# Nonprofit Organization Resource Hub

# Chesapeake Bay Program


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# A. Overview of the Nonprofit Resource Hub

This Nonprofit Resource Hub is an effort to close the gap between the willingness of government and private funders to direct grants to under-resourced organizations and the readiness of organizations who have not had equitable and adequate access to grant funding opportunities, due to factors including, but not limited to:

- Their capacity has been systemically underfunded, keeping them from competitively applying for and managing grants;
- The preponderance and complexity of federal, state, and local government regulations create barriers that advantage more established and larger nonprofit organizations; and
- Being in different communities and social networks from funders has led to a lack of mutual trust, awareness, and communication.

Funders across the Chesapeake Bay Region worked together to develop this resource hub for nonprofits who are interested in applying for government and private funding or improving their practices to increase their readiness for government and private funding. This tool is part of a project conducted to leverage expertise and share resources among organizations that fund activities in the Chesapeake Bay Watershed, specifically improving efforts to improve diversity, equity, inclusion, justice, and accessibility (DEIJA) in their grant programs.

Context:

The U.S. Environmental Protection Agency (EPA) funded the Equitable Grant Funding in the Chesapeake Bay Watershed project as part of the Chesapeake Bay Program's (CBP) Goal Implementation Team (GIT) Funding Program. The work advanced specific outcomes from the 2014 Chesapeake Bay Watershed Agreement that have been identified by the CBP as top priorities to address.

Purpose:

The project and this resource intend to achieve the following outcomes:

- Improved collective understanding and awareness of equitable changes funders are currently making to grants regarding their application process, outreach, and reporting;
- Improved awareness among funders about equitable funding challenges, best practices, experiences of under-resourced communities, and strategies for funders to measure their progress in improving equity in grantmaking; and
- Improved understanding of the challenges communities face when applying for grant funding, with practical solutions identified; namely, the improved ability of under-resourced organizations and/or organizations serving under-resourced communities to navigate the grant funding process.

The project consisted of a set of interviews and workshops with both underrepresented organizations (UROs) and funding agencies and organizations (funders). The findings and input from these efforts generated the observations and recommendations below.

This tool is part of a project conducted to leverage expertise and share resources among organizations that fund activities in the Chesapeake Bay Watershed, specifically improving efforts to improve diversity, equity, inclusion, justice, and accessibility (DEIJA) in their grant programs. The US EPA contracted Calm Waters Group and Colmena Consulting to complete this project.

# B. What else are funders working on?

In addition to providing this resource as a tangible deliverable, funders are also working on several other long term outcomes to help make equity a leadership priority and commitment and to build trust with communities. This information is

shared with nonprofits so as they are building relationships with funders, they have the language and the context to advocate for changes to the grantmaking process. The following recommendations for funders in the Chesapeake Bay region emerged from interviews, focus groups, and a series of workshops that occurred in Spring of 2023.

- **Value people-centered outcomes:** Resource-centered outcomes have dominated the current Bay Agreement, but funders across the watershed can elevate the relative importance of outcomes that center people and communities.
- **Support a funder/agency Community of Practice:** Develop a formal framework for collaboration and sharing of better practices across federal, state, local, and private funding sources that includes grantmaking staff, general counsels, and finance and compliance staff.
- **Develop shared language, definitions, and data:** Align across funding institutions to clearly articulate organizational commitments to equity through shared language, agreed-upon definitions, and equity-focused data and indicators.
- **Partner to build capacity (Federal/Private/State/Local):** Building collaboration between funders can also support more intentional partnership to help identify which type of funding agency, what type of grants, and which funding priorities can better support under-resourced organizations.

## Build trust with communities

- **Improve reviewer participation & criteria:** Strategies to diversify review committees and update the criteria and application scoring methods to center equity will support more broadly funding under-resourced organizations.
- **Build awareness across the Chesapeake Bay regional ecosystem:** Funders often don't know how to identify under-resourced organizations and under-resourced organizations often don't know how to gain access to or assess alignment with funders, so building awareness and mapping the nonprofit and philanthropic ecosystem will support shifting resources.

- **Simplify and streamline processes:** Wherever possible, remove barriers to accessing grants like reimbursement funding, match requirements, and applications and reports that are bespoke, technical, and complex applications.
- **Co-develop and provide easy access to resources and knowledge:** One of the outcomes of the *Equitable Grant Funding in the Chesapeake Bay Watershed* project is this Nonprofit Resource Hub that will have a central, agreed-upon home where it can be shared widely, expanded, and updated as the funding environment evolves.

# C. Nonprofit Organization Readiness Checklist and Guide

This Nonprofit Organization Readiness Checklist was developed as a result of recommendations to funders to co-develop and provide easy access to resources and knowledge.

The list below focuses on readiness for federal, state, and local government funding, since public funders often have the most stringent requirements, and provide a much larger share of dollars to support the environmental movement than private funders.[1] Private funders have imposed a variety of different requirements but have much more leeway to implement flexible and equitable practices. It was also recommended that government funders and private funders work closely and collaborate to fill gaps in funding for under-resourced partnerships where more flexible funding is needed.

The checklist below offers an outline of government requirements that are typically more extensive than those of private funders.

## 1. Forming an Organization?

The nonprofit sector is the third-largest employer in the United States, with over 1.7 million organizations. Many nonprofits — especially community-based organizations, which tend to be small, grassroots-supported, and are led by members of the communities they serve — are initially formed by volunteers, and make the decision to incorporate as a 501(c)(3) or to find a fiscal sponsor who can serve in this role (see below). To successfully apply for government funding available to nonprofits, a 501(c)(3) status is required, whether this belongs to the grantee organization itself or to its fiscal sponsor.

### 1.1. Should We Use a Fiscal Sponsor?

Fiscal sponsors are nonprofit organizations that lend their 501(c)(3) tax-exempt status to an individual or project. They act as an intermediary between funders

[1]https://philanthropynetwork.org/news/giving-usa-2021-year-unprecedented-events-and-challenges-charitable-giving-reached-record-47144

and groups or individuals working for community change, while supporting legal compliance with nonprofit tax laws and opening the door to new funding opportunities. Sponsors can also provide oversight, manage finances, provide training and networking opportunities, and support organizational structure.

Fiscal sponsors provide a board of directors to meet IRS requirements for 501(c)(3) organizations. Fiscally sponsored organizations are considered projects of their fiscal sponsor, and any Advisory Boards they form only direct the project, rather than assuming full legal control of the project, and does not replace the decision-making authority of the fiscal sponsor's board.

Not all fiscal sponsors offer the same services, so do your due diligence before selecting a sponsor.

### Questions to ask a potential fiscal sponsor[2]

- What is your fee and how is the fee used?[3] How does the fee change as we grow?
- What types of grants are you able to support and how do you support grant compliance?[4]
- How do you build trust with your sponsored projects?
- How do you center equity in your practices?
- What services do you provide? (e.g., human resources, capacity building)
- How do you support connections to donors and/or peer organizations?
- How do you support transitioning to a 501(c)(3), if desired?

### Equitable Fiscal Sponsor Examples[5]

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[2] https://www.aecf.org/blog/fiscal-sponsors-and-baltimores-grassroots-organizations, https://www.tsne.org/reimagining-fiscal-sponsorship-report

[3] A reasonable fiscal sponsor fee is 5-8% for basic services like compliance and a board of directors. Higher fees should include additional services such as trainings, networking events, support for government grants. Equitable sponsors have sliding scales, with lower fees for smaller budgets and slightly higher fees for larger budgets.

[4] Many fiscal sponsors do not support government grants due to the level of compliance required.

[5] https://www.tsne.org/reimagining-fiscal-sponsorship-report

As you consider utilizing a fiscal sponsor, here are some examples of fiscal sponsors who have proven practices related to equity.

Urban Affairs Coalition

- Government Relations Officer on staff who serve as a liaison between the city of Philadelphia and Urban Affairs Coalition's fiscally sponsored projects.
- Each grassroots organization is assigned a program manager, an accountant, and a human resources manager.
- Back Office services include traditional fiscal sponsorship services, including but not limited to payroll, human resources, banking, audits, budgeting, grant management, cash and checks, contracts, receivables, reporting, and purchasing.
- Front Office services include board development, leadership development, fund development, fundraising, and consulting.
- Charges fiscally sponsored projects 8-10% of their annual income plus 1.35% for insurance, and 1% for audit costs. The difference between the indirect cost rate and Urban Affairs Coalition's fees of 8-10% leaves a 4% gap that Urban Affairs Coalition raises over $1 million annually to cover.

CultureWorks

- CultureWorks' commons model is based on the ethos of sharing resources.
- Costs can be reduced for organizations that use CW's collective resources including office space, management services, as well as skills and expertise.
- Includes a thorough intake assessment, use of online platforms to automate services, customizing services, and network capacity building.
- Offers a range of capacity-building services, including strategic planning, marketing, business planning, IT support, and support with CW online systems.
- Identifies capacity building needs during the initial intake process and offers support through three pathways: learning, coaching, and consulting.

**Resources for finding a fiscal sponsor**

- Social Impact Commons
- National Network for Fiscal Sponsors
- Maryland Philanthropy Network (or the sister regional philanthropy-serving organization in your state or region)

## 1.2. Should We Pursue a 501(c)(3) Designation?

Starting a nonprofit, when done right, can be a lengthy and complex process. Managing a nonprofit requires some extra skills that for-profit organizational leadership may not need. Unique considerations for nonprofits include: the independence of the board of directors, the importance of mission over profit, protections against self-dealing, the necessity for transparency about operations and finances, and the essential public-serving nature of organizational mission and practices.

Whether starting from a fiscally sponsored project or diving straight into formation as a 501(c)(3) nonprofit organization, there are a few key milestones to consider before making the leap:

- You have recruited an independent board of directors;
- You have created bylaws and conflict of interest policies (these are organizational legal documents, so consulting a lawyer is recommended)
- You have a business plan outlining how you'll manage the strategy, evaluation, leadership and staffing, financial, and fundraising functions of the organization.

Before starting a nonprofit, it is recommended that you reach out to your state's association of nonprofits. Most have free resources and paid consulting available to help support your start-up nonprofit.

**Resources**

- Delaware: Starting a Nonprofit Organization in Delaware: https://delawarenonprofit.org/wp-content/uploads/2017/09/Checklist-for-Starting-a-Nonprofit-Organization-in-Delaware.pdf

- Maryland: https://www.marylandnonprofits.org/what-we-offer/start-a-nonprofit/
- New York: https://www.nycon.org/resources/start-a-nonprofit
- Pennsylvania: https://pano.org/starting-a-nonprofit-organization-in-pennsylvania/
- Virginia: https://www.thecne.org/engage/virtual-resources/cne-toolkits/
- West Virginia: https://wvnpa.org/starting-a-nonprofit/

## 1.3. Are We Ready for Grants?

Below is a checklist of compliance, regulatory, and organizational capacity issues to consider before applying for grants.

### Legal Compliance

Either your organization, or your fiscal sponsor, will need the following to be awarded a grant:(A separate checklist for federal grants is below)

☐ Employer Identification Number (EIN): Instructions on requesting an EIN for the first time, or if requesting an existing EIN.

☐ IRS Determination Letter/Form 1023 (designating tax exempt status): An organization must apply for tax-exempt status with the IRS. If approved, the IRS issues the applicant organization an Exemption Letter. Exemption letters are required for most government grants.

☐ All Required State and Local Business Licenses and Registrations

☐ You have assessed your organizational risk and have purchased the proper insurance to cover your operations and leadership.

☐ Board-approved bylaws, articles of incorporation, and conflict of interest policy are in place. (Consulting a lawyer when developing these is highly recommended.)

☐ The board consists of the required number of independent (unrelated) board members (regulated by the state).

☐ If the organization has employees, a published equal employment opportunity policy, documented workplace anti-harassment policy, and written non-discrimination policy.

☐ If the organization has employees, an up-to-date employee handbook including procedures notifying employees and beneficiaries on how to file allegations.

☐ Record retention policy, ensuring consistent practices about the kinds of documents that should be retained by an organization, and for how long.

The following are required for federal grants:

☐ System Award Management (SAM) Registration (required for federal funding): Go to SAM.gov to complete the online registration process. Core data required for all account types include a unique entity identifier (UEI) – assigned by and viewable within SAM – along with the Employer Identification Number from the IRS ("EIN"), and banking information to set up Electronic Funds Transfer (EFT). If the organization has an existing registration, there may be a request for a notarized letter. Processing time may last several weeks. Enrollment may take up to 5 more weeks if an EIN must be acquired.

☐ Unique Entity Identifier (UEI) (replaced Data Universal Numbering System (DUNS) number required for federal funding): The Unique Entity Identifier (UEI) is a twelve-character alpha-numeric combination assigned by SAM.gov, which is used to identify every entity seeking to do business with the U.S. Federal Government (grants, loans, contracts, etc.). For guidance on how to obtain a UEI, click here or if you have an existing UEI. The UEI is assigned by and viewable within SAM, but Grants.gov users can also find it listed under their organization profile.

☐ Small and Disadvantaged Business Enterprise Registration, as applicable: Federal level requirements are available from the Small Business Administration. Each state and local government have their own Minority/Disadvantaged/Women-Owned Business designations. These are important designations for increasing your likelihood of getting funded.

☐ Grants.gov Registration (required for federal funding): Create an account for the Authorized Organization Representative ("AOR") at grants.gov, who will be responsible for approving and submitting federal proposals on behalf of the organization. NOTE: Passwords expire every 60

days. Accounts inactive for one year or longer result in the removal of all account roles.

### Organizational Readiness

These indicators will impact how your grant application will be scored against a funder's internal grantmaking criteria.

- ☐ Governing body (board) is composed of individuals from diverse backgrounds, representative of the populations served, who have extensive experience and practical expertise; meets regularly and properly; and has adopted, and consistently adheres to, clear roles and responsibilities.
- ☐ Board governance structure and decision-making processes are clearly defined and consistently employed.
- ☐ Complete and accurate roster of all key employees and key volunteers, including titles, relevant credentials, job descriptions, bios/resumes, and contact information.
    - ☐ Staff/relevant contractors/fiscal sponsors have the necessary knowledge and skills to manage the financial and programmatic aspects of grants and have access to additional training as needed.
- ☐ Mission and vision statements are clear, specific, and compelling.
- ☐ Strategic plan that clearly and specifically identifies desired outcomes and the steps to be taken to achieve them for a period of at least the next 24 months.
- ☐ Data collection and analysis systems are in use, program evaluation occurs regularly, and learnings are shared and acted upon, providing a credible track record attesting to organizational accomplishments.
- ☐ The board has approved purchasing and procurement policies.

### Resources and Tools

- BoardSource's tools to assess your board's performance and better engage your board in the strategic planning process and Board of Directors Performance Matrix.

- Executive Directors Guide: The Guide for Successful Nonprofit Management
- Competency grid to codify your organizational performance expectations across roles.
- Sample personnel policy, provided by the National Council of Nonprofits.
- Document Retention Policies for Nonprofits, by the National Council of Nonprofits

# 2. How Do We Advance Equity and Amplify Community Voices?

## 2.1. How Do We Advance Diversity, Equity, Inclusion, Justice, and Accessibility (DEIJA) Efforts?

DEIJA is both internal and external. Organizations can take many actions to invest in the people that make up their teams. When employees and volunteers don't feel that their organization truly values their thoughts, ideas, commitments, and contributions, there is a risk that performance will suffer and that they may seek employment and engagement elsewhere. An inclusive workplace doesn't only have a diverse workforce; it also has a variety of people engaged, included, empowered, and trusted by the organization.

A diverse workforce, representative of the communities nonprofits serve — with a variety of lived experiences, knowledge of local communities, and understanding of how to build trust in neighborhoods — is a critical precondition for addressing contemporary intersectional environmental issues.

An equity lens is a tool for examining the impact of the design and implementation of policies, procedures, or practices on underserved and marginalized individuals and groups, and to identify and potentially eliminate barriers. It is important to note that developing workplaces that are not only diverse, but truly equitable, is a process that takes commitment from leadership, time, and intentional effort.

**Resources and Tools**

- Equity in the Center

- Why Diversity, Equity, and Inclusion Matter for Nonprofits - National Council of Nonprofits
- Helping Nonprofits Put Equity into Practice - Candid
- Including People with Disabilities in Nonprofits and Foundations: Accessibility & Equity Webinar Series

## 2.2. How Do We Engage Communities Before and During the Grant?

Correcting historical environmental burdens begins with effective community engagement, building trust with underserved and disadvantaged communities, and developing relationships through a trauma-informed lens (empathetic understanding of challenges endured by different communities of color). Engaging and working intentionally within Black, Indigenous, People of Color (BIPOC) and other historically marginalized communities, and with community-based organizations in decision-making, developing racial equity action plans, and managing available resources and programs that directly affect these communities are important strategies for overcoming environmental justice challenges and empowering impacted communities.[6]

Tools such as community asset mapping and stakeholder mapping are useful for discovering community strengths and opportunities for partnerships, especially where existing information may be incomplete. To get to know communities and their unique strengths, nonprofits can work to understand the needs of the community, partner with community organizations who serve as trusted messengers, and explore the role of community benefits.

Building trust often requires first meeting communities where they are (in terms of culture, socioeconomic conditions, and geographies): this can entail, for example, that materials are translated into relevant languages; food, childcare, and interpretation are provided at meetings; and outreach materials are disseminated widely. Translating community priorities into policies and strategies, and consistently coming back to the community further demonstrates trustworthiness and accountability. The community should be engaged

[6] "A Guide to Using the Community Engagement Framework," New York City Department of Health, accessed July 25, 2022, https://www1.nyc.gov/assets/doh/downloads/pdf/dpho/race-to-justice-action-kit-guide-community-engagement-framework.pdf

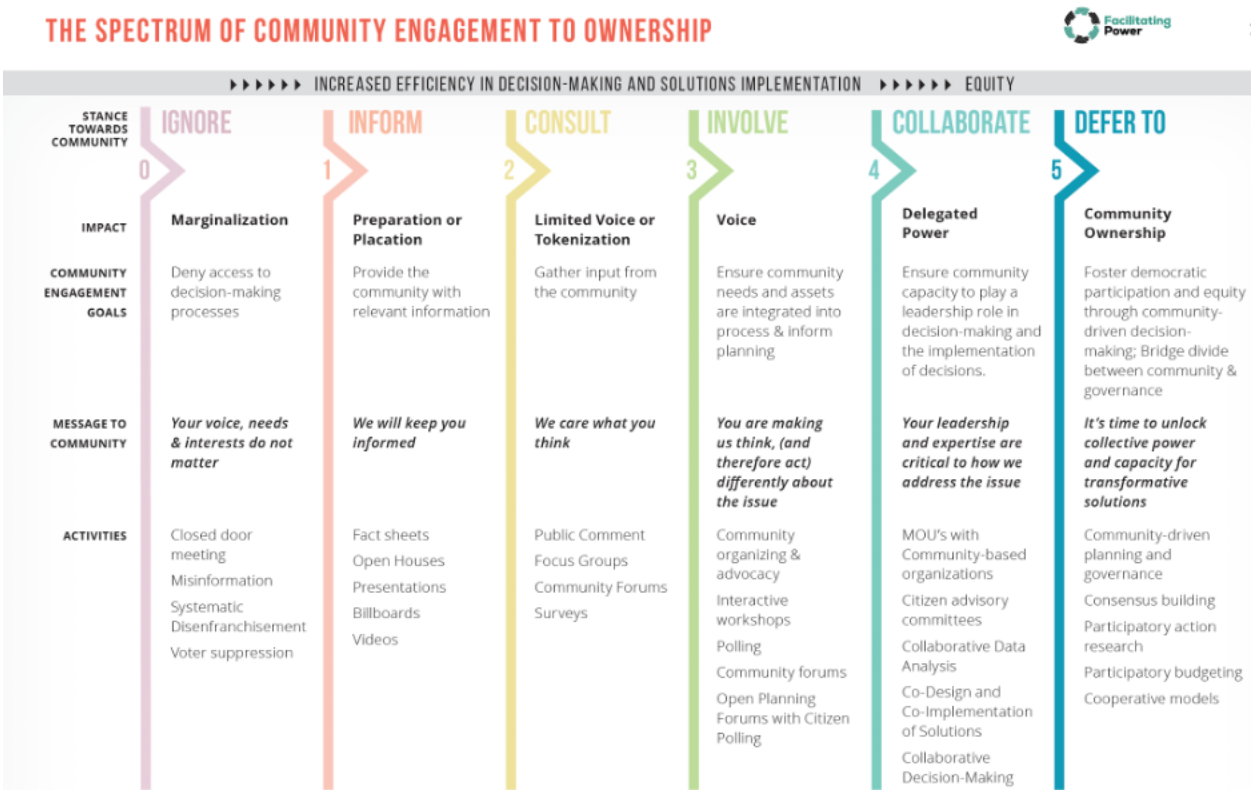
throughout each phase, from idea development, to project concept, and through implementation. One approach to understanding community engagement opportunities and establishing shared goals with the community is the Spectrum of Community Engagement to Ownership.[7]

The Spectrum of Community Engagement to Ownership is based on the Public Participation Spectrum created by the International Association for Public Participation. The goal of using the Spectrum is to identify best practices for deepening community understanding. Opportunities to move along the spectrum typically advance as trust is built between the community and the organization.

The ideal balance of community engagement and project development occurs when projects are co-designed with a broad swath of community representatives from conceptualization to implementation and stewardship. Achieving the end goal of community ownership takes time and engagement over the course of multiple projects to build trust and develop a set of shared goals and priorities. It is this continued engagement that leads to successful and sustained community projects.

The figure below highlights tools traditionally used by agencies to engage the public (e.g., activities). Many agencies traditionally shared their final plans for a project to the public as a presentation or fact sheet, yet did not provide the opportunity for the community to be part of the solution. Deep community engagement always takes more time and more resources, but the value of working toward community ownership cannot be overstated. Even moving slightly to the right on the engagement spectrum can build trust with communities.

[7] https://movementstrategy.org/resources/the-spectrum-of-community-engagement-to-ownership/




# 3. Ready to Apply for a Grant?

Now that you have your legal and business documents in order, and have assessed your organizational readiness and ability to embed equity and community in your practice, it's time to apply for grants.

## 3.1. Should We Go for That Grant Opportunity?

Below are resources to help you determine if you should apply to the grant and if it fits with your organization and where you are in your growth trajectory.

- Go or No-Go? A Guide to Deciding Which Federal Grants are right for you
- Check out 8 questions to ask yourself before you apply for a grant.
- Video: Before You Seek a Grant: A Checklist for New Nonprofits

## 3.2. Does Our Capacity and Mission Align with the Grant Request For Proposal (RFP) Goals?

### What's the "Net Grant"?

In considering whether to apply for a grant, carefully consider the likelihood that you will receive funding before you commit to expending resources on the grant application and delivery of the RFP goals.

Given the often complex and in-depth questions asked and materials required for a grant, try to calculate the amount of time it will take to complete the grant and deliver on the reporting requirements. Grants don't write themselves — they take staff time and have an opportunity cost. Think of this formula: $$ Total Grant — $$ Staff Time Spent on Application and Additional Capacity Needed for Reporting = $$ Net Grant. Small grants that require lengthy applications and extensive reporting sometimes mean that a nonprofit can *LOSE* money on a grant.

### Are your Mission and Outcomes Aligned?

Often, it can seem like funders and nonprofits are speaking different languages. Interpreting whether the work you're doing meets the grant requirements can be difficult. Be prepared to demonstrate in your application how the work you're doing, the people you're serving, and the data you're collecting (or are able to collect with little to no extra capacity) are aligned with the grant opportunity and the ability to deliver on reporting outcomes. Stretching the organization or mission out of scope to fit a funders' priorities — often described as "mission creep" — means less time to invest in existing mission and programs. So, a lack of alignment will hurt the organization in the long run.

However, many issues that under-resourced organizations and communities work to address tend to be broad and systemic in nature, so demonstrating how systemic issues are tied to environmental outcomes for communities will support your case for grant funding.

### Resources and Tools

- Why Your Net Grant Matters - Exponent Philanthropy
- Mission Creep: How Nonprofits Can Stay True to their Mission - BoardEffect

### 3.3. Tracking Grant Opportunities

The number of grant opportunities may seem endless. Below are resources/templates for tracking your progress and status.

- A grant calendar or schedule to keep up with upcoming deadlines and tasks associated with grant applications and reports.

# 4. Fundraising and Grant Writing Resources

### 4.1. Fundraising Regulations

Most states require nonprofit organizations to register as a business with the state and to register with the Attorney General's office or Secretary of State in order to be permitted to fundraise in the state. Each state has different guidelines, so make sure you're familiar with each state's rules around the amount and type of fundraising that you're doing in the state. Many funders will confirm that you are registered to fundraise prior to making a grant.

#### Resources and Tools

- Charitable Solicitation - State Requirements: https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-solicitation-state-requirements
- Charitable Solicitation Registration: https://www.councilofnonprofits.org/running-nonprofit/fundraising-and-resource-development/charitable-solicitation-registration

### 4.2. Grant Writing Resources

There is a wide range — and quality! — of grant writing resources available to nonprofits. Since writing grants can be time-intensive and high-stakes, it is one of the most sought-after resources for nonprofits.

#### Using Consultants

Careful research, and due diligence should be completed when considering hiring an outside firm or person to write grants for you. The AFP Code of Ethics and the Community-Centric Fundraising Principles can both be a resource to reference when interviewing potential consultants.

**DIY**

If grant writing efforts will be carried out by organizational staff, there are a wealth of resources to support your work. Most regional nonprofit associations regularly offer virtual and in-person fundraising training and resources, which are likely to be vetted and offer high-quality information. NonprofitReady also offers online courses related to fundraising, and these are listed in the resources section below.

The Resources section below also outlines various resources and templates that have been shared by federal and state agencies that can be helpful in developing fundraising acumen.

## 4.3 Finding Matches and Partnerships

Many grants require grantees to procure matching funds in order to be eligible, with some requiring as much as a 25% to 50% match. This match is often a challenging hurdle for small and startup nonprofits. To overcome this, many organizations have working partnerships with educational institutions, government agencies, businesses, and/or other nonprofits. These partnerships allow the organization to strengthen its community and sustain its programs and services through resource sharing.

Don't go it alone! Look for other complementary organizations who might be able to provide a match from their funds, and you can provide a reciprocal match from your own funds. (Before agreeing to provide reciprocal matching funds, check to ensure that you are not violating any restrictions on the grant funds.) Another source of funding includes government agencies. For instance, many municipal Public Works Departments have to meet requirements to reduce stormwater runoff and have funds budgeted for this purpose. This funding could serve as a match for any grants.

Matching funds don't always need to come in the form of cash. In-kind matches can include materials/equipment and/or staff time from your organization (e.g., volunteers) or from a partner. Note that staff hours still need to be tracked and "proven" and can be easily done through timesheets that are already used for the organization.

### Resources and Tools

- NonprofitReady Courses
    - Nonprofit Essentials: This 90-minute curriculum is designed for individuals who are new to the nonprofit workforce or individuals looking to refresh their understanding of key topics.
    - Fundraising Essentials Certificate. The content consists of three courses that provide an overview of nonprofit fundraising, focus on the importance of major donors, and examine the four unique stages of the cycle of fundraising development.
    - Grant Seeking Essentials Certificate: The three courses provide an overview of the grant seeking process, focus on the importance of a grant proposal, and examine the four unique stages of the grant seeking cycle.
    - Financial Management Essentials: This certificate program, co-developed with David Greco of Social Sector Partners, is designed for anyone who operates a nonprofit or who would like to learn the basics of nonprofit financial management.
- Capacity Commons features a free suite of resources to support your organization wherever you are in your organizational journey.
- Strengthening Nonprofits: A Capacity Builder's Resource Library from the The Compassion Capital Fund (CCF), administered by the U.S. Department of Health and Human Services: Grant writing for novices: 2021. Helping organizations increase their capacity and impact and acquiring public grants
- NOAA Grant writing resources
- US EPA's How to Develop a Budget (videos)

### Example Templates

- Letter Of Inquiry Template (MD NPN)
- Grant Proposal And Budget Format
- Guide To Maryland Philanthropy Network Grant Proposal Format
- NOAA Environmental Literacy Program grants project description template

- Long Island Sound Resilience Grant Writing Assistance Program Application

# 5. What Do We Need to Know About Budgets and Finances?

## 5.1. How Do We Manage Grants?

Your grant agreement or contract that a funder asks you to sign should be reviewed carefully for any important reporting requirements or milestones.

Many government grants are reimbursement only, which means you will need to have funds on hand to pay for staff and program efforts and often wait 30-60 days (or more!) to get paid. Grants often include requirements around what the funds can be spent on (indirect vs. direct costs, only for a certain program or project, for example).

Financial reporting is often a grant requirement, and may be required on a monthly, quarterly, or annual basis, depending on the funder. Many government funders require monthly or quarterly reporting, while most private funders require quarterly or monthly financial reporting. Ensure that you're able to pull these financial reports easily.

## 5.2. Do We Follow Accounting Practices Required for Government Funding?

To properly manage and meet requirements of government funding you will need to follow best practices for accounting. If you are fiscally sponsored, the sponsor should have systems in place to comply with up-to-date accounting practice norms. Review the checklist below and know that if you have these in place, you can apply for any grant — including from private funders!

☐ Solid financial planning and budgeting are in place, including regular budget-to-actual comparisons and board-approved annual budgets. Formal systems and controls govern financial operations, including record-keeping and transparent procedures. The board is regularly reviewing financial statements, and financial systems are approved by the board and meet financial accounting requirements.

- ☐ All IRS filings, including Form 990, are completed annually on a timely basis. When required by law, independent audits are conducted annually, and audited financial statements are available for at least the two most recent fiscal years. When audits are not required by law, financial statements have been independently reviewed.
- ☐ Ability to separate accounts and/or record-keeping for each grant award, or a similar process in place to avoid misallocating funds.
- ☐ Ability to identify and track indirect costs that are necessary but not directly related to a single program, such as rent or utilities.
- ☐ Demonstrated commitment by management/board to provide adequate budgetary and personnel resources to achieve program goals.
- ☐ Policies, procedures, and systems related to the use of restricted funds that establish internal controls related to the management of external funding.
- ☐ Avoidance of federal debt delinquency. At least 180 days' operating cash on hand to account for reimbursement grants. Additionally, these financial management issues are often asked about in grant applications:
- ☐ Successful past performance in receiving and managing government grants (if applicable), as evidenced by administration of other grant programs of similar size and structure with no negative actions by the granting agency.
- ☐ Long-term financial plan and fundraising strategy that leads to sustainable and diverse support for the organization and its core programs.
- ☐ A list of past, current, and pending funding sources. This list should include the name of the funding source, the amount, dates of funding, and the purpose of the funding.

**Resources and Tools**

- US EPA Grants Management Training for Applicants and Recipients (video modules)
- 10 Step Annual Budget Checklist Propel. This 1-page resource focuses on 10 key steps to planning and monitoring an annual budget to ensure it reflects your organization's programs, mission, and strategic plan.

- Strengthening Nonprofits: A Capacity Builder's Resource Library From The Compassion Capital Fund (CCF), Administered By The U.S. Department Of Health And Human Services: Managing Public Grants: strengthening nonprofits: A Capacity Builder's Resource Library
- Stewardship Checklist: So you've won (or lost) your grant. Now what?
- Managing Cash Flow Propel Nonprofits
- Nonprofit Operating Reserves And Policy Examples Propel
- Wallace Foundation's financial scenario planning guide, in order to understand your options for navigating a crisis while maintaining financial health.
- Access the Associates consultant list at your regional nonprofit association to find lists of reputable CPAs, accountants, and bookkeepers to support your financial management. Often, bookkeepers start around $500/month for small organizations.

**Example Templates**

- NOAA Environmental Literacy Program Budget
- NOAA Environmental Literacy Program  Budget Narrative
- Maryland's Chesapeake and Coastal Grants Gateway Sample Budget
- NFWF Indirect Cost Calculator https://www.nfwf.org/apply-grant/application-information/indirect-cost-calculator
- FEMA Fundamentals of Grants Management – Indirect Cost
- Bridgespan's Nonprofit Cost Analysis Toolkit to conduct a true-cost analysis to help you understand how your organization currently allocates funds across direct and indirect costs.
- Work with a volunteer skilled in financial management to adjust this financial plan template, provided by La Piana Consulting, for your organization's business planning needs.

## 6. How Can We Build Our Capacity for Evaluation and Outcomes Reporting?

In addition to requiring financial reporting, most funders will also ask about your capacity to track and report progress related to the identified grant outcomes.

For organizations seeking funds, often the evaluation of success includes both qualitative data (e.g., storytelling) and quantitative data (e.g., number of people served). Having both allows grantees to meet the needs of the funder and of the community they work with. For community-based organizations, it's often important to use what's learned from community engagement to lift up community voices and present them to funders, to show both progress and gaps in funding.

The Resources section below includes a range of resources to support your evaluation and storytelling efforts.

As you advance in your evaluation and learning efforts, key aspects of evaluation to address equity include:

- Involving the community members most affected by the work in evaluating progress and lessons learned, and in framing the problem and story.
- Sharing decisions about the evaluation design and implementation with community members and being explicit about where their power begins and ends.
- Ensuring the evaluation aligns with the culture and history of the community, and understanding how past and present institutional structures and policies contribute to power differences and the racial oppression and disparities experienced by people and communities of color today.
- Involving the community in interpreting the results to make sure that progress or lack of progress toward grant goals is accurately understood and contextualized.

- Building in time to educate and train community members about data and evaluation into existing program and technical assistance activities.

Questions to ask about data collection:

- What are your goals in collecting data about your program(s) and participants?
- How are you co-designing questions with the intended audiences to be inclusive, transparent, ensure diversity of perspectives, and promote participation?
- Are you collecting demographic data and if so, how is it useful?
- What data will you share back with the community and how?
- What data will you share with the funder and how?
- How will you collect data in a way that's inclusive and respectful?
- How will the data advance your program?

**Resources and Tools**

- W.K. Kellogg Foundation (WKKF) Doing Evaluation in Service of Racial Equity, a three-part series for evaluation professionals describing how to incorporate racial equity as a core value, embedded in every aspect of the evaluation process.
- Maryland Philanthropy Grant Report Format
- Charles and Lynn Schusterman Family Philanthropies' Data Playbook lays a framework for how organizations of all kinds can not only capture data more effectively but put it to work underscoring your mission.
- Logic model examples from University of Kansas' Community Toolbox
- Centers for Disease Control's Checklists for Program Evaluation and Logic Model Development
- Asset-Framing: https://bmecommunity.org/asset-framing/

- Ethical Storytelling: https://ethicalstorytelling.com/
- Understanding Data Management and Technology Tools: https://www.techimpact.org/technology-learning-center/