

PREPARING FUNDING APPLICATIONS



Another Community Resource for the Not for Profit Sector



ACKNOWLEDGEMENT

The North Shore Community and Social Services Inc. was formed in 1975 and incorporated in 1979. Our organisation, which is a co-ordinating council for community groups, enhances or promotes the community development process on the North Shore and empowers community groups to serve their communities.

COMMUNITY RESOURCES

North Shore Community and Social Services Inc. continues to publish resources that have helped many Not-for-Profit organisations in their day-to-day management.

Our community resources provide affordable, practical, hands on advice, written by experts drawing from their experience working in the community sector.

Should you wish to order any of our publications, an order form is on the next page. Orders can be placed by post, phone, fax or email.

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Have you seen our TRAINING VIDEO?

Can You Manage?

- Part 1 Community Development – A Process to Define Community Needs
- Part 2 Meetings – Be Prepared
- Part 3 Roles and Responsibilities
- Part 4 Being a Good Employer – Getting It Right
- Part 5 Volunteers – A Planned Approach

Running Time 27 minutes

“It helped when our new Board members were elected – we found it humourous and very useful”

“Our meetings are much more focused”

“It helped us when we were formulating policy”

“It is humourous, not at all threatening and promoted good discussion”

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TABLE OF CONTENTS

- INTRODUCTION..... 2**
- FIRST STEPS FOR A PREPARING A FUNDING APPLICATION 3**
 - Stay Positive..... 3
 - Survival Strategies..... 3
 - Set Up A Funding File 4
- STEPS TO YOUR FUNDING PLAN..... 4**
- PREPARING YOUR FUNDING BUDGET..... 6**
 - Budget Checklist: 7
- IDENTIFYING SOURCES..... 8**
- WHAT YOU WANT TO ACHIEVE - PUTTING IT ALL TOGETHER 8**
 - Filling In The Application Form 9
 - Top Do’s And Don’ts 9
- FREQUENTLY ASKED QUESTIONS AND ANSWERS..... 10**
- A FEW FINAL THINGS TO CONSIDER..... 11**
- FROM THE FUNDERS PERSPECTIVE 12**
 - Accountability 12
 - Some Golden Rules (From Fundview)..... 12
- FINAL CHECKLIST..... 13**
- RESOURCES 13**

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PREPARING FUNDING APPLICATIONS

INTRODUCTION

All not for profit organisations in New Zealand need funds to survive. Rarely, if at all, do you hear of any organisation that has sufficient funding. It is a reality of today that fundraising is a necessity and a vital skill that is needed in most organisations.

This guide sets out the basic steps that need to be taken to prepare funding applications. Grant applications do not have to be confusing. Writing them is a skill that can be learned.



This guide **does not** cover other aspects of fundraising such as

- Donor Development
- Sponsorship
- Fundraising activities e.g. events, raffles, street collections etc.

These topics are covered in our community resource called:
“A Guide to Funding Strategies” and “Funding Series – Fact Sheets”.

FIRST STEPS FOR A PREPARING A FUNDING APPLICATION

STAY POSITIVE

The main ingredients of fundraising are:

- A sense of humour.
- The ability to laugh at your mistakes, learn from them and move on.
- The ability to cope with disappointment – as there will be many!

This bears repeating. “Thinking it can't be done is the single biggest reason that you will not raise money.”

No organization has time for negativity, but the "woe is me" syndrome is especially prevalent in small non-profit organisations. In many offices, it is frequently called the "Poverty Mentality," and it goes like this (with all kinds of variations):

"We can't do fundraising, we have no staff to do it."

"We can't do marketing, we have no money to do that."

"Of course the X Agency raises a lot of money - they are so big and so high profile."

How do you think the X Agency got that way?

The goal is to figure out how you can achieve your goals, and not to figure out a million reasons why you can't. Nobody in the world has enough hours in the day or enough money or enough staff. Don't let excuses stand in the way of creating a plan of how you CAN get where you want to be.

Now that you are thinking positively, and you know exactly where you want to be, it is time to take stock of all your assets - each board member, each staff person, talented volunteers, mission, success stories - everything you have going for you. And then build on that.

SURVIVAL STRATEGIES

- Plan well
- Work in a team however small, that way you don't feel so isolated and solely responsible for the funding of projects. Two or more heads are better than one.
- Don't put all your eggs in one basket – you need a multiple of funders.
- Understand the needs of the grant maker
- Be realistic
- Be patient

SET UP A FUNDING FILE

You will find it so much easier to access relevant documents if you have a specific funding file.

Put master copies of the following documents in the file:

- ✓ Your Annual Report
- ✓ Certificate of Incorporation
- ✓ Tax Exemption Certificate
- ✓ GST Number
- ✓ Business Plan and/or marketing plan if you have them
- ✓ Letters of support or community feedback
- ✓ Copies of press releases or media comment about your organisation

STEPS TO YOUR FUNDING PLAN

If you don't have a plan you will live in a world of changing boundaries and confusion. The components of your plan should be:

Step 1. Form a Team

Identify people within your organisation who can assist you. No matter how small your organisation is a team approach is less isolating and hopefully more fun. Fundraising is like a jigsaw, there are many pieces that make up the application and the old saying of many hands make light work is very true.

The people you may consider would be at the very least:

- Your treasurer
- You
- The administrator

For larger organisations there would probably be team/project leaders who would need to be involved.

Step 2. Understand your Mission Statement

This may sound unusual here but it is surprising how many funding applications are prepared for projects that do not fit the mission statement of the organisation.

Securing funding for a project that does not fit your mission statement is like trying to fit a square peg into a round hole! It will not fit comfortably and will tax the human resources of your organisation. You will be placed in a situation of trying to provide a service that has little or no synergy with the rest of your organisation and will not compliment other activities you are already doing.

Step 3. Identify why you want to raise funds. Be as specific as possible.

Do a plan for the whole year. What are the things you will need to raise money for during the year? Identify all the projects you will want funds for and then prepare a timeline.

Remember:

- Do not have too many balls in the air at once as you will not be able to deliver on them all.
- That it may take up to 4 months to receive a response to your application.

Each project needs to have its own objective i.e. its purpose and what it will achieve e.g. “to provide a weekly outing for the isolated elderly in the Puakau area”. This is clear and concise and immediately tells the reader what the application is about.

Step 4. Identify your Human Resources

Do you have the human capital to cope with this project? There is no point in applying for funds for a project that is beyond your human resource or administration capacity as it will cause resentment and burnout within your organisation.

Step 5. Identify possible funding sources

After you have identified your projects for the year, and examined the criteria of the funders then match the activity with the most likely funder. You may need to request a copy of their criteria. This can be done via their website, brochures or by phoning them.

Many Foundation and Government grants specify criteria for funding requests. Do some homework before submitting an application as your application will be rejected if it does not meet the criteria laid down and you have wasted your valuable time as well as theirs. This is called “targeting”.

Step 6. Identify Community Support

This cannot be over emphasised.

The key here is to identify if any other organisation is providing a similar service. If not you should have no difficulty providing evidence of community support. If there is a similar service you need to be able to clearly identify why you are applying for funds to provide a similar service. There are often a number of valid reasons but these need to be articulated clearly. An example may be a drop in Centre for young people. There may be one in the area which is Church based, you may wish to provide a generic one and as long as you can show community support you will at least reach first base.

Most grant givers want to see evidence of “the difference this grant will make in the community” and you need to reflect this in your application. Ask community groups, Government Departments, Service Clubs, Local Authority, Schools if they will support this application and if so would they mind giving you a letter of support or be a referee for your application. If the latter, you need to provide the details including phone number and name of the person to speak to so the grant maker can contact them easily.

If you have any positive press cuttings or local newspaper articles on the project include them.

Step 7. Evaluation

Evaluation is an important part of any project. By writing down the objectives of the project and how you will measure progress, you are formatting an evaluation plan. Think of evaluation as you would a road map - if we don't know where we are going or how we are going to get there, how will we know when we have arrived?

Three key questions need to be asked:

1. What are our indicators of success?
2. How will we know if we have succeeded?
3. What information do we need to gather to measure this?

PREPARING YOUR FUNDING BUDGET

This is the part most people find scary. Face your fear and approach it as a team.

The following steps may help:

Income:

- Write down the hours your organisation will contribute whether it be volunteer hours (see next section) or vehicle costs, or administration (intangible costs)
- Include any free/donated services from outside organisations
- Add any financial contribution your organisation will make to the project (capital injection). Sometimes you cannot contribute anything except your networks, infrastructure, volunteer and human resources and that is OK.

Expenses:

- Write down every component of the project that you will need to pay for (remember the smallest detail like photocopying) (tangible costs)
- Add a contingency cost. This is to cover unexpected expenditure and could be \$200 for a project of \$5,000 or a larger amount for larger applications.
- Decide whether your budget is GST inclusive or exclusive and clearly state this.
- Direct costs are easy to document, however indirect costs like: staff time, equipment use, supervision and support, volunteer expenses, premises costs are not so easy to document, but very important.

There are many ways of calculating these central costs but the most common way is on a percentage basis. If the project worker uses one-quarter of the office space allocate one quarter of the office costs (rent, rates, heat, power etc) to the project. Likewise if the project worker uses one quarter of the manager's time in support, supervision or meetings allocate one-quarter of the manager's salary to the project.

The three most common mistakes in budgeting are:

1. The forgotten costs - toll calls, photocopying, computer costs e.g. printer and colour cartridges, cell phones
2. Under-stated costs - be realistic
3. Hidden costs - office space, supervision etc.

BUDGET CHECKLIST:

- ✓ Employment costs/salaries
- ✓ ACC
- ✓ Insurance
- ✓ Recruitment costs if a new position
- ✓ Volunteer expenses * (see note)
- ✓ Training costs
- ✓ Project costs:
- ✓ Equipment
- ✓ Printing/stationery
- ✓ Post/telephone
- ✓ Travel/transport
- ✓ Training
- ✓ Evaluation
- ✓ Technical advice/consultancy
- ✓ Dissemination of results
- ✓ Other
- ✓ Overhead costs:
- ✓ Office occupancy
- ✓ (Rent/rates/heat/light)
- ✓ Management
- ✓ Administration -cleaning etc
- ✓ Depreciation
- ✓ Other

* Funders deal with volunteer contributions in a variety of ways but we suggest you quantify the cost of volunteer hours and include these in your organisation's contribution. A popular way to do this is to cost volunteer hours at \$10 per hour or the current legislated minimum wage.

IDENTIFYING SOURCES

The main funding sources are: Fundview, Department of Internal Affairs, Public Notices and Community Advisors at your local council.

Fundview: The Funding Information Service is a not-for-profit organisation that has information about funding for community groups in New Zealand.
www.allaboutfunding.org.nz. This service is available free at many libraries or Local Authorities.

The Department of Internal Affairs has information on Gaming Societies, Lotteries Grants and the Community Organisation Grants Scheme (COGS).

Community Advisors. Each local branch have Community Advisors who help organisations meet the needs of their communities and provides funding, advice, information and training.
www.dia.govt.nz

WHAT YOU WANT TO ACHIEVE - PUTTING IT ALL TOGETHER

At the end of all the planning you want a short document (preferably in a word document that you can then cut and paste) for each project (no more than two pages) that contains information on:

- Who you are
- A list of your Board/Committee
- Your membership, staff and volunteer numbers
- Contact details of above e.g. address and phone numbers
- What you do and with whom (client base)
- Why your organisation needs the funding
- What you are planning to do with the funding
- What it will cost and your contribution to the project
- Your current financial position and GST registration number
- Your legal status
- The benefits of the project to the community
- Why you think the grant maker could help and what you want them to do (amount of their grant).

FILLING IN THE APPLICATION FORM

Now that you have done your homework, prepared the plan, prepared your budget and gathered your letters of support you are ready to fill in the application form. It is important that you make the application form look as professional as possible.

The following steps may help you:

1. Take a photocopy of the application form and use it as a draft
2. Fill in all the easy bits e.g. contact details, demographics etc
3. Where there is a small box only – type your response in a word document, print it out, cut to fit the box and glue it onto your application form. This makes the application look much neater and is easier to read.
4. Take the figures from your latest annual accounts and transfer them to the form. Add your project cost figures from your budget next and then identify how much you will contribute. This will give you much of the information you need. Next fill in all the easy parts e.g. your income for the previous year, your expenditure for the previous year.
5. Get all your attachments together
6. Make sure you answer all the questions – don't leave any blanks.
7. Make sure you keep a copy of your application form and all the attachments.

TOP DO'S AND DON'TS

Do:

- Include all your details such as phone number, email address and alternate contacts
- Communicate clearly, passionately and with urgency about your project and your organisation
- Cost into the project your human resource time including voluntary hours
- Network – listen to more experienced fundraisers - they are usually very happy to share their experiences.
- Allow time – as it usually takes 3 – 4 months from submitting your application to receiving a response. The closing date for applications is often at least 1 month to 6 weeks before the committee meets to discuss the applications.

Don't

- Create expectations you can't fulfil
- Exaggerate about your activities
- Use the scattergun approach of applying to everyone for everything. This will waste your valuable time and resources.
- Be vague about why you want the money
- Launch into a project without planning and budgeting
- Raise money for a specific project and then spend it on something else without first checking with your funder
- Expect to receive 100% of the project costs

- Put a lot of energy into lobbying individual committee members of the funding body. They are usually only one voice and if the relationship is too close will need to declare a conflict of interest.
- Apply for funding for expenses already incurred. Most funders do not fund retrospectively.

FREQUENTLY ASKED QUESTIONS AND ANSWERS

What is the start date for this project?

A soon as possible after funding has been received.

Note: If you do not receive as much as you had hoped and need to apply to another funder keep the first funder advised of the progress. Communication is the key to building relationships and this applies to funding as well.

Who else have you applied to?

Be honest and list other funders you have applied to and the dates you expect a response.

If you have reserve funds why are you not using these for this project?

You need to calculate the cost of administration, wages, ACC, rent, power and general running costs for three months and advise that three months administrative costs have been set aside. This is prudent management and very acceptable to funders

Other accumulated funds may be contract or project funds received but not expended because the end of the financial year for your organisation may have fallen between the date the money was received and the end of the project. These funds are therefore “ring fenced” for that particular project and cannot be used for general funds.

Who will be involved in the project?

Name all the organisations and key personnel who will be involved in the project

How will you keep all parties involved in the project informed?

If it is a large project there needs to be a communication strategy built into the planning. This can be as simple as an email newsletter once a month, but someone needs to be assigned that task and take responsibility for it.

Who will have overall responsibility for the project?

There must always be a project leader. This person needs to take that responsibility seriously as they will probably be the liaison person between the organisation and the funder.

Have you registered with the Charities Commission?

Answer no – as this cannot be done until at least June 2006 but grantmakers have already included it on their application form.

We are not incorporated so what do we need to do?

You will need to find an umbrella group who will act as a legal entity for you. By not being incorporated you will be limited in the amount you can request using an umbrella group but it is the starting point for many groups.

I have missed the closing date can I send in a late application?

The long and short answer is usually NO!

How will you evaluate the programme/project?

If you have done your planning well you will have thought this through. An evaluation is a review on the effectiveness of the project or programme. Don't try and complicate things. Evaluation is a learning tool to see if you have achieved your objectives and if not why not. Evaluation tools can be as simple as a random questionnaire or membership and community feedback and support.

A FEW FINAL THINGS TO CONSIDER

Now that you are feeling confident, well prepared and enthusiastic we have listed a few more things some funders require:

Minutes of a Board Meeting

Some funders require a note from the minutes of your Board/Committee meeting that approval is given to apply for this funding. This is quite routine and ensures the Board/Committee are familiar with and support the project. This can be simply:

“The Board unanimously agrees that a funding application will be lodged with
for..... Moved: J Smith Seconded P Jones.”

Tax Exemption Certificate

Some funders require your Tax Exemption certificates. This is tricky because there are many categories under which tax exemption is granted. If not specifically stated by the funder clarify this with them. If you do not have the required exemption ask the funder if this is important. If it means your application will not be granted until you have proof of this exemption do not waste your time putting in the application but instead put time and energy into applying to Inland Revenue Department for such an exemption.

FROM THE FUNDERS PERSPECTIVE

There are two parts to any funding application, the applicant and the funder. The funder often experiences as much angst as the applicant and the following are comments from funders:

- Groups don't state their name, address, legal status or a clear statement about who they are:
- Documents requested are not attached
- We love partnerships with other groups
- Community support is crucial
- Groups do not understand our criteria
- Budget figures often do not add up!
- Groups do not clearly articulate their need
- We cannot picture this organisation
- We cannot read the writing

ACCOUNTABILITY

Together with funding comes responsibilities and one of those is the accountability factor. Most funds want some form of accountability report and depending on the level of funding this could be quarterly, annually or at the end of the project

Set a time frame which allows plenty of time to get your project started and be in a position to provide the necessary information required.

Accountability timeframes are often lost sight of if you receive grants from a number of different organisations. It is so important to diary these ahead and have them in on time.

SOME GOLDEN RULES (from Fundview)

- Make your application look professional
- Type your application
- Be realistic in what you seek
- Keep a copy of the application
- Read the application, check it makes sense
- Complete all questions
- Attach all requested documents
- Attach your own references
- Publicly acknowledge grants
- Don't apply for unspecified amounts
- Make sure financial information is current
- Use plastic folders for easy photocopying
- Get the application in well before the closing date
- Don't quote the funding organisation's philosophy
- Ring if your application isn't acknowledged

FINAL CHECKLIST

- Plan the plan -
- Follow the plan outlined above
- Chose your funders carefully
- Celebrate your success

You will always learn something even if you are disappointed in the outcome of this application. Your next one will be so much easier.

ALWAYS STAY POSITIVE

Keep your dream in front of you and your group at all times, and give yourself pats on the back for your successes however small. Recognise milestones and give yourselves rewards for reaching them and have fun while you do this! Mona Forrest

RESOURCES

Our other relevant resources

Funding Directory – (Auckland Region funders only) The Funding Directory includes a list of funders in the Auckland, North Shore, Waitakere, Manukau, Papakura, Franklin and Rodney districts. In addition there is an A-Z list of 80 other funders who support not for profit organisations.

Guide to Funding Strategies – Includes sponsorship, direct mail campaigns, event planning, donor relationships and more.

Funding Series Fact Sheets – Ten fact sheets that cover topics including Preparing for funding, funding calendar and portfolio, marketing plan, legal issues, sponsorship, database management, accountability and monitoring.

MSD Managing Well book

Fundview website – www.allaboutfunding.org.nz

People who may help with your application:

- City Council community workers
- Citizens Advice Bureau
- Internal Affairs Community field staff
- The funding agency to whom you are applying
- Local clubs e.g. Rotary, Lions, Kiwanis, Jaycees, Soroptimists, Masons, Licensing Trusts