AFP Information Exchange

A Step-by-Step Primer on How to Obtain Large Government Grants for Nonprofits (Part 1)

~

This AFP Information Exchange resource is provided by:

Cathy D. Cessna, MPA, CFRE
Director of Business, Program and Fund Development
Ingleside Homes

Charles B. Vincent, J.D.
Owner and Managing Principal
Innovincent

4300 Wilson Boulevard, Suite 300 • Arlington, VA 22203-4168
800-666-3863 (U.S. & Canada) • 703-684-0410 • 001-866-837-1948 (Mexico)
703-684-0540 fax • www.afpnet.org • afp@afpnet.org

A Step-By-Step Primer On How To Obtain Large Government Grants For Nonprofits (Part 1)

Cathy Cessna, RDH, MPA, CFRE, Director of Business, Program and Fund Development ingleseidehomes.org

Charles Vincent, Esq., Owner, Innovincent Innovative Marketing & Consulting Solutions innovincent.com

---

Obtaining Government Grants: Step 1 – Proof of Organizational Capacity

There are many steps to applying for large government grants. Each step is equally important to securing the funding your organization needs for growth.

Over the next several weeks, we will provide, step-by-step, the general process inherent in obtaining these grants. The hope is that other professionals advising or working within the NPO community will comment and offer their own suggestions or opinions.

STEP 1. PROOF OF ORGANIZATIONAL CAPACITY

The first step to the grant application process is showing proof of organizational capacity. Organizational capacity is a conceptual approach to development that focuses on understanding the obstacles that inhibit people, governments, international organizations, and non-governmental organizations from realizing their developmental goals while enhancing the abilities that will allow them to achieve measurable and sustainable results.

Is your organization is ready to apply for funding? In other words, does it have the organizational capacity it needs to demonstrate that it is a sound investment for funders?

A great place to start is the free, non-profit organizational capacity assessment toolkit online provided by McKinsey& Associates. This assessment provides a comprehensive list of questions that ask nonprofit staff to rate their organization's operational strengths and weaknesses across ten dimensions—from management to marketing to technology and more—and then discuss the results. The goal is to implement smart, effective organizational changes.

But how do you demonstrate to funders that your organization has the ability to achieve the community goals and objectives they desire? Nearly all public and private sector funders require the following documents as proof of organizational capacity.

1) **501-c-3 status**. This document is named after its section in the Federal IRS regulations. It should be the first document obtained by a non-profit organization.

2) **DUNS number**. All government entities require a Dunn and Bradstreet registration and number to apply for a grant. A DUNS number can be easily obtained online, http://fedgov.dnb.com/webform. The process is free, and usually takes about a week to process.

3) **Certificate of Incorporation.** Certificate of Incorporation (sometimes also referred to as the Articles of Incorporation or the Corporate Charter) contain the primary rules governing the management of a corporation in the United States and are filed with a state or other regulatory agency. This document is drafted by an attorney and filed with the State when you apply for your non-profit name. Each state has different procedures, so check your state's website for specific rules. Information specific to Delaware is located on the Delaware.gov website.

4**) Bylaws**. Bylaws are the rules and methods that your organization follows to insure legality and productivity. They define the election of trustees, structure of meetings and more. Typically, these are required before a non-profit can be formed.

5) **Board of Trustees**. The board is the governing body of an organization. A board should have at least 5 members; and include the following committees; governance, audit, finance and executive committee. It is recommended that a CPA and an attorney be part of your Board. Many grants require a list of the Board showing names, bios, contact information, committee placement, and the number of years of service.

6) **Certified Audit**. Your organization will be required to have an audit prepared by accountants if you are applying for and spending federal funds. An audit is an official inspection of an individual's or organization's accounts, typically by an independent body. Audits are usually required by

funders, banks, creditors, and certain individual state laws (such as a charitable registration act). Funding such as Community Development Block grants or CDBG (Federal funds passed through State and local governments), will also require an audit.

7) 990/990T. Form 990s are the non-profit tax return. Your organization must file a tax return called a 990. If your organization produces revenue that is not related to your mission, then you also need to pay tax on that revenue, and file a 990 T. Your accountant should prepare these returns each year.

8) Strategic Business Plan, including;

- **Comprehensive past and future fundraising plan** with donor records. Funders want to see exactly who is donating to your organization, and to review the strength of your donor base. They are also interested in your ability to plan a major capital campaign.

- **Detailed strategic marketing plan**, including minority targets. You will need to provide proof that you advertise, and document the media used, frequency and target constituencies.

- **Current year budget, cash flow sheets**. The current year budget should be a one-sheet document produced by your CFO that details each program expected revenues and expenses for that year. The cash flow sheets will give a targeted snap-shot of how much revenue will be received and the expenses for a given date. Cash flow projections help demonstrate if an organization is solvent throughout the year.

- **Two-year budget forecast**. Your CEO should prepare a two year projection of the anticipated budgets. This should be compatible with the organization's strategic plan; and show new projects, sources of funding anticipated, and capital expenditures.

- **Strategic Plan**. Your Board and administration should create a strategic business plan, which should include both short term and long-term goals directly related to your mission. It should also include specific goals, objectives, anticipated outcomes, target dates, and state who each task is assigned to accomplish each goal.

9) Operating Plan. Your organization will need to submit an organizational operations manual with policies and procedures. Typically, government funders require a table of contents with the organizations policies and procedures, including EEO, LEP training, disaster plan and more.

10) Key Staff Credentials and Job Description. Your organization will also need to provide a list of all key staff, including their credentials, education, relevant training, professional organizations, and tenure.

Having a central depository where electronic copies of these documents are stored is ideal for easy access for when you need it. Nearly all funders have moved to an online, electronic submission process. Having this information readily available saves everyone time.

Once you have all of these documents prepared and stored, you can begin researching grants opportunities.

Don't miss our next article: Step 2 – Research

AFP Information Exchange

A Step-by-Step Primer on How to Obtain Large Government Grants for Nonprofits (Part 1)

Cathy D. Cessna, MPA, CFRE
Director of Business, Program and Fund Development, Ingleside Homes
inglesidehomes.org

Charles B. Vincent, J.D.
Owner and Managing Principal, Innovincent
innovincent.com

About Cathy D. Cessna, RDH, MPA, CFRE: Senior level private and public sector decision maker; fundraiser, marketing lead, advertising sales, medical software sales; affordable housing development. Eleven years of experience - Adjunct Professor; Marketing, Fundraising, Finance, and Non-profit Legal Issues. Non-profit consultant/public sector: Volunteer: Wilmington Montessori School, Junior League of Wilmington, RHD Howell, Delaware Military Academy, Wellness Center Delaware, Westminster Presbyterian Church, Tower Hill School, Delaware Dental Hygiene Assn.

About Charlie Vincent, Esq.: Charlie has almost 15 years of marketing and business experience across different sectors in Delaware and Pennsylvania, including strategic business planning and marketing, event planning, and fundraising for non-profits, small businesses, and entrepreneurs. As an attorney, Charlie developed a unique understanding and perspective of how different clients think in terms of time, budget, and results. These legal experiences, combined with his marketing and business background, enabled him early in his legal career to help two of largest legal non-profits in Delaware with the planning and execution of multiple successful fundraising events. Charlie formed Innovincent LLC in 2014 to help other non-profits, businesses, and individuals with strategic planning, marketing, event planning, and fundraising needs.

4300 Wilson Boulevard, Suite 300 • Arlington, VA 22203-4168
800-666-3863 (U.S. & Canada) • 703-684-0410 • 001-866-837-1948 (Mexico)
703-684-0540 fax • www.afpnet.org • afp@afpnet.org