

Voluntary Action-Leeds Funding: Overview

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FUNDING: OVERVIEW

[This factsheet is part of a series of 3. The others cover *Funding: Sources* and *Funding: Making Applications*].

The aim of this factsheet is to give guidance on the whole process of fundraising – from deciding what you need funds for, to making the application. The factsheets are aimed at groups that have not yet begun fundraising, though they may be a useful tool for more experienced fundraisers.

Fundraising is a vital part of your organisation. It involves getting the resources – money, equipment, premises etc. – that your organisation needs to carry out its work.

Fundraising should be an organised, planned activity. There are a number of steps to successful fundraising:

- Step 1: Agree on a person or a group to take on the fundraising task
- Step 2: Make sure you're ready to be funded
- Putting together a funding strategy – steps 3 – 5
- Step 3: Decide what you need funds for
- Step 4: Make a budget
- Step 5: Locate funders
- Step 6: Make applications
- Step 7: Follow up

IMPORTANT : PLAN AHEAD!

The time between when you decide you need funds, to when you actually receive them is likely to be about twelve months. It is important, therefore, that you start your fundraising well in advance .

Step 1: Agree on a person or a group to take on the fundraising task

It is essential that a person, or group of people, see fundraising as their responsibility. Fundraising requires time and effort to be successful, so a person or team should commit themselves to it. The most successful funding applications will have involved a range of people from within the organisation. This is because a successful fundraising application involves communicating the vision of your organisation to a funder. That vision is, or should be, a collective vision.

Step 2: Make sure you're ready to be funded

All funders require, as a minimum, that:

- You are a non-profit organisation with charitable or benevolent aims;
- You have a set of rules or constitution, stating your aims and how you operate;
- You have a bank account in the name of the organisation with two signatories on every cheque
- You keep financial records which are up to date and backed by appropriate documentation

This is one of the ways of ensuring that the funders' money will be properly managed and spent.

Certain things you might want to fund – a worker, a building, or a vehicle for example – give you legal obligations. A funder will require evidence that you understand these obligations, and that you have taken steps to comply with them. Some funders will also expect you to be a registered charity.

Putting together a funding strategy – steps 3 - 5

Step 3: Research and plan your project

Make a list of ALL the items that you need to pay for, including running costs and/or particular project costs.

Divide the list into two categories – capital and revenue. Capital means items of equipment that you usually pay a fixed one-off amount for – buildings, computers, vehicles, for example. Revenue is on-going costs like wages, expenses, bills, etc.

Decide when you need the money, and how long it has to last for. For a dedicated project, there will usually be a start and finish date, or at least an idea of how long it will last. If you are looking for ongoing running costs, you should include all your expenditure for one year, two, or three years. It is up to you how far ahead you can accurately plan, but one year is usually the minimum.

Step 4: Make a budget

Budgeting is simply costing all the things you'll need to spend money on. Budgets should not be guesswork – get as near as you can to the actual amounts you will have to pay. For example, get quotes for building work, get exact prices for equipment, ask how much rent people pay for similar offices to yours, find out how much people get paid for the kind of posts you want to fund.

Don't forget to include in your budget realistic amounts for contingencies and reserves.

Funders will know if your budget is not accurate – your figures will be too rounded, or unrealistic. **A properly worked out budget is one of the most important elements of successful fundraising.**

Step 5: Locate funders

Once you have made a budget you can start to look for funders. All the options are covered in the factsheet *Funding: Sources*.

Step 6: Make applications

After finding appropriate funders, the next stage is to make a good application. This important area is covered in the factsheet *Funding: Making Applications*.

Step 7: Follow up

This stage is easily overlooked, but is absolutely vital!! You should think of fundraising as a long-term, ongoing process, not a one-off. How you treat your funders is therefore important. You might want to go back to funders in future, or may need to show new funders that you have a good track record of managing funds.

So once you have succeeded in getting your funds, there are 2 important steps to take:

- Say thank you! Many beneficiaries simply accept the money without acknowledging it. Funders are human beings too, and will respond well to gratitude for the help they have given. A phone call may suffice, a letter will be much appreciated, or you could invite them to come along and see the project they have funded in progress.
- Make sure that you do all that the funder requests in terms of monitoring your work, reporting and accounting. You may need to fill in a form or forms to show how you have spent the money, or how the project or organisation is progressing.

Even if there is no particular information to provide, it is a good idea to send a report to your funders. This might include facts and figures but could also include photographs of your work, to show how the money is being used, and to bring your work to life.

This will build a stronger relationship with funders, which could lead to more support in future.

Further help

Voluntary Action-Leeds



0113 297 7920




0113 297 7921

 info@val.org.uk

Training in fundraising is available through Voluntary Action-Leeds. Contact us for details.

Funderfinder offer free software to assist with budgeting and making applications. This is available from their website at www.funderfinder.org.uk

WYCAS (West Yorkshire Community Accounting Service) offer assistance with budgeting and preparing accounts.

 0113 270 6269

 info@wycas.org.uk

 <http://www.wycas.org.uk/>

CIB (CHARITIES INFORMATION BUREAU)

 01924 239 063

 funding@cibfunding.org.uk

 <http://www.cibfunding.org.uk/>

FURTHER READING

Charity Commission Publication CC20 Charities and Fund-Raising available from www.charitycommission.gov.uk

Voluntary Action-**Leeds**

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