

**WORKSHEET**

PREPARING A PROJECT BUDGET

A worksheet to help create an accurate, up-to-date budget in order to plan, maintain control over your project finances, and report how your money is being used.

THIS WORKSHEET WILL HELP YOU TO:

- ✓ **PLAN AND TELL THE STORY OF YOUR PROJECT IN FINANCIAL TERMS**
- ✓ **IDENTIFY HOW MUCH MONEY YOU WILL NEED AND WHERE TO GET IT**
- ✓ **ACCURATELY ESTIMATE THE COSTS OF RUNNING YOUR PROJECT**
- ✓ **KEEP TRACK OF FINANCES AND ADJUST AS NECESSARY**



ABOUT THE WORKSHEET

There's a lot that you can do to make change happen in your community. But most projects, campaigns and ventures that you come up with will cost money and require income.

It's therefore really important to be clear on your project budget from the beginning. A budget tells the story, in financial terms, of what your plans are. It will help your group plan accurately and stay on top of the money, and will help funders see how realistic your plans are.

Setting a budget can be a little daunting at first, but there's nothing mysterious. Think about it like writing a shopping list, with a cost for each item.

At its most basic, a budget will include your projected expenses, projected income, and the difference between them. How specific and complex the actual budget needs to be depends on how large the project is, how many funders you will need, and what their requirements are.

Your budget will likely begin with estimates, and as the year progresses, those estimates need to be adjusted to be as accurate as possible to keep track of what's really happening.

To get you started, this worksheet sets out the basics of preparing budget estimates and provides a template you can use.



CREATING YOUR PROJECT BUDGET

When creating a budget, it's usually recommended to start with expenses, then income.

1. Estimating Expenses

What will you need to pay for?

Think through all of your planned activities and everything that will cost money. Write a list of all the items.

In estimating your expenses, start with anything concerning the payment of people. The list may include the following:

- Salaries for employees
- Benefits for salaried employees
- Volunteer expenses
- Fees for contractors and consultants

Next, identify all the other expenses. These expenses may include:

- Rent
- Utilities and Telecoms
- Insurance
- Professional Fees
- Office supplies
- Equipment and Materials
- Subscriptions
- Travel and Subsistence
- Training

When you first start out it can be difficult to work out costs, but don't just guess. Estimate the cost of each item as accurately as you can by doing some research. Keep notes of how you arrive at your figures, and this will help to explain them to others or easily check them.

Ensure you list estimated expenses for things which you aren't sure you can afford, but would like to do. If you will be spending money on an activity that will also be making you money, you should still include the whole cost of the activity as an expense. Also, remember to consider any special startup costs associated with your project, and any costs specific to your work.



When you add all of the expenses together, the total is what you realistically think you will need to run your project or campaign.

2. Estimating Income

How much will you receive as income?

Make a list of all the likely sources of money and estimate how much you will get from each. List all actual figures or estimates for what you can expect.

It can help to separate your income into two main categories, “earned” income (also called “revenue”) and “contributed” income (also called “grants and contributions”):

- Your earned income may come from contracts or agreements that you secure to provide a service, from product sales, from memberships, or other sources.
- Your contributed income may come from grants (government or foundation), corporate sponsorship or some form, gifts or donations from individuals, or fundraising from events or other activities.

At this stage the income may either be confirmed or uncertain. For example, you may still be putting together grant applications to more than one source in the hope of covering your costs, or be uncertain about what fee income you can earn once the project starts.

Try to make the best estimates you can. Keep notes of how you arrive at your figures and the main assumptions that underpin your estimates. Don't leave anything out, even if the income will be spent as soon as you receive it.

Add up all the income items you have listed.

3. Putting Together the Budget

Once you have worked out all of your estimates put this together in a simple spreadsheet format that you can share with others.

The simplest budget is one which lists projected expenses by category and projected income by source, with totals for each. Start by listing your income items (with associated subtotals) before going on to list expected expenses. You can use the template layout provided later as a starting point and adapt it as required, depending on the amount of detail you require.



This simple budget will enable you to see how much you intend to spend, how much you intend to take in, and what the difference is, if any:

- If your projected expenses and income are approximately equal then your budget is balanced.
- If your projected expenses are significantly less than your projected income, you have a budget surplus that would enable you to expand or improve activities or put some money away for when you need it.
- If your projected expenses are significantly greater than your projected income, you have a budget deficit, which means that you'll either have to find more money or cut expenses.

Check the draft budget with others in your group to ensure you haven't missed anything, and that your estimates appear accurate. Carry out further research or seek expert advice where required.

4. Keeping Track of Money

Use your budget to keep track of your finances once your project gets started.

Keep good financial records.

Make sure you review your budgets on a regular schedule - once a month is usually enough. Each month you should review the actual income and expenses to date, and compare those figures with the budget.

Keep careful track of your money. If you receive income you didn't anticipate, or if your spending estimates are off, you should take this into consideration straight away.

If there is a big difference between the budget and the actual figures, you may need to adjust your plans. Ensure you don't overspend.



PROJECT BUDGET TEMPLATE

	ESTIMATE
INCOME	
Earned Income	
Contracts	
Product Sales	
Memberships	
Subtotal	
Contributed Income	
Government Grants	
Foundation Grants	
Corporate Sponsorship	
Gifts and Donations	
Fundraising Events	
Subtotal	
TOTAL INCOME	
EXPENSES	
People Expenses	
Salaries	
Staff benefits	
Volunteers	
Contractors	
Subtotal	
Other Expenses	
Rent	
Utilities and Telecoms	
Insurance	
Professional Fees	
Office supplies	
Equipment and Materials	
Subscriptions	
Travel and Subsistence	
Training	
Subtotal	
TOTAL EXPENSES	
BUDGET SURPLUS/DEFICIT	



FURTHER INFORMATION

Thanks for taking the time to check out this guide.

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