



ORGANIZATION

Involves Creating a Strong Foundation
For a Sustainable Revitalization Effort,
Including Cultivating Partnerships,
Community Involvement, and
Resources for the District

Budget Development

What's Included in the budget?

Every Main Street program should produce a detailed written budget annually that includes all of the organization's income and expenses. Income or revenue should be derived from both public and private sources in an effort to support the basic guiding principle: *Main Street is a public/private partnership*. Sources of revenue may include: public investment such as government grants, special tax assessments and/or municipal service districts; private investment, including sponsorships, special events, corporate and foundation grants, fundraising events, membership, donations and donor bequests; and interest earned on your investments. In an effort to create a sustainable organization, public investment should be developed to cover primarily personnel and operating expenses (i.e. salaries, rent, and phone bills). Public investment may also be sought for project expenses. Private investment should be developed mainly to cover programming and project expenses (banners, façade grants, business development, special events, etc.).

Expenses

The first priority of a Main Street organization is to survive. The personnel and operating expenses for your program include everything that it takes to keep the doors open and carry on the basic activities of the organization. These costs may include:

- ♦ Staff salaries & benefits
- ♦ Rent & utilities
- ♦ Equipment & furniture
- ♦ Telephone & internet service
- ♦ Copying & printing
- ♦ Office supplies
- ♦ Insurance
- ♦ Travel, training & conferences
- ♦ Dues & subscriptions

The second priority is to thrive. In addition to operating expenses, your organization will have costs for programming and projects. Examples may include:

- ♦ Façade grants
- ♦ Streetscape improvements
- ♦ Banners & holiday decorations
- ♦ Business assistance programs
- ♦ Special events

Sources of Revenue

Public Investment

1. **Government Grants:** Almost all of North Carolina's Main Street programs receive general revenue funds from the local municipalities, but these monies are not guaranteed. City councils and county commissions change continuously, and their financial support for your program can, too. In addition, from time to time, programs may identify federal, state or local government grants that may fund a project or spur downtown investment; Main Street programs are encouraged to seek out opportunities. Examples include NCDOT grants, CDBG or local government incentive grant programs.
2. **Special Tax Assessments and/or Municipal Service Districts:** Roughly half of North Carolina's Main Street communities have municipal service districts, which levy a special assessment on downtown property owners. MSDs may be adopted with a sunset clause and may require a renewal process. There is always the potential that the MSD tax rate could be lowered, or that unhappy property owners could convince the city council to abolish the district. Sidewalk assessments, occupancy tax assessments and tax increment financing are all government tools that may be used to cover project costs or spur downtown investment.

Private Investment

1. **Sponsorships:** Sponsorships, typically derived from private sources but may be derived from public sources, are the most common revenue source used to cover expenses related to a special event or promotional activity.
2. **Earned Income, typically derived from special events:** Special events may produce income for the organization, perhaps through booth fees or a percentage of funds earned by a vendor.

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Sources of Revenue continued:

3. **Grants:** They may come in the form of corporate or foundation grants. Look within your community for national corporations that may have a foundation or a local giving program. National, statewide, and local foundations are also excellent sources of revenue for one-time projects that meet their organization's mission.
4. **Fundraising Events:** Many nonprofit organizations annually host a signature fundraising event—an event that is known to their organization as a source of revenue for either general operating funds or for a specific program or project.
5. **Membership Campaigns:** Although not a common source of revenue for Main Street programs in North Carolina, membership programs are effective tools for generating funds and volunteerism for Main Street organizations. All applicable requirements must be met in order to maintain non profit status.
6. **Donations and Donor Bequests:** In lieu of cash donations, some donors may offer you property or stocks. These can be sold and are valuable investments for a downtown program.

Interest

Interest Earned on Your Investments: Be certain your money is working for you. As your program matures you may accumulate funds for the organization. Make sure that you are using an interest-bearing checking account, an interest bearing savings account, and/or a money market or CD account. Depending on your organizations cash flow, this could generate thousands of dollars each year.



This document was created to assist designated NC Main Street Communities and any other community that would like to develop best practices for downtown economic development.