

Developing Your Budgets

HYPOTHETICAL PROJECT

Heartland Organic Grain Cooperative is examining avenues for adding value to its raw product. A potential business venture for the Cooperative is the processing and freezing of organically-grown sweet corn.

Potential Source of Funds:

Value Added Producer Grant program (VAPG), USDA Rural Business Cooperative Service

Steps in Developing the Proposed Budget (assumes a team is involved in developing both proposal and budget)

1. Review grant program guidelines

- Dollar limit
- Possible duration of grants (and implications for per-year funding)
- Matching requirements (e.g., amounts required, kind of match permissible, etc.)
- Unallowable costs, e.g., repair or construct a building, purchase equipment, pay for the Preparation of the grant proposal, pay for costs incurred prior to receiving grant, etc.)
- Format and required forms (e.g., SF424, SF424A)

2. Outline project goal and objectives.

What will be the end results of the project? Make a list of work tasks.

3. Identify and list all cost items to accomplish the project goals and objectives.

All cost items should be identified in the work tasks.

The budget should tell the same story as the proposal.

Under personnel, separate fringe benefits from salary

4. Put cost items into a multi-column table; use Excel if possible.

Cost Category	Federal	Non-Federal Match	Total
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5. Prepare a Budget Narrative.

Describe and justify each expense in the budget.

List sources of match. (Include letters of commitment for all sources of match.)

Explain anything in the budget that you think might not be obvious to the reviewer.

6. Check for accuracy (check and re-check); to make sure budget tells same story as proposal narrative; explains how figures were calculated if unclear; includes no unexplained amounts such as “miscellaneous”); shows all items paid for by other sources; includes details for subcontracts, including approvals; refers to attached letters of commitment for match

*This handout based on one prepared in 2002 by Linda Wilson,
Coordinator, Grants & Contracts, Iowa State Extension
Used with permission.

Budget Sample #1

<u>Project Objectives</u>	Federal	Non-Federal Match**		TOTAL
		Cash	In-Kind	
<u>Conduct fact-finding</u> Project director and project team will visit 3 Cooperative-owned processing plants to study their history of development and current operations	\$7,100	\$4,350	\$7,200	\$18,650
<u>Examine costs and markets</u> Contract with team of university specialists to develop a cost analysis of the processing plans and analyze market opportunities.	\$16,164	\$11,500	\$3,600	\$31,264
<u>Develop a business operations plan</u> Project team to work with rural development firm to develop business operations plan and timeline.	\$12,500	\$6,500	\$3,600	\$22,600
<u>Evaluation and reporting</u> Prepare recommendations and present to the Board. Write final project record and submit to USDA	\$2,986	\$2,000	-	\$4,986
Total Direct Costs	\$38,750	\$24,350	\$14,400	\$77,500

** Sources of Match: See attached letters of commitment.

Applicant (Cooperative) @ \$6,500

Board members' time @ \$14,400

Local Development Fund @ \$7,850

XX University @ \$10,000

Total Match: \$38,750

Project results will have direct impact on approximately 100 organic sweet corn producers. The cost per producer is estimated at \$775.

Budget Sample #2

	Federal	Non-Federal Match**		TOTAL
		Cash	In-Kind	
a. <u>Personnel (Salary/wages)</u>				
Cooperative manager to serve as project Coordinator, 300 hours @ \$25/hr	\$2,500	\$5,000	-	\$7,500
Project development team (3 Bd members) 24 days each @ \$200/day	-	-	\$14,400	\$14,400
Hourly project staff to assist manager with project development, trip schedule and grant management, 520 hours @\$15/hr	\$7,800	-	-	\$7,800
b. <u>Fringe Benefit</u>				
Cooperative manager @20%	\$500	\$1,000	-	\$1,500
Board members, N/A	-	-	-	-
Hourly@12%	\$936	-	-	\$936
c. <u>Travel</u>				
3 out-of-state trips by project team of 4 to visit cooperative-owned processing plants with costs per trip estimated at: daily rate & gas for van @\$110/day for 4 days; hotel @\$80 ea for 3 nights, meals 4 days @\$30/day; parking @\$20	\$2,850	\$2850	-	\$5,700
d. <u>Equipment</u>				
	-	-	-	-
e. <u>Supplies</u>				
Educational resources (list)	\$1,000	-	-	\$1,000
f. <u>Contractual</u> (attach detailed & approved budget)				
Subcontract to XX University for cost and market analysis study	\$10,000	\$10,000	-	\$20,000
Subcontract to XX firm for development of business plan	\$10,000	\$5,000	-	\$15,000
<u>Other</u>				
Subscription for marketing service	\$2,664	-	-	\$2,664
Printing and postage for report	\$500	\$500	-	\$1,000
Total Direct Costs	\$38,750	\$24,350	\$14,400	\$77,500

**Sources of Match (see attached letters of commitment)