

# FUNDING YOUR PROJECT

There are seven income streams you can target when looking to fund your project.

## 1. Membership

You have a membership package where people pay to receive specific services, benefits or privileges.

## 2. Donations

People donate money or resources out of kindness, expecting nothing in return. Donations can be both large and small.

## 3. Sponsorship

Parties (often businesses) contribute money or resources as an act of partnership with your organisation.

## 4. Fundraising

Activities are organised for the sole purpose of raising extra funds. These activities are often events. Care should be taken that the cost of running the fundraising activity is not greater than the possible income that can be generated.

## 5. Entrepreneurial Activities

Activities that are new to your business model. They involve developing a new product, a new service that can increase your profits and add scope to invest in expanding your existing operation.

## 6. Grants

Your organisation applies to funding bodies to fund specific projects or costs. The organisation is accountable for spending the money where they said they would.

## 7. Contracts

Somebody (usually a government department) contracts your organisation to provide a specific service or programme and pays you for doing so.

*Seven income streams information sourced from Exult, Tauranga. See <http://www.exult.co.nz> for more information.*



## FUNDING

Applying for funding is a good first step for starting up your project as many funds are out there for that specific purpose.

To be able to apply to a funding organisation for funding, you first need to ensure you are applying on behalf of an organisation. Most funders will not fund individuals. An organisation may be a charitable trust, incorporated society, not for profit organisation, school etc. You will need to provide evidence of the status of your organisation.

If you're looking for funding organisations to approach to fund your project, they are found easily enough by searching 'funding organisations NZ' on Google. If your topic is specific, e.g. environmental, education etc., add that into the search bar as well to bring up specific funds. You can also find Council funds to apply to by searching their website. Most Council's subscribe to Fundview – an online database of all avenues for funding in New Zealand. Access to Fundview is often provided through your council library website using your library card number for access. Fundview allows you to search the database of funders for funding that meets the criteria of your project.

Before applying to any funder, you need to ensure that they can fund your project and it aligns with their priorities. You can find this information out by visiting their website or giving them a call to discuss your project. They will tell you if you should apply or not. If they say you can apply, this does not guarantee they will fund your project but they will consider it.

Most funders will require you to complete an application form. Below are some, if not all of the questions you will be asked on the form. The majority of information requested is information that you should have from planning your project.

### ORGANISATION DETAILS

- Organisation name
- Postal and physical addresses
- Phone
- Email address
- Year established

### AIMS OF ORGANISATION

As stated in your trust deed or founding document.

### MAIN CONTACT PERSON

This is the person that the funder can contact if they have any questions about your application. Any correspondence will also be addressed to the main contact person.

### LEGAL STATUS

Is your organisation a charitable trust, not for profit, sports club, incorporated society or school? You will need to provide evidence of this such as a charities commission certificate, certificate of incorporation etc.

### WHAT AREA YOUR PROJECT IS FOR

If you're applying to a gaming trust for funding you will need to ensure they have a venue in your area. These venues are where gaming trust funds are distributed from. For other funds, this may only be applicable if you are a national organisation.

### PROJECT DETAILS

Purpose for which the donation is required. If they don't ask for background and more details about your project, supply this in an additional document. That way they will have the information on hand if they want it. However, some funders will say "do not send additional information."

### WHY SHOULD THEY FUND YOUR PROJECT?

Some organisations will ask you to state why they should fund your project. This is where it is good to make sure you read the guidelines and any other information on their website, as you can use their wording where it fits with your project. Some funders have goals and if your project aligns with any of their goals, you can quote this and explain how it supports it.

### HOW WILL YOU ASSESS THE SUCCESS OF YOUR PROJECT?

You need to document the measurable outcomes of your project. How will you know that it has been successful? This gives them confidence that you are measuring the success and monitoring the impact of their money.

### HOW MANY PEOPLE WILL THE PROJECT BENEFIT? WHAT WILL BE THE COMMUNITY BENEFIT?

This is generally self-explanatory. Find out the population

in your area or region. If it is just for schools, then school roll information is available. If the school children are going to take information/learnings home, then include the families.

## **COST BREAKDOWN**

You need to provide a breakdown of what your project is going to cost. This will include the cost of materials, any overheads (administration costs) and wages (if any). You might need actual quotes from companies that provide the stated materials. When charging for staff time ensure the true costs of employment are covered – a good rule of thumb is to ask for about 1.5 times the salary of the person who will do the work.

## **OTHER INCOME FOR PROJECT**

Have you raised any other funds for the project? If so, list whom they are from and the amount they have contributed. Some funds allow you to use in-kind labour and some don't. If you haven't got all of the other funding confirmed make that clear. If your organisation is investing in the project then include that as other income.

## **AMOUNT REQUESTED FROM FUNDER**

This will either be the amount leftover after subtracting the income you already have from the total cost of the project, or the amount you can apply for based on what they fund. Many funding organisations don't fund administration costs.

## **ANY SHORTFALL? HOW DO YOU PROPOSE TO RAISE THIS?**

Shortfall is the amount leftover after you've stated the income you already have and the amount you're applying for. You will need to include how you plan to raise this amount. It may be through your own fundraising efforts (sausage sizzles), applying for sponsorship to companies or getting a council or other contract to deliver a service.

## **RESOLUTION TO APPLY FOR FUNDING**

A resolution is to show the funder that you have discussed the project with your board and they know you will be applying to the funder for funding.

Some funders will ask for a copy of your organisation's meeting minutes showing that you discussed applying to the fund.

Ensure you check whether the funder would like the

resolution signed by the Chairperson or Secretary of your organisation. Some prefer the Secretary.

## **HAVE YOU APPLIED TO ANYONE ELSE FOR FUNDS FOR THE SAME PURPOSE?**

Funders talk to each other, so make sure you are honest if you have applied to another organisation for the same purpose.

## **PROMOTION OF PROJECT AND HOW THEIR LOGO WILL BE USED**

Most funders don't ask for a lot in return for funding your project. Most will provide you with their logo to use where you can. You can put funder's logos on your website, in newsletters, on materials purchased with the funding, signage at events or facilities bought/built with the funding. Some funders like a bit of publicity via newspapers, social media, radio stations etc. If the amount funded is significant, you may be able to give them naming rights.

## **SUPPORTING DOCUMENTS**

- Annual accounts are normally requested. Some funders require your accounts to be externally reviewed or audited by an accountant. Check this with the funder. It can cost thousands of dollars for a review and more for an audit.
- Copy of bank deposit form
- Copy of evidence of organisation's legal status
- Proof of affiliation to regional or national body if applicable
- At least two quotes for each item for your project, or a letter explaining why only one quote can be obtained. Quotes generally need to be addressed to you, on the supplier's letterhead, not in email form, and no more than three months old.
- Any other information you feel is relevant to your application





## AFTER YOU'VE COMPLETED THE APPLICATION

Make sure you take a full photocopy or scan of everything that you will be sending in. Most funders do not send your application back. If a funder says not to email an application in, don't email it. They won't consider it. Make sure you print and post it in good time for it to arrive by the stated deadline.

If you get approved for funding, most funders will ask for an accountability report after a certain period of time. They usually send the template for this along with the outcome letter.

The accountability report will require a description of the project, what was purchased, evidence of purchases, and what was achieved. Evidence of purchases will be copies of project related invoices and bank statements showing payment going out of your bank.

If you do not spend all of the money that was granted, you will need to refund the unspent amount, or contact the funder if there is another purpose for the same project you could spend it on. In most cases, they stick to the funding deed and the unspent funds must be returned.



## FUNDERS IN NEW ZEALAND

This list is not comprehensive. There are many more funding organisations

New Zealand Community Trust

The Southern Trust

The Trust's Community Foundation

Foundation North

Trillian Trust

Dragon Community Trust

BlueSky Community Trust

Fonterra Grassroots Fund

Trust Waikato

For Everyone Charitable Foundation

Eastern & Central Community Trust

Four Winds Foundation

Endeavour Community Foundation

TSB Community Trust

Pelorus Trust

Wellington Community Trust

Rata Foundation

Otago Community Trust

Community Trust of Mid & South

Canterbury

WWF Environmental Education Action Fund

Community Trust of Southland

ANZ NZ Staff Foundation

Tindall Foundation

Todd Foundation

MfE Waste Minimisation Fund

MfE Community Environment Fund

Harcourts Foundation

Lottery Grants

The Next Foundation

The Pacific Development and Conservation Trust

Community Organisations Grant Scheme

The Lion Foundation

Pub Charity

## COUNCIL CONTRACTS

A contract is awarded to pay you to provide a specific service or programme. Most contracts will require reporting to be performed – generally throughout the lifetime of the contract. This means you need to ensure you collect the relevant data and metrics throughout the project to meet the reporting requirements and allow you to measure the outcome of the project.

### WHICH DEPARTMENT?

Before contacting your local council, ensure you have looked into which department would be best for you to engage. If your project is a waste minimisation project, then you need to approach the solid waste department or team. The solid waste team has access to Ministry for the Environment waste levy funding. This money needs to be spent on waste minimisation initiatives. However, it doesn't necessarily need to be spent on your project or idea. Sometimes the waste levy funding is used for funding internal staff positions, infrastructure projects or some of it might be put into a contestable council fund. This is where council contracts come in. Some council contracts are part of the operational budget and are not reliant on funding from the levy funds council receives. Every council is different in their approach to levy funded projects. It is their choice to spend this money as they see fit, but they do have to report back to MfE on their spending.

### RESEARCH

Research the council you are applying to and see if your project fits in with any of the aims and objectives set out in their long term plan or their Waste Management and Minimisation Plan (WMMP). When you contact council, you can reference points from these documents. If they are not stated in these documents, it is unlikely council will engage with you.

### CONTACT THE COUNCIL

Give council a call and ask to speak to the person in the department you require. It is better to call or visit before sending through a proposal. Council staff can be hard to get hold of via email unless they already know you or have supported a previous project. Let them know what your

project is about and how it may meet council's aims and objectives. If they are interested, send them a proposal. Council staff receive a large volume of emails and phone calls from the public so be patient when waiting for a reply.

### REPORTING BACK TO COUNCIL

Council will let you know what sort of information they want from you. Normally you will have a contract for services with some reporting milestones. This is normally straight forward if your project has measurable outcomes. You might have a monthly meeting to report on your contract. An annual report is sometimes required for you to report this information. This can help give more detail and outline how the project went and any statistics and recommendations. It is important to build a good working relationship with your council and ensure that if issues are raised in a timely manner. These issues may be that council isn't responding as necessary and hence impacting your ability to deliver the contract – in this case this must be documented through your reporting mechanism and raised with council

## **SPONSORSHIP**

Sponsorship is about a partnership between two entities where ultimately both parties benefit.

Planning is required before you start approaching sponsors. You need to consider things like your organisation's profile, what your target market is, who you can put your sponsors in touch with, who could be a potential sponsor based on your target market, what you require from a sponsor, and what you can offer potential sponsors. Generally a relationship should be developed between the potential sponsor and someone from your organisation prior to any request for sponsorship.

### **RAISING YOUR PROFILE**

Initially, you don't need to do a TV advertisement to raise your organisation's profile. A simple but effective way of raising your profile in the community is to do a fundraiser like a sausage sizzle. You will be engaging with people you wouldn't normally get to speak to. Get a photo and story in the local paper. As long as it is news worthy, you'll have a good chance of getting it published. And don't forget Social Media. Get your Facebook page up and get the word out. Build links within your community by attending networking events or meetings. Present the story of your organisation at a Rotary or Lions meeting or something else that is appropriate.

### **WHO IS YOUR TARGET MARKET?**

To identify your target market, consider factors such as age, gender, location, family make up (children, grandchildren, large families, single parent etc), employment (industry, self employed), income, culture/ethnicity, political beliefs, special lifestyle requirements (disabilities, unique needs, age related, challenges etc) and hobbies and interests (internet savvy, home owners, sporty etc). Think about the sort of people that your organisation reaches, or that you are aiming to reach.

### **POTENTIAL BUSINESSES**

Once you have identified your target market, you will be able to start building a list of businesses that would be interested in your market. A good prospect is someone who wants exposure to your market, has a personal connection, trusts your organisation or has similar values and beliefs. Having the capacity to support you is important. It is well

worth looking at everything you need funding for, from your main items such as trees, right through to pens. You may be able to find businesses willing to offer product sponsorship.

### **DEVELOP YOUR SPONSORSHIP PACKAGE**

Before contacting any of the businesses you have outlined above, you need to develop a package that outlines what you can offer them in return for their money. A common structure that is used is Gold, Silver, and Bronze. You can have more than three tiers but probably a maximum of five. The value of each tier depends on how much of your funding is required through sponsorship and what you think the opportunities you can provide a sponsor are worth. Gold will be worth more than Silver, and Silver will be worth more than Bronze.

You want to limit the amount of sponsors per tier so that you can get the amount of money you need, and also be able to manage the relationships with your sponsors. By having too many sponsors, you will find you won't have enough time to effectively manage your relationships. If you look after your sponsors, they will want to come back.

Many sponsors want more than brand exposure (e.g logo on a website). They want to be involved in the project and to generate business through a market they normally wouldn't be able to target. Brand exposure helps but involvement helps more.

### **CONTACTING POTENTIAL SPONSORS**

Contact those whom you have a personal connection with first. Personal connections make something happen if they can. They will generally be straight up from the start and won't waste your time by asking for proposals.

### **COLD CALLING**

To make initial contact with those businesses you have identified, your best bet is to phone the marketing manager first. Phone them and introduce yourself. Provide an overview of what you do and ask if they would be interested in meeting to discuss further. If so, then this is where you will send them a letter confirming your appointment and a brief proposal of opportunities available to them. By phoning first, you can personalise the letter.



## WRITING A LETTER AND OPPORTUNITY BRIEF

Once you have made initial contact with the business, you can now write them a letter and brief on opportunities available.

- Make sure the letter you write is personalised to the recipient and not a generic letter with the name of the business changed.
- Refer to your telephone conversation so they recognise who is writing them. Provide further information (brief) about the project.
- Keep the letter upbeat and not focus on the struggle to raise funds. Focus on the benefits of the project.
- Let them know that you like to involve businesses in the project and would give them access to their target market.
- Mention there are several ways to be involved, depending on their budget and the exposure they require.
- Also mention that you have enclosed a list of options, costs and benefits.
- Provide your phone number and let them know they can call you with any questions prior to your meeting.

## PRIOR TO THE MEETING

Do some homework on their business and also yours and come up with ideas on why it would be a good partnership.

## AT THE MEETING

- Take someone with you with a different personality to you if you can. This will help save the meeting on the off chance the person you're meeting with doesn't like you. Use a tag team approach.
- Start off with small talk and then ask if they received the letter and package options. Ask what they thought.
- Give them the chance to tell you what they want.
- Be prepared for any tricky questions.
- Questions you can ask them: We want to have you on board, what do we need to do to make that happen? Keep the discussion on track. What level are you interested in getting involved at?
- If they need to talk to someone else about it, say what do you think so and so will say? Then they will tell you potential concerns that you can address. If they've made the person up, they will tell you their own concerns, which you can address.
- If they say no, it could be because the project doesn't align with them (ask them to be specific about where your project

doesn't fit as you may have other projects that do fit), they can't afford it (ask they would consider you for next year's budget, or money aside, ask them if there is any other way they could be involved), or they don't like what we're offering (ask them what sort of package would encourage them to be involved. You may be able to adapt the package to suit).

## ONCE YOU'VE CONFIRMED THE SPONSORSHIP

Get a contract out to them ASAP. They may have different interpretations of the agreement so get it in writing.

The contract should include the following:

- Timeframes – payment and sponsorship term
- Disputes
- Code of conduct
- Use of logo
- Design specs
- Signage – where, size, term, who will provide it and when.
- Any in-kind terms



## KEEPING THE SPONSORSHIP RELATIONSHIP GOING AND ATTRACTING SPONSORS LONG TERM

- Send them copies of your newsletter
- Invite them to your meetings
  - Watch their publicity and comment on it
- Send them updates about the specific project / programme they are sponsoring
- Give them extra promotional opportunities for free
- Shop with them and make sure you say 'Hi' when you do
- Send them articles, emails and information you think might be of interest
- Invite them to be a part of any media photographs
- Refer people
- Offer new opportunities to them first
- Send thank you cards, photographs and press releases as they occur.

*\*Sponsorship information sourced from The Secret of Sponsorship Workshop, Exult, Tauranga*

## WHERE TO GET HELP

Before approaching a fund/sponsor/council, ensure you phone them to discuss your project to see if it is something they will consider. Otherwise you could be wasting time putting together an application for a project that they won't fund anyway.

<http://www.socialenterpriseauckland.org.nz/auckland-council>

<http://akina.org.nz>

Exult - <http://www.exult.co.nz/>

Exult specialises in helping non profits grow by teaching them to "run the business end of an organisation". They host seminars and workshops that always provide helpful information to steer your organisation in the right direction. They have resources on their website and also have a quarterly magazine that you can sign up to that contains great information, and upcoming grants and their deadlines.

