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The Accountant's Angle

An accountant can help fill the hole in charity income, says Richard Hill

With levels of giving declining, seeking diversity of funding is key to sustaining a charity. Yet when it comes to a charity finding sources of income, while it is wise for charities to reduce their dependency on handouts, still often the most expedient route to fill gaps in funding, is to secure income through a grant. But the competition for grant funding is enormously competitive.

Nevertheless, at GSM, we still manage to help our clients achieve some major 'wins'. Let me outline why...

To be effective in your grant application, once you've established your eligibility for funding and argued the case – no mean feat in itself, where you shouldn't undersell, oversell, or be deemed to be irrelevant – then it is critical to continue in your application from a position of strength and so, have the highest chance of success.

Charities are pressing foundations harder for money. The pressure is on to get the presentation of those applications clear and transparent.

Making your accounts appealing cannot be down to depictions of income alone. It is crucial to get the proportions of expenditure right too.

By distinguishing between money spent on charitable work versus that spend on governance, foundations will rightly be reassured when a higher proportion is spent on your core activities.

Equally more attractive to donors, is when they can be shown that their money will be spent with a good return likely for the charity. Survival and more must be deemed to be assured, as a result of the grant coming in.

As well as wanting to know the money will be spent wisely, foundations will equally want to see

that their money will take the charity further in achieving its objectives.

But blur your core remit and worse still your financial position and you risk the chance of obscuring the relevance of your application and the fit between your goals with the aims and ambitions of the foundation concerned. However, many charities present themselves poorly when applying and central to this is the presentation of their accounts.

Whether it is to fund ongoing activities, urgent appeals or large capital projects, accuracy in assessment, consistency in accounting and your ability to benchmark relevance is often key to a successful bid applications.

By taking a broader view of your operating costs and not dismissing staff costs, for example, in the delivering of your charitable services, you will also be better able to define your services on the grant application. So, appropriately allocating indirect or support costs to charitable activities could be vital in the battle to win funding.

The rule of thumb is that if they are crucial to you delivering your charitable services, then they are likely to be a crucial part of your operating costs and so should be proudly declared as such on the application.

So, don't undersell factors, internal or external, that may impact on fundraising or the ability of your charity to carry out its work successfully. In these days of austerity, grants are not always a given.

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