



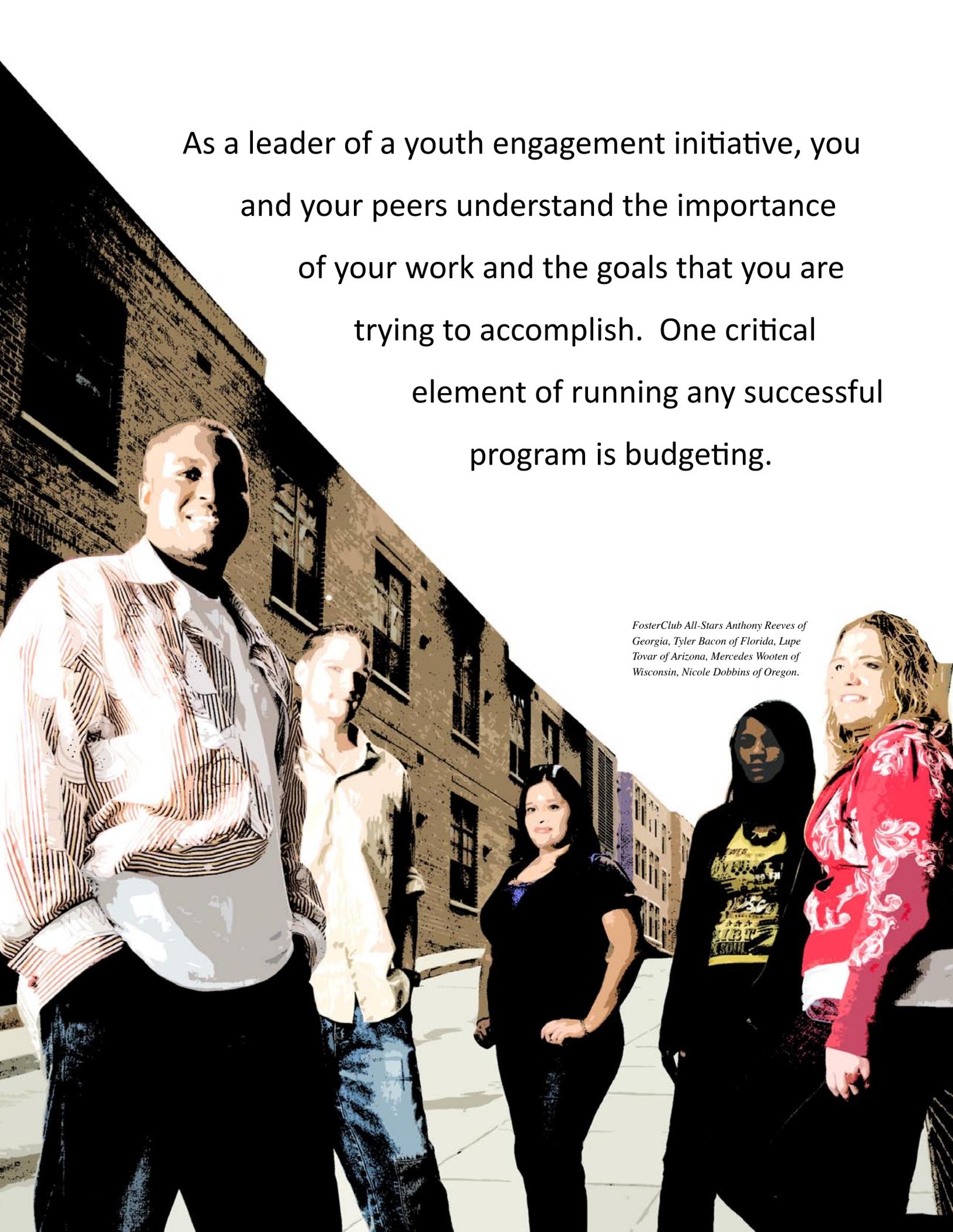
The Youth Guide to

# BUDGETING



The **FINANCE** PROJECT

BY KATHERINE GAUGHEN

A group of five young adults, three men and two women, are standing on a city street. They are positioned in front of a multi-story brick building with several windows. The man on the far left is wearing a striped shirt and a white t-shirt. The woman on the far right is wearing a red patterned jacket. The other three individuals are dressed in casual to semi-formal attire. The scene is brightly lit, suggesting a sunny day.

As a leader of a youth engagement initiative, you and your peers understand the importance of your work and the goals that you are trying to accomplish. One critical element of running any successful program is budgeting.

*FosterClub All-Stars Anthony Reeves of Georgia, Tyler Bacon of Florida, Lupe Tovar of Arizona, Mercedes Wooten of Wisconsin, Nicole Dobbins of Oregon.*

**A BUDGET** IS A PLAN THAT ESTIMATES HOW MUCH MONEY YOUR PROGRAM WILL COST TO START-UP AND TO KEEP RUNNING FOR THE LONG-TERM. ONCE YOU HAVE DEVELOPED A THOROUGH BUDGET, YOU WILL HAVE A GOOD IDEA OF HOW MUCH MONEY, OR REVENUE, YOU WILL NEED TO RAISE TO MAKE SURE YOUR PROGRAM LASTS.

THIS GUIDE PROVIDES **STEP-BY-STEP** INSTRUCTIONS, TIPS AND STRATEGIES THAT YOUTH LEADERS CAN USE TO DEVELOP A BUDGET. THE GUIDE IS ORGANIZED INTO THREE PARTS:

## SECTION 1

provides an understanding of budgeting

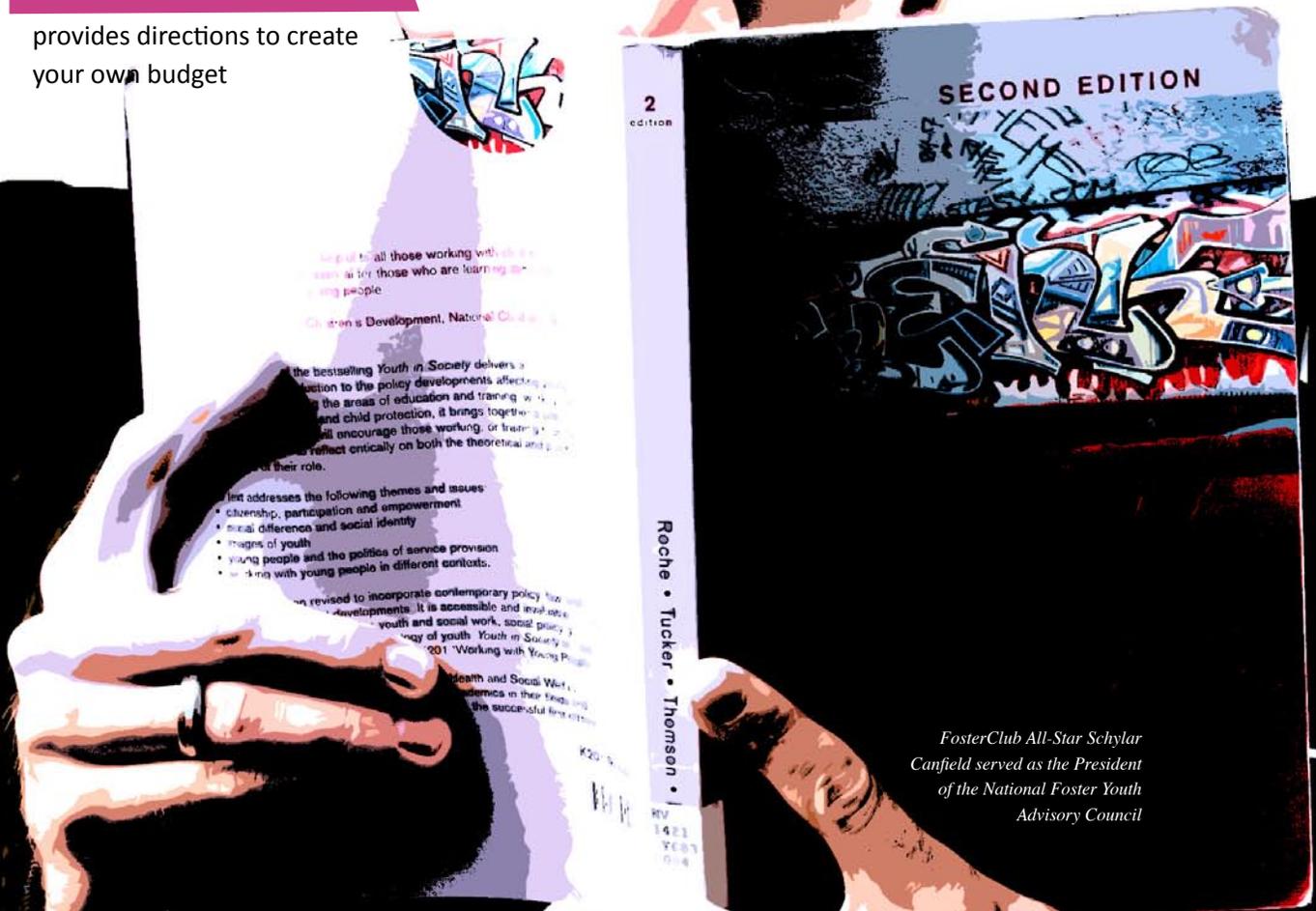
## SECTION 2

describes elements of a budget

## SECTION 3

provides directions to create your own budget

The guide concludes with a glossary of terms and a list of publications and web-based resources on budgeting.



*FosterClub All-Star Schylar Canfield served as the President of the National Foster Youth Advisory Council*

section 1

# UNDERSTAND

## UNDERSTANDING BUDGETING

## WHAT IS A BUDGET?

A budget is a plan that details how much money your program will cost to start-up and to keep running. Once you have developed a thorough budget, you will have a good idea of how much money, or revenue, you will need to raise to make sure your program lasts.

One helpful way to understand a budget is to think of a family. Every family has certain expenses that they must pay every month. Those expenses usually include housing, food, and utilities (electricity, water, gas). In order to figure out how much they can spend on these expenses, a family looks at how much income they get paid from their job(s) and other sources. Any leftover income can be saved or spent on entertainment or other non-essential expenses. For example, a parent that earns \$3000 a month at their job may have the following monthly expenses:

\$1500	Rent
+ \$400	Food
+ \$300	Utilities
= \$2200	Total monthly expenses

That leaves \$800 that can be saved or spent on a family's wants instead of their needs. If that family decided to move to a bigger house where they have to pay more rent, they would have to adjust their budget in order to make ends meet or figure out how to increase their income to pay for the additional expenses. A budget lays out a clear plan for how a family makes decisions about spending their money.

## WHY SHOULD YOU COMPLETE A BUDGET?

Much like a family needs to have a good budget to determine how much income they need to cover their expenses, program leaders need to know how much their program will cost to determine how much money, or revenue, they will need to raise to cover those expenses. A budget will also show your supporters that you have thought through your program and its costs, demonstrating that you will use investments in your program wisely and responsibly.

section two

# ELEMENTS

THE ELEMENTS  
OF A BUDGET

# BUDGETS CAN RANGE FROM VERY SIMPLE TO VERY COMPLEX.

For youth engagement leaders, it makes sense to begin with a relatively simple budget that you can add to as you learn more about the costs of your program. Broadly speaking, the two basic sections of a budget for a youth engagement program include:

## START-UP COSTS

Start-up costs are the one-time costs that get your program up and running. Start-up costs might include things like paying a security deposit on office space or buying necessary equipment like office furniture.

## ON-GOING COSTS

On-going costs are the costs of running the program that occur every month. On-going costs may include paying staff salaries, paying rent, and buying office supplies like pencils and paper.

As you consider both the start-up and on-going costs of your program, it is also important to determine whether an item is a cash expense or an in-kind contribution.

## CASH EXPENSES

Cash expenses are items that you will have to spend money on to purchase.

## IN-KIND CONTRIBUTIONS

An in-kind contribution is an item that is donated to your program. For example, if you are using a donated office space or classroom, you would list facilities expenses in your budget as an in-kind contribution rather than a cash expense. Even though in-kind expenses are free to your program, it is important to keep track who contributes to your program and how much they contribute. In-kind contributions can help demonstrate the community's commitment to your program, which may help attract additional supporters.

The following is a sample budget worksheet.

		COST		
		Cash Expense	In-Kind Contribution	
			Dollar Value	Service or Good Contributed
<b>Start-Up Costs</b>				
<b>1</b>	Office or Meeting Space			
<b>2</b>	Equipment/Supplies			
<b>3</b>	Recruiting/Hiring Staff			
<b>4</b>	Other			
<b>5</b>	<b>Start-Up Costs (subtotal)</b>			
<b>On-Going Operating Costs</b>				
<b>6</b>	Facilities			
	Rent			
	Utilities			
	Maintenance			
<b>7</b>	Equipment/Supplies			
<b>8</b>	Staff			
	Title _____			
	Title _____			
	Title _____			
<b>9</b>	Food			
<b>10</b>	Transportation			
<b>11</b>	Other _____			
<b>12</b>	<b>On-Going Operating Costs (subtotal)</b>			
<b>13</b>	<b>Total Program Costs</b>			

# CREATE

DIRECTIONS TO CREATE  
YOUR OWN BUDGET

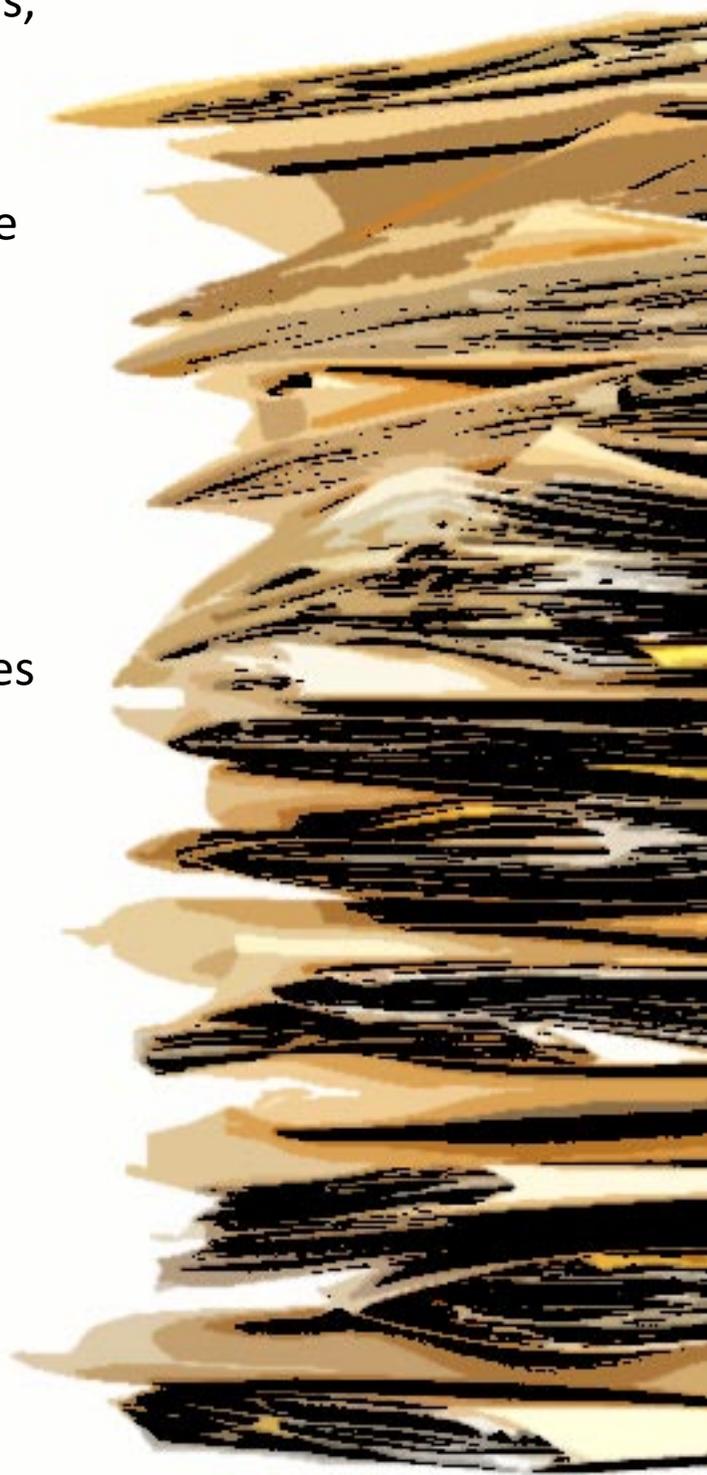
Now that you understand the elements of a budget,

## IT'S TIME TO CREATE YOUR OWN!

As you begin drafting your budget, it is important that you have a very clear idea of your program activities, so you know what you'll have to spend to make your program a reality. One good way to make sure your program is well thought out is to draft a logic model. A logic model is an illustration that shows the logical connection between what your program is doing everyday and the long-term changes that you are trying to achieve.

Once you have a good idea of your program activities, you can begin drafting your budget.

*For more information about how to draft a logic model, see  
The Youth Guide to Developing Logic Models.*



## STEP 1: START-UP COSTS

For new youth engagement programs, begin by making a list of everything you will need to get your initiative up and running. Established youth engagement programs can skip this step, unless you are expanding to new places or new sites. For most new programs, this will require:

### OFFICE OR MEETING SPACE.

Consider how much space you need. A youth board may initially only a monthly meeting space, while a youth media program may require several rooms with the capacity to house expensive electronic equipment. For your start-up costs, consider the security deposit, first months rent, and other fees that may be required to secure the space.

### EQUIPMENT/SUPPLIES.

Think about what equipment and supplies you will need to launch your program. While nearly all youth engagement programs will require access to items such as computers, telephones, pens, paper, and other office supplies, some youth media programs may require more specialized equipment like cameras, editing equipment and lighting.

### RECRUITING/HIRING STAFF.

If your program will require a full-time or part-time staff member, consider the costs of recruiting and hiring that person, including posting advertisements in the newspaper or online.

Be sure to brainstorm a comprehensive list of your expenses that you need to get up and running. While these are the general categories of start-up costs, there are likely others specific to your program. Write down all of your expenses on Worksheet One.

# WORKSHEET 1

## Start-Up Expenses

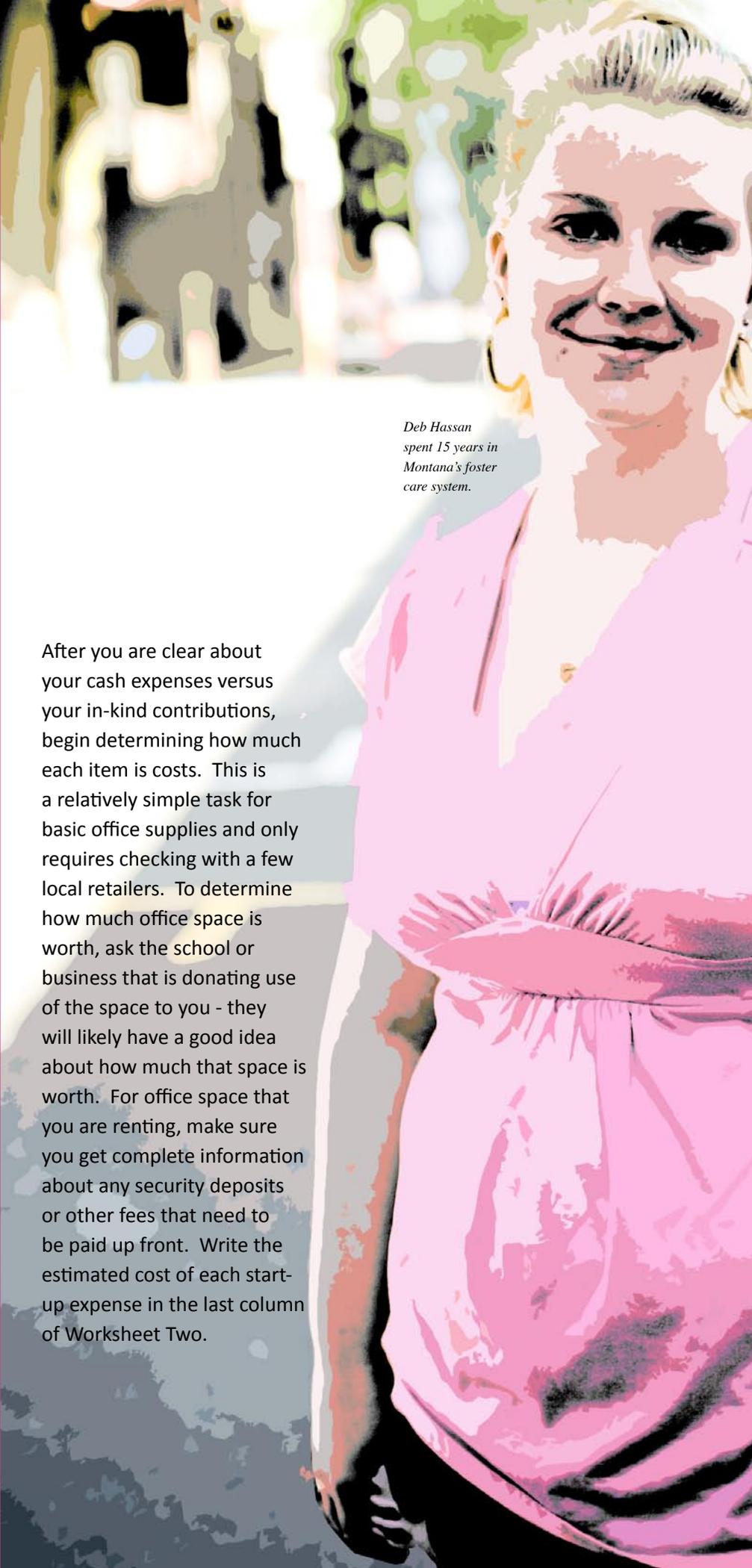
### Worksheet One: Start-Up Expenses

Office or Meeting Space Expenses
1.
2.
3.
Equipment and Supplies
1.
2.
3.
4.
5.
6.
7.
8.
9.
10.
Recruiting Staff
1.
2.
3.
Other
1.
2.
3.
4.
5.

Once you have a complete list of start-up costs, determine whether the item is something that might be donated to your program or something that you will have to buy. For example, many youth engagement programs can use facilities at local public schools, community colleges, or businesses with vacant offices as their workspace. Similarly, community members might be willing to donate used computers and other office supplies to support a youth engagement program.

**COPY THE EXPENSES YOU LISTED IN WORKSHEET ONE INTO WORKSHEET TWO. NEXT CHECK OFF WHETHER YOUR EXPENSES ARE CASH EXPENSES OR IN-KIND CONTRIBUTIONS IN THE APPROPRIATE COLUMN. FINALLY, FILL IN THE DOLLAR AMOUNT.**

After you are clear about your cash expenses versus your in-kind contributions, begin determining how much each item is costs. This is a relatively simple task for basic office supplies and only requires checking with a few local retailers. To determine how much office space is worth, ask the school or business that is donating use of the space to you - they will likely have a good idea about how much that space is worth. For office space that you are renting, make sure you get complete information about any security deposits or other fees that need to be paid up front. Write the estimated cost of each start-up expense in the last column of Worksheet Two.



*Deb Hassan  
spent 15 years in  
Montana's foster  
care system.*

# WORKSHEET 2

## Start-Up Cash Expenses and In-Kind Contributions

EXPENSE	CASH	IN-KIND	ESTIMATED COST
<b>Office or Meeting Space Expenses</b>			
1.			
2.			
3.			
<b>Equipment and Supplies</b>			
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
<b>Recruiting Staff</b>			
1.			
2.			
3.			
<b>Other</b>			
1.			
2.			
3.			
4.			
5.			

## NOW YOU ARE READY TO FILL IN THE START-UP COSTS SECTION OF THE BUDGET WORKSHEET.

For each item, the requires a purchase, fill in the amount in the “Cash Expense” column. For each item that is donated to you, fill in how much that item is worth and the specific item donated in the “In-Kind Contribution” column. Make sure to write down the exact service or item that is being donated to you in the last worksheet. Add up each column and record the total in the “Start-Up Costs” subtotal row.

*FosterClub  
All-Star Lupe  
Tovar spent 18  
years in Arizona's  
foster care system.  
She currently  
serves on  
the Board of  
Directors for  
Foster Care  
Alumni of America*



# WORKSHEET 3

## Start-Up Budget

	COST		
	Cash Expense	In-Kind Contribution	
		Dollar Value	Service or Good Contributed
<b>Start-Up Costs</b>			
Office or Meeting Space			
Equipment/Supplies			
Recruiting/Hiring Staff			
Other			
<b>Start-Up Costs (subtotal)</b>			

## STEP 2: ON-GOING COSTS

Once you have completed totaling your start-up costs, it is time to turn your attention to the on-going costs that you will have throughout the year. These costs may include office and meeting space, equipment and supplies, staff, food, and transportation. Just like you brainstormed all of your potential start-up costs, it's important to make a comprehensive list of all of your potential on-going costs. The following questions will help you systematically think about your potential costs in each category. As you think of your expenses, record them in Worksheet Four.

### OFFICE/MEETING SPACE.

It is important to think through three major expenses when considering office and/or meeting space: the rent, utilities and maintenance. As you consider this category of expenses, ask yourself the following questions:

- What kind of office space do you need?
- What kind of meeting space do you need?
- What utilities do you need available to you (electricity, water, telephone, internet, etc.)?

### EQUIPMENT/SUPPLIES.

When thinking about your equipment/supplies budget, it may help to consider the following questions:

- What basic office supplies do you require to do your work? Consider items such as paper, printer/toner cartridges, pens, and paper clips.
- What type of equipment does your program require and what is the lifespan of that equipment? Will you need to replace any significant equipment, such as computers or cell phones, during the year?
- Do you need to buy or upgrade any software?

### STAFF.

Consider the following questions as you think about whether your program needs paid staff support:

- Does the program require staff? What are there roles and responsibilities?
- How many staff members do you need to get your work done?

### FOOD.

A budget for food can be very important for some program activities. Consider the following as you list your expenses:

- Will you provide snacks or meals?
- How many times per week will you feed participants?

### TRANSPORTATION.

Transportation costs can be a major expense for youth engagement programs. As you think about whether you need to budget for transportation, consider:

- Where do program participants live? Is the program located near their neighborhood? How far will the average participant need to travel and at one time of day? Is transportation required both to and from your program?
- Is public transportation to your program available?
- Will you provide a subsidy to offset transportation costs or will you provide transportation directly?

### OTHER.

If there are any additional expenses that you identified through the brainstorming process, make sure to record them.

# WORKSHEET 4

## On-Going Expenses

<b>Office or Meeting Space Expenses</b>
1. Rent
2. Maintenance
3. Utilities
4.
5.
<b>Equipment and Supplies</b>
1.
2.
3.
4.
5.
6.
7.
8.
9.
10.
<b>On-going Staffing</b>
1.
2.
3.
<b>Food</b>
1.
2.
3.
<b>Transportation</b>
1.
2.
3.
<b>Other</b>
1.
2.
3.
4.
5.

Once you have brainstormed and recorded all of your expenses, it is important to determine which of your expenses are cash expenses versus in-kind contributions. Remember, cash expenses are the items that you will need to pay for directly and in-kind contribution are the items that can be donated by others to support your work.

Copy each of the expenses that you listed in Worksheet Four in the first column of Worksheet Five and then check whether they are cash or in-kind contributions.

As it was with start-up costs, the next step is calculating how much each item that you listed costs, regardless of whether it is a cash expense or an in-kind contribution. Begin by estimating the cost of each item on a monthly basis. Then, multiply that cost by twelve to determine the annual or yearly cost of the item. Record the monthly and annual costs in Worksheet Five. Some tips for estimating the cost of each item follow.

**OFFICE/MEETING SPACE.** To calculate monthly facilities costs, consider the following questions:

- How much is the monthly rent for your office space?
- How much are your monthly utility bills, including electricity, water, telephone, and internet costs?
- Are you required to maintain the facility or is that included in your rent? If it is your responsibility to maintain the facility, consider how much work the space needs. Talk to others with similar spaces about how much their office costs to maintain.

**EQUIPMENT/SUPPLIES.** To calculate supply and equipment costs it may be helpful to visit an office supply store or check on-line for the cost of basic supplies, such as paper, printer/toner cartridges, pens, and paper clips. Make sure to do price comparison shopping for larger investments, such as computers, cellular phones, and software.

**STAFF.** To calculate staff costs, consider the following:

- How much are staff members with similar roles in other organizations in your community paid? Are they paid hourly or earn a salary? Will you provide benefits, such as vacation and sick leave and health insurance?
- Consider ways to subsidize the cost of program staff. Most often staff costs are a cash expense, although some programs are able to recruit dedicated volunteers to share staff responsibilities. You might also look into getting an Americorps Volunteer, which will help keep staffing costs lower.

**FOOD.** To calculate the cost of providing food to participants, consider the following questions:

- Will you provide snacks or meals?
- How many times per week will you feed participants?

Once you have an idea of how much food you will need to provide on a monthly basis, get in touch with local restaurants and grocery stores to get competitive prices on providing food to your program. Many establishments may be willing to donate or give discounts on food.

**TRANSPORTATION.** Transportation costs can be a major expense for youth engagement programs. To calculate the cost of providing transportation, consider the following questions:

- Where do program participants live? Is the program located near their neighborhood? How far will the average participant need to travel and at one time of day? Is transportation required both to and from your program?
- Is public transportation to your program available?
- Will you provide a subsidy to offset transportation costs or will you provide transportation directly?

**OTHER.** If there are any additional expenses that you identified through the brainstorming process, write down their estimated monthly and annual costs.

# WORKSHEET 5

## On-going Cash Expenses and In-Kind Contributions

EXPENSE	CASH	IN-KIND	ESTIMATED MONTHLY COST	ESTIMATED ANNUAL COST
<b>Office or Meeting Space Expenses</b>				
1. Rent				
2. Maintenance				
3. Utilities				
4.				
5.				
<b>Equipment and Supplies</b>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
<b>Ongoing Staffing</b>				
1.				
2.				
3.				
<b>Food</b>				
1.				
2.				
3.				
<b>Transportation</b>				
1.				
2.				
3.				
<b>Other</b>				
1.				
2.				
3.				
4.				
5.				

## NOW YOU ARE READY TO COMPLETE THE ON-GOING COSTS SECTION OF THE BUDGET WORKSHEET.

1. In the first column, record your list of expenses.
2. Using the annual estimated expenses from Worksheet Five, insert the annual cost of each item either under the Cash Expense Column or in the Dollar Value Column under In-Kind Contribution. If the item is an in-kind contribution, write down exactly what is being donated.



*FosterClub All-Star  
Joshua Sanchez*

# WORKSHEET 6

## On-Going Costs

	COST	
	Cash Expense	In-Kind Contribution Dollar Value      Service or Good Contributed
<b>On-Going Costs</b>		
<b>Facilities</b>		
1. Rent		
2. Utilities		
3. Maintenance		
4.		
5.		
<b>Equipment/Supplies</b>		
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
<b>Staff</b>		
1. Title _____		
2. Title _____		
3. Title _____		
<b>Food</b>		
1.		
2.		
3.		
<b>Transportation</b>		
1.		
2.		
3.		
<b>Other _____</b>		
1.		
2.		
3.		
4.		
5.		
<b>On-Going Operating Costs (subtotal)</b>		

# WORKSHEET 7

## Annual Budget

NOW IT IS FINALLY TIME TO PUT YOUR WHOLE BUDGET TOGETHER. USE THIS WORKSHEET TO COMBINE YOUR START-UP COSTS AND ON-GOING COSTS TO COME UP WITH A TOTAL ANNUAL BUDGET FOR YOUR PROGRAM. IN THE LAST ROW, REMEMBER TO ADD THE SUBTOTAL FROM YOUR OPERATING COSTS TO YOUR ON-GOING COSTS SUBTOTAL.

	COST		
	Cash Expense	In-Kind Contribution	
		Dollar Value	Service or Good Contributed
<b>Start-Up Costs</b>			
Office or Meeting Space			
Equipment/Supplies			
Recruiting/Hiring Staff			
Other			
<b>Start-Up Costs (subtotal)</b>			

	COST		
	Cash Expense	In-Kind Contribution	
		Dollar Value	Service or Good Contributed
<b>On-Going Costs</b>			
<b>Facilities</b>			
1. Rent			
2. Utilities			
3. Maintenance			
4.			
5.			
<b>Equipment/Supplies</b>			
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
<b>Staff</b>			
1. Title _____			
2. Title _____			
3. Title _____			
<b>Food</b>			
1.			
2.			
3.			
<b>Transportation</b>			
1.			
2.			
3.			
<b>Other</b>			
1.			
2.			
3.			
4.			
5.			
<b>On-Going Operating Costs (subtotal)</b>			
<b>Total Program Costs</b>			

The forms contained in this publication are freely downloadable (along with this entire publication) from FosterClub at [www.fosterclub.org](http://www.fosterclub.org). The downloadable forms are available in Microsoft Excel and Word formats, so they may be filled in and saved.

# CONCLUSION

Creating a budget is an important step to ensure that your youth engagement program will stand the test of time. The better understanding that you have of your costs, the more focused you can be on your fundraising efforts and the more sponsors you will attract to help support your program.

To make sure that your budget remains accurate, it is important to revisit it on a monthly basis. As you review your budget, consider:

- Are there any additional expenses that you have incurred that were not in your original budget? If so, add a line item to the worksheet.
- Are your monthly expenses on target with your annual budget estimates? If not, consider revising your budget.
- Is your revenue in line with your monthly expenses? If not, consider revising your budget.

For planning purposes, it is helpful to draft a budget a year in advance. Doing so helps ensure that you can raise all of the money required to keep your program running year after year.

## GLOSSARY

### BUDGET

A plan that estimates how much money your program will cost to start-up and to keep running for the long-term.

### CASH EXPENSES

Items, goods, or services that you must spend money on to purchase.

### IN-KIND CONTRIBUTIONS

Items, goods, or services donated to your program.

### ON-GOING COSTS

The costs of running a program on a month-to-month basis.

### REVENUE

The amount of money raised to support your program.

### START-UP COSTS

One-time expenses to get your program up and running.

## ACKNOWLEDGMENTS

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## ABOUT THE FINANCE PROJECT

Helping leaders finance and sustain initiatives that lead to better futures for children, families and communities.

The Finance Project is an independent nonprofit research, consulting, technical assistance and training firm for public- and private-sector leaders nationwide. It specializes in helping leaders plan and implement financing and sustainability strategies for initiatives that benefit children, families and communities. Through a broad array of tools, products and services, The Finance Project helps leaders make smart investment decisions, develop sound financing strategies and build solid partnerships. To learn more, visit <http://www.financeproject.org>.