



**GRANTS AND
SUSTAINABILITY
RESOURCE GUIDE**



Partnership



for the Public's Health

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GRANTS AND SUSTAINABILITY RESOURCE GUIDE

INTRODUCTION

The Partnership for the Public's Health has prepared this *Grants and Sustainability Resource Guide* to support grantees in their search for additional grant resources. This guide contains information on how grants fit into an organization's overall revenue plan, practical tips on how to find out what grants are available and on how to write successful proposals. Also included are several specific resources to help you research grants that fit your program needs.

Part 1: Program Planning for Sustainability: Where Do Grants Fit In?

"How will you sustain your program when these grant funds run out?"

Sound familiar? This is a question grant writers have to grapple with almost every time they write a proposal. What we all want to say is, "We're hoping your foundation will give us another grant." However, here are a couple of nonprofit facts of life:

- **Grant funds are a small percentage of revenue available to nonprofits.**

Grants are very competitive. For decades, corporate and foundation grants have consistently comprised only a small proportion of funds contributed to nonprofit corporations. In 2002, foundation grants made up 11.2% and corporate grants 5.1% of all non-government charitable contributions.

- **Grants are best used as "venture capital".**

For the most part, grantmakers see themselves as the "venture capitalists" of the nonprofit sector – organizations that make large investments that are strategic and short-term, and don't provide ongoing support. Most see their role as seeding new ideas - expanding a successful program or paying for special short-term projects like research, capacity-building or evaluation - that advance the organization's mission. The vast majority of foundation, corporate and government grants are made for a period of only one year, or less frequently, up to four years.

Nevertheless, grants are very important resources in the nonprofit sector. Grant funds can give your work added credibility, help leverage other kinds of revenue and provide the incentive (and the means) for an organization to become efficient and business-like. The better you understand what grantmakers can and cannot (or will not) do, the more success you will have in securing grant funds to sustain your work for the long run.

Think Like an Entrepreneur

Nonprofits are businesses with a social mission. People who run nonprofits need to develop the same skills as any successful entrepreneur, not only about the issues they work on, but also about marketing and management. Here are a few important pointers:

■ Understand the nonprofit business context.

In order to be eligible for most grants and for tax-deductible donations, an organization or its fiscal sponsor must be incorporated as a public benefit corporation by the state in which it is based and granted 501(c)(3)¹ status by the U.S. Internal Revenue Service. It is important to learn basic concepts, such as the public support test, the prohibition on private inurement (i.e., self-enrichment), and standards of administrative and fundraising expenses in relation to program expenses. Fortunately, there are lots of places to get this information easily, some of which are listed in this document.

■ Think ahead! Develop plans and budgets for at least *three years*.

This gives you time to plan how much money you will need, time to try to raise it and time to form a back-up plan if you don't raise as much as you had planned.

■ Learn to manage money.

This is a critical skill for anyone who governs, manages or raises funds for an organization. The more people in your organization that understand finances and resource development, the more stable your organization is likely to be.

■ Integrate revenue planning into your program planning.

Every time you start a program, plan not only for how much money it will require to run it, but think through where the money will come from for the life of the program. This may even change the design of the program itself. There may be ways to include fees, donations or other revenue generators as a function of the program itself that actually increase its impact and help sustain it over time.

How to Use Grants in a Revenue Plan

Step One: Figure out where your long-term support could come from.

As you work out your organization's three-year goals, work plan and expense budget, brainstorm where the potential long-term sources of support could be to fuel your work. Ask yourselves these things:

■ Can we build in ways for constituents to support the work financially?

Unlike the for-profit sector, many nonprofit businesses tend to overlook their most important long-term source of revenue – the

¹ Some grantmakers will also make grants to advocacy corporations, which have 501(c)(4) status, to government agencies, or even to individuals. As a rule, however, 501(c)(3) status is a baseline eligibility requirement.

people who benefit most from the work. When your constituents provide a significant source of revenue, it can reduce the tendency of nonprofits to become “funder-driven”.

■ **Are there other organizations that would pay for something we have?**

Take a look at your organization’s assets and consider whether they could generate revenue. Do you have knowledge, information or expertise that could be valuable enough to other organizations that they would pay for it? Do you have extra office space that you might rent out? Do you have funds that could be invested, instead of just sitting in the bank?

■ **How much time, effort and money will it take to develop a particular revenue stream?**

Just as you plan a program, think through the steps it will take to implement any particular fundraising strategy and set realistic expectations. Who will do the work? What kind of expertise do you need? How much time will it take? How much money will it cost? When will it start making more money than it costs? For example, it might take relatively little time and effort to build in a membership fee or some rental income. On the other hand, while the pay-off can be significant in the long run, it takes lots of time, effort and expertise to implement an effective capital campaign.

Some Long-term Revenue Streams

Fairly easy to implement

- Fee for service
- Membership fees or dues
- Contracts, sub-contracts or partnerships with nonprofit or public agencies that have more established revenue streams or credibility with funders
- Individual solicitation, annual appeals and major gifts
- In-kind contributions of things the organization otherwise planned to pay for, like office or meeting space, expertise or equipment
- Fundraising events like raffles, auctions or benefit concerts
- Selling your expertise or information through publications or consulting
- Rental income

Good to know about for future planning, but too complicated or expensive for most small nonprofits

- Federal or state funds and contracts
- Profits from unrelated business
- Capital campaigns
- Planned gifts (bequests, charitable lead trusts, charitable remainder trusts, etc.)
- Endowment and investment income (interest from investments)

Step Two: Build revenue-generating activities and costs into your work plan and budget.

Once you decide on a long-term revenue strategy or strategies, build these costs and expectations into your three-year work plan and budget.

Step Three: When you write proposals, tell funders how their grant funds will help you both implement program activities and generate long-term revenue.

Once you have a long-term program and revenue plan, you will be able to demonstrate to funders how their money will help you develop longer-term funding streams. For example, if you were to ask the Very Big Foundation for a grant to hire a resident engagement coordinator, show them your plan to provide a service that residents will find valuable enough to pay for in the longer term.

Part 2: Tips on Grant Research and Proposal Writing

How do I find out about funders that might be interested in our work?

- Start with information on the Internet or in libraries. Part 3 of this guide provides some places to get started.
- Ask current funders or nonprofit colleagues about possible funding sources.
- Subscribe to fundraising and nonprofit journals and newsletters, such as *The Chronicle of Philanthropy* (www.philanthropy.com) or *The Independent Sector* (www.independentsector.org).

Things You Want to Know About Funders

The broader the funder's interest areas and geographic focus, the more competitive it is to secure a grant. For most small, community-based groups in urban areas, it's a good idea to target local funders first. In the case of rural programs, your only choice may be regional or statewide grantmakers, so it will be important to emphasize how focusing resources in your area can make a strategic difference to their interests. As you build your organization, your management skills, your reputation and your funder networks, you will be in a much stronger position to compete for statewide or national funding.

Different grantmakers get their money from different sources. This affects their motives for giving, how much they give, what constraints they operate under and who makes the decisions. It is helpful to take these things into consideration and match your project with their interests.

Types of Grantmakers

| Type of funder | Where their money comes from | Who makes funding decisions |
|--|--|--|
| Private, Independent or Family Foundations | Family wealth. | Board of Trustees, usually partly or entirely comprised of family members. In some large foundations, decisions are effectively made by program officers, and simply approved by the board. |
| Corporate Giving Programs and Corporate Foundations | Corporate profits. In some cases these are allocated year-by-year. In others, the corporation has endowed a foundation, which operates under the same constraints as any foundation. | In corporate giving programs, either the executive committees, the public relations department or an employee group usually makes giving decisions. In corporate foundations, a Board of Trustees makes the decisions. Decisions are aligned with corporate interests. |
| Community Foundations | Donors from the community. | Board of Trustees, usually made up of community representatives. Within a specific geographic focus, they usually want to promote broad community interests. |
| Conversion Foundations | The assets of a nonprofit corporation that converts to a for-profit corporation. The assets must be used for purposes related to those of the original nonprofit. The California Endowment is this type of foundation. | Board of Trustees membership varies, depending on the foundation. Some operate like community foundations, some more like corporate foundations. |
| Donor-advised funds | Living donors. | Donor advised funds allow living donors to suggest the most appropriate distributions from charitable funds. These funds are not defined in the tax code. They are not quite charitable gifts and not quite foundations, so there is ambiguity about who makes the decisions and how much the funds must give. It can also be hard to get information on them. |
| Government Agencies | Taxpayers. | Federal, state, county or city administrators or advisory groups. Because they are subject to public scrutiny, large public grants are usually very labor-intensive to apply for, manage and report on. However, some sources, such as the First Five Commission, have fairly accessible mini-grant programs, with local decision-makers. |

What to Look For

Following is a sample listing from the *Foundation Directory On-Line* (www.fconline.fdncenter.org) This is a typical foundation listing, similar to those found in most foundation resource guides on-line or in the library.

When looking at a listing such as this, determine if your project is a good fit by using the following six steps:

Six Steps to Finding Potential Funders for Your Project

1. What?

Does your project seem to fit the grantmaker's **interest area**?

2. Where?

Is your project located within their **geographic focus**?

3. What type?

Do they give money for the **type of support** you need?

4. How much?

Is their **grant size** appropriate to your project?

5. When?

When are their **deadlines** for a proposal? When are their **board meetings**?

6. Who else?

Have they made **past grants** to similar projects or organizations?

Sample Listing from the Foundation Directory On-Line

Y. & H. Soda Foundation

2 Theater Sq., Ste. 211
Orinda, CA 94563-3346
Telephone: (925) 253-2630
Contact: Judith Murphy, C.E.O.
FAX: (925) 253-1814

Donor(s): Y. Charles Soda Trust; Y. Charles Soda +; Helen C. Soda +.

Type of grantmaker: Independent foundation.

Background: Established in 1964.

Purpose and activities: Support for education, health, human services, youth development, and religious organizations (primarily Catholic).

Program area(s): The grantmaker has identified the following area(s) of interest:

Employee Matching Gifts : The foundation matches employee contributions to charitable organizations.

Fields of interest: Aging; Aging, centers/services; Child development, e

Community development; Disabled; Economically disadvantaged; Educa
Elementary school/education; Family services; Food services; Higher edu
Human services; Minorities; Religion; Roman Catholic agencies & churches; Vocational education; Women; Women,
centers/services; Youth development, services.

Geographic focus: California

Types of support: Employee matching gifts, Equipment, General/operating support, Program development, Scholarship funds

Limitations: Giving primarily in Alameda and Contra Costa counties, CA. No support for animal welfare, the arts, environmental causes, private foundations, national medical research organizations, or political organizations. No grants to individuals, or for annual fundraising campaigns, or faculty chairs.

Publications: Application guidelines. Initial approach: Letter Deadline(s): Dec. 1-Jan. 31, Mar. 1-Apr. 30, June 1-July 31, Sept. 1-Oct.31

Officers and Directors:* James Dye ,* Chair.; Judith Murphy, Secy.; Rosemary Soda, V.P.; Alfred Dossa, Secy.; Alan Holloway ,* Treas.

Number of staff: 3 full-time professional; 1 part-time professional support.

Financial data: (yr. ended 11/30/02): Assets, \$97,579,315 (W), expenditures, \$5,617,4
\$3,908,370; qualifying distributions, \$4,834,656; giving activities include \$3,908,370 for
\$150,000; low: \$100; average: \$1,000-\$25,000).

EIN: 941611668

Most Recent IRS filings: PDF

Selected grants: The following grants were reported in 2002.

\$150,000 to Family Aid-Catholic Education, Oakland, CA, For tuition assistance.

\$75,000 to Saint Marys College High School, Berkeley, CA, For new classroom building.

\$50,000 to Antioch Unified School District, Antioch, CA, For experiential field trips for at-risk middle and high school students.

\$50,000 to Cal State Hayward Educational Foundation, Hayward, CA, For building.

\$50,000 to Mercy Retirement and Care Center, Oakland, CA, Toward charitable care program.

\$50,000 to Philanthropic Ventures Foundation, Oakland, CA, For eye and dental care program at MC Clymonds High School.

\$50,000 to Saint Edwards School, Newark, CA, For completion of building pro

\$50,000 to School of the Madeleine, Berkeley, CA, For window replacement.

\$40,000 to Saint Patrick School, CA, For computers.

\$33,000 to Building Opportunities for Self-Sufficiency (BOSS), Berkeley, CA, F

1. What are their interests?

2. Where do they fund?

3. What type of support do they give?

4. How much do they give?

5. When do they decide?

6. Who Else have they funded?

Tips For Writing Proposals

- Be explicit about how your project fits with the funder's interests.
- Follow their directions!! If they want five copies of a proposal that is no more than 8 pages long, using 1 inch margins and 12 point type, make sure you give it to them.
- As a rule, don't ask them to fund deficits or financial emergencies. Frame your request as strategic and forward-looking.
- Tell funders who else you are applying to. Most do not want to be the sole grantor, and it will help you to let them know you're thinking ahead.

Final Tips on Securing Grants: Relationships, Relationships, Relationships

People invest in people, because they are the ones who will implement the ideas and plans. It is always a good idea to get to know people at the foundation, corporation or government agency. Some ways to get started are:

- **ALWAYS follow up on your letter of inquiry or proposal.**

Especially if your request is turned down, call the program officer to get their feedback or suggestions. They will not always be helpful, but when they are, it can be the starting point for developing a long-term relationship with the funder.

- **Ask your current funders if they can make introductions or offer support.**

This is not always possible, but if a program officer believes strongly in your work, they may be able to help by contacting their peers at other grantmaking organizations.

- **Ask your board if they know program officers or trustees.**

One of the main roles of a board member is to ensure that the organization is sustained. One important way they can do this is to tap their networks. Print out the list of program officers and trustees of the funder prospects you have targeted, and ask your board members to review it to see if they know anyone. Sometimes they are unaware of who they know until they see the list. Then ask them to approach their contacts - make a phone call, set up a meeting or write a letter of support for your proposal.

- **Attend and/or give presentations on your work at conferences or other venues.**

Build visibility for your work. This will give you credibility by enhancing your organization's reputation.

Part 3. Where to Get More Information

Reference Books

There are a vast number of reference books and journals covering a range of issues relevant to nonprofits, philanthropy, fundraising and securing grants. The following are some good, basic reference works that can help you get started:

■ ***Jossey-Bass Publications*** www.josseybass.com

Jossey-Bass publishes many reference books and periodicals on topics of interest to nonprofit and public health organizations including a series of books on fund development. Email nonprofit@josseybass.wiley.com to get on their distribution list introducing recent publications and check out all their titles on their Web Site.

■ ***IRS Publication 557: Tax Exempt Status for Your Organization***

This document contains the official government requirements for becoming and remaining a 501(c)(3) organization. It is available to download for free from the IRS Web site at www.irs.gov.

■ ***How to Form a Nonprofit Corporation in California***

published by Nolo Press

Even if your organization already has IRS 501(c)(3) status, this is a good reference book that gives you information in plain English on both state and federal requirements for nonprofit organizations.

■ ***All the Way to the Bank: Smart Money Management for Tomorrow's Nonprofit***

Published by The Stevens Group, St. Paul, MN, this is an excellent and succinct guide to sound financial management practices for nonprofit organizations.

■ ***The Grassroots Fundraising Journal*** www.grassrootsfundraising.org

There are many books and articles available on this Web site for free and for purchase on a variety of basic fundraising topics. Some titles are available in Spanish. Books and articles by Kim Klein are highly recommended. Ms. Klein has spent her career raising money, mostly for grassroots and social justice organizations, and writes in very down-to-earth yet inspiring terms about fundraising strategies for small organizations.

Web Sites

Over the last five years, there has been a dramatic increase in the amount of information available through the Internet about nonprofits, grants and fundraising. Many have links to other resources. In addition, a growing amount of information about specific foundations, corporate and government grantmaking programs is available on-line. Below are several key resources that can help you get started on your search.

■ ***The Foundation Center*** www.fdncenter.org

The Foundation Center is one of the best starting points for grant seekers. Their Web site contains a mountain of information about the nonprofit sector, philanthropies and grantmaking for free. Click on the “Learning Lab” tab for free on-line tutorials on a number of grant related topics. They also have a very comprehensive, easy-to-use on-line database of grantmakers. The subscription price ranges from \$20 up to \$150 per month. The fee can be well worth it because its searchable features can save a lot of time looking up the same information in books. Based in New York, they have a network of actual centers across the country, which provide publications, materials, workshops and other resources to grant seekers.

■ ***Chronicle of Philanthropy*** www.philanthropy.com

The Chronicle of Philanthropy is probably the best source of news about the nonprofit and philanthropic sector. If you subscribe, you also get on-line updates and access to their grant listings.

■ ***Guidestar*** www.guidestar.org

The Guidestar Web site offers a lot of information about nonprofit corporations. One of the most valuable things they offer is free access to the IRS form 990’s for a large number of U.S. nonprofits and, more recently, fee-based grants and other search services.

■ ***Catalog of Federal Domestic Assistance*** www.cfda.gov
Federal Register www.gpoaccess.gov/topics/grants.html

The Catalog of Federal Domestic Assistance (CFDA) and the Federal Register are the two primary Web sites to search for federal grants. The CFDA is more user-friendly, but notification of funding appears first in the Federal Register.

■ ***The Fundraiser’s Guide On-line*** www.fundraisers-guide.com

The Fundraiser’s Guide is an on-line fundraising newsletter designed specifically for small nonprofit organizations.

■ ***GrantCraft*** www.grantcraft.org

GrantCraft is a source of practical wisdom for grantmakers on the tools and techniques of effective grantmaking. GrantCraft offers guides, videos and case studies that show how to make grants more effective, insights into relationships between grantees and grantmakers and lessons about how to organize grantmaking work for best results.

■ ***Tides Center, Tides Foundation and Groundspring*** www.tides.org

This Web site provides access to a variety of information and services for grantseekers, grantmakers and nonprofit organizations. Groundspring provides simple, affordable and integrated services

for small to medium-sized nonprofit organizations to help them become effective users of Internet technology in their fundraising and management of donors and supporters.

■ **The Grantsmanship Center** www.tgci.com

The Grantsmanship Center offers a comprehensive training program in California and nationwide that covers all aspects of researching grants, writing grant proposals and negotiating with funding sources. Many publications and other resources are also available on the Web site.

■ **Fundsnet Services** www.fundsnet.com

This Web site is a comprehensive compilation of grants and fundraising resources available on the Internet.

■ **Grant Station** www.grantstation.com

This Web site provides links to current sources of grant money while also providing tips and tools on fundraising strategies. Membership, which provides access to their full range of services, costs between \$400 and \$600 annually.

■ **Grassroots Fundraising Journal** www.grassrootsfundraising.org

The Grassroots Fundraising Journal is an on-line resource published bi-monthly that includes how-to instructions on a wide range of fundraising strategies.

Nonprofit Support Centers, Libraries and Community Foundations

There are a number of organizations throughout California that offer reference materials and other information and support for nonprofits. These include Nonprofit Support Centers, Public Libraries and some community foundations. Many have nonprofit reference materials, workshops on grant research and grantwriting and computers with access to CD-ROM or on-line grant databases.

To locate a Nonprofit Resource Center in your area, here are a few Web sites with listings and a few in specific regions of California:

■ **The California Management Assistance Partnership**
<http://search.genie.org/genie/cmap.lasso>

■ **California Food Banks**
www.cafoodbanks.org/NonprofitContactList.html

■ **The Foundation Center** www.fdncenter.org/collections/ccca.html

■ **Non-Profit Resource Center** www.nonprofitresourcectr.org

Serves Sacramento and the Central Valley

■ **Compasspoint** www.compasspoint.org

Compasspoint is a regional (San Francisco/Bay Area) nonprofit resource center, which also provides a great deal of on-line information about grantmaking and the nonprofit sector.

■ **Center for Nonprofit Management** www.cnmsocal.org

Serves Los Angeles/Southern California

Some Potential Grant Sources

Some California or national funders that fund community-driven projects:

- **The California Endowment Local Opportunities or Communities First Programs** www.calendow.org
- **The California Wellness Foundation** www.tcwf.org
- **The Robert Wood Johnson Foundation** www.rwjf.org
- **The David and Lucile Packard Foundation** www.packfound.org
- **California Community Foundation** www.calfund.org
- **Vanguard Public Foundation** www.vanguardsf.org
- **Self Development of People** www.pcusa.org/pcusa/wmd/sdop/
- **Jewish Fund for Justice** www.jfjustice.org
- **Public Welfare Foundation** www.publicwelfare.org
- **Surdna Foundation** www.surdna.org

Grantmaking Programs Available in Many Local Communities

- **Community Foundations** www.lccf.org/members_locate.html and www.communityfoundationlocator.com

Locate the community foundation that is applicable to your town or region through these Web sites.

- **Community Development Block Grants**

Community Development Block Grants are federal funds that are regranting locally by counties or cities. City or county administrators will be able to tell you whether CDBG is available in your community and how to apply.

- **Catholic Campaign for Human Development**
www.nccbuscc.org/cchd/grant.htm

CHD is an ecumenical funder affiliated with the Catholic Church that focuses on community empowerment. You can read about their priorities on their Web site and contact your local diocese for more information.

- **California Children & Families Commission**
<http://www.cafc.ca.gov/countyinfo.htm>

If your program serves families with children ages 0 – 5, you may be eligible to apply for Proposition 10 (tobacco tax) mini-grants or other grants through your county's Children & Families Commission. To access more information about the state program and criteria in each county, check this Web site.



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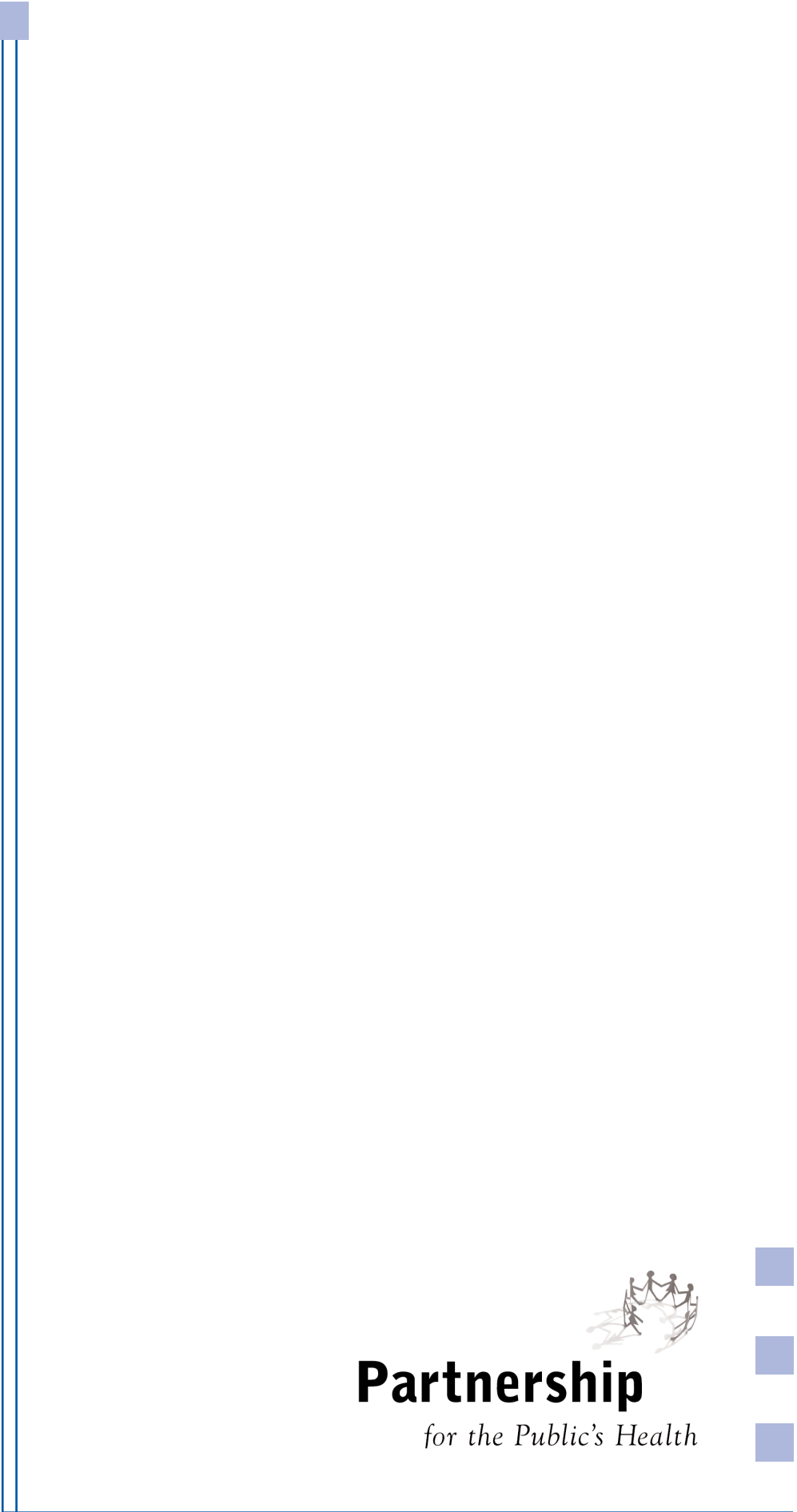
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