

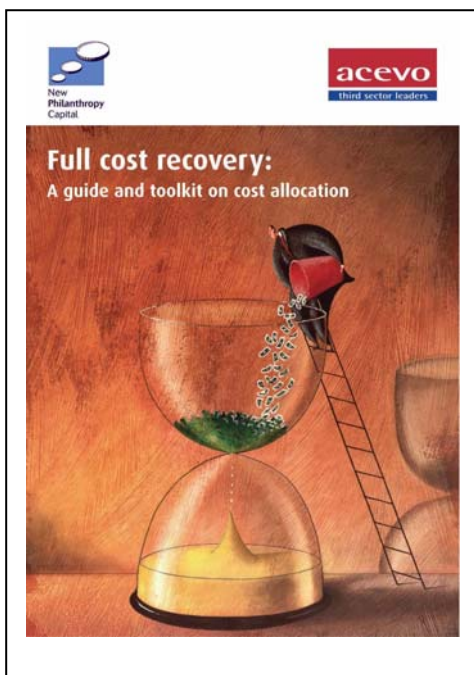
Are you having trouble funding overheads in your organisation? Do you rely on donations or your reserves to subsidise your services?

Would seeing your costs more clearly help you write funding applications or decide how much you should ask for? Would you like to be able to show your funders exactly how much your services cost to run?

If the answer is 'yes', you need Full Cost Recovery! Without Full Cost Recovery, the funding of your organisation and hence the delivery of your services are at risk.

What is Full Cost Recovery?

It's simple really - recovering or funding the total costs of your project or service including a relevant proportion of all organisational costs. Whereas it's clear that any project or service has costs directly associated with it, such as staff and equipment, it's less obvious that it also draws on the rest of your organisation. For example, it can occupy some of your Director's time, some of your Trustees' time, and some of your central support functions' time (such as finance and IT). Therefore the total cost of each project includes part of the costs of your Director, your IT team, your finance person etc. All of these costs are necessary in order for any project or service to run effectively and efficiently.



Full Cost Recovery - can your organisation survive without it?

To recover full costs, organisations need to know what the full costs are. Building from the success of *Funding our Future II: Understand and allocate costs*, acevo, New Philanthropy Capital (NPC) and accountants KPMG, have worked together to develop an updated and more practical guide to help you understand and calculate the full costs of your projects.

Full Cost Recovery: A guide and toolkit on cost allocation is an easy-to-use step by step guide and template to calculating the full costs of your activities. It works as well for small projects, such as a new bed in a hospice, as to an entire area of activity, such as patient services. It is available as a hard-copy guide and as an interactive CD-Rom compatible with Microsoft Office and usable on PCs and Apple Macs.

The Benefits

Using the guide will help you to:

- Understand about Full Cost Recovery and allocating costs
- Calculate the full cost of your projects or services including direct costs and an appropriate level of indirect costs.
- Make important strategic decisions about the projects you run and your funding e.g. how and whether to bid, and what is an appropriate level of funding.
- Review and manage your costs
- Provide funders with a clear and transparent picture of costs which can significantly aid discussions and

The guide costs £20, the CD-Rom is £30 +vat, or you can purchase both for £40 + vat

Learn more about Full Cost Recovery

At www.philanthropycapital.org/html/full_cost_recovery.php

We've put a number of materials on the site to help you with understanding and implementing full cost analysis. We explain what full cost recovery is, and the principles behind the cost allocation template. We list the support from government, the voluntary sector, and academia for full cost recovery and the cost allocation template; and we provide testimonials from organisations already using the template.

"I want people to use this toolkit to make sure that they really do know what a particular activity costs them"

Fiona Mactaggart MP

To order your copy visit

www.philanthropycapital.org/html/full_cost_recovery.php

"No activity can be undertaken without the need for support functions, and funding bodies have an interest in ensuring that organisations are able to manage and administer activities properly."

**HM Treasury,
Guidance to Funders**

"Sustainability can only be guaranteed if other funders ensure that their investment takes account of the capacity needs of frontline organisations and funds the infrastructure that supports them"

**Fiona Mactaggart MP
Home Office, Change Up 2004**

"The current approach to funding the voluntary sector is not necessarily helpful for building strong, independent and creative organisations; in the longer term as it does not pay sufficient attention to financing core costs"

**'Speaking Truth to Power',
Baring Foundation**

"The software has proved an invaluable and enlightening resource, easy to use, and with minimal on-costs in terms of staff training. This will prove to be a flexible and robust resource for the management of finances across the voluntary and community sector."

**Sally Courtney,
Finance Director, Toc H**

Funded by



With thanks to

