

## Proposal Budgeting Basics

# Glossary of Terms

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**Budget:** A financial plan or projection for the income and expense of a particular organization as a whole (operating budget) or a particular project (project budget) for a specific time period

**Budget narrative:** A brief explanatory narrative that often accompanies a budget which clarifies and illuminates specific line items of a budget

**Direct costs:** Costs that are directly attributable to a project

**Financial Statements:** A set of financial schedules showing all of the financial activities of an organization usually prepared at the end of a fiscal year and often audited by CPAs. These usually include a balance sheet and an income statement

**Indirect cost recovery and Indirect cost recovery rate:** A principle by which indirect costs are funded through recovering costs through an agreed upon rate, often used in government grant accounting

**Indirect costs:** See overhead costs

**In-kind contribution:** The value of goods or services donated to an organization

**In-kind expenses:** The cost of goods or services donated to an organization

**Overhead Costs:** These expenses are amounts not directly attributable to the program, but are necessary to sustain the program. These costs could include rent, salaries of administrative and fundraising staff, electricity etc. These costs are sometimes called Indirect Costs or Supporting Services Costs or Administrative Costs

**Payroll taxes:** Employer-paid social security and other taxes

**Program services costs:** All costs associated with a particular program or programs

**Project budget:** The financial plan for a project for a specified period of time, showing both income and expense items

**Revenue:** Income earned by an organization by selling goods or services

**Supporting services costs:** Another term for the administrative costs of an organization

**Support:** Income from gifts and grants