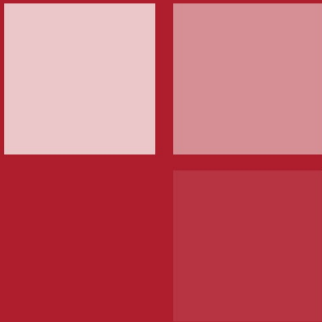




PHILANTHROPY
Australia

A Grantseeker's Guide to Trusts & Foundations

Vanessa Meachen



Promoting Giving

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ISBN: 978-0-9750639-9-6

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Published by Philanthropy Australia
©2009 Philanthropy Australia
ISBN 978-0-9750639-9-6
November 2009

Acknowledgments: Philanthropy Australia and the author gratefully acknowledge the many individuals who provided input and comment on some parts of this document.

Disclaimer: This booklet has been prepared as a general introductory guide. It is not advice, and must not be relied upon as advice. It contains generalisations and statements that are not necessarily comprehensive, complete or up-to-date. Some statements in the booklet are subject to legal uncertainty.

Introduction

The word ‘Philanthropy’ is often used but many people find the world of philanthropy quite mysterious. There are many different meanings to the word, usually depending on who you ask. In the context of this guide, we will be using Philanthropy Australia’s definition, which is:

The planned and structured giving of money, time, information, goods and services, voice and influence to improve the wellbeing of humanity and the community.

In practical terms, much of the philanthropy that happens in Australia involves gifts of money granted to not-for-profit entities by philanthropic trusts and foundations, collectively referred to as “foundations” or grantmakers throughout this publication. This guide is designed as a basic guide to these philanthropic trusts and foundations, how they operate, and how you can research them and apply to them for funding.

There is nothing that can guarantee your success in seeking funds from philanthropic trusts and foundations – no magic phrase or surefire tactics. This is one reason why you should not rely on philanthropy for your core funding - because you **cannot** rely on it. You can never be certain that any of your funding applications is going to succeed. But there are many ways to increase your chances, and this guide will help you with that.

What this manual will teach you

This manual will provide you with guidance on:

- What philanthropy is and the language and terms that are often used by grantmakers
- How philanthropic trusts and foundations operate, and what their drivers and constraints tend to be
- What kinds of things have the most chance of attracting funds from philanthropic trusts and foundations – and which things are less likely to be funded
- What grantmakers will be looking for when they read grant applications
- What kind of information you need to provide to the foundations
- What to include in your application for funding – and what to leave out
- How to maintain a good relationship with the foundations, which enhances your chances of future success

Much of what is in this guide is common sense. You do have to put some work, thought and time into this. You also have to be realistic and understand where your idea might fit in with the priorities and needs of those who are giving the money. While it is not easy, it can be simpler than you might think, and it is always worth applying if you find a suitable foundation to approach.

What is a foundation?

Foundations are organisations which exist to give away money, which is in itself an unusual concept!

The word 'foundation' doesn't have a legal meaning. The legal term we should be using for the types of organisation we're talking about in this guide is 'trust'. Traditionally the word 'trust' has been used in the UK and 'foundation' in the USA, but trust is the correct word for the legal structure that most foundations use in Australia. There is no legal problem with almost any kind of organisation using the word 'foundation' and it is in fact used by all kinds of organisations which are looking for funds as well as those which give them. Just for the sake of clarity, however, throughout this guide 'Foundations' will be used to refer to organisations whose purpose is to give away money for the community benefit.

A foundation is a non-government organisation, although some of them were established by government through legislation.

A foundation is non-profit, although that does not mean that they do not carry out profit-making activities, because they have to make money in order to give money away. However, the directors of a foundation cannot use the money that a foundation makes for their own purposes; the profits must be given away in the form of grants.

Most foundations have a corpus, which is a sum of money which is invested, and the income from that investment is given away in the form of grants to eligible not-for-profit organisations. Some foundations operate as "pass-through" foundations – that is, donations come into the foundation and are directly paid out again. Others will fundraise and will use the funds they raise to carry out their own charitable programs – these are sometimes referred to as "operating foundations", and they may or may not make grants to other organisations. Those foundations referred to in this guide are those which make grants to other eligible organisations.

Foundations are managed by a board of trustees, who are the people ultimately responsible for the foundation, including the decisions about where the money goes and where it is invested. Different types of foundations require different board compositions depending on the way they are established, but all of them must have at least one designated 'Responsible Person', who is not associated with the founder or major donor, on the board.

Foundations are largely free from government control. Some of them do not have to prepare audited financial accounts, and most of them are not legally required to report to the public. However, all foundations do have to comply with certain legal restrictions – they have to obey the regulations governing their legal structure, to fulfill the purposes for which the foundation was originally established, and comply with the law of what is charitable in Australia, and the laws governing trustees – which vary from state to state.

Types of foundations in Australia

In Australia there are a number of different types of foundations - Private, Family, Community, Corporate, Government-initiated, Trustee companies, and hybrid foundations.

The type of foundation you are applying to for funding will have an impact on:

- how easy it is for you to find and to communicate with them,
- the types of project they will and will not fund,
- the amount of funding they will have available, and
- what their requirements and expectations of you, the grant recipient, will be.

These are not official or legal terms – they are just classifications we have developed to work out where a particular foundation fits. If you know that you are dealing with a family foundation, for example, that will give you some idea of who is in charge of the foundation, how it operates, where the money comes from and what the foundation might like to do.

There are also several different legal structures for philanthropic foundations. There are some generalisations we can make about which structure a particular type of foundation will use – for example, nearly all community foundations will use an ancillary fund structure – but there are also exceptions.

Private foundations

When most people talk about foundations, they are thinking of this type of entity - a large independent organisation with paid staff and a lot of money to spend. An organisation like the Ford Foundation in the US is often the image people have; however in reality foundations in Australia have much less money and far fewer staff than the giant American foundations, which have a longer history.

Our definition of a private foundation is one where the money may come from one individual or family, but there is currently no living donor and no person with a close family tie to that money. Private foundations have generally been set up by bequest in Australia. The original benefactor may have died without heirs, or their heirs have been well provided for and they still have surplus money which can be put into a charitable foundation.

Some donors have left their money for general charitable purposes, but sometimes the grants from a private foundation can be very specific in nature, so that the money can only be given to organisations in the geographic area where the benefactor was born or grew up, for example. Often the foundation will fund in the area where the benefactor made the money. One example is the Helen Macpherson Smith Trust (formerly known as the Helen Schutt Trust). Helen Macpherson Smith was an Australian who lived out the last decades of her life in Europe, but when she died she left her fortune to the people of Victoria because that was where her family's money was made. Many foundations in Australia were established by people who were immigrants or refugees, who felt a responsibility to give back to the country where they had opportunities which they did not have in the country of their birth.

Sometimes the grants from private foundations will go to a cause that the benefactor felt passionate about. This may be expressed formally in the trust deed, or may just be an informal policy of the trustees who feel an obligation to continue the philanthropic interests and wishes of the benefactor. For example, a number of private foundations were established to support the arts, and therefore funding is given as a preference to art programs.

Family foundations

The difference between private and family foundations is that with family foundations there are either living donors or living people with a close connection to the founder, whether that is because they themselves are donors to the foundation or because they have a family connection with the person who established the foundation.

Sometimes a family foundation is established by bequest upon the donor's death, and family members may serve as trustees – sometimes for several generations: children, grandchildren and so on. Sometimes a family foundation may be established by a couple or a family, all of whom may make donations into the foundation.

With a family foundation, there will often be some personal preference involved in the funding decisions, and the trustees may choose to give to particular causes because they knew the original benefactor and know how he or she would feel about them. There is often a little more flexibility to change what is done with the funding over time, especially when new generations come onto the board.

Some family foundations are fairly private and do not accept unsolicited applications for funding. The reason behind this is that often they have no staff – instead, the foundation's trustees do all the work involved by themselves, preferring to give as much money as possible to the community instead of spending some of it on salaries. As trustees are generally people who also have families and jobs, it means that they do not often have the time to provide a dedicated full-time point of contact to people seeking funding. Instead, they often research and select which organisations to fund, or they fund in collaboration with larger foundations which do have a public presence.

Community foundations

A community foundation is established to benefit a specific geographic area. Like most foundations, it will have a corpus; it differs from private and family foundations because the corpus is built up from a variety of sources including from wealthy individuals or companies in the area. Many community foundations in Australia have benefited from bequests. They may also seek funds from government sources. They will make grants to fund local activities and not-for-profit groups and may also be involved in training or otherwise assisting groups in the geographic area to build their organisational capacity. Community foundations are governed by a board of people from within that geographic region, who know the needs, conditions and organisations in the region.

Community foundations have another useful capacity which can be enormously helpful for people who do not have enough money to establish a stand-alone foundation but would like to be involved in philanthropy. They are able to develop sub-funds, which are management accounts within the community foundation, bearing their own name (eg. The Jane Smith Foundation) and established for specific purposes. In practical terms this means that the donor gives a sum to the community foundation, and receives a tax deduction for that donation. The community foundation then invests and administers that sum with the rest of its corpus, taking a small management fee for doing so. The sub-fund may be named for the donor, and the donor may request that the sub-fund make grants to particular organisations or causes. The donor has no legal power over the funding any more, as they have received their tax deduction for the donation and the trustee powers are now in the hands of the community foundation. However, community foundations are generally respectful of their donors' wishes and most of them involve their donors in the process of making grants.

Community foundations are therefore a low-cost and appealing way for people who do not have a lot of money to get involved in philanthropy. They are also very beneficial for regional areas. Often when someone living on a large property, or in a rural town, dies, any wealth

they have accumulated will go to heirs who live in the capital city or even in another state. If there is a community foundation to benefit that region, however, there is the option for that person to leave some of their estate to the place they chose to call home and the community they chose to be a part of.

While community foundations have been running in the USA for about 80 years, they have been slower to establish in Australia. However, there are now around 30 community foundations in various phases of development all around Australia.

Corporate foundations

Some corporate entities establish philanthropic foundations which are separate from the corporation, and they can do this in several ways;

- they may give the foundation a large gift of cash or shares;
- the foundation may receive an annual gift from the company, or a percentage of pre-tax profits;
- the staff may donate from their salaries or fundraise;
- and some large corporate foundations in Australia were established when building societies demutualised.

There are a number of reasons a business might set up a separate foundation. One is to have a central place to which all requests for funding can be made; another might be because of the prestige that a foundation brings; and yet another reason might be so that their foundation is a stable entity which can still keep giving even during times of decreased profit, when shareholders or directors might be reluctant to put assets towards charity. If there is a foundation which is a separate legal entity but bears the company name, then even in lean years there remains an organisation which allows that company to have a presence in the community.

There are a few things to keep in mind with corporate foundations that make them somewhat different to private or family foundations. Like private and family foundations, corporate foundations are charitable in nature and therefore have to comply with all the rules that regular foundations do; for example, they can only fund charitable projects. You will not find a corporate foundation, for example, sponsoring a tennis match, on the basis that sport is not a charitable purpose under legal concepts and therefore that kind of funding would have to come out of the company's sponsorship or marketing budget.

Secondly, the parent company will want to maintain very close ties with the foundation. Because the funding comes from the company in the first instance, the company will use the foundation to publicize its good work in the community. Companies need to build and maintain a positive reputation and remain of good standing in the community, and therefore many corporate foundations would not fund projects or organisations which they consider might not sit well with their shareholders, staff, or customers.

As a note of caution, there are sometimes entities which call themselves corporate foundations, but which are actually not separate trusts at all and are instead part of the larger corporate entity. This means that the "foundation" is not governed by the same rules as the not-for-profit organisations discussed in this guide. Many corporations choose to do this to keep up appearances of community benefit.

Government-initiated foundations

A significant sum is held in government-initiated foundations in Australia. They come in two varieties, depending on how much government control still remains over the foundation.

Some foundations were initially set up by government, but have received no further government funding since their establishment. These are generally independent foundations which have been given a government grant as seed funding, and have then raised more funds to add to the corpus, or otherwise carried out activities to self-fund. Some examples of these organisations are the Foundation for Young Australians, and the Victorian Women's Trust. The Victorian Women's Trust was initially established with a grant of a million dollars from the State Government and then became a totally independent foundation. The Foundation for Young Australians was originally formed by a merger of the Queen's Trust for Young Australians (government and publicly-funded) and the Australian Youth Foundation (a government-initiated foundation), and recently merged with the Education.

There are also other government-initiated foundations with varying degrees of government control and this is usually because they are still receiving some government-directed support. Examples of this include things like the Victorian Health Promotion Foundation, which was originally funded by a levy on the price of cigarettes in Victoria, or the Law and Justice Foundation of New South Wales. There are also law foundations in most states, which get their funds from a levy on money held in trust by solicitors. In addition, most states have casino or gambling funds. Sometimes there are even things called "foundations" which are really government funding programs, for example the program called the Canberra Community Foundation (the independent community foundation in that area is called the Capital Region Community Foundation).

Government-initiated foundations have many advantages for the grantseeker. They are often relatively large, and also usually have paid staff whose job it is to talk to you about your application. Often they will have grantseeker enquiry lines, and some will also conduct workshops or information sessions to teach grantseekers about applying for their funding. They will also generally have websites with clear guidelines, and some will even advertise calling for submissions in the newspapers – which is almost unheard-of for most foundations!

However, there are also some potential disadvantages to government-initiated foundations. The main one is that they have multiple stakeholders and significant accountability requirements. They have levels of bureaucracy to which they are required to provide reports, and the reporting is often complicated and detailed. That means that their reporting requirements of you, the grantseeker, can also be complicated and detailed. Many of these organisations have long application forms and detailed reporting requirements sometimes for even very small grants. It's important to be mindful of this when you are dealing with them – you will really need to ensure you're getting quotes, keeping receipts, and keeping meticulous records.

Trustee companies

Trustee companies are always worth knowing about when you are seeking funding.

Trustee companies are profit-making companies that are legally empowered to act as professional trustees for all kinds of trusts, including charitable trusts. Generally the trustee company will have a charitable trusts department that specialises in this work.

Trustee companies have been administering philanthropic foundations for over a century. They are often chosen by donors who do not have heirs or other people they want to look after their foundation – or who feel that they do not want to burden others with the responsibility of having to provide unpaid services as trustees of a foundation. A trustee company will sometimes manage the foundation completely – looking after both the investment portfolio and the grantmaking. In other cases they will only manage the investments. In some cases the trustee company acts as the sole trustee for the foundation, and in other cases they will be one of several trustees.

Some of the foundations which trustee companies look after will be what we call ‘non-discretionary’ – which means that a benefactor has left money in their will for a specific organisation, for example, “I want the funds to go to the Lost Dogs’ Home and the Royal Children’s Hospital”. When this occurs, those funds will go to those organisations forever; the trustee company invests the money and sends out periodic cheques. Those foundations are not available to you as sources of funding.

Trustee companies also look after what we call ‘discretionary trusts’. Those are trusts which are left for certain purposes, for example to support people with disabilities or assist with the education of disadvantaged children, or for “general charitable purposes”, but not to specific organisations. Those are the funds you are able to apply for, subject to eligibility criteria.

Trustee companies are always worth researching when you are looking for funding, for several reasons:

1. They manage a lot of foundations, and therefore a lot of money. For example, between them, Perpetual Trustees and ANZ Trustees manage around 800 trusts and foundations.
2. Some of this is general money that is not left for a specified purpose but for “General Charitable Purposes”. This is money which has few legal constraints on it beyond the requirement for the money to be spent on running charitable programs.
3. Sometimes trustee companies will have some trusts and foundations with very specific purposes such as for sculpture, wildlife preservation, or communities within the Geelong region. There may be some foundation, perhaps quite small, administered by a trustee company which suits you and your project very well.
4. In many cases you need to fill in only one application form for each trustee company and they will search through their trusts and submit it for consideration to whichever might apply to your funding request.

Hybrid foundations

Whilst the categories above roughly describe what most organisations in the Australian philanthropic sector look like at the time of writing, this sector is dynamic and things are changing all the time, such as the introduction of PPFs in 2001 which then changed into PAFs in 2009.

We are finding now that, with increasing collaboration between government, corporates and not-for-profits, that there are foundations being created which don’t fit into any of these neat categories. For example, FRRR – The Foundation for Rural and Regional Renewal – is a unique organisation created from a philanthropy-government collaboration, which does not really fit into any of those categories. As the law changes and as causes and society change, there will be more models created.

Motives of foundations

Every foundation has a set of drivers and motivations, and good practice demands that they can demonstrate that the work they funded was worthwhile and made a difference. Foundations therefore seek verifiable information from grant applicants, such as annual or project reports and detailed budgets, and cannot afford to just trust word-of-mouth or goodwill that their applicants are genuine. They need a firm basis on which to make informed decisions about where to put their funds, which is why many of them seek written submissions.

Here are some primary motivations which drive foundations and which make them different to government and many corporate entities. You should always keep these in mind if you are looking for funding from trusts and foundations.

Foundations are very independent entities

Foundations are not controlled or tested by the market or the ballot box. They do not have to please shareholders, to worry about being voted out of office, or to enhance their popularity with the general public. They will still be around next year, in five years or ten years or even a hundred years. This is their greatest strength; they are able to take a long-term view on things and they do not have to worry about what's popular or most likely to be approved of by the general public.

The community benefit is primary

As they do not need customers, shareholders or votes, foundations are far more interested in the community benefit that will result from their funding than they are interested in any publicity or other perks. Many foundations like – and expect – to be acknowledged for their gift, but they will not mind if it goes no further than being thanked on your website, newsletter or annual report. Many of them do not even expect that much, and there are some foundations which choose to remain completely anonymous. If you win a grant it is important to ask the foundation how they wish to be acknowledged.

Foundations like to see the results of their grant

Foundations like to be able to see, and learn from, the projects they have funded, and they don't like to think that their particular contribution has just been lost in a general bucket of funds. They like to be able to demonstrate that a specific piece of work has resulted from their funding. Because of this, many foundations do not respond well to general appeals; they are more comfortable if you ask for a specific sum for a specific project and tell them exactly how it will be spent. If you are seeking funding for a large project or a general appeal, the best way to achieve this is to plan it in stages or break it up into chunks and ask a foundation to fund a particular chunk of it. This is especially relevant if you have a project like a building – instead of asking for a contribution towards the whole building, it often works better if you ask them to fund the disability access ramps, or a wing of a gallery, or a particular ward of a hospital. That lets them know exactly what their money was spent on.

Foundations are not there to support you in the long term

Foundations are generally not there to just keep organisations going; most of them do not have the funds to be able to keep entire organisations running, nor do they see that as their role. For this reason, many foundations say that they do not fund salaries or administration costs. What that usually means is that they will not, for example, pay your rent for a year, or fund you to hire a receptionist for a year. They will be concerned about what is going to happen to that person once the funding period is over. Foundations do not want their funding to be consumed by the running costs of organisations; they want to keep it free and untied to support tangible outcomes for the community benefit.

Constraints on foundations

Most foundations are relatively free from outside control; there is no requirement for them to report publicly, or to be registered on a particular list. They are, however, required to keep up to date with relevant Federal government regulations, with Trustee Acts in the state(s) in which they operate, and with charity law. They also have one critical imperative which is that they must legally obey the purposes for which the foundation was created.

Stated Purpose and exclusions

First and foremost foundations must be guided by the directions of the original benefactor(s) as expressed through the Will or Trust Deed by which the foundation was created. It may seem at first glance that some foundations' purposes are out of date or have little relevance to current community needs, but under charity law a foundation must fulfill the purposes for which it was established, unless it is unable to do so. For instance, a foundation that was established solely to fund environmental groups to purchase land for conservation purposes must fund only that purpose until there are no longer any eligible groups doing that particular work. The foundation's trustees cannot decide that they would prefer to give the funds to, for example, arts or welfare organisations instead.

If there is no longer the possibility of funding the purposes for which the foundation was established - for example a trust established in the 1920s to fund orphans with polio, which would no longer receive relevant applications - the trust deed can be amended. This is a lengthy legal process that the foundation trustees must initiate, and any changes are not undertaken lightly. In fact, as long as the original purpose of the foundation can be fulfilled, there is likely to be no change; only if it cannot be fulfilled may the trustees make an application to have the deed amended.

Some foundations are also prohibited by their governing documents from funding certain types of entity or project – for example, there are some foundations that are unable to fund capital works as their trust deed specifically prevents them from doing so. That means that no matter how great a case you can make to one of those foundations that your capital works project is important, and no matter how strongly the trustees may themselves feel that it should be supported, legally they cannot do so if the trust deed prohibits them.

DGR and TCC requirements

Foundations are also required to abide by the relevant tax and charity law, both Commonwealth and State-based. For you as a grantseeker, this means a number of issues.

- Some foundations can only fund organisations that the ATO has endorsed as a DGR (Deductible Gift Recipient)
- Some foundations can only fund organisations that the ATO has endorsed as a Tax Concession Charity (TCC)
- Some foundations can only fund organisations that have both DGR and TCC endorsements
- Some foundations can fund almost any not-for-profit entity provided that the funding is spent on activities which are legally charitable

To make this even more complicated, some foundations can only fund organisations that have a certain kind of DGR endorsement. To cut a long story short, there are two main kinds of DGRs:

- Item 1 DGRs, known informally as ‘doing’ DGRs. These are the organisations which carry out the hands-on work – health promotion organisations, counselling, welfare organisations, etc.
- Item 2 DGRs known informally as ‘giving’ DGRs – which have no purpose other than to make or collect money in order to give it away.

The rule is that one ‘giving’ DGR cannot give to another ‘giving’ DGR – otherwise the money could go from foundation to foundation without any actually being spent on charitable activity. Most organisations that are seeking grants from foundations will be ‘doing’ DGRs, but there are some entities which have been set up as fundraising foundations – often attached to a hospital or cultural entity – which are ‘giving’ DGRs. There are many foundations, including Private Ancillary Funds, which cannot fund the ‘giving’ type of DGR.

You can tell which endorsement your organisation has by checking your ‘Endorsement as a deductible gift recipient’ notification from the ATO. The information is in the section called ‘Provision for gift deductibility’.

If it states “Item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997” then your organisation is an “item 1” or “doing” DGR. You are eligible for grants from “giving” DGRs.

If it states “Item 2 of the table in section 30-15 of the Income Tax Assessment Act 1997” then your organisation is an “item 2” or “giving” DGR. You are not eligible for grants from other “giving” DGRs.

Obviously, this can be quite complicated – for both the foundation making the grants and for the organisation applying for them. To make things easier for you and for the foundation, here are some tips:

- Make sure you know which status your organisation has.
- Make sure that the original endorsement notification documents are filed somewhere easily accessible (rather than locked away or in a board member’s possession) as they may need to be accessed at the last minute before sending the submission.
- Send a copy of your endorsement notification(s) every time you apply to a foundation for funding.

If your organisation is not currently endorsed as a DGR or as a Tax Concession Charity and you consider that it might be eligible for such endorsements, you should apply to the ATO for these endorsements prior to seeking funding from a foundation.

It may also be that your organisation is currently an item 2 DGR but would like to expand its scope of activities into “doing” programs so as to be eligible to be endorsed as a type 1 DGR.

In either of these cases, you can find information on the ATO’s website, and may need to seek advice from a suitably qualified legal practitioner to assist in the process.

A word about finances

As explained above, most foundations prefer to provide project-based funding; very few are willing to just provide a general donation or to fund your core costs.

This may seem harsh until you understand the reasons behind it. All foundations have very limited funds, and they receive many more applications than they can reasonably fund, so they need to make choices about where to put their money. Most foundations cannot fund an organisation's core costs on an ongoing basis because they know that that an organisation that is financially dependent on them is not sustainable. There are rare cases where a foundation provides ongoing funding to a particular organisation, but it will usually be because there is a pre-existing relationship with that organisation and some extraordinary reasons to support them (for instance, the foundation's original benefactor was the founder of the recipient organisation).

It pays to remember that there are many ways to get funding for good work. As well as philanthropic grants, sources of funding for community organisations may include:

- Fundraising
- Memberships
- Sale of merchandise
- Fee based services
- Events
- Sponsorship
- Individual donors
- Wills and bequests
- Local, state or commonwealth government grants
- Grants from service organisations such as Rotary or Lions clubs

It is not the purpose of this publication to cover all these ways of securing funding for your organisation – but it is important to know that they are all out there. The larger your organisation or the more you do, the more you need to diversify your funding sources so that you do not find yourself left in the lurch if one of your sources of funding dries up.

Researching foundations

As there is no requirement for foundations to report publicly on what they do it can be difficult to find them. Of course, there are many foundations which do have a public profile and which make their contact details available, put their guidelines on their websites and have staff members to answer the phone. However, there are many more private foundations than public ones.

Open for applications?

It might seem unfair that some foundations do not make themselves open to applications, but in fact there are very good reasons for many of them to remain private. Many of these foundations do not have any staff so all funding decisions are made by the trustees. They do this so that they can spend most of their money on grants, and as little as possible on their own overheads. However, that means that all the work of the foundation is done by the trustees – who usually have families, businesses or jobs to look after and don't always have the time to answer the phone or respond to lots of queries, or process applications from organisations that are seeking funding. In fact, they may only be able to spend time on their foundation work at odd times which do not coincide with business hours, such as weekends, or late at night.

Another reason that some foundations may not choose not to go public is that even if they do have staff, they have a very specific agenda and they do not want to deal with lots of applications that do not fit that agenda. These foundation trustees and staff prefer to focus their resources and energies on providing a lot of help to a very few organisations, and towards understanding the specific field they fund within very well so that they can make better decisions.

A sensible and considerate grantseeker will understand the needs of the foundation and will not apply for funding if they do not fit the foundation's criteria, but there are many who are not as considerate and who will send enquiries or even full applications to every foundation they can find. This reinforces the decision by many foundations to remain private.

There are many foundations that do not have a large amount of money to give away and remain private for similar reasons to those given above. A foundation with only \$20,000 to give away every year does not have the means to employ someone to deal with a large volume of requests, even just to open and read them all. In those cases it is much more sensible for the foundation to remain private and not open itself to applications, but to do its work quietly.

And finally, many foundations do not want to be publicly known, preferring to work behind the scenes and without recognition.

Respecting privacy

All of these are very good reasons for your organisation to keep very good records of the foundations that have provided you with funding, and to make sure their contact details are up to date. If you lose those details, very often you will not be able to find them again from any external source.

So, a number of foundations are private. Is it worth your while seeking them out anyway?

Usually the answer to that is “probably not”. You are going to be better off concentrating on the foundations who do make themselves open to applications and are willing and resourced to answer your questions.

However, if you do happen to come across a foundation (through word of mouth or through some other personal connection) that is private but which you have very good reason to believe is interested in the kind of work that you are doing, then you might want to make yourself known to them. It is best to think of it as making yourself known to that foundation, rather than thinking of it as asking them for money. Most of the private foundations are very knowledgeable about the fields in which they operate, and if they really feel you are the right organisation to do some of the work they want to fund, they will contact you.

Making yourself known to a private foundation is more along the lines of putting yourself on their radar. There is no point in making them uncomfortable or using up their resources by badgering them for funding. Instead, the best approach is to give them a brief snapshot of your organisation, and then leave it up to them to approach you if they feel you’re the right organisation to fund.

One-page snapshot

One good way to provide a “snapshot” of your organisation is to send the foundation an information briefing. This should be a single-page information sheet which includes the following information:

- Your organisation’s name, CEO’s name and contact details, and website
- Your organisation’s mission or purpose
- Where you operate and the population you seek to serve, and perhaps a few dot points of statistics about the cause or need you are working on
- A quick overview of a few of the projects you are currently working on, or planning.

You may not think that you can do this in one page – but remember that this is just a very brief snapshot. You do not need to tell your entire story, but just enough so that the foundation knows that you exist and are working in that field, and can (mentally or physically) file that connection away for when it’s needed. The most important thing is not to make it ‘an ask’, or something the foundation has to respond to in a timely manner.

Does it help? What the snapshot does is to put you on the radar of private foundations without it costing you or them much time or resources. It does not cost much to send and it does not take much time or effort for the relevant people at the foundation to read it and file it. When they are considering funding in your field, you are now on their radar. It may not pay off nine times out of ten, but the tenth time, it might. They may contact you and ask you to submit a proposal, or talk to you about further projects they might like to fund – or perhaps they might send you a cheque.

Of course, the lack of certainty means that it is better to put your resources and time into foundations that do welcome submissions. Researching those ones is, fortunately, a bit easier. There are plenty of sources – some of them are listed in the Resources section at the end of this guide.

Whatever methods you use to research your foundations, there are some very important guidelines you should follow every time:

Never do a mass mailout and send the same application to every foundation you can find!

All foundations have different things they like to fund, different times of the year when they make grants available, and different methods by which they prefer you to apply for grants. Some foundations have application forms. Others will give you detailed guidelines on how they want their submissions structured. Some will prefer a one or two page letter first, detailing your project, and then will invite you to submit a fuller application if they are interested. Some foundations do not give you any information at all but simply ask you to send a full application in the first place. Whatever method they prefer, you should use it, otherwise your application is likely to be discarded.

Of course, sending in multiple applications is also a huge waste of time, resources and paper. You are much better off putting your time and efforts into targeting a smaller number of foundations that you have a likely chance with – which are really interested in the kind of work you're seeking funding for. That way you can concentrate on tailoring your application to their particular interests and understanding which particular aspects of your work they will be attracted to.

Contact every foundation you can to obtain their most up to date guidelines!

This may be as simple as getting the guidelines from the foundation's website. You should always do this rather than rely on a secondary source. Secondary sources like The Australian Directory of Philanthropy are excellent starting points to help narrow down the long list of foundations to a smaller number of potential funders, but they are generally not updated as frequently as foundations may update their own guidelines and websites. You will be much better informed if, once you have made a shortlist, you go directly to these foundations and make sure you have the most up to date information.

Always ask the foundation if you have any questions or if you are not sure about something!

If a foundation has provided you with a phone number or email address, then you are able to ask questions about your application. It is important to ask questions before you make your submission. For instance, you might be wondering:

- Whether a foundation whose stated purpose is to fund women and children, will fund family programs which include fathers and grandfathers
- Whether a foundation's definition of young people is the same as yours
- How much a foundation's average grant size is
- Whether a foundation will consider funding a feasibility study to see whether the project you're considering is likely to be worth carrying out

Remember that the foundations are probably as time-constrained as you are. They would much prefer that you call and ask whether you are eligible rather than spend time and resources on a full submission which they will not be able to fund.

Submission overview

Consider this – a foundation does not fund your submission, they fund the work that you will be doing with their money. The submission is only the tool you use to describe that work.

That means that most foundations will not be swayed by a submission's appearance. Photographs, glossy paper, colour printing and interesting artwork are not going to convince them to fund you. Most applications are read by experienced staff or trustees who know their stuff, so they're not going to be influenced by emotional stories or moving photos. What they want to see is clear information presented in a concise and easy to understand way, with convincing evidence to back up your assertions. Facts, statistics, research and rational arguments – presented in plain English - are what is required to create a favourable impression.

A good submission begins with a good project or a good piece of work to be done. Planning the project is just as important as planning and writing the submission, if not more so.

It should be noted that projects should not be undertaken just to secure funding, but rather developed to meet the needs of your organisation's clients; only then should funding options be considered.

Before you get to the step of writing an actual submission, you need to plan your project and to know it well enough to be able to describe it in a clear and concise way. Try explaining the project to a family member or friend who knows nothing about it – can you describe it in a way they can understand? Some planning ahead is also necessary to ensure that you have all the information you'll need to give to potential funders, and you may have to liaise with others in your organisation in order to obtain some of this information.

The basic information you will need to gather about your project is:

Background

Why the work needs to be done, who it will help, and any evidence to support that.

Project design and activities

This will need to include information on the number of staff and/or volunteers who will be needed to carry out the project, and the activities that will take place to make it a success.

Budget

You may not be able to arrive at an exact figure in the early planning stages, but you should be able to come up with a rough estimate of the money required to run the project. Don't forget to factor in these points when writing your budget:

- **Staff:** number of people working on the project, the number of hours they will be working on it and the hourly cost of wages and overheads. You will need to include both your existing staff and anyone who will be hired or contracted to carry out this work. Don't forget that someone will need to organise and oversee volunteers.
- **Materials:** will this project involve buying or building anything? Will you need to buy or hire any special equipment? If so, what will be the cost?
- **Facilities:** do you have a venue to carry out the work or will you need to hire one?

- **Travel:** does this project involve travel? If so, you may need to factor in not just the base costs of travel such as petrol, airfares, etc, but the accommodation and meal costs.
- **Other costs:** are there things like printing, postage, phone calls, catering involved with this project?
- **Administrative costs:** many grantmakers are unhappy with a simple percentage for admin being factored in to the budget, so try to think of what this fee will cover and how much it might cost – which will probably be things like project management (including oversight, monitoring of progress, coordination of tasks, evaluation and acquittal).

Outcomes

You need to know what you expect will happen as a result of your project and how you will prove that it made a difference. This may be something very simple – such as showing that a piece of equipment was purchased and is being used for the benefit of the community - or it may require a detailed analysis and evaluation. If the latter, then that is also a cost that may need to be factored into the application budget.

Writing the application – general tips

Keep it short – less than five pages

There are two good reasons to keep your application as short as possible. Firstly, the person who reads the application may be reading anything from a couple of dozen to a couple of hundred other applications, usually within quite a short space of time. A short, concise, application is easier to read and understand than a long, detailed one.

The second good reason is that the longer your submission, the more likely it is that you have departed from the actual purpose of it and become repetitive. Anyone who reads submissions as part of their job will tell you that the longer the submission, the more repetitive and 'waffly' it becomes.

You can usually include supplementary information with your submission as attachments. Your attachments might include any of the following:

- Annual report and audited financials (many grantmakers will ask for this anyway)
- The history of your organisation
- Your Board membership
- Newsletters (often good for demonstrating the breadth of your activities)
- Media clippings about your organisation's work
- Letters of support from other agencies (these are an indication that your community and peers value your work)
- Your constitution or governing documents

Of course, you do not need to include all those attachments, but they can sometimes add to the foundation's understanding of your organisation and its work. The funder will gain knowledge of the breadth and scope of your work through your annual report; newsletters and case studies can help them understand the human stories behind your facts and figures; and media clippings will help indicate the public presentation and perception of your organisation. However, those things should only be attachments to the main body of the submission, which needs to focus concisely on the project for which you are seeking funding.

Do not automatically assume that a foundation will be happy to be signed up to receive your annual report every year; always ask if it would be useful. Sometimes an email notification that the annual report is available for download is a better option.

Avoid slogans, jargon, and politics

Some foundations are receptive to activism, but others are definitely not. Sometimes it can be difficult to tell which way a particular foundation leans. A foundation is essentially a very private type of organisation, and while most strive to remain impartial, the staff and trustees of foundations are only human and may have their own political biases. Some foundations are eager to change the status quo, and others would like to preserve some aspect of it. For many reasons, it's a wise idea to stay away from politics when you are writing a submission.

Jargon is also undesirable, mainly because it is usually very sector-specific. Philanthropy does have its own jargon, which this guide tries to explain as much as is possible. However, the person reading your submission will probably not be an expert in any one field. If particular acronyms or abbreviations are used in your submission, they should always be spelled out or explained at least once.

Assume that the reviewer of this submission is an intelligent lay person familiar with your field only in broad terms

People who work in foundations, or who are trustees of foundations, will have some understanding of the fields in which they operate, and of the needs of not-for-profit organisations. However, they will generally not be experts in everything you do. They may never have worked for the kind of organisation or carried out the kind of projects which you're involved in. Therefore it is important to write the submission for a person of intelligence but not expertise.

One of the best ways you can make sure you have fulfilled this is to hand the submission to somebody else such as a friend, ex-colleague, spouse or sibling after you've written it. Ask them to read it and to then tell you whether they understand what you are trying to achieve. Ask them if the submission sounds convincing and if they can understand the need for the project and how it will work. If they can briefly describe the project back to you, why it's needed and what will happen as a result, you know you have done a good job.

Use plain language, short paragraphs, clear sentences

Your submission needs to be clear and easy to understand. One of the best ways of making sure this happens is to structure your submission using headings and sub-headings, so that the person reading your submission can easily find the piece of information they are looking for and skip to a particular section. Dot points can be used to provide a concise snapshot of activities or facts.

What is unique or important about this project?

While foundations are not rivals in the traditional sense of competing for business, they do all like to display the good results and community benefits which are attributable to their funding. If your project has something about it which makes it interesting or "outside the box", you should try to emphasise that.

Remember that the benefit is the most important thing

Foundations would rather read "With this grant, we will be able to assist 200 more people every year" than "With this grant, we will become the biggest service provider in this field".

Elements of an application

Many foundations will provide you with a suggested structure or even an application form, and in that case you should follow their guidance. This advice is intended to assist you when you do not have clear instructions on how to formulate an application.

Cover Page

Although in most cases you will submit a covering letter, a cover page for your application is also necessary because it provides all the key information at a glance. By doing this you make it clear exactly who you are, what you are asking for, and why. Many foundations will provide you with a cover sheet; if they do not, however, you should attach your own.

A good cover page will contain the following elements:

- The name of the foundation to which you are applying.
Many foundations share office space, so there may be several foundations operating there; make it clear which one you are approaching.
- The name of your organisation, its contact details, and a contact name.
Contact details are easy to forget and some people accidentally leave them off altogether. The right person to include as the primary contact is someone who can answer questions about this application – if you are from a relatively large organisation, you should include the name of the person who will be responsible for managing the project, rather than the development or fundraising manager. Some foundations will bypass this person and go directly to the CEO, so make sure that they are also familiar with the details of this project.
- The amount you are requesting from this particular foundation.
This may not be the total project cost, which may be much larger. You will explain more detail about the budget and the project cost inside the application.

The project title or a simple sentence describing the project.

This can be as simple as “For refurbishment of the kitchen in our aged care facility”.

You may also like to put your logo or a picture on the cover page, but it is not essential.

Cover Letter

Even though your submission contains a cover page, you should still include a covering letter. This allows you to make a personal approach, and is a good place to remind the funder of any previous conversations that have taken place about this project/application, and possibly also of any extraordinary circumstances or previous funding from them. The cover letter should be signed by your CEO, a board member, or a patron, especially if that person has a personal relationship with the foundation in question.

Executive Summary

This is an important part of your application because it sums up all the essentials about the project into a single paragraph. Although at first this may seem like a near-impossible task, it is easier if you remember that all you need here are the most basic big-picture facts, and that everything will be explained in more detail further on.

The Executive Summary is an important part of your application for two reasons:

- It is a courtesy to the people reading your application, who are almost certainly reading lots of other applications and being bombarded with ever-increasing quantities of information. Giving them the bare essentials of what your application is about, in the very first paragraph, helps them to identify very quickly whether your project fits what they want to do with their money.
- It acts as the “teaser” to engage the reader’s interest and make them want to read the rest of the application to work out why and how you are going to do this work. It’s the difference between them reading the entire application because it’s a part of their job, and them reading it because they are genuinely interested in your solution to the problem.
- It is often used verbatim by the funder in their reporting processes.

Need, Problem or Issue

Every community project arises from a need. Remember that to the foundation, the need is not about your organisation’s needs, but about the needs of the community (with other considerations secondary to that). They want to see that you understand the issues, and you are also helping them to understand.

The problem should be stated clearly and simply. Here are some good examples:

- *Approximately 400,000 Australian children live in households where they are exposed to significant alcohol or drug use. High levels of substance abuse are linked to significant family difficulties, including exposure to violence, mental health problems and high levels of criminality*
- *8.6% of Australians report having experienced discrimination on the grounds of ethnicity over the past 12 months*
- *At least 36,000 people under 25 are homeless in Australia on any given night*

If you are able to back up your explanation of the need with statistics or research, do so, but ensure it is simple and that your sources are clearly identified. Don’t assume that the reader of the submission knows the primary information sources. Make it clear where your information comes from in the text and then provide footnotes or endnotes to back up what you are saying:

*According to the Australian National Council on Drugs, effective interventions for substance abusing families need to target the parent’s capacity to seek and sustain support systems in their family and social networks
(http://www.ancd.org.au/publications/pdf/rp13_drug_use_in_family.pdf).*

It is good if your information comes from known authorities such as the Australian Bureau of Statistics, Government research institutions, peak bodies, researchers or academics. However, it is possible that the only statistics you will be able to provide are from your own organisation, and that is fine as long as you make that clear, as in this example:

Since 2007 we have had a 30% increase in referrals from other agencies.

Make sure that the facts and statistics you are providing are accurate and up to date. You do not need to find every possible source of information out there, and you do not need to repeat yourself. If the need is genuine, it will stand out clearly.

One mistake made by many community groups while working on this part of the submission is to make it too emotional by including case studies, anecdotes or quotes from those affected by the problem. Some applications also rely on repetition to make sure they get their point across, which can make for a frustrating read. If you concentrate too much on the problem,

the person reading your submission may get the impression that you are not able to do very much about such an overwhelming problem. A key component of this section must therefore be to give hope. Remember that the person who reads your submission is reading a great many of them and will probably have a better grasp of the breadth and depth of problems in the community than the average person.

The key difference between making a grant application to a foundation, and fundraising from the general public or from corporations, is that neither corporations nor the general public have any obligation to give in the first place. If you're going to raise money from the public, you will almost certainly have to tug their heartstrings or move them emotionally, because that is how most people are motivated to give.

However, in the case of a foundation you have won that half of the battle. They will definitely give the money away no matter what. In fact, giving away the money is their job. The most important thing is that it must be given away to meet community needs – something they already have some grasp of. So rather than convincing them that there are serious problems, you need to convince them that if they give you the funding, you will make the best job of doing something about those problems. Your proposed solution is the thing that the foundation will be most interested in.

Project Outline

Here is where you describe your solution. This should ideally be the major part of your submission, rather than the description of the need.

Some important points you must cover in this section:

Who will actually work on the project?

Think about the number of people who will be directly working on it, and the hours they will be working. Are they paid staff, volunteers, or a mixture of both? It is important to include information about your volunteers; this emphasises the cost-effectiveness of your organisation. If you have paid staff working on the project, are they existing staff or will you be hiring someone new? If they will be new people, will they be permanent or contract positions, or for a limited time? If the positions are permanent, you may have to think about how you are going to sustain those positions after this grant has expired.

What are the numbers?

Rather than saying 'We will provide a dedicated educational program to educate young people about drug and alcohol abuse related issues', be more explicit about exactly how this will be done. 'We will run two three-hour workshops per week, over a six week period, with ten young people at each session being coached by two volunteer trainers'.

Where will the clients come from?

Are they current clients of your organisation, or will they be new people? If they are not existing clients, where will they come from – will they be referred to you by other agencies, or will you be advertising? If you will be advertising, do you have good reason to believe that the advertising source you are using will be frequented by the people you are trying to attract?

Timeline

If you have the space, you may wish to provide a timeline. Timelines are very impressive to a grantmaker as they demonstrate that your organisation is well managed and your project has been appropriately planned, and they also assist the funder to understand how your project may unfold and the steps necessary to carrying it out. It may also be helpful to you in other ways, as funders may be able to spot ways in which they can assist you further by providing

extra infrastructure or support such as computer training, access to discounts on supplies, etc.

Here is an example of a project description which contains all the information needed in a concise package:

We plan to run a dedicated postnatal program for teenage mothers experiencing the challenges of parenthood for the first time. The program will be run in twice weekly two-hour sessions over a four week period, and will be held at our office in Main Street. Participants will be selected from young women considered at risk of postnatal depression and referred to the program by district nurses. The sessions will cover the following topics:

*Week 1: Needs and behaviours of newborn babies, and keeping them safe
Week 2: How to care for yourself during the early parenting period
Week 3: How to ask for the support you need from family and friends
Week 4: Available community support services*

Socialising with other young mothers will be an important part of the program as the new parents learn that they are not alone in facing these issues and challenges. The program will be delivered by a clinical nurse educator and will be provided free of charge to participants.

It is important to be realistic when planning your project and not try to bite off more than you can chew. If you are trying to do something very ambitious, which is on a scale your organisation has not previously attempted, the grantmaker may feel that you will not have the capacity to deliver the activities and outcomes. They may be concerned that your organisation is too small to have the large reach you expect, or does not have the infrastructure in place to carry out the work, or simply does not have a history of delivering projects on this scale. There may be special circumstances which will mitigate those factors – for example, another agency in the area may have closed, meaning that yours has a heavier case load, or you may be planning to carry out this program in partnership with another organisation that will provide some of the administrative support – but if this is the case, you must clearly and succinctly explain it as you cannot assume that the grantmaker will ask you.

It is also important to be realistic about the timeframe for your work, and about how much can be accomplished in that time. For example, some projects may take up to three years to gain the trust and acceptance of the community in which they are taking place, and therefore to show major results. The project will have to be budgeted for three years, and will need careful monitoring during that time so that evidence can be gathered to make a case for future funding. This is the kind of project which will need to be budgeted for three years from the very beginning – there is no point in establishing something which may raise community expectations but not continue after the first year, causing frustration and a lack of trust in organisations and funders in the community.

Do not be too wordy in your application and do not try to say absolutely everything you want to get across. Remember – if the project is interesting enough from the outside, the grantmaker will contact you for more information. You do not need to “over-egg the pudding”.

Sustainability

A lot of foundations will be looking for sustainability in a project. This is probably quite frustrating to you in a lot of ways, especially if there is no way for the project to generate its own funding as far as you can see.

In order to understand why you are asked this, you need to consider it from the foundation's point of view, and especially to consider the constraints which they may be under. Some of these are common to all grantmakers, while others will differ depending on the type of foundation you are approaching.

All grantmakers have limited funds, and very few are willing to provide ongoing funding for a particular program indefinitely. They do not want organisations to become too dependent on them, for several reasons. Funding programs may change as community needs and perceptions change; the foundation may also decide that it can make the biggest difference to a particular issue by concentrating its funds in one place. Most foundations don't see it as their role to keep community organisations running – especially given the fact that there are hundreds of thousands of them in Australia, and it wouldn't be possible for all the foundations in Australia to fund the core costs of all the not-for-profits. And finally, many foundations prefer their funds to be untied, in case they receive an application for a project in a future funding period which they really want to be involved with.

So you cannot rely on any foundation for a long period of time. This is a difficulty but also a strength, as it will require you to diversify your funding. Diversifying your funding – seeking funding from a variety of different sources – means that if one supporter should withdraw, you will be able to keep programs going with your other available funds, and to find a new funding source to replace them.

The sustainability of any particular program will depend on the nature of the program itself. Some projects naturally have a limited life, and will achieve their results in a set space of time; in this case it is enough to tell the grantmaker that this is the case and that no further application for this project will be forthcoming. Other projects will have a longer lifespan and will therefore need to show some evidence of sustainability.

In the planning section, we listed some potential sources of funding for community organisations, as well as philanthropic grants:

- Fundraising and donations
- Memberships
- Sale of merchandise
- Fee based services
- Events
- Sponsorship
- Individual donors
- Wills and bequests
- Local, state or commonwealth government grants
- Grants from service organisations such as Rotary or Lions clubs

These are all potential sources of your core funding. Many not-for-profit organisations in Australia will find that the majority of their income comes from government contracts, donations, memberships and fee-for-service work – not from foundations.

Budget

For many people, the project budget is the most difficult part of a submission, and you may want to ask for assistance from other staff or from your treasurer to make sure you are not leaving anything out. It is important not to underestimate the costs of your project. This is especially important in relation to staff and other areas in which there are overheads and on-costs.

Your project budget

The best way to plan your budget is to go through the project outline and make a list of all the items which will have to be paid for to make this project succeed. That includes the costs of staff, consultants, any materials, use of premises or venue hire, phones and faxes, printing and postage, transport costs, equipment which must be purchased, etc.

Once you have made the list, you can begin to work out the costs, placing a figure beside each item on your list. Some of this – such as personnel costs - may need to be sourced from the person who keeps the accounts for your organisation. Other costs may require you to obtain a formal quote. You may also use acquittals of past projects to give you an idea of how much this project might cost.

Some foundations will provide you with a table or worksheet to show your budget, but if not, you might like to create one. Here is an example:

Item	Cost
Food for lunches: \$150 per weekly session x 40 weeks	\$6,000
Facilitator costs: 40 x 3 hours at \$50 per hour	\$6,000
Venue hire	\$2,000
Petrol costs	\$1300
First aid equipment	\$150
TOTAL	\$15,450

If you are going to hire, build or purchase something, you may wish to get a formal quote. Even if the foundation does not state that they require a formal quote, it is a good idea to obtain one as this shows that you have planned your project well and also gives the foundation proof of the actual costs involved. Sometimes they will not be aware of the true cost of equipment or materials, and a quote will help them understand.

Many foundations have policies about providing an administration or overhead cost as part of a project budget; some will allow it and some will not. This is something you should ask before putting in your application. It is always useful if you can provide an explanation of this cost – that it is related to the management, monitoring and acquittal of the project (for example) or that it consists of postage, transport and copying costs.

Another important consideration is any resources that your own organisation is putting into the project, including volunteer time and in-kind resources. If your organisation is contributing some of its own funds, getting some of the work done through volunteers, or in-kind support through providing a venue, materials, transport or other assistance, then that should be reflected in your budget. It is part of the total cost of the project and the grantmaker should be aware of it, but also aware that you are not asking them to pay for it. A budget for this might be more complicated because you are effectively showing the grantmaker the part of the project their funds will be committed to as well as the part they don't have to pay for. Effectively you will be showing the income as well as the expenditure.

Here's how a sample budget in an application to the fictional XYZ Foundation might look if the petrol costs were being covered by volunteers who were doing the driving:

Income	\$	Expenditure	\$
XYZ Foundation	\$14,150	Food for lunches: \$150 per weekly session x 40 weeks	\$6,000
Petrol (in-kind contribution from volunteers)	\$1300	Facilitator costs: 40 x 3 hours at \$50 per hour	\$6,000
		Venue hire	\$2,000
		Petrol costs	\$1300
		First aid equipment	\$150
TOTAL	\$15,450	TOTAL	\$15,450

In this budget you're showing the grantmaker that the total cost of the project is \$15,450, but that you are only requesting \$14,150 from them because your volunteers are providing the rest.

Approaching multiple funders

It is possible that you will need to make up the total cost of this project from several grantmakers. Even if your project is relatively small, you may need to have several applications in at once, as you cannot guarantee that any particular foundation will approve your project.

The key is that you should inform all the foundations you apply to of every other source you have approached for funding for this particular project – including Government departments and companies. This will not be a disadvantage. Foundations like to know that you have planned for the possibility of rejection. They also often like to co-fund, as that means that they can collaborate with others to fund a project on a larger scale than they could fund alone.

Foundations will want to know not just whether you have approached other givers, but how much you have asked for and – most importantly – whether any other funding has been confirmed.

A budget for a project where you must approach multiple funders is a little more complicated. You can approach it in much the same way as the in-kind contributions, above.

Here is a sample budget where you are both providing some in-kind support and have approached several potential funding organisations, including one government department which has not yet confirmed whether they will fund the project, and one company which has confirmed that they will:

Income	\$	Expenditure	\$
XYZ Foundation	\$5,150	Food for lunches: \$150 per weekly session x 40 weeks	\$6,000
Department of Community Services (<i>not confirmed</i>)	\$5,000	Facilitator costs: 40 x 3 hours at \$50 per hour	\$6,000
Big Green Company (<i>confirmed</i>)	\$4,000	Venue hire	\$2,000
Petrol (in-kind contribution from volunteers)	\$1300	Petrol costs	\$1300
		First aid equipment	\$150
TOTAL	\$15,450	TOTAL	\$15,450

If you have multiple applications for a single project pending, and one application is approved meaning that some funding has been allocated to your project, you should immediately inform the grantmakers to whom you have pending applications. This is vital as it actually increases your chances that the pending grantmakers will also approve your application.

Remember that to the foundation, the most important thing is that a project goes ahead, and succeeds in providing a benefit to the community. The more positive responses you receive, the more likely it is that your project will happen; therefore more funders will want to come on board.

Similarly, if you have multiple applications pending and you receive enough funding to carry the project out, inform those foundations you are still waiting to hear from that you have received enough funding and that you can withdraw your application. The foundation will appreciate that you have been honest and open with them, and also that they do not have to spend any more time and energy on reviewing your application. You can always offer them the option to fund an expansion of the project, or perhaps to fund another project. The key is to be open and honest.

Being honest about the fact that you can withdraw an application because you have enough funds to proceed will impress the grantmaker not just because of your integrity but because you are obviously an organisation which has impressed other grantmakers that you can deliver good work. They will remember you next time you come to them for funding.

Outcomes, outputs and acquittal

Many applicants confuse the outcome with the program's objectives, or with the project design. It's important to distinguish between outcomes and outputs. You need to report on both of them, but they are not the same.

The *outputs* are the tangible actions, products or services put into place as a result of the grant. These might be client visits, workshops, telephone responses, publications sent, or care plans developed.

The *outcomes* are the impact, change or benefits created by the outputs – what difference was made as a result of the outputs. The outcomes are not that you ran a series of workshops, but rather that the people who attended the workshops feel better informed and have more usable skills.

Here are a few more examples of outputs vs outcomes.

Outputs	Outcomes
48 weekly budgeting and financial planning workshops held over 12 month period. 52 attendees from low income backgrounds completed course.	All participants have created weekly budget and report they are sticking to it. No participants have accessed relief agencies for food or other material goods since program began. 66% of participants have regular savings.
2000 insecticidal bed nets were provided to villages in Angola.	1800 families are protected from the spread of malaria via mosquito bites.
Mediation sessions were held with 12 highly disruptive students	Improved school attendance on behalf of all 12 students 7 out of 12 students have improved results by at least one grade

So the outcomes are really about what benefit there was to the community or the people you helped, because of the money you were granted. Outcomes can relate to behaviour, knowledge, attitude, skills, values, abilities and many other areas.

It is important to work out what you believe the outcomes of the project will be while you are planning it. In a sense, the outcome is the reason that you want to do the work – you want to make something happen, which is why you apply for the funds in the first place. You need to work out a way of measuring the outcomes, if only because that is what you will be reporting against when you write the acquittal (report upon completion of the project) of the grant.

Dealing with rejection

You will inevitably come across rejection at some stage of the grantseeking process. The most common reason a submission is not funded is a very simple one; there is nearly always more need than there is funding. The majority of foundations receive many more applications than they are able to fund, and therefore they often have to reject some applications which have nothing technically 'wrong' with them.

It's important to remember that if you do receive a rejection, it does not mean that there was anything wrong with your application, your project, or your organisation. It shouldn't discourage you from applying again or from applying to other grantmakers. Remember that everyone who applies is knocked back sometimes.

You will probably find that many grantmakers do not provide you with written feedback on your application. Many feel that if they do so, they might raise your expectations with no good reason; they do not want you to assume that you will definitely be successful next time if you make their suggested changes or take their feedback into account. There are too many variables in grantmaking to make that kind of judgement. Even the grantmakers cannot be sure because they don't know the quality or number of applications they will receive next time, or the level of income the foundation will have to grant.

However, even if you are not given any formal feedback, you may wish to call and ask if there is any feedback they can give you on your unsuccessful application. Sometimes you can be given information verbally which the grantmaker will not put in writing. At the very least this should give you the most vital information, which is whether or not you should apply to this organisation again.

If you do ask for feedback, make sure you do so politely. Rather than bluntly asking "Why didn't we get this funding?" phrase it a little more positively, such as:

"Is there anything we could have done to make this application more likely to be funded?"

"Can you tell me if there was anything lacking in our application?"

"Would it be worth our while applying for this project again in the next round?"

The last question is particularly important and most grantmakers should be able to give you an answer – even if all it indicates is that you should not waste any more time on re-applying to them. Remember that sometimes there is no real feedback possible because there was nothing wrong with your application – others were just stronger. However, there may be the opportunity for a very beneficial discussion which can help your future applications enormously.

Final words

Most of all, remember that a philanthropic grant is a partnership between you and the foundation. Foundations are in the business of giving money away for the community benefit, but they need organisations with the skills, personnel, expertise, knowledge and infrastructure to be able to actually spend the money on providing community services. Foundations cannot do their job of granting funds for community benefit without eligible not-for-profit organisations out there doing their jobs delivering products and services to the community. You are an essential and valued partner in the process.

Applying for a grant is not begging for a handout. It is providing the grantmaker with the opportunity to do their job, and to make a positive difference, through funding your work.

Glossary

Acquittal

An acquittal is a document showing the grantmaker how the grant was spent. It will include information on the expenditure of the funds (including an itemised account of expenses, salaries and purchases) as well as information on what happened as a result of the grant (outputs) and whether it achieved its aims (outcomes).

Applicant

An applicant is an organisation applying for a grant, and/or the person who actually writes the grant application.

Application

An application (also known as a submission or a proposal) is the document which is used to apply for a grant. It usually contains descriptions of the project or activities for which the grant is requested, information on the organisation which is applying, a budget detailing how the grant will be spent, and a section detailing what the results of the work or project will be.

ATO

The Australian Taxation Office

Bequest

A bequest is a gift left in a Will. Bequests are a vital but unpredictable source of income for many not-for-profit organisations. A bequest can be a gift of money or of property (including shares, real estate or art works).

Capital works

Capital works are generally projects which involve building, refurbishing or renovating in some way. This can include building a new structure, or adding to an existing structure in ways such as fences, driveways, playground equipment, or refurbishing a portion of an existing building such as its kitchen, storage facility, etc.

Charity

The word "charity" can be used to describe a type of organisation or a concept. There is also a difference between the popular definition of charity and the definition in Australian law. In popular use the term charity is often used to refer to organisations that raise funds for, or offer support to, the disadvantaged in society. However, the legal meaning of the term can differ from the popular understanding. There's no easy answer to the question "what is the legal meaning of a charity?", but it may help to know that when most grantmakers talk about charities they are talking about organisations which the ATO has endorsed as Tax Concession Charities.

DGR

A deductible gift recipient (DGR) is a fund or organisation that can receive tax deductible gifts. The deduction is claimed by the person or organisation that makes the gift. There are a limited number of categories or types of DGRs and there are requirements set by the ATO in order to be endorsed as a DGR. Some DGRs are listed by name in the income tax law; these include organisations like Amnesty International Australia, Landcare Australia Limited and the Australian Academy of Science. For other organisations to be DGRs, they must fall within a general category set out in the income tax law.

Evaluation

An evaluation is a document which analyses the results of the project that the grant was supplied to fund. It is normally far more detailed and analytical than an acquittal, and is usually submitted in addition to the acquittal. An evaluation is generally conducted by an organisation external to that which has received the grant. It is intended to provide a detailed explanation of how a project was implemented, what about it worked and why, how it might be improved in the future, and exactly what it achieved. Evaluations are often used to assist other organisations which might wish to implement similar work, as well as to inform grantmakers in their future decisions.

Foundation

The word 'foundation' does not have a legal meaning, but is generally used to refer to an organisation, usually a trust, which holds and invests money, and disperses its income in the form of grants to not-for-profit organisations. In Australia, most foundations are established as charitable trusts and the types of organisations and activities they can make grants to are restricted by law. In this guide 'Foundations' is used to refer to organisations whose purpose is to give away money for community benefit.)

Funder

This word is often used interchangeably with the word 'grantmaker'.

Grant

A grant is a gift (usually of money) given for the common good. Most grants are given for a particular purpose. Grants are most commonly made to not-for-profit organisations, but may also be made to individuals, often in the form of a scholarship or fellowship for study or research.

Grantmaker

Individual or organisation that makes a grant. The term "grantmaker" is a descriptive term and may be used to refer to many different types of funding organisations or individuals. It is sometimes used interchangeably with "funder".

Grantseeker

A grantseeker is an individual or organisation actively seeking grants or funding from philanthropic sources.

In-kind support

A donation of goods or services, time or expertise, rather than cash.

Matching gift

A matching gift is a grant made with the specification that the grant amount must be matched (usually matched equally) with funds from another source.

PBI

A Public Benevolent Institution (PBI) is a specific type of DGR whose dominant purpose is the direct relief of poverty, sickness, destitution, suffering or misfortune, and for the benefit of the community or a section of it. PBIs are a subcategory of the 'welfare and rights' category listed in Division 3 of the Income Tax Assessment Act 1997.

Philanthropy

The word 'philanthropy' means "love of mankind". It is normally used to refer to the donation of money in a planned and structured way (such as through a philanthropic trust, or a bequest).

Pilot project

A pilot project is one which has never been run before, usually regarded as a trial run for a larger program. It is often a scaled down version of a larger program and is intended to prove the feasibility of the larger program.

Pro bono

Pro bono is a Latin term meaning 'for the public good'. It is usually used to refer to professional services (especially legal services) provided free of charge.

Sponsorship

Sponsorship is a term generally used in the context of corporate giving. It usually refers to an arrangement in which the sponsor, generally a company or individual, supports an event, activity, organisation or person through the provision of money, goods or services.

Sponsorship typically provides a tangible benefit to both the recipient (which benefits through receiving material support) and the sponsor (which benefits via enhanced public image and access to a wider audience). The recipient will usually be required to provide some service back to the sponsor, such as advertising or naming rights.

TCC

See 'Tax Concession Charity'.

Tax Concession Charity

A Tax Concession Charity (TCC) is a fund or institution which has been endorsed as having principally charitable purposes by the ATO. It is important to note that not all organisations which are tax exempt are actually Tax Concession Charities. Also, not all DGRs are Tax Concession Charities. An organisation which has been endorsed as a TCC will be in possession of a certificate from the ATO which states that it has been endorsed as a Tax Concession Charity (or under the previous terminology of Income Tax Exempt Charity).

Tax deductible

A tax deductible entity is one which has been endorsed by the ATO as a Deductible Gift Recipient. See DGR.

Trust

In simple terms, a trust is a fund or property legally held or administered by a trustee for the benefit of others. There are many different types of trust, not all of which are for the public benefit. In philanthropic terms, a charitable trust is the legal vehicle used to hold and invest money or property which is disbursed for the public benefit to charitable causes and organisations.

Trustee

In broad terms, a trustee is a person or organisation managing a trust on behalf of the person who created it. There are many types of trust, including charitable trusts (or foundations). Trustees of charitable trusts in Australia may be individuals, groups of people or organisations. The types of people who are trustees will depend on the legal structure of the trust.

Further resources for grantseekers

Websites

Philanthropy Australia

<http://www.philanthropy.org.au/>

The Philanthropy Australia website is designed to provide both grantmakers and grantseekers with useful information. It includes fact sheets and frequently asked questions on the philanthropic sector, links to other organisations, downloadable publications and information on Philanthropy Australia's representation work, events, workshops and other services.

PhilanthropyWiki

<http://www.philanthropywiki.org.au/>

The PhilanthropyWiki is an online encyclopaedia and a repository of articles and information on philanthropy – a first port of call to those seeking information on philanthropy in Australia, including structures, practices, statistics and stories about philanthropy.

Australian Taxation Office

<http://www.ato.gov.au/nonprofit/>

The ATO website includes this section specifically built for non-profit organisations such as charities, societies, clubs and associations. It has detailed explanations of the terms and requirements around DGR and TCC and how to apply for endorsement.

Centre for Philanthropy and Nonprofit Studies

<http://www.bus.qut.edu.au/research/cpns/>

Located at Queensland University of Technology, the Centre consists of academics and research students who have an interest in researching philanthropy and non-profit organisations. The site contains useful information including fact sheets, research publications and a wiki designed to assist those administering and governing a not-for-profit organisation.

DonorTec

<http://www.donortec.com.au/>

DonorTec provides donated software and hardware from companies such as Microsoft and Cisco to eligible Australian non-profit groups with Income Tax Exempt Status (ITE).

Fundraising Institute of Australia

<http://www.fia.org.au/>

The Fundraising Institute of Australia provides education, information, training and professional development for fundraisers.

Goodcompany

<http://www.goodcompany.com.au/>

Goodcompany matches skills and available time of young professionals with not-for-profit organisations needing their services. Registration is free for volunteers and community groups.

GrantsLink

<http://www.grantslink.gov.au/>

GrantsLink is a source of information for Commonwealth Government grants for communities. The site allows you to search or browse for Commonwealth grants and also offers general information on preparing Government grant applications.

Our Community

<http://www.ourcommunity.com.au>

Our Community is a resource website for community groups which provides fact sheets, a free online donation & volunteer service, publications and practical information. Some is available free of charge and some is provided on a purchase or subscription basis.

PilchConnect

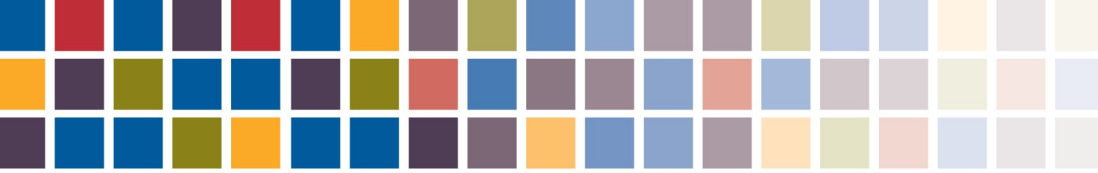
http://www.pilch.org.au/community_org/

This website contains a range of legal information resources, specifically developed for Victorian not-for-profit community organisations. The resources designed to help people working in community organisations to understand legal issues, such as choosing the right legal structure, applying for tax concessions and exemptions; managing volunteers and employees and complying with laws such as fundraising laws that impact on the not-for-profit sector.

Pro Bono Australia

<http://www.probonoaustralia.com.au>

Pro Bono Australia offers a directory of nonprofit organisations seeking funding, a free electronic newsletter containing items of interest for the sector, and listings of events and jobs in the sector.



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