

Project budget

Author: Elsbeth Fischer-Roth, vitamin B

Difference between annual and project budgets

An association's annual and project budgets differ in various areas:

Annual budget

- Based on experience from previous years.
- This is supplemented by the budget items for one-off promotions and events.
- Only contains income and expenses that are actually incurred.

Project budget

- Needs to be newly drawn up. For this, quotations need to be obtained, calculations performed and estimates made.
- Contains **all** project expenses and all income, regardless of whether the means are already available or still need to be acquired.

Expenses and income in the project budget

The project budget may contain the following expenses:

- Personnel costs: paid and unpaid work for project development, execution and evaluation.
- Non-personnel costs such as material and infrastructure
- Costs for advertising and public relations
- Depending on the project, other categories of expenses

The project budget may contain the following income:

- Entrance or participation fees for an event
- Proceeds from sales of products or food and drinks (such as refreshments)
- Financial contribution from other associations, organisations or people
- Unpaid work or advice from third persons (e.g. participation in a support committee, advice for public relations work)

If external funders are sought for the project/event, the association's own contributions need to be reported. Own contributions include:

- Unpaid work by members of the executive committee or association members
 - In developing and executing the project/event
 - For searching for financial support and assistance from funders
 - For analyses

- Means obtained from own sources (such as member fees, association assets) used for the project or event
- Goods that are already available to the association (e.g. infrastructure, materials from earlier events)

Calculating personnel costs

Paid work

If the expenses for paid project work are not known from quotations or other clear guidelines, substitute information needs to be acquired; for example, from the average wages for the tasks in question (wage check on jobs.ch or lohnrechner.ch). If permanent positions are planned for the project, this information can be calculated for the corresponding employment percentages. The employers' costs – around 15 to 20 percent of the gross wage – as well as the infrastructure costs (workplace and materials, other expenses) also need to be taken into account.

If the hourly wage for the work performed needs to be calculated, the following procedure is recommended:

Gross wage (example)	CHF	80,000
– Employers' costs (approx. 15%)	CHF	12,000
– Infrastructure costs (workplace, etc.)	CHF	20,000
<u>Total wage/infrastructure costs</u>	<u>CHF</u>	<u>112,000</u>

The overall wage is divided by the net total working time (minus holidays, illness, any further training, administration):

average working hours	2,000
Holidays, illness, bank holidays	350 hours
Further training, administration	200 hours
	<u>1,450</u>
<i>Net hours</i>	<i>hours</i>

Hourly wage = total wage/infrastructure costs divided by net hours:

CHF 112,000 / 1,450 hours = CHF 77.25/hour

Unpaid work

Unpaid voluntary work on the project/event must be made visible. If monetisation is not necessary, the number of working hours performed will suffice, possibly in connection with qualitative statements like "Our event is being hosted by volunteers". / "The special dedication of our volunteers ensures a high quality of life for all involved".

If the unpaid work needs to be offset financially, for example to show own contributions, there are two options:

- Amounts that would have to be paid if volunteers were not involved:
 - Reference wage: comparable position in the paid sector, such as social worker (for visits, support), service staff (for cafeterias, events), project manager (executive committee work).
 - Market price: price for this service on the free market, such as catering, taxi, office work, construction company.
- Costs of using volunteers
 - Searching for, inducting and supporting volunteers
 - Out-of-pocket expenses, meals, insurance
 - Recognition, thank-you event

Volunteer work should only be monetised if required for acquiring financial means. Sums of money for voluntary work should never be included in the accounts (missing receipts, wage statements, old age and survivors' pensions, in some cases VAT issues), but they may appear in the project documents in order to highlight own contributions made.

Making the monetary performance of volunteer work visible has advantages and disadvantages: On the one hand, it can conjure up pride about the work performed, whereas on the other, it can result in the quality of the volunteer work being diminished. Is an hour of work on the executive committee worth more or less than an hour of visitation service?

Further work aids can be found at <https://www.vitaminb-e.ch/tools/work-aids>

- Association budget
- Fundraising
- Crowdfunding
- Sponsoring