>Sub-total</i>	<i>\$35000</i>

Materials:

New Laptop computer	\$2000
Ink cartridges	\$500
Office supplies	<u>\$200</u>
<i>Sub-total</i>	<i>\$2700</i>

Work Space

Writer's Room	\$4500 (\$250 x 18 months)
Intern	\$1200 (\$12 x 100 hours)
Telephone, fax, internet	<u>\$450 (\$100 x 18 months x 25%)</u>
<i>Sub-total</i>	<i>\$6150</i>

Research & Travel

Travel to Artist Residency	\$750
Lodging & Meals	<u>\$1500</u>
<i>Sub-total</i>	<i>\$2250</i>

Book Production

Reproduction & Permission fees	\$750
Photographer for Author photo	<u>\$350</u>
<i>Sub-total</i>	<i>\$1100</i>

Promotion & Publicity

Agent's fee (15% of advance and rights income)	\$1800
Freelance Publicist	\$1200
Northeast mini-book tour	<u>\$2100</u>
<i>Sub-total</i>	<i>\$5100</i>

Total Expenses ***\$52,300***

INCOME

Foundation grant	\$5000
Grant (pending)	\$7500
First serial excerpts	\$750
Royalties (2,500 copies x \$2.50)	\$6250
Foreign publication rights	\$5000
To be raised	<u>\$27,800</u>

Total Income ***\$52,300***

*From
Creative Capital*

Example of a Performing Arts Project Budget

EXPENSES

Artists' Fees:

Artistic Director	\$35000
Performers	\$39000
Costume Designer	\$2500
Composer	\$6000
Videographer	<u>\$2000</u>
<i>Sub-total:</i>	<i>\$84500</i>

Production Costs:

Rehearsal Space	\$5000
Costumes	\$1500
Set Design	\$1200
Lighting & Sound	\$3000
Equipment Rental	<u>\$1800</u>
<i>Sub-total:</i>	<i>\$12500</i>

Research & Travel:

Travel to Tallahassee, FL	\$1000
Car rental	\$500
Food & Lodging	<u>\$1500</u>
<i>Sub-total:</i>	<i>\$3000</i>

Marketing & Promotion:

Blu-ray/ DVD production & duplication	\$1000
Photography	\$1000
Printing materials	\$750
Press Kit assembly & postage	\$1500
Website design	<u>\$1500</u>
<i>Sub-total:</i>	<i>\$5750</i>

Administrative Costs:

Office materials	\$250
Utilities	\$1000
Assistant	<u>\$3000</u>
<i>Sub-total:</i>	<i>\$4250</i>

Total Expenses: ***\$110,000***

INCOME

Commissioning Fee	\$15000
State Arts Council	\$10000
To be raised	\$85000

Total Income: ***\$110,000***

*From
Creative Capital*

LOOKING FOR MORE RESOURCES TO HELP SUPPORT YOUR ART CAREER?

Checkout ***Fresh Arts Artist Resource Library***, an online curated selection of dozens of artist business resources, including career-focused articles, templates, and tool kits on topics such as marketing, finances and fundraising, legal issues, health and self-care, and other artist business essentials. New Resource Toolkits will be launched throughout the year so check back often or sign-up for our newsletters.

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