

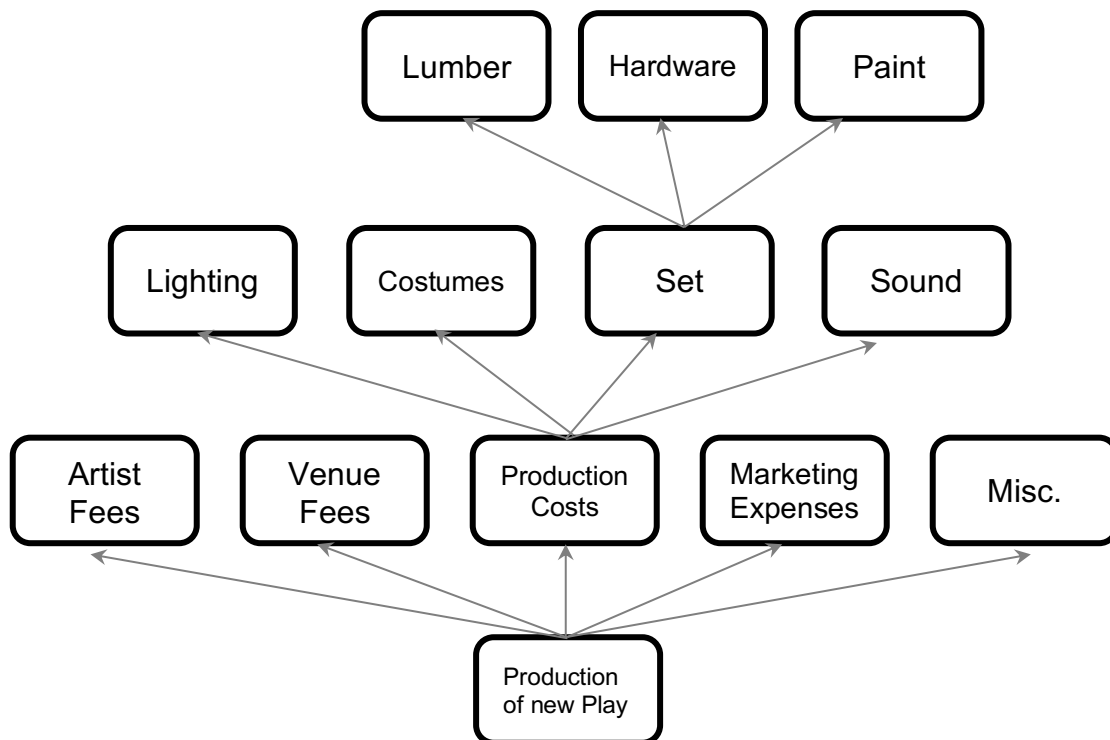
Preparing Your Project Budget

Creating a budget does not require a special skill set. It really just follows the same process one used throughout project planning--start with the big picture and work backwards. The New York Foundation for the Arts, in their book *The Profitable Artist*, recommends a budgeting process that begins with the creation of a cost tree. This mind-mapping process is an excellent way to organize your thoughts in beginning the budgeting process, and will be helpful for you in creating useful categories to organize your budget for sharing with partners, grantors, and investors.

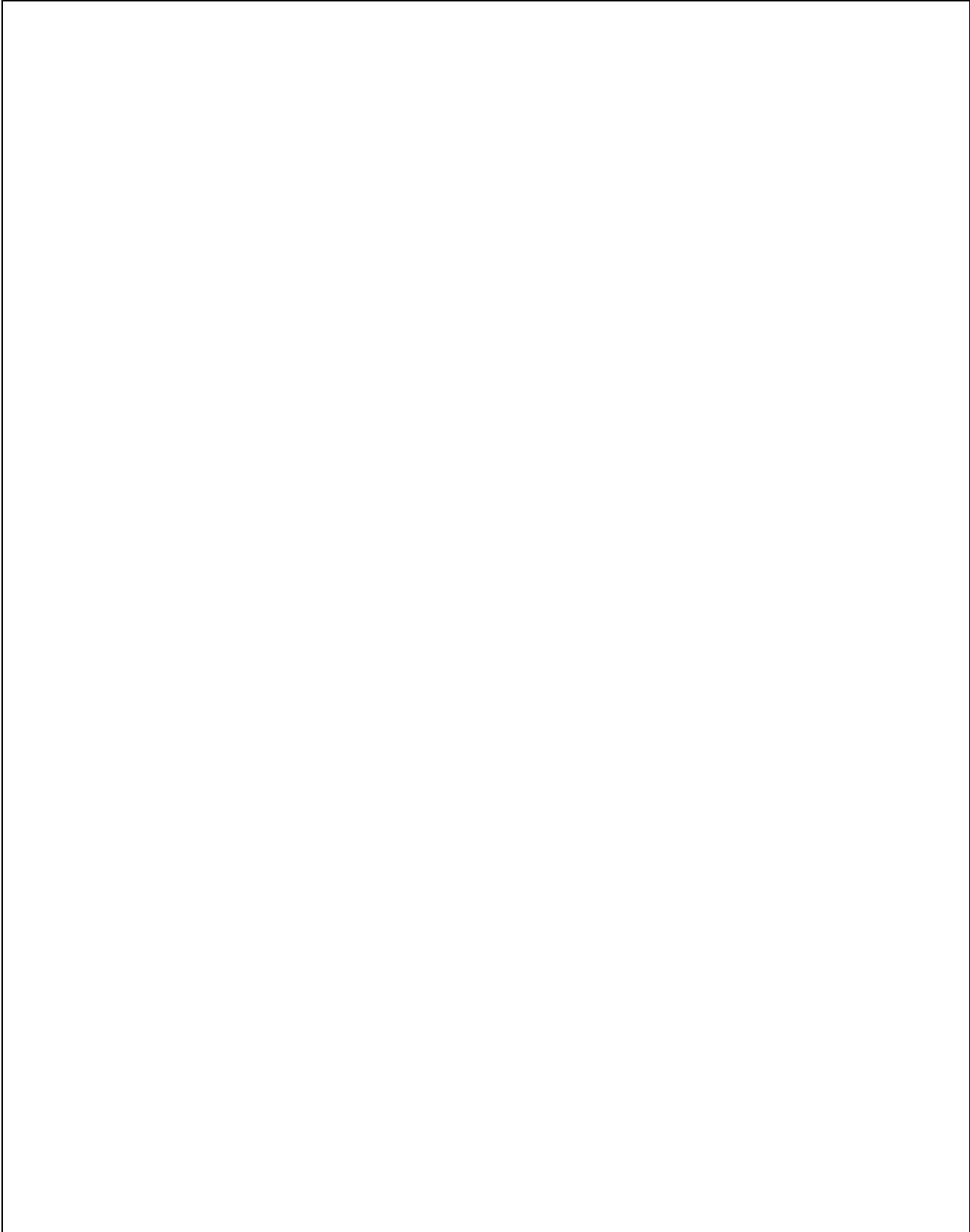
So, how does the cost tree process work? Much like mind mapping, you simply start with the end idea in mind and continue to add branches. Do this without overthinking each individual item. You do not need special information to do this, just knowledge of your project and common sense. You can prune the first tree you create, adding new branches for areas you uncover and removing branches from areas you decide you do not need. As you develop your project, you will fill in the "leafy" detail of your tree.

Below is example cost tree for the production of a new play. Note that each of the categories created should be expanded into its' various "tree branches" just as "production costs" has been. Now, create your own cost tree on the following page. Use the additional pages provided for revisions, if needed.

Cost Tree for Theatrical Production



My Cost Tree



Building the Budget

There is no one right way to build your budget. Your project budget will be as individual as the project itself. The only real standard is that you provide a comprehensive listing of expenses (money going out) versus revenues (money coming in). Based on your cost tree, determine what expense categories to include.

As you are preparing your budget, keep in mind the budget rules outlined by the New York Foundation for the Arts in their book *The Profitable Artist*. The very best budgets are:

- **Individualized.** Good budgets are adapted to suit the needs and idiosyncrasies of your particular project
- **Specific.** Good budgets capture all financial data, as best possible. Do not make yourself crazy working in tiny amounts or trying to have the perfect numbers for everything. Best guesses are okay.
- **Summarized.** Good budgets group information into meaningful categories. Just as readers are not interested in long, drawn out narratives of everything you know about the project, they are also not interested in the \$2.50 you're going to spend on highlighters. Categorize and lump like items together.
- **Easy to understand.** Good budgets rely on easily understood terminology. Don't make readers guess what items are.
- **Easy to adjust.** It is typically best to work in a spreadsheet program, so you can easily adjust the entire project's numbers in a couple of clicks and see the impacts of potential decisions.

Where do you get the numbers to put in your budget? First, look at past expenses for similar items. When you do not have that information personally, ask people who have had those expenses. If you are purchasing an item, the Internet or phoning vendors can get you the information. When first formulating your budget, it is okay to put in a good guess for items that need more research.

While it is strongly suggested that you use a spreadsheet to compile the actual budget, it's not a bad idea to start your listing on paper so that you can clarify categories before you spend time formatting on the computer.

On the next pages, you will find a list of potential categories of expenses and revenue. Begin by looking at your cost tree, and your project management steps and filling in items with the best information you have available. Later, you will add your communication and fundraising costs. Remember, a budget is prepared so you can see where you might want to make changes before you begin, so changes are not only acceptable, they are expected. Start out by budgeting for your ideal scenario and then strategically pare back if revenue projections do not meet your anticipated expenses, or determine the possibility of generating additional revenues in ways you have not identified yet.

Expense Categories

The expense categories identified below are only suggestions. You may need to add and or delete categories based on your individual project. Mark items that are simply guesses and will need additional information. Be sure to include money in a miscellaneous/contingency category, as there are always expenses that you cannot easily categorize or anticipate.

Category/item		Amount	Need More Info
Artists' Fees (be sure to include yourself)/Personnel			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Commissions and Fees			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Communications/Marketing			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Equipment			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Insurance (other than health)			
1		\$	<input type="checkbox"/>

2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Legal/Professional Services			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Project Documentation			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Supplies			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Travel			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Venue Expenses			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>

4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Workspace			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Miscellaneous/Contingency (5% to 10% of total)			
1		\$	<input type="checkbox"/>
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Total of all Expenses:		\$	

Revenue/Income Categories

While there are typically less categories on the revenue side of the budget, the process is the same. Record all revenues you anticipate receiving for or from the project. Early in the project planning process, many of these revenues are merely “projected,” meaning you have identified the potential source, but have not yet secured the funding.

Category/item		Amount	Projected
Grants			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Sales			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Sponsorships/Investments			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Crowdfunding			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>

Personal Financial Contributions			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
In-Kind Donations (be sure to include the corresponding items on the expense lists)			
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
1		\$	<input type="checkbox"/>
2		\$	<input type="checkbox"/>
3		\$	<input type="checkbox"/>
4		\$	<input type="checkbox"/>
5		\$	<input type="checkbox"/>
Total of all Revenues:		\$	
Total of all Expenses (from previous section):		\$	
Net Revenues: (This number should be \$0 or higher. Add projected fundraising in to make up the difference, if it is not.)		\$	