Developing Budgets for Grant Applications

TOOLKIT NAME

Grants Management

DEVELOPED BY

NETWORK
FUNDRAISING
SERVICES

Grant applications typically require program or project budgets. If your Programs or Finance Team does not already have a detailed budget that was used to inform the annual operating budget, here are guidelines for creating a program budget you can use throughout the fiscal year. For example, how do you create a *program* budget for Kids Cafe Program? Or how do you create a *project* budget for a capacity building need? How do you translate your program or project budget to the grant maker's budget template? This guide helps to simplify and make budgeting less intimidating. Create a budget you can defend and you're on your way to more funding.

BUDGET TYPES

Budgets are snapshots of projected expenditures and revenue for your organization, specific program or project. It is important to keep in mind that a complete budget shows both expenses and revenue. Funders not only like to see that you have accounted for what something costs, but how you will fund it during and beyond their investment. Be sure to understand what your funder is expecting.

⇢ **Annual Operating Budget**: An annual operating budget is prepared annually by various team members and reviewed and approved by the Board of Directors. Often, a grant writer may not be involved in this process except to forecast grant revenue. This budget is a required attachment for nearly every grant submission. Ensure you have a simplified version for your grants – ideally a one-two page PDF with a header consisting of your logo, organization name, dates of fiscal year it covers and just two columns of expense/revenue description and dollar amount. In most cases, expenses and revenue will balance but if not, include a reason as to why.

BUDGET TYPES – (continued)

⇢ **Program Budget**: It is not uncommon to have an annual budget that is created based on expense and revenue type that is not broken out by specific program. You may find that going directly to the managers responsible for those programs may have a more detailed budget for just their programs that rolled up into the larger budget. If so, you're a step ahead. IF NOT, IT'S OKAY. In the next section, we provide suggestions for creating program budgets for your organization and most importantly, your grants.

⇢ **Project Budget**: Some funders do not require a detailed grant proposal budget. Therefore, keep it simple. For example, perhaps you are adding a piece of equipment to the food bank or to a partner agency. What does that project cost? Consider a few line items for your budget such as staff time to research and administer project, cost of equipment, delivery of equipment, perhaps electric upgrades to install equipment.

PROGRAM BUDGETS FOR CONSIDERATION

As a grant writer, you may find that your organization has a solid annual operating budgeting process, yet for grant applications, you need detailed program budgets. Where to begin? Here are a few ways to go about this. However, don't develop these budgets on your own. Seek support from your grants team (Development, Programs, Finance staff, etc.) on what type of program budgets you feel comfortable developing and defending. Perhaps it's a mix of some of the samples below. Remember, budgets are snapshots of projected expenditures and revenue and the budget you provide to a funder will form the basis of the final report you submit back to the funder.

1. **By Program**: Food bank grants are often submitted for specific programs such as Kids Cafe, Backpack, or Mobile Pantry. When you have a funder interested in childhood hunger, or rural hunger, these programs fit the bill. And your programs staff should have all the metrics and stories you need to write a grant about the program. You may also find your Finance team uses GL codes that can help to quickly discern different budget items.

    a. **From Annual Operating Budget**: If you can, it is best to align your program budget line items with your organization's annual operating budget line items. To do this per program, consider how many pounds a program distributes, as a percentage of total pounds distributed, and use that percentage as a percentage of each operating budget line item.

    b. **From Scratch**: See sample program budget on next page to account for DIRECT program expenses (the main costs of running the program), revenue from other sources, and what you're specifically requesting of the funder. These can be developed annually with your grants team (Development, Program, Finance staff, etc.) and are typically done AFTER your annual operating budget is finalized. Sit down and discuss how and who best can pull each line item such as what percentage of time Program staff are working on a program, how much food and what it costs, supplies, etc.

TIP	**TIP**
Not sure how to calculate donated food costs for your programs? Work with Finance and Operations for an average cost for each program, as it varies due to the variety of ways we talk about food costs, including Shared Maintenance, Product Acquisition Costs, and Cost to Distribute a Meal (net and gross). If writing a multi-year grant, be sure to adjust for projected rise in costs for food.	Administrative Line: It is common to allow up to 15% for indirect administrative costs in all program budgets. However, if your organization claims that less than 5% of annual costs goes to administration, consider using that percentage. This gives you another opportunity to explain and claim your efficiency.

*For explanations of the different types of food costs, see the *Addendum: Food Costs Explained* at the end of this guide.

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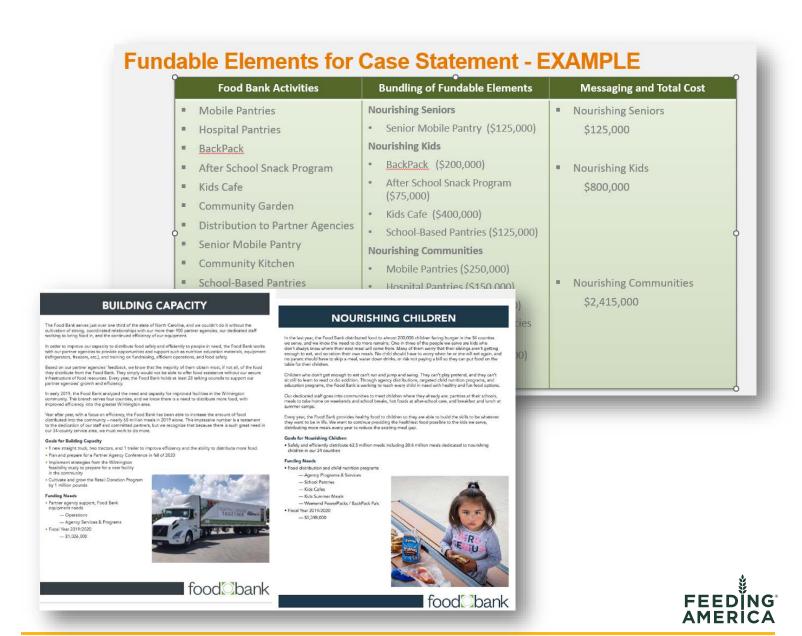
SAMPLE SUMMER KIDS CAFE PROGRAM BUDGET			
	"Funder Name" Funding	Other Funding Sources	Total (Grant Funding + Other)
Salaries and Benefits			
Example: *Position title, monthly salary, portion of FTE applied to this program, and # of months*	$ 10,000.00	$ 10,000.00	$ 20,000.00
Truck Driver, $2000 monthly, 100% applied, 3 months	$ 3,000.00	$ 3,000.00	$ 6,000.00
Administrator, $5000 monthly, 25% applied, 5 months	$ 2,000.00	$ 6,250.00	$ 8,250.00
Commercial Kitchen Chef, $2600 monthly, 75% applied, 4 months	$ 4,000.00	$ 3,800.00	$ 7,800.00
President/CEO, $6500 monthly, 10% applied, 4 months		$ 2,600.00	$ 2,600.00
			$ -
			$ -
Total Benefits *(specify calculations in narrative)*	$ 2,000.00	$ 2,077.00	$ 4,077.00
Subtotal Salaries & Benefits	**$11,000.00**	**$17,727.00**	**$28,727.00**
Program Expenses			
Purchase of Food	$ 6,000.00	$ 4,000.00	$ 10,000.00
Adult meals at congregate feeding sites			$ -
Enrichment activities and incentives			$ -
Equipment		$ 1,090.00	$ 1,090.00
Supplies and Disposables	$ 1,000.00	$ 1,636.00	$ 2,636.00
Outreach Efforts			$ -
Transportation	$ 2,000.00	$ 1,000.00	$ 3,000.00
Other (please specify)			$ -
Other (please specify)			$ -
Other (please specify)			$ -
Other (please specify)			$ -
Subtotal Program Expenses	**$ 9,000.00**	**$ 7,726.00**	**$16,726.00**
Total Program Budget *(Salaries + Program Expenses)*	**$20,000.00**	**$25,453.00**	**$45,453.00**
	Must equal requested amount		

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2. **By Fundable Element**: Fundable Elements are annual organization activities presented in a compelling way to donors. They are organized around an impact area or theme, include all activities related to that impact area or theme and fully loaded costs incurred to perform those activities, and articulate the strategic importance of the impact area or theme to the organization's mission. Fundable elements break the mold of just talking about programs, resulting in larger program budgets and more narrative about our work.

   a. **Fundable Elements by Population:** Feeding/Nourishing Kids, Feeding Seniors, Feeding Families/Communities

   b. **Fundable Elements by Theme:** From Hunger to Health, Environmental Sustainability, Capacity Building

   c. **Visit** Learning Hub Case for Support

Fundable Elements for Case Statement - EXAMPLE

Food Bank Activities	Bundling of Fundable Elements	Messaging and Total Cost
▪ Mobile Pantries	**Nourishing Seniors**	▪ Nourishing Seniors
▪ Hospital Pantries	• Senior Mobile Pantry ($125,000)	$125,000
▪ BackPack	**Nourishing Kids**	
▪ After School Snack Program	• BackPack ($200,000)	▪ Nourishing Kids
▪ Kids Cafe	• After School Snack Program ($75,000)	$800,000
▪ Community Garden	• Kids Cafe ($400,000)	
▪ Distribution to Partner Agencies	• School-Based Pantries ($125,000)	
▪ Senior Mobile Pantry	**Nourishing Communities**	
▪ Community Kitchen	• Mobile Pantries ($250,000)	▪ Nourishing Communities
▪ School-Based Pantries	• Hospital Pantries ($150,000)	$2,415,000

3. **By Counties**: Sometimes it is important to summarize the work you are doing in a county, which can also be a Fundable Element, sometimes called Feeding Communities or Feeding Families. Doing so can help you raise funds from foundations and corporations that are located in those counties or give grants to that county. Determine county budgets and stats and you're on your way to creating a case for each county and showing your impact.

   a. **Budget by County**: Determine how many pounds or meals each county distributes as a percentage of total pounds or meals distributed. Using your annual operating budget, calculate how much each county "costs" by multiplying that percentage by each expense line item.

   b. **Stats by County**: Work with your Agency Relations and Programs team to determine general and program stats, such as below.

Expenses	BUDGET FY2023	County name	County name
Wage Expense	$2,592,664	79,589	1,352,101
Employee Benefits	$350,000	10,744	182,529
Payroll Taxes	$186,800	5,734	97,418
Human Capital Expense	$42,050	1,291	21,930
Professional Development	$47,800	1,467	24,928
Accounting & Financial	$53,950	1,656	28,135
Technology Fees	$209,484	6,431	109,248
Business Insurance	$100,000	3,070	52,151
Vehicle Maintenace & Fuel	$136,950	4,204	71,421
Building Maint	$67,760	2,080	35,338
Equipment & Maint	$30,160	926	15,729
Utilities	$129,000	3,960	67,275
Postage	$64,240	1,972	33,502
Printing	$5,162	158	2,692
Supplies	$46,990	1,442	24,506
Memberships	$28,860	886	15,051
Marketing & Development	$200,000	6,140	104,302
Special Events	$67,250	2,064	35,072
Freight - Food Bank	$60,000	1,842	31,291
Interest Expense	$0	0	0
Inventory Purchased	$1,460,000	44,819	761,405
Goods Purchased -Programs	$0	0	0
Donation in Kind Expense	$48,200	1,480	25,137
Depreciation	$350,614	10,763	182,849
Agency Grant Expense	$49,975	1,534	26,062
Community Engagement	$7,000	215	3,651
Development	$5,500	169	2,868
Miscellaneous Expense	$2,500	77	1,304
Goods Donated	$15,000,000	460,468	7,822,654
Program Total	**$21,342,909**	**$655,182**	**$11,130,547**
FY2022			
Total Meals Served	6630266	203535	3457752
		3.07%	52.15%

General Numbers	
Total Meals Needed FY 23	
Total Meals Served FY 23	
Total Meals Needed FY 24	
FIP Total	
Overall Food Insecurity Rate in %	
Ratio (1 in x)	
FIP Children	
Food Insecurity Rate in Children	
Ratio in Children (1 in x)	
BackPack Program	
Total BP Sites	
BP total bags served yearly (duplicated)	
BP average kids served weekly	
Total BP meals served for year	
Elderly Nutrition Program	
ENP average individuals served monthly	
ENP boxes	
Toal ENP meals served	
Kids Cafe Program	
Kids Café average kids served daily	
Total Kids Café meals served (lbs to meals)	
Member Agencies	
No of Member Agencies	
Total Member Agencies Meals Served	
Mobile Food Pantry Program	
MFP total HH served yearly (duplicated)	
MFP total Individuals served yearly (duplicated)	
MFP average HH served monthly	
Total MFP meals served	
SNAP Outreach	
SNAP Applications (Outreach & Hotline)	
SNAP Meals Provided	
Summer Feeding Program	
Summer Feeding average # of kids served daily	
Total Summer Feeding meals served (lbs to meals)	

4. **By Project:** Grant writers are sometimes put in the position to make a request (with approval) for something unbudgeted, such as equipment or vehicles. And sometimes funders do not require a detailed grant proposal budget. Therefore, keep it simple.

Food Bank Emergency Food Box Pantry	
Cooler and Chest Freezer	$3,590.65
Shelving Units	$3,001.35
Industrial-size Platform Scale	$635.00
Total Project Cost	**$7,227.00**

ENSURING BUDGETS ALIGN WITH FUNDER EXPECTATIONS AND NARRATIVE

You've put in all this great work to develop budgets by program, fundable elements, or county. But when you write the grant, the funder has a completely different budget template to use. Don't fret. Align your budget with theirs the best you can. Create a working budget and color code the expenses you chose in your budget to put in their line items. When it comes to reporting, this internal working budget will be useful. Also, often the funder will allow you to add line items or have an "Other" line. Use it.

Also, make sure your grant budget is consistent with your grant narrative. When they ask specifically what their funding will be used for, and you indicate in your budget that you will apply their grant to food costs, talk about the specific food costs in your grant narrative. Do not say it will be used for "Kids Cafe Program," or to "Feed Kids," for example. Share how you acquire food, how you determined cost per pound, and/or how many pounds or meals their investment will yield.

SUSTAINABILITY OF PROGRAM/PROJECT BEYOND THE GRANT

Most funders require applicants to explain how your program, fundable element, or project will be sustained beyond their grant investment and grant period. Often, except for the case of a project grant, you can use the same paragraph and update it annually. Food banks and hunger relief partners often have well-rounded fundraising programs so be sure to talk about your various strategies. For example:

"In order to sustain our efforts beyond this grant, our plans to raise the funds necessary include these various strategies. First, a direct mail program…. By building individual giving through direct mail, we also build our individual major gifts program... Grants…local, regional, state…and grants provided through our national office, Feeding America. In addition to grants from Feeding America, we are also recipients of cause-related marketing funding... Our local United Way continues to be strong supporters and advocates of our work…. And, we have added fundraising events… Volunteers save us time…. Donated food saves us expenses…."

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Developing Budgets—*continued*

Additional resources…

Feeding America resources

Look at budget examples from fellow network members in the Examples from the Network section of this Grant Management Toolkit.

External resources

Check out Intstumentl's blog post on Four Examples of Grant Budgets.

Read ClickTime's article titled How to Write a Grant Budget to Win your Dream Grant.

When it comes to the cost to distribute food at a food bank, there are a few different ways we can calculate these costs to illustrate in a grant. When you are working with your Finance, Programs, or Operations colleagues to develop grant budgets, be sure you are all speaking the same language. Below are the most common terms explained:

Shared Maintenance Fee – Found on the revenue side of the financial statements and budgets. This is usually paid by agencies but may be sponsored by public or private funds as well. The maximum allowed, set by the Network, is currently $0.19/pound. However, this doesn't reflect the cost to distribute the food, only what the maximum allowable reimbursement is for donated products.

Product Acquisition Costs - Found on the expense side of the financial statements and budgets in one or more areas. These are the combined costs to bring in Product which may include the cost of purchased food, shared maintenance fees (paid to other food banks, Affiliate Food Banks, Redistribution Organizations, State Associations, or produce cooperatives), transportation for Products (purchased, donated, and commodities), fees paid to value-added processors (picking, packing, bagging, preparing, cooking, etc.), and may include the costs associated with your procurement team, drivers, volunteers, and portions of marketing or communications budgets associated with your collective food sourcing efforts. This may be useful for grants that are supporting the overall acquisition (only) of products. While this can be a large amount of data points that come together for the overall costs to acquire the food, it still only represents acquisition costs.

Cost to Distribute a Meal – Our Network uses a combined metric, reported annually in the Network Activity Data Center, to look at the comparative costs for distributing a meal. This metric factors in the total costs of the organization (inclusive of all functions) and the amount of meals distributed by the food bank. A calculation that includes the meals enabled by SNAP programs and the costs of those programs is separated in the report and food banks can use either metric in their communications. Partner Food Banks can also use their own documented calculations if they want to adjust for specific revenue, expenses or use multi-year averaging. For the purposes of communication to donors, the Cost to Distribute a Meal may be more useful to acknowledge the total costs involved in the food bank that are part of the distribution. For example, Products have to be stored and transported safely, agencies need to be monitored and some may need capacity investments, commodity programs require administration and advocacy, inventory must be maintained, waste does occur, etc. The Cost to Distribute a Meal attempts to reflect not just the acquisition and distribution of the Product, but the end-to-end supply chain that must be maintained for the Product to move from source to recipient.

Net Cost to Distribute a Meal – This lesser used metric modifies the Cost to Distribute a Meal by subtracting reimbursement for Product or Meal Distribution. These include revenue from Shared Maintenance Fees, Value-Added Processing Fees, Food Purchase Program Fees, Delivery Fees, Referral Fees, and reimbursements from state food purchase programs or federal programs (i.e., TEFAP, SNAP, CSFP, CACFP, SFSP, etc.). When discussing your cost to Distribute a Meal with your team, it's important to distinguish between the Cost to Distribute a Meal and the **Net** Cost to Distribute a Meal.