

# HOW TO WRITE A FUNDING PLAN

KENTUCKY LEAGUE OF CITIES COMMUNITY DEVELOPMENT SERVICES

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## HOW TO WRITE A FUNDING PLAN

### Why do you need a funding plan?

When preparing to implement a project, no matter the scope, having a funding plan will help you organize your efforts, make your work more manageable and get you to implementation with less frustration. Even if your project already has a line item in the city's budget, a grant and/or seed money, you generally cannot rely on a single source of funding to maintain your activities over time. Funding diversification is essential for the long-term sustainability of any project, program or organization. Generating in-kind and financial support from businesses, organizations, individuals, and charitable foundations should be among your funding strategies.

### What is a funding plan?

A funding plan is a tool to help you gather important information about potential funding sources and prepare a schedule of tasks for your team to follow through in locating and securing funds to implement your project. Generally, a funding plan covers a three- to five-year span with details outlining how you are going to raise money and resources to complete your initiative or project. Your funding plan should be a practical, and based on a complete, long-term action plan.

### How to write a funding plan

To really be successful with implementing and ultimately completing a project, it is best to:

- Know your funding needs
- Have multiple funding sources
- Match your project to the funders' interests
- Work the plan

Initially you will need to consider the following:

#### Determine what will be accomplished

Be clear about the aims and objectives of your project and what it is that you are trying to achieve. Decide what is special or unique about your project, then demonstrate the reasons why you should

be funded to carry out your work. Also, find out who is doing similar work and consider potential partnerships with other organizations to combine efforts and resources.

#### Establish the need for the project

Ensure that you have established a need for your project and can demonstrate this to potential funders. Think about who will actually benefit from your activity and what would happen to them if your organization did not exist.

#### Assign responsibility

Decide who is responsible for managing the funding plan. For example, will the project be overseen by an appointed board of volunteers or a city staff member?

#### Detail how the project will be implemented using the funding plan

Think through the methods and resources needed for implementing your project and make a list of what is needed. This may include things like equipment, facilities, building materials, advertisement, legal advice, staff, volunteers and/or administrative assistance. Then consider what your organization can provide in terms of other funding and resources, relationships or in-kind service. Providing a full picture of all activities can be an effective way of bringing in additional resources and demonstrating to funders that you have sustainable sources of income in place.

Developing a prospectus for potential supporters and funding sources will help you present all this information in a succinct way. A prospectus is a communication tool that shares information about your project. It should:

- demonstrate an urgent need;
- describe how you plan to approach the problem;
- establish the cost of the solution; and
- provide evidence that your organization is best to provide the solution.



It may also name others who have already invested or contributed to the project as well as provide information of how others may wish to become involved. Once you know how much money you will need, you can begin to research the possible funders for your project.

### **Establish a schedule**

To maintain current funding and to have a better chance at obtaining future funds, establish a time schedule for the project. Investigate what other financial resources may be available for your project. If seeking grant funds, be aware of the deadlines for funding applications as each funder has their own schedule for providing funding.

### **Connect the funding plan to the action plan**

Before embarking on your funding plan, produce a plan of action detailing the developments you will undertake over two to three years, understanding they may need to be adjusted each year. An action plan will explain the project you are undertaking, and a funding plan explains how you will raise the funds to carry out your plans. Funders typically ask for these documents before making any commitments to fund.

From your action plan, you can begin to form the basis for your funding plan and its prospectus. Use these four key questions:

- What is the current situation?
- Where do we want to be?
- How do we get there?
- How do we know if we've gotten there?

### **Current Situation**

State the current position of your organization and the project you wish to address. You should have a mission statement and clearly defined goals and objectives.

- A mission statement is visionary and describes your future long-term goals.
- Goals set direction and the changes you will make to achieve your mission.

- Objectives are practical and detail the actions you will take to make the changes and achieve the goals.

Once you have identified the primary goals and objectives of your organization and/or project, you will need to set out in detail what you expect to do over the next 12 months. Then, formulate what you expect to do in the following one to two years. You should consider and include the following in the funding plan:

- What you plan to do and how you will do it.
- Describe how you will measure success.
- Detail an agreement among all stakeholders.
- Assess whether your objectives are achievable.
- Set deadlines for targeted achievements and review regularly.
- Legal status and current financial position.
- History – why, how and when did you start? Also include past achievements, if pertinent.
- Location/audience affected – the area or target audience affected by the project.
- How external factors such as economy or politics might affect your work and explain how you'll overcome them.
- The services and activities you provide.
- Current resources including facilities, equipment, staff and volunteers.

### **Measuring Success**

Assessing the success of the project can come in a variety of forms and sources. This can be monitored through:

- Feedback from those who have benefited from the services provided;
- Establishing whether needs were met; and
- Regular progress reports on the projects to all those impacted or those who have provided resources.



An action plan should work alongside your funding plan which will enable you to understand in financial terms where you are now and how you can find additional resources to get to where you want to be.

### **Budget**

#### **What is a budget?**

A budget is a project plan for the next 12 months, stated in monetary terms. It communicates and sets targets, maximizes and allocates resources and identifies financial problems or gaps in funding. As the project develops over time, the budget will change, so it will require a review on a regular basis to make sure it is realistic and accurate. Once you have an action plan with goals, objectives and an outline of how you intend to succeed, it is time to prepare a budget.

#### **Preparing a budget in three simple steps:**

1. Consider what finances are needed in order to achieve the goals. Draw up a list of basic expenditures to include capital and revenue. Capital is the one-off expenditure such as equipment, vehicles, buildings or setting up costs – mostly physical items. Revenue is the ongoing expenditures which remains throughout your project such as rent, wages, insurance, electricity, travel costs, etc. By dividing your budget this way, you can better determine project funding.
2. Prepare a list of estimated income required for the project. This may include grants, donations, fundraising activities and generated income. The income is an estimation of how much you could possibly get from each source during your project. Be realistic when setting targets; avoid guess work. Learn from the experiences of others and do some research before you determine the dollars. You must be clear with funders what is definite income and what is ambitious.

3. Once you have a draft budget, discuss it with everyone on your team and key staff inside the organization to make sure that nothing has been left out.

#### **Exit Strategies**

If you are applying for a fixed term, e.g. one to three years, be prepared that funders may want to see what strategies are in place for the end of that time. You will need to plan an exit strategy before your project starts, especially if you want to find ongoing funding for it. Having proved the need and success of the project, you will seek new sources of funding for it. Remember that future funding should be considered at least nine months before the end of the project.

- Another organization or local authority could take over the project.
- Proposal for creating sustainability for the project through generating income.
- The project may have been a one-off piece of work which will not require any further funding.

Whatever strategy you decide on, it will need to be planned at the beginning of the project, especially if your aim is to find ongoing funding for it.

#### **Monitor and Evaluate**

Consider the funding plan as a working document that can be reviewed and updated when necessary. It will also enable you to keep on track with your fundraising and determine which type of funding is most effective. As you evaluate the plan, ask yourself these questions:

- Was it ambitious or not ambitious enough?
- Should we change our plans?
- Do we need to do more research for possible funders?
- Could we need more training on developing budgets?
- Should we improve upon our applications?



### **Saying Thanks**

How you treat your funders is important and developing good relationships with them could lead to more support in the future. Some useful tips are:

- Always say 'thank you.' A letter of gratitude for the help they have given will always be appreciated.
- Do everything the funder requests in terms of monitoring your work, reporting and accounting.
- Try to have one or two dedicated contacts in your group who funders can work with.
- Keep the funder updated on your progress with annual reports, press releases, photos, etc.
- Remember to acknowledge their support on documents relating to the project.

### **Further Help**

For more information on creating a funding plan for your project, reach out to the Kentucky League of Cities Community Development Services staff for free advice, information and guidance on funding. They will be able to support you on a one-to-one basis; help you to develop your project; create a funding plan; and give advice on any funding applications that you wish to submit.

For further information go to [www.klc.org](http://www.klc.org) or call 800.876.4552 and ask to speak to the Community Development Services staff.



## BUDGET SHEET – EXAMPLE

	2018/2019	2019/2020	2020/2021
<b>INCOME</b>			
ADD Grant	5,000		
City Day Festival	1,000		
Donations	600		
Bank Interest	100		
Recycling Rebate	3,300		
<b>TOTAL INCOME</b>	10,000		
<b>EXPENDITURE</b>			
Wages	6,000		
Rent	1,000		
Phone	600		
Office Costs	1,400		
Sundries	500		
<b>TOTAL EXPENDITURE</b>	9500		
<b>ANNUAL SURPLUS/DEFICIT</b>	500		



## FUNDING PLAN WORKSHEET – EXAMPLE

<b>Introduction</b>	Where we are now. Introduce your organization, and explain what you do (include your mission statement) and how your organization is managed and financed.
<b>Goals of the funding plan</b>	Where we want to be. Briefly describe the overall goals of your organization, stating who you will be benefiting and what particular issue you wish to deal with. For example: <ul style="list-style-type: none"> <li>• To enable the parks board to provide a playground for disabled children.</li> <li>• To enable the parks board to recruit and train 10 volunteers in 12 months to fundraise and run activities for the park.</li> </ul>
<b>Objectives of the plan</b>	Explain how you plan to achieve these goals and the practical methods you will undertake to make them happen. For example: <ul style="list-style-type: none"> <li>• To implement the following aspects of the organizations strategic plan.</li> <li>• To find and recruit people who can source the equipment and carry out the work required.</li> <li>• To use local media and events to generate a greater awareness of the project and recruit volunteers.</li> </ul>
<b>Needs and targets</b>	Make a list of what the funds are needed for and the amount. Attach a copy of your budget. For example: <ul style="list-style-type: none"> <li>• Funds to cover the purchase of equipment for the park – \$25,000.</li> <li>• Funds to cover the cost of completing the work – \$10,000.</li> <li>• Funds to recruit and train volunteers to help with fundraising collections and activities – \$1,000.</li> </ul>
<b>Resources</b>	Make a list of all the resources that you will need to carry out your funding plan. <p><b>Human Resources:</b> City Council City Staff Volunteers</p> <p><b>Other Resources:</b> Admin and Office Equipment Marketing Materials Advertisement</p>



## FUNDING PLAN WORKSHEET – EXAMPLE

<p><b>Sources of income</b></p>	<p>List your potential sources of funding here. For example:</p> <p>Fundraising Events Coal Severance Tax ABC Income Donations Entry Fees Local Show Fees for Services Provided Sponsorship</p> <p><b>Donations:</b> Local Companies Collections Grants Foundations</p> <p><b>Funders:</b> Wal-Mart Local Authority</p>
<p><b>Strategy</b></p>	<p>How we will get there - This is the part of your plan where you will need to demonstrate where you will get the money, how much and in what timescale. For example:</p> <p><b>Grants – target \$55,000 in eight months</b></p> <ul style="list-style-type: none"> <li>• Research a wide range of funders and consider which would be most likely to fund the project.</li> <li>• Identify their deadlines, funding cycles, etc.</li> <li>• Record which funders to apply to, identify who will do it and when.</li> <li>• Draft a generic funding application.</li> <li>• Keep a record of all applications.</li> </ul> <p><b>Collections – target \$2,000 in six months</b></p> <ul style="list-style-type: none"> <li>• Local shops and businesses will be approached and collection boxes placed in them.</li> <li>• We have been offered help from the local Chamber of Commerce during the summer.</li> <li>• We will use our fundraising volunteers to make collections outside supermarkets and operate street collections.</li> </ul>
<p><b>Timetable and Action Plan</b></p>	<p>This is where you will include your action plan which will detail what needs to be done when, in what order and by whom.</p>



## WORKSHEET FOR IDENTIFYING FUNDING SOURCES

Identify potential funders

- Your partners
- On-line services such as grants.gov

Identify all sources for in-kind and financial resources

Complete a thorough analysis of each charitable foundation to target. You will want to know:

- The types of projects they fund
- The amount of their average grant
- Their funding cycle, including application due dates
- Funding award dates
- The organizational requirements for applying for grants
- Their application process
- Their Board of Trustees

Be clear about the types of in-kind support you need (printing, meeting space, etc.) so you can target potential supporters with a specific in-kind request.

Investigate potential government grants, local, state, and federal. Thoroughly understand the qualifications for applying for the grant as well as the application process and deadlines.

Decide on the best person from your team to make the request of each potential funder. Use all of your contacts to help open doors.

Remember to use the KLCs free resource, “How To: A Step-by-Step Guide to Grant Writing,” a detailed workbook on how to apply for grant funds.

Funding Plan									
Last Updated:									
PROGRAM, SERVICE OR ACTIVITY	FUNDING SOURCE	ADDRESS/PHONE	CONTACT PERSON	REQUEST	GIVING CYCLE	ASSIGNED TO	PERSONALIZED APPEAL	STATUS	RESULTS