

# Funding Your Project (Developing a Funding Plan)

An important aspect of your project is understanding how much it is going to cost and how you are going to cover these costs. A funding plan addresses these issues and is a good first step when you start your project.

See *Information Sheet 12 (Project Management)* for some ideas on how you can plan and manage all aspects of your project.

## STEP 1: DEVELOP A PROJECT BUDGET AND IDENTIFY ANY SHORTFALL

- Firstly, write down all the things you need in your project and how much they will cost. Think also about the less obvious costs such as freight, installation, insurance, consent fees etc and include them all in your budget. You will most probably need to provide quotes for these expenses, so make sure the budget is realistic even at this early stage of the project.
- Secondly, note any income that you may expect from the project e.g. entry fees or door sales from running an event and any "in kind contributions".\*
- How much do you still need to raise after you cover all your expenses from your projected income? This shortfall is then the figure that you are going to look to cover with your own funds, donations, fundraising and by applying for community grants.

The following fact sheets will also provide information about funding options and raising money for your project:

- 10 *Community Funding in Southland*
- 11b *Preparing Funding Applications*
- 16 *Sponsorship*
- 19 *Fundraising*

## STEP 2: RESEARCH FUNDING OPTIONS FOR YOUR PLAN

### Things you need to know before you start:

- The nature of your organisation and your project will determine the type of funding options available to you and the structure of your funding plan. The structure of your group, where you operate from and how much money you can contribute to the project are also important factors.
- Some components of your project may be eligible for grant funding and other parts may not be. This is important to know as many funders require you to specify what particular project expense you are applying to funding for, and not all expenses may be eligible.

*Example: You may decide to apply for funds to help pay for the hire equipment for your event but prize money may be an ineligible expense to apply for. Therefore prize money may have to be covered from business sponsorship or perhaps the entry fees for your event.*

- Similarly, you need to be aware of the operational costs of your group and/or project when you undertake a project. Many funders will not fund your operational costs but may fund a major capital works project.

*Example: A funder may not cover ongoing repairs and maintenance of your community hall but may consider helping you towards reroofing your hall.*

### Sustainability of your project

- It is important that you establish that you will have the means to continue to operate and maintain the project once it is in place or is complete. This is particularly important when fundraising for community facilities.  
*Example: If you are applying for a new roof, funders may need to know that you have undertaken regular and timely maintenance. This gives them confidence that the financial assistance they may give you is going into an asset that has been, and will be, cared for and sustainable in the future.*
- Funders will ask you to demonstrate that your income (e.g. from membership fees, your annual fundraiser, business sponsorship) will cover the operational cost (e.g. rates, insurance, power, phone, repairs & maintenance) of your facility. Depending on the size of the project this information will have to be more or less detailed; with large projects you may have to prepare budgets over several years.

### How to find public funders to apply for grants?

- Fact Sheet 10 (*Community Funding in Southland*) outlines public funding options in Southland and you can also contact your Venture Southland Community Development Planner who can provide information about funding available for your area, type of organisation and project.
- Once you find some funders which fit your group and your project, it is best to contact them directly for more information. Each funder has their own rules which cover many things including how often you can apply to a fund and even how they pay you an approved grant.
- Fundview** is a comprehensive national online database detailing most public funding options, accessed by typing in key search words. It can be accessed at all Southland District Council libraries, from home using your Invercargill City Library card number, and some area offices free of charge.

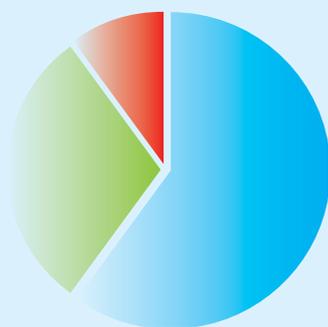
### How much to apply for?

- This will depend on your project and what fund you are applying to, but remember that funders almost never grant the full cost of a project. They expect you to contribute towards the cost of the project and you will have to demonstrate how you plan to do this (e.g. fundraising, entry fees, cash in bank). Your funding plan and budget will show this.
- Some funders will require you to have raised a percentage of the costs before you even apply – check their criteria. Funders are looking for the confidence that your project will go ahead and that their contribution will be helpful.
- Also remember that depending on whether or not you are registered for GST may impact the amount you will request – check each application form. Often GST registered groups are entitled to only apply for the GST exclusive amount of the project cost.

Below are examples of two community projects and the breakdown of how the costs of their projects may be covered:

#### Example 1: Running an Event

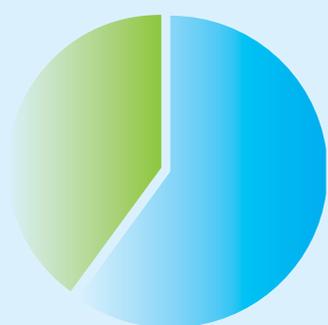
**Total Project Cost = \$15,000**



- Own Contribution (incl. cash in bank, entry fees, in kind contributions) **\$9,000**
- Grant Funding **\$5,000**
- Sponsorship **\$1,000**

#### Example 2: New Roof for the Local Community Hall

**Total Project Cost = \$30,000**



- Grant Funding **\$18,000**
- Own Contribution (incl. cash in bank, entry fees, in kind contributions) **\$12,000**

### STEP 3: DEVELOP YOUR FUNDING PLAN WITH ASSOCIATED TIMEFRAMES

After researching your funding options, you now need to develop your plan which will detail the best and most realistic way to fund your project and the timeframe in which you will achieve this.

#### Example:

**Project:** New Roof for the Chaslands Community Hall

**Organisation:** Chaslands Community Hall Committee Inc  
**Total Project Cost:** \$30,000 (incl GST)

- You have developed a detailed and realistic budget which lists all expected expenses.
- You have sought quotes from two roofing contractors, so are confident that this key expense is an accurate cost.
- Currently in the bank, your Committee has \$4,000 in your cheque account (the proceeds from a recent fundraiser) and a term deposit of \$10,000.
- Your Committee has to keep \$1,500 in the bank to pay for the annual costs of running the hall (insurance, maintenance) and would also like to keep a contingency fund of \$2,000 for emergencies if possible.
- So in total, your Committee is able to contribute up to \$10,500 cash towards the project.
- A local electrician has kindly offered to re wire your hall for free once the new roof is replaced, this is an in kind donation worth \$1,000 (detailed in your budget and part of total project cost).
- The Chaslands Playcentre Association which uses the hall, wish to donate \$500 towards the project.
- Your Committee is not GST registered so has to make sure that any grants applied for are GST inclusive.
- You need \$18,000 to complete the project.

You have identified three potential funders which fit the criteria of your project.

You have approached Funder One for \$12,000 and were successfully granted \$10,000. These funds are already in your bank account. You also successfully applied to Funder Two for \$3,000. However, this funder will only pay the funds on receipt of completed and approved invoices. You are waiting for the outcome of an application to Funder Three. If this application is not granted in full or is unsuccessful, you are prepared to use some of your contingency money to cover the shortfall. You also have another potential fundraiser planned if required. Your whole Committee has agreed to not start the project until ALL funds are secured, but hope to complete the work before winter.

Your funding plan could look something like this:

**Project: “New Roof for the Chaslands Community Hall”**

**Chaslands Community Hall Committee Inc**

**Goal: \$30,000 (Total Project Cost)**

WHO	WHAT FOR?	AMOUNT APPLIED FOR	APPLICATION CLOSING DATE	APPLICATION OUTCOME DATE	AMOUNT SECURED	STATUS	CONTACT	NOTES
Hall Committee	Whole Project	n/a	n/a	n/a	10,500	Banked		\$10,000 Term Dep \$500 CQ account
Local Electrician	Electrical Rewiring (In Kind)	n/a	n/a	n/a	1,000	Confirmed	Sherry	Need to get invoice/quote to show value of this in kind contribution
Chaslands Playcentre Assn	Whole Project (Donation)	n/a	n/a	n/a	500	Banked	John	Keep Assn updated on project progress
Funder One	Whole Project	12,000	3 Feb	15 May	10,000	Banked	Ann, John	Needed 1/3 of total project cost before we could apply. Will need to do accountability form.
Funder Two	Whole Project	3,000	31 March	15 May	3,000	Confirmed	Ann, John	Funder will pay the grant once we present actual receipts for work completed & which was approved by them.
Funder Three	Whole Project	5,000	1 April	1 June	?	To be confirmed	Ann, John	
				<b>Funds in hand:</b>	<b>25,000</b>			
				<b>Funds to be confirmed:</b>	<b>5,000</b>			
				<b>Total:</b>	<b>30,000</b>			

**IMPORTANT CONSIDERATIONS**

**\*In Kind Contributions**

In addition to cash, some funders will allow you to include the material value of donated materials or donations in kind (e.g. services of an electrician) as your contribution in a funding application. In this case you need to identify the value of these donations by getting quotes for their market value.

*Example: The local electrician will re-wire your local community hall for free when you replace the roof. This is a donation in kind. Ask the electrician what the value of his work is so you can include this in the ‘income’ for your project.*

Some funders will also allow you to account for the value of volunteer work involved in the project.

*Example: Your group want to plant native trees along the bank of a stream. You are asking for the cost of the trees but will plant them yourselves. Ten people will work for an afternoon (4 hours) = 40 volunteers hours. For several years volunteer hours have been valued at \$10/hour for the purpose of funding applications (or you can use the minimum wage for the calculation). The value of your contribution is therefore \$400.*

**Funding Timeframes**

Your funding plan should show which funds you wish to (or are eligible to) apply to and the dates that applications are due and also when you are informed of their decisions. There can be a significant delay from when you submit your application, to when it is considered by the funders, and then when you are informed and paid the grant. This may affect when you will be able to undertake your project. Note that some funders will only pay out the grant on receipt of the paid invoices - you will have to have sufficient funds to cover the cash flow until you get the grant!

Also be aware that your project may only be able to be undertaken at certain times of the year and you will need to allow for this in your funding plan.

*Example: You wish to paint your community playcentre but this can only happen in summer months. Therefore, you need to plan a year out – apply for the funding, undertake the fundraising and have all your funds confirmed by when you are able to undertake the work.*

## Retrospective Funding

Each funding organisation has different rules regarding this, but as a general rule they will not provide funding retrospectively. This means that you cannot apply for funding for a project that has already started (even if it is not finished) by the time the applications closed, or for a project that has already happened. Funding options therefore need to be a major part of your planning when your group is thinking of starting a project.

## Double Dipping

Double dipping is applying for the **same project cost** to more than one funder **at the same time**. This does not mean that you cannot approach more than one funder for a contribution towards a project however, particularly if the project cost is high.

However, you should always be honest with funders about other funders you may have approached. If you are successful with all applications, and have a surplus of funds, you have to communicate with funders. You will most likely be asked to return a portion of the grant(s).

*Example 1: The cost of your project is \$5000. Your group has \$1000 savings, and you applied for \$1500 to Funder 1 and \$2500 to Funder 2. This is OK.*

*Example 2: The cost of your project is \$5000. Your group has \$1000 savings, and you applied for \$4000 to Funder 1 and \$4000 to Funder 2. This is only OK if there is an overlap in closing dates. You have to state this in your applications, if you don't it will be considered double dipping.*

*Example 3: The cost of your project is \$5000. Your group has \$1000 savings, and you applied for \$4000 to Funder 1. Your application was declined. You then applied for \$4000 to Funder 2. This is OK.*

## STEP 4: IMPLEMENT YOUR FUNDING PLAN

- Preparing funding applications can be a lot of work. See Sheet 11b which provides some hints for completing successful funding applications. **It is important that you communicate with funders directly, regularly review your funding plan and keep your organisation updated.**
- Your funding plan can be particularly useful if you have a number of projects underway at the same time and you regularly submit applications. It can be confusing to remember what grant is tagged to what project or what project component. Also, if you employ somebody and rely on grant funding to cover their wages, it is important you apply for continued funding at the right time to avoid delays or disruption in wage funding.

Information prepared by



## STEP 5: ACCOUNTABILITY FORMS, DELAYS AND UNUSED FUNDS

- Most funders will require you to fill out an accountability form after the project has been completed. This usually details the outcomes of the project (e.g. how many people attended an event) and the paid invoices for the cost of the project. If you don't fill out the accountability form, you will very likely not be able to apply to this funder again, and the funder may share this information with other funders. **Always complete accountability forms!**
- Most funders will require you to spend granted funds on the project and items you specified in the funding application, and within a certain timeframe. If your project is delayed, there was a change to the project, or you did not spend the full funds you have been granted – you have to communicate with the funders. Often they will be understanding and flexible but never assume “it will be OK” – always talk to funders!
- It is good practice to acknowledge and thank all your supporters and funders on completion of a project.

### TIP

Make your Funding Plan an agenda item for every meeting of your group. This means that at every meeting you can keep up to date with the progress of your fundraising and funding applications. You may even need to allocate someone the key role of looking after funding, as it can become a lot of work for the secretary.

## LINKS / WHERE TO GO FOR MORE INFORMATION:

[www.exult.co.nz](http://www.exult.co.nz)

[www.southlandnz.com/liveinsouthland/funding](http://www.southlandnz.com/liveinsouthland/funding)

Access to Fundview:

[www.southlanddc.govt.nz/co/online-databases](http://www.southlanddc.govt.nz/co/online-databases)

For more information or help you can also contact your local Community Development Planner at Venture Southland:  
143 Spey Street, Invercargill  
Ph: 03 211 1400  
[enquiry@venturesouthland.co.nz](mailto:enquiry@venturesouthland.co.nz)  
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