

R2AC Budget Guidelines

Arts Grants for Organizations

- Arts Access Grant
- Arts Learning Grant
- Cultural Traditions in the Arts Grant
- Arts Project Grant
- Arts Access Grant for Small Towns

NOTE: Project *specific* costs incurred and paid prior to a project's Earliest Start Date will make a project ineligible for funding. (e.g. down payments made on venues, scripts, scores, or to arts teachers, presenters, performers or other contractors)

Unallowable expenses: Those few expenses that ***must not be added to your budget***, but may be part of a project without making a project itself ineligible.

- Costs *related* to the proposed project incurred and paid prior to a project's Earliest Start Date. (e.g. venue rental for an entire year, promotional materials for an entire season or concert series if you are applying for only one concert or production)
- Cost of any item that was purchased prior to the Earliest Start Date for a different purpose or project but will be used in the proposed project. (e.g. Lights or sound equipment, leftover materials or supplies, etc.)
- Grant Writer Fees.
- Equipment for Schools, Community Education Offices, Colleges, or Universities.
- Rent, mortgage or payment for use of space that is owned/leased by the applicant organization or group)
- Salary or wages for an employee of the applicant organization for services that are not beyond the employee's regular duties.
- Project specific administrative expenses that go above 15% of the total project cost.
- Administrative expenses that have already been covered by a Region 2 Arts Council Community Arts Support grant.
- Remaining 90% of out-of-state travel/lodging/per diem expenses for groups or individuals coming into the state or leaving the state (with Arts Project Grant funds).
- Purchase of food and drink for events (with any Legacy-funded grant programs - Arts Access Grant, Arts Learning Grant, Cultural Traditions in the Arts Grant, Arts Access Grant for Small Towns)

Festival Costs

- ✓ Grant budget and income for a proposed festival must only be for the arts portion of the overall festival activity. If rentals or other items will be shared by arts and non-arts activities at the festival, indicate in your project budget only the percentage of the rental expenses that will be used for the arts portion of the festival activity. Remember to provide details.

The Budget Form

- ✓ Use the official .xls Region 2 Arts Council budget form or create your own.
- ✓ If you create your own budget form, follow the official form's Expense, Income, and Cash Match categories.

- ✓ Rename the form. Include the name of your project, the current fiscal year, the name of the grant program, and the word "Budget" (e.g. WalnutArtsEvent2018ArtsAccessGrantBudget)
- ✓ List all your allowable expenses under the categories provided.
- ✓ Include details for each of your project's expenses (e.g.: 4 artists x \$300/day x 4 days, 450 miles @ .545/mile, 100 posters and 10 broadcast ads)
- ✓ If you must add additional rows, use a calculator to ensure accurate totals.

Expense Categories – List allowable expenses only

- ✓ **Artist Fees** - artists' labor \$/hour, honoraria, etc. *Note:* Region 2 Arts Council suggests payment for artists-in-residence = \$300 per 4 contact hours or approximately \$75/hr.
- ✓ **Contractor Fees** - compensation paid to non-artist personnel for project activities. (e.g. project coordinator, outreach consultant, assistants to the artists, project specific contractors, ASL interpreters) Grant funds may NOT be used to pay employees of the organization, unless the organization contracts for their specific services and can prove that the planned arts programming goes above and beyond the employee's paid position and is not part of their normal salary or wages.
- ✓ **Travel** - mileage, airfare, lodging, meals. Provide details, such as how much you are paying per diem, and follow guidelines for any out-of-state travel expenses. Mileage rates should be calculated at less than or equal to the current IRS recommended rates per mile.
- ✓ **Publicity** – ads (print, broadcast, internet), printing (posters, tickets, programs, etc.), postage for mailing promotional materials.
- ✓ **Equipment Rental** - include payment for the rental of equipment or other non-expendable items including rental of equipment related to ensuring equitable access for people with disabilities.
- ✓ **Venue Rental** – rental of space directly related to the project and only for the duration of the project, beginning with the earliest start date, concluding with the project's end date. Rent, mortgage or payment for use of a space that is owned by the applicant organization/group is NOT an allowable project expense (in-kind or actual).
- ✓ **Supplies and Materials** – expendable items only, such as paints, clay, fabric, or other materials or supplies needed for your project.
- ✓ **Equipment**- includes payment for the purchase of equipment or non-expendable items essential for the project. Equipment/nonexpendable items are any items that can be utilized again and retain usefulness beyond the duration of this project, such as easels, amplifiers, sheet music, etc. Equipment/non-expendable item purchases require an automatic 25% cash match for Legacy funded grants. (Arts Access Grant, Arts Learning Grant, Cultural Traditions in the Arts Grant, Arts Access Grant for Small Towns) Equipment is NOT an allowable expense for any applicant of the Region 2 Arts Council's Arts Project Grant program. Equipment is also NOT an allowable expense for Schools, Community Education Offices, Colleges, or Universities applying for any Region 2 Arts Council Grant program.

- ✓ **Administrative Expenses** - include general expenses such as accounting and other administrative activity necessary for the completion of the project such as supervisory personnel, custodial services, phone, tech, office supplies, utilities costs, and insurance, for the duration of the project and ONLY if necessary to running and/or managing the project. These costs must be kept to a minimum and may not exceed 15% of the total project costs. Administrative duties that are part of an employee's paid position and part of their normal salary and wages are not an allowable administrative expense.
- ✓ **In-Kind Donations** - include non-cash donations of goods, rental (performance venue/tents/tables/chairs or professional services). Unallowable expenses are not allowable in-kind expenses. Rent, mortgage or payment for use of a space that is owned/leased by the applicant organization/group is an unallowable expense. Artist fees are not allowable in-kind expenses nor are they an allowable source of in-kind income.
- ✓ **Other** - includes expenses that do not fit the categories listed above.

Cash Match Requirements for Region 2 Arts Council Grants for Organizations

Grants requiring no Cash Match

- Arts Learning Grants for K-12 Schools requesting up to \$3,000
- Cultural Traditions in the Arts Grants
- Community Arts Support Grants

Grants requiring Cash Match for 20% of the total project cost minus equipment

- Arts Access Grants
- Arts Learning Grants
- Arts Access Grant for Small Towns
- Arts Project Grant

20% Cash Match Formula = (Total Estimated Project Expenses minus Equipment Expenses) x .2

Grants requiring Cash Match for 25% of all equipment/non-expendable expenses

- Arts Access Grants
- Arts Learning Grants
- Cultural Traditions in the Arts Grants
- Arts Access Grant for Small Towns

25% Cash Match for Equipment Formula = Total Equipment Expenses x .25

Grants in which equipment is an unallowable expenses

- Arts Project Grants
- Any grants applied for by Schools, Universities, Colleges, or Community Ed. programs

Meeting the Cash Match Requirement:

Whenever a cash match requirement exists, meeting the 20% cash match on the total project cost and/or a 25% match on any equipment costs is the responsibility of the grantee. Once the actual budget is complete, if the project has been completed under the estimated budgeted amount, and final calculations show that there was no or partial need

for the organization's cash match, this sum will not be considered a profit for the organization, but will be considered a debt that must be paid to Region 2 Arts Council in order for the organization to meet its cash match. Additionally, if the project expenses fell below the amount granted, the organization will be expected to return to the Region 2 Arts Council the unexpended grant funds **plus** the 20% cash match on the full granted amount as well as a 25% cash match on any equipment expenses appearing on the actual budget.

When a cash match requirement exists and a grantee recognizes that there will be no need for contributing income to the project because the awarded amount will be sufficient to complete the project, the grantee should contact Region 2 Arts Council to discuss the ways in which the full grant award amount can be utilized AND the commitment to supplying the full cash match can be upheld.

Estimated Project Income

Includes applicant funds, grants (from NEA, MSAB, or other funders), donations (cash or in-kind), and earned income (tickets, registration fees, etc.) for this project only. **Note:** Your proposed project may not be over 80% funded by Minnesota State Arts Board, Library Legacy, Historical Legacy, Department of Agriculture or other grant awards funded by the Clean Water, Land & Legacy Amendment and may not become over 80% funded if awarded this grant.

- ✓ **Earned Income** - List sources and provide detail. Indicate ticket prices, estimate of tickets sold, fees charged, number of audience members/participants expected, etc.
- ✓ **Other Grants/Donations** - Do not include this grant. List other grants or donation sources and indicate which are anticipated and which have been secured. In an additional document, please provide information about where your organization will seek funding if anticipated funding falls through.
- ✓ **In-Kind** - include sources of non-cash donations of goods, rental (performance venue/tents/tables/chairs or professional services) that appear in your budget above. **Note:** Unallowable expenses cannot be used as in-kind. **NEW!** Rent, mortgage or payment for use of a space that is owned by the applicant organization/group is an unallowable expense. Artist fees are not allowable in-kind expenses nor are they an allowable source of in-kind income.
- ✓ **Applicant Funds** - include funds your organization has available to use for this project that do not fall into any other category above.

Totals - the official budget form should automatically calculate totals based on the amounts your organization has included on the budget form. However, **ALWAYS** check your math with a calculator; this is especially important if you have added lines or possibly accidentally deleted or changed the embedded formulas.

Misuse of Funds Policy

All 11 regional arts councils and the Minnesota State Arts Board adhere to the new Misuse of Funds Policy. Grantees will be required to indicate that they have read the misuse of funds policy as part of signing their contract. There will always be consequences when

misuse of funds occurs, from returning the funds to being ineligible for receiving funds within the state.

Required expense documentation on application: for travel, lodging, equipment over \$500.00, workshop and consulting services

Change Forms

If an organization changes project dates, location, contracted artists, expected expenditures, the content of the project or program, outcomes or evaluation methods, project leadership, the applicant will be expected to submit a change form. Specifically:

- Budget amendments 20% or more on budget items that were originally \$1,000 or more.
- Artist changes
- Authorizing official and/or project director changes
- Revised start/end dates
- Revised project dates
- Change in location
- Change in outcomes and/or evaluation methods
- Contractor, vendor, or in-kind service provider changes
- Other changes, please contact our office