**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

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.

Page 2 **Budget Sample #1**

Non-Federal Match\*\*

Project Objectives Federal Cash In-Kind TOTAL

Conduct fact-finding $7,100 $4,350 $7,200 $18,650

Project director and project team

will visit 3 Cooperative-owned

processing plants to study their

history of development and current

operations

Examine costs and markets $16,164 $11,500 $3,600 $31,264

Contract with team of university

specialists to develop a cost analysis

of the processing plans and analyze

market opportunities.

Develop a business operations plan $12,500 $6,500 $3,600 $22,600

Project team to work with rural

development firm to develop

business operations plan and

timeline.

Evaluation and reporting $2,986 $2,000 - $4,986

Prepare recommendations and

present to the Board.

Write final project record and

submit to USDA

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 Total Match: $38,750

XX University @ $10,000

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

Page 3 **Budget Sample #2**

Non-Federal Match\*\*

Federal Cash In-Kind TOTAL

a.Personnel (Salary/wages)

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. Fringe Benefit

Cooperative manager @20% $500 $1,000 - $1,500

Board members, N/A - - - -

Hourly@12% $936 - - $936

c. Travel

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. Equipment - - - -

e. Supplies

Educational resources (list) $1,000 - - $1,000

f. Contractual (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

Other

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)