

FINANCE FOR FUNDING - JARGON BUSTER

Budget: A financial plan showing income (money coming in) and expenditure (money going out) for the year ahead.

Capital funding: Money for one-off purchases (e.g. equipment, building costs, materials)

Contingency Costs: Money in budget for unforeseen circumstances.

Core funding: Direct funding for the central support costs of your organisation including central overheads, often salaries, management / administrative staff costs.

Direct Costs for Grants - Direct costs for your grant are perhaps the most critical part of your grant's budget. They are the funds you are asking from the funding source. Direct costs usually include: Staffing, equipment

Earned Income: Money that can come from selling tickets, services, or products/merchandise

Full cost Recovery: This means that when you have costed a service you have included all the direct and indirect costs that can be reasonably attributed i.e. a proportion of rent, management salaries, IT and phones, evaluation and monitoring etc.

Indirect Costs for Grants: Indirect costs for your grant ("overhead") are costs for administration and facilities, such as: Building costs, Insurance, Utilities

**Sometimes a percentage of total indirect costs can be reimbursed by a funding source, but only if an indirect cost rate has been negotiated and approved by the grantor.*

Match funding (CASH & IN-KIND) – Funding that depends on others contributing to the project. This could be the group's own funds, other grants or earned income. It can take into account both 'cash' and 'in kind' such as volunteers' time.

Revenue funding: Expenses and costs that occur on a regular basis i.e. rent, salaries.

Reserves: The amount of unspent money that an organisation has at the end of the financial year. Revenue Funding Revenue costs are ongoing costs such as rent, heating, etc. Ring-fenced funds (also called restricted funds) Money which is allocated to cover expenditure on a specific item or activity.

Unrestricted Funds: An amount of money that an organisation can spend on what it wishes, within the law