

IS YOUR NONPROFIT GRANT READY? WHAT DOES THAT EVEN MEAN?

(This is a quick five-minute read and worth it!)



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Everyone loves the idea of free money, right? Of course! So here is some good news. Grant funds are free money your organization does not have to pay back. However, securing grant funding is a process that requires time and relationship-building. Conduct this quick self-assessment before approaching a grant funder, major foundation, or federal request to determine if your organization is ready to apply for grants.

INTRODUCTION

Grants should be a piece of your overall fundraising pie. Grant proposals require a different approach than an event fundraiser, letter, texting, email campaign, or even asking for individual or corporate donations.

Grants should ideally be 20-40% of your organization's fundraising strategy. You can often leverage one grant with another to maximize your funding, and this is often encouraged among funders, especially those who tend to award matching grants.

There are three key areas to review to see if your organization is grant-ready:

- Basic Organizational Stability
- Program Readiness
- Financial Health

Funders tend to understand the nature of non-profits. Most non-profits are messy, but if done right, they are messy in all the good ways. Between volunteers, limited staff, passionate people, donors, and resources, funders typically understand the scrappy nature of the non-profit field. However, there is a difference between being scrappy and a plain old mess. Read the following to determine if you are ready to start your grant proposal journey!

BASIC ORGANIZATIONAL STABILITY

To be ready, start with these basic organizational requirements:

- Is your organization incorporated? Do you have your tax-exempt 501(c)3 status? After being incorporated, you can file for federal 501(c)3 tax-exempt status through the Internal Revenue Service. Please note that many sub-categories are within the 501(c)3 classification, so consider asking an expert to assist you when you file. For example, a 501(c)3 (classified as a public charity) is different from a 501(c)3 (subsection 509a, classified as a private foundation). Why does this matter? If assigned, your subclassification under the 501(c)3 determination will determine the grant funding you are eligible for or the funders who will even consider your request.
- Do you have a clear mission statement, vision, or plan for your short- and long-term impact, programming, and financial stability? Funders want to see the value of your organization and its vision for impacting the community. You don't have to have all the answers, but funders want to know you have thought through where you are going and why.
- Do you have an invested and diverse Board of Directors and key community stakeholders? Board members serve as the organization's leaders and should be engaged in organizational growth. Many private foundation grant applications ask about diversity, including the ratio of men/women, veteran status, age ranges, racial diversity, and more. And they always want to know if 100% of your board donates (the amount typically doesn't matter, but not being able to prove "yes" will disqualify you from many grants).
- Organizational buy-in (aka your credibility). This can vary depending on the funder, but consider the number of staff, staff tenure, date of formation, board terms, and vested partners. If you are a 100% volunteer-run organization, what are your volunteer hours, and if awarded, how will you ensure the funds are executed as intended? The number one way to lose donor trust is to misuse their funds. For example, asking to purchase something specific (like blankets for kids) but then using the money for operations.





- Who do you partner with? How do you execute your impact? Partnerships show buy-in; this can be with educational institutions, businesses, government agencies, school districts, faith-based organizations, or other nonprofits. Funders want to see if you can serve your community effectively.
- Do you have written organizational outcomes? What is the overall impact on your community because of your work? When measuring outcomes, it's essential to be able to speak on outputs such as how many people were served or how much time was given back to the community. Clear outputs bolster the primary point of credibility and competency. If you do not have these, you may want to collect data or write case studies on your past initiatives before applying for your first grant. * A good grant writer can help you identify these if you are a new organization.

PROGRAM READINESS

Okay, when applying for new grant funding, the number one pitfall you will hear yourself saying is, "OHHHHH, our organization would be such a good fit for this \$100,000 grant if we simply added XYZ to our programming." We know; we get it; being so close to being THE fit is tempting. But if you rush to design a program that meets the specific requirements and scope of the funder's priorities, it leads to a stressful and chaotic scramble to prepare a proposal that will fail. Funders see through this 100%.

To be fully ready to submit an award-winning grant, an organization should be able to answer the following:

- Are you actually program ready? What are you doing right now, programmatically, that is working? How could you build on it if you received an additional \$25K or \$250K, for example? Focus on your strengths in your grant proposals. Got a brand-new idea? Use the language "pilot program" and consider asking for short-term funding, followed by an assessment to determine if you met your objectives. Also, it would be best to have a firm plan for executing your new idea with timelines. Make sure you have board approval for any pilot programs.
- What is your organizational capacity? Essentially, does your organization have the people to meet your programming request in the grant application?
- Got data? Can you demonstrate program success through data that what you have done in the past worked or that objectives were met? Education Example: You are applying for a \$30,000 grant to work with two additional elementary schools after piloting a reading mentorship program (using college students majoring in education) the prior year.

- In 2022, we set a goal to read once a week with 45 second graders from “My City Elementary” identified as struggling with reading. In Sept. of 2022, we had 47 students enroll in our program and 25 reading mentors from our local university. The college students were paid a small stipend. Using reading benchmarks (created by XYZ), we are pleased to report that out of the 47 enrolled students, 75% improved by four benchmarks (went from below reading level to exceeded), 15% improved by three benchmarks (went from below reading level to standard), and 5% improved by two benchmarks (went from below reading level to primary); and the last 5% either dropped from the program (moved schools) or increased by one reading level. Enclosed are two copies of testing data with names removed for privacy.
- Set short-term and big-vision goals for your programs. Make sure your program goals fall within your organizational goals. If your organization is committed to providing wheelchairs for children in your city, but you are asking for funds for medical supplies to deliver to a remote village in Africa, why? Make sure your request is in alignment. What would be your organization’s and programming’s ultimate dream in an ideal setting?



FINANCIAL HEALTH

Have you ever heard the phrase; money attracts money? Okay, part of this logic applies to submitting a winning grant proposal. Take a good, hard look at your organization’s financial situation. Yes, funders care about your plans for their funds. Still, they also want reassurance that your organization can manage their generosity, and they also don’t like to see you hoarding funds either (we don’t mean endowments or reserve funds; those are a sign of financial health). All grant applications require proof of financial stability. If you carry a negative balance or spend every cent without anything in reserve, you are considered very high risk, and your chances of receiving funds will be minimal.

FINANCIAL SIGNS OF GRANT READINESS INCLUDE:

- Let’s start with the basics – Budgets, Tax Returns, and Financials, oh, my! Okay, grant writers are one of the few folks who get excited about these things, but that is cool with us. Do you have a method for processing donations and issuing tax-deductible receipts? Do you have regularly reviewed financials? A bookkeeper or CPA? If not, who are the key people handling the money? Do you have a system of internal controls for taking donations? What about a budget, profit/loss statement (P&L), up-to-date actuals, income statement, or a recently signed 990 tax return? FYI, if you file a 990 postcard, a funder might request additional information.
- Do you conduct an annual audit? Yes? Great. No? It is not necessarily a deal breaker, but it is helpful when you start going after some big dollars. If yes, were there any flags in the latest opinion, and were they addressed? Your organization must show a history of responsibly managing awarded dollars and a transparent accounting system that tracks expenses separately for different funding sources. If you are a new organization, ensure this is clean and easy to read before applying!
- Where do you currently get your funding? Do you have an accurate past, current, and pending donor list? Some funders will also request a list of top donors if not disclosed in your 990 or ask for other pending grant proposals for the same request.

CONCLUSION

Whether your organization can confidently check off every item or have a few more things on the to-do list, getting your organization prepped to submit grants can be an exciting part of your new fundraising journey.

Are you interested in seeing how a grant consultant can help further your impact? Contact Christine Curtis-Carr, Grant Consultant, to schedule an informational interview. From funding strategies to grant proposals and evaluations, let’s get started on funding your big ideas.

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