



# HOW TO WRITE A BUDGET FOR A PROJECT

**What is the BUDGET?** A budget is an essential tool for planning a new project, making a funding application or drawing up a business plan.

It is a practical plan, which outlines the cost (expenditure) of a project, and works out the amount of money it will make (income), plus any extra finance needed to make sure the project is a success.

Project budgets look at income and expenditure relating to that project over the period of time the project runs.

A budget is a list of your income and your expenses. The difference between them is known as 'the bottom line' or your net income. If your bottom line is negative then you need either more income or less expenses, if it is positive, then you are in good shape!

It's good practice to detail in-kind sponsorship – services or materials given to you without you paying for them. In the example on page 17, paint and accommodation are recorded as in-kind. The true value of these donations or sponsorship should be calculated, and be shown as both a cost and as income for your project. This is a way of recording these items in your budget. One of the reasons for doing this is that potential funders and other supporters like to see who else is supporting the project.

## **Income might include:**

- grants, donations, fundraising, and sponsorship (including sponsorship in kind)
- registration fees for attendees
- ticket sales
- sale of work

## **Expenses might include:**

- materials used to create your work
- equipment and facilities hired for specific events, rehearsal, production or workshops
- fees paid to people for running workshops, tutoring, consultancy, project management
- catering
- promotional costs e.g. posters, online advertising...
- travel costs, accommodation
- rent, rates and insurance for the office, studio or venue.
- power and phone bills
- office administration, e.g. IT, stationery, postage

## FREQUENTLY ASKED QUESTIONS

### Do you need to contribute to the project costs?

This depends on the funder – check with them. Most prefer to see some contribution from the organisation

### What if we have funds in our bank account?

Explain clearly what the funds in your bank account or term investments are to be used for. These may be tagged for a specific purpose such as operating costs or saving toward buying new important items (capital items) etc.

### How much to ask for?

This depends on the project and what the funder might fund. Check their average grants or ask the funder. Funders also look at the size and purpose of your group.

### What if two funders fund you for the same project?

Ask one of the funders if you can use the grant for another eligible project.

### What if you receive less than you need?

You may need to hold the grant and raise other funds before the project can go ahead. If it is not possible to do the project, advise the funder. Ask if you need to return the money or if you could spend it on a similar project.

### What about volunteer costs?

Check with the funder whether volunteer input can be included as part of the income for the project.

- Don't inflate – funders compare costs.
- Don't forget indirect costs when you are costing a project e.g overheads i.e. rent, power etc
- Check your addition! Does it all add up?

### A note about GST

Organisations with turnover of more than \$60,000 pa must register for GST. Ask IRD for advice if you are unsure.

## HOW TO DO A SIMPLE BUDGET

On the next page, list all of your resources and things that will cost money vertically on the page. To the right of these, put an estimated \$ cost. This is your list of expenses. Add these up, and put a total at the bottom of the column.

Now list all of your current income sources (if any) and put the \$ amounts to the right again. If any of the

items on your expenses list are being donated / lent / gifted, list those items again as income. Total up the income and put a total at the bottom of the column.

The difference between your total expenses, and your total income is the cost that you will need to cover through funding/sponsorship etc.

| Project costs     | Amount (\$) |
|-------------------|-------------|
|                   |             |
| <b>Total cost</b> |             |

| Project income      | Amount (\$) |
|---------------------|-------------|
|                     |             |
| <b>Total income</b> |             |

|                              |  |
|------------------------------|--|
| <b>Total cost of project</b> |  |
| <b>Less total income</b>     |  |
| <b>Difference</b>            |  |

The following is an example of a budget from a Creative Community Scheme funding application for a street art festival.

## PROJECT COSTS

Write down all the costs of your project and include the details.

For example materials, venue hire, promotion, equipment hire, artist fees and personnel costs. See CCS Application Guide page 6.

| Item                           | Detail  | Amount (\$)        |
|--------------------------------|---|--------------------|
| Paint (Resene) *Required       | Enough paint for each artist (but not spray-paint)    | \$10,000.00        |
| Spray paint                    |   | \$979.00           |
| Equipment (scissor lifts).     | \$205/day for 5 walls (not all walls will need lifts) | \$3,075.00         |
| Per Diems for artists          | \$50 each/day   | \$1,500.00         |
| Travel for out of town artists | \$100 each  | \$500.00           |
| Accommodation                  | 5 artists, 3 nights each = 15 nights                  | \$1,500.00         |
| Website                        |   | \$1,000.00         |
| Poster/flyer design            |   | \$500.00           |
| Printing posters               |   | \$750.00           |
| Printing flyers                |   | \$750.00           |
| Facebook boosts                |   | \$100.00           |
| Filming event                  |   | \$2,500.00         |
|                                |   | <b>\$23,154.00</b> |

## PROJECT INCOME

Write down all the estimated income you will get for your project from ticket sales, sale of artwork, other grants, donations, your own funds, other fundraising.

Do not include the amount you will be requesting from CCS.

| Item                     | Detail  | Amount (\$)              |
|--------------------------|---|--------------------------|
| Paint (Resene) *Required | Sponsorship *   | \$10,000.00<br>*Required |
| Accommodation            | Sponsorship (TBC, or will use billiting)                              | \$1,500.00               |
| WEL Energy Trust         | TBC   | \$1,500.00               |
| Sky City Hamilton Trust  | TBC   | \$1,000.00               |
| Trust Waikato            | TBC   | \$1,500.00               |
| Creative New Zealand     | website and support of national artists to give workshops/talks - TBC | \$1,500.00               |
| Business sponsorship     | TBC   | \$1,050.00               |
|                          |   | <b>\$18,050.00</b>       |

B: Total income \$18,050.00 Must be a dollar amount  
Calculate your requests from CCS using this table

A: Total cost of project \* \$23,154.00 Must be a dollar amount  
B: Less total income \* \$18,050.00 Must be a dollar amount  
C: Difference \* \$5,104.00 Must be a dollar amount  
D: Amount requested from CCS \* \$5,104.00 Must be a dollar amount