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How to write a Grant Proposal

**Summary**

At the beginning of your proposal, or on a cover sheet, write a two- or three-sentence summary of the proposal. This summary helps the reader follow your argument in the pro-posal itself. For example:

**Organization Information**

In two or three paragraphs, tell the funder about your orga-nization and why it can be trusted to use funds effectively. Briefly summarize your organization’s history.

**Problem/Need/Situation Description**

This is where you convince the funder that the issue you want to tackle is important and show that your organization is an expert on the issue. Here are some tips:

**Work Plan/Specific Activities**

Explain what your organization plans to do about the prob-lem.

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**Outcomes/Impact of Activities**

Tell the funder what impact your project will have — what will change about the situation as a result of your project. For example, your pregnancy nutrition counseling program intends to increase the birth weights of your clients’ babies.

The impact of a project is sometimes hard to define. What is the intended impact of a performance of Beethoven’s *Ninth* *Symphony,* for example?

Impact can be difficult to measure. The desired impact of a smoking cessation program is clear, but the desired impact of a leadership program for teenagers may be ambiguous and difficult to quantify.

To add to the difficulty, few nonprofits can prove conclu-sively that a given impact was caused directly by their project. Your clients’ babies may weigh more, but the cause may not be your nutrition program. Nevertheless, you must do the best job you can to define your intended impacts.

**Other Funding**

Here the funder wants to know if other organizations have committed funds to the project or been asked to do so. Few funders want to be the sole support of a project. (This may not be true if the project cost is very small — less than $5,000 for instance — or if a corporation is seeking public visibility by sponsoring the project.) Funders generally expect you to ask for support from more than one source. In this section, you can also describe the in-kind contributions (goods or services instead of cash) that people are giving to the project.

**Future Funding**

If you continue this project in the future, how will it be supported? Most funders don’t want to support the same set of projects forever. Many funders see their niche as funding innovation: supporting new approaches to old problems or finding solutions to new problems.

What the funder really wants to see is that you have a long-term vision and funding plan for the project, that the project is “sustainable,” especially if it is a new activity. If you don’t have such a plan, start thinking about it — if not for your fun-ders then for the success of your project or organization.

**Evaluation**

How will you know whether you achieved the desired impacts? If you have done a good job of defining them (see above), all you need to do here is describe the information you will gather to tell you how close you came. Will you keep records of incoming hot-line calls? Will you call your coun-seling clients six months after they leave the program to ask how they are doing? Explain who will gather the evaluation information and how you will use it. Be sure your evaluation plan is achievable given your resources. If the evaluation will cost money, be sure to put that cost in the project budget.

**Budget**

How much will the project cost? Attach a one- or two-page budget showing expected expenses and income for the pro-ject. Or you can use the budget format in the Minnesota Com-mon Grant Application Form.

**Expenses**

Divide the expense side into three sections:

* Personnel Expenses.
* Direct Project Expenses.
* Administrative or Overhead Expenses.

***Personnel Expenses*** include the expenses for all the peo-ple who will work on the project. They may be employees of your organization or independent contractors. If they are

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employees, list the title, the annual pay rate and, if the person will be working less than full-time or less than 12 months on the project, the portion of time to be dedicated to the project. For example, if an employee will work half-time on the pro-ject from October through May:

Counseling director ($35,000 x 50% x 8 months) = $11,667

Also consider the time that may be contributed by other staff who are not directly involved. For instance, the executive director must supervise the counseling director:

Executive director ($40,000 x 5% x 8 months) = $1,333

If you are using employees for the project, don’t forget to add payroll taxes (FICA, Medicare, unemployment and work-ers’ compensation) and fringe benefits such as health insur-ance. You can include a portion of these costs equal to the por-tion of the person’s time dedicated to the project.

For independent contractors, list either the flat fee you will pay ($1,500 to design costumes for a play) or the hourly rate ($40/hour x 40 hours).

***Direct Project Expenses*** are non-personnel expenses youwould not incur if you did not do the project. They can be almost anything: travel costs, printing, space or equipment rental, supplies, insurance, or meeting expenses such as food.

Remember that you will have to live with this budget; you can’t go back to the funder and ask for more money because you forgot something. Think carefully about all the expenses you will have. If you will be hiring new people, for example, don’t forget that you may have to pay for classified ads. Also take the time to get accurate estimates. If you will be printing a brochure, don’t guess at the cost. Call your printer and ask for a rough estimate.

***Administrative or Overhead Expenses*** are non-personnelexpenses you will incur whether or not you do the project. But if you do the project, these resources can’t be used for any-thing else. For example, if you pay $500 a month for an office with space for four employees, you will continue to rent the office even if the project doesn’t happen. But if the project does happen, one-quarter of the office space will be occupied by the project director. So you can charge for one-quarter of your office rent, utilities and administrative costs, such as phone, copying, postage and office supplies.

Be sure to read the funder’s fine print on administrative or overhead expenses (sometimes called *indirect expenses*). Some funders don’t cover administrative expenses. Some instruct you to charge a flat percentage of your direct expens-es. Others will allow you to itemize. If the funder has rules about overhead, remember that some of your personnel costs may in fact be “overhead” and should be moved to this sec-tion. An example is an executive director supervising a project director. You will pay the executive director whether or not you do the project, so she could be considered an administra-tive expense.

*Note: Be sure to add up all your expenses carefully. Incor-rect addition on budgets is one of the most common errors in a grant proposal.*

**Income**

All income for a project fits into two categories:

* Earned Income.
* Contributed Income.

***Earned Income*** is what people give you in exchange forthe service or product your project generates. Not all projects generate income, but many do. A play generates ticket income and maybe concession income. An education project may have income from publication sales or tuition. Show how you calculated the estimated earned income:

Ticket sales ($10/ticket x 3 performances x 200 seats x 50% of house) = $3,000

***Contributed Income*** comes in two categories:*cash*and*in-kind.* Show cash contributions first and indicate whether eachitem is *received, committed, pending* (you’ve made the request but no decision has been made) or *to be submitted.* This section should correspond to the *Other Funding* section (see page 2). For instance:

|  |  |
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| Ardendale Community Foundation (received) | $5,000 |
| City of Ardendale (committed) | $2,500 |
| Acme Widget Corporation (pending) | $3,300 |
| Jones Family Foundation (to be submitted) | $4,000 |
| Other funders (to be submitted) | $5,400 |

If you plan to seek funds from a number of other funders but don’t know which ones will say yes, an “other funders” line is an easy way to indicate how much *total* money you need to receive from all other sources to balance the budget.

*In-kind contributions* are gifts of goods or services insteadof cash. They can include donated space, materials or time. If you list in-kind contributions as income in your budget, you must also show the corresponding expenses. If someone gives you something at a major discount, you would show the whole expense and then list the portion being donated under in-kind contributions. Here are some examples:

|  |  |
| --- | --- |
| *Expenses:* |  |
| Classroom rental | $1,500 |
| Curriculum consultant | $2,000 |
| Teacher aides (4 x 40 hours each x $5/hour) | $800 |
| *In-kind contributions:* |  |
| Ardendale Community Ed. (classroom rental) | $1,500 |
| Jane Doe (curriculum consultant) | $1,000 |
| Parents of students (teacher aides) | $800 |

In this example, Jane Doe, the curriculum consultant, is doing the work for half-price, while the parents are volunteer-ing as teacher aides.

In-kind contributions can be important for three reasons:

1. It shows all the ways in which the community is support-ing your project, even though not everyone is giving cash.
2. It shows the true cost of the project — what you would have to spend without the community support. If you want

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to show in-kind for these reasons, you can either show it in the budget, as above, or simply add a footnote to the bot-tom of the budget, like this:

*“This project will also receive more than $3,000 of in-kind support from the school district, participating parents and various education professionals.”*

1. If you are applying for a matching grant, the in-kind income may sometimes be used as part of the match. If you want to use in-kind contributions as part of your match, then you must put a dollar value on them and put them in the budget. Funders who provide matching grants may have policies on how much in-kind you can use in your match and how it must be documented.

**Supplementary Materials**

Funders may ask for a variety of materials along with the proposal itself. Almost all funders want at least the following:

* **A copy of your IRS letter declaring your organization tax exempt.** If your group is not tax exempt, you may needto apply through a fiscal agent, or fiscal sponsor. In that case, send a copy of your fiscal agent’s IRS letter. If you are part of a government agency, usually a cover letter on your letterhead will be sufficient to show that your group is eligible for grants.
* **A list of your board of directors and their affiliations,** such as “CPA,” “marketing director, Acme Widget” or “parent volunteer.”
* **A financial statement from your last complete fiscal year,** including a statement of income and expenses and abalance sheet showing assets and liabilities at the end of the year. Some funders ask for an audited statement. If you are too small to be audited, call to ask whether an audited statement is mandatory or just preferred.
* **A budget for your current fiscal year.** If you are wellalong in the fiscal year, also show actual year-to-date income and expenses next to the budget projections.
* **A budget for the next fiscal year** if you are within threeor four months of the new year.

Some applicants are small parts of very large institutions, such as a department at the University of Minnesota or an after-school program in the Minneapolis Public Schools. In such cases, you may be better off submitting supplementary materials only for your program, not for the whole institution. Ask the funder what you should do.

Grantmakers may ask for other materials, such as a copy of your most recent IRS Form 990. If you don’t understand what a funder is requesting from you, ask. If you don’t have some of the requested materials, attach a note explaining why.

You can also attach résumés of your key personnel as well as general information about your organization, such as newsletters, brochures or annual reports. If you have a lot of supplementary materials, consider adding a sheet that lists them in the order in which they are attached.

**Putting It All Together**

Now put the whole thing together: the cover sheet (if appropriate), the proposal itself, the budget and the supple-mentary materials. Add a cover letter if you wish. Don’t put the proposal in a fancy binder; a paper clip is fine. Be sure to note if the funder wants multiple copies of anything, or if a cover sheet needs to be signed by a staff or board member.

**Variations on the Standard Outline**

The proposal format described above is most appropriate for a problem-based project costing $5,000 or more. At times you will need to alter this format to suit other circumstances:

* Small request.
* Non-problem-based project.
* General operating proposal.
* Capital or endowment proposal.

**Small request**

If you are asking for a small amount of money ($1,000 or less), you can put the entire proposal in a two- or three-page letter with required attachments. Use the same outline, but keep it short.

**Non-problem-based project**

Many arts and humanities projects are not trying to solve a problem. A performance of Beethoven’s *Ninth Symphony* is not a response to some societal ill. If that is your situation, you can alter this outline by deleting the situation description. After you have described your project, insert a new section in which you discuss the benefits of the project.

**General operating proposal**

Often you are asking for money not just for a specific pro-ject but to support all your activities for one fiscal year. In this case, adapt the standard proposal as follows:

* Organization information: No change.
* Situation description: What issues was your organization founded to address? Why is your organization needed? (If yours is not a “problem-based” organization, you can skip this part.)
* Work plan/specific activities: Use this section to explain what your organization plans to accomplish during the year for which you seek operating funding.
* Impact of activities: What are the intended impacts for that year’s activities?
* Other funding: Who are the other funders providing oper-ating support for this year?
* Future funding: What is your long-term funding plan for the organization, especially if your operating budget is growing?
* Evaluation: In general, how do you evaluate your work?

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* Budget: You don’t need a special project budget, just the financial information described under *Supplementary* *Materials*, above.

**Capital or endowment proposal**

Include the same information as for a project proposal. Explain how this building project, or the creation or expan-sion of your endowment, will help you do a better job of serv-ing your community. But also write about your long-term plans for financial health, especially if you want money for a building. The funder doesn’t want to help you buy a building if you can’t afford to maintain and operate it.

**Other Common Questions about Grantwriting**

1. **Should I apply to more than one grantmaker at a time? Should I ask each one for the project’s entire cost or just a portion?**

As noted in the *Other Funding* section (page 2), few fun-ders want to be the sole support for a project. You should usu-ally apply to multiple funders, asking each for partial support. Ideally, the total of all your funding requests will add up to about 200 percent of the money you actually need. This allows for the likelihood that some funders will turn you down or give you less than you requested.

1. **Should I use a professional grantwriter?**

There are plenty of freelance grantwriters in most commu-nities who write proposals for a fee. (Most experienced writ-ers will not work on commission, however.) There are both good and bad reasons to hire a freelancer:

*Good reasons to hire a freelance grantwriter:*

* To write a good, basic proposal — the “mother proposal”

— that your group can then adapt to suit different circum-stances. After a year or so, however, you should be able to write this on your own.

* To search grantmaker directories and databases and identi-fy likely funding sources. Again, your organization should soon develop these skills internally.
* Because you have five proposals due in one week.

*Bad reasons to hire a freelance grantwriter:*

* Because your group wants grant money but neither your volunteers nor your staff want to “dirty their hands” by asking for money. Seeking money is a core activity for most nonprofits. Learn to live with it.
* Because a freelance fund raiser promises he can get you a lot of money through his “connections.” Particularly with major funders, projects are generally funded because of their worth, not due to connections.
* Because your organization has never tried to raise money before and suddenly wants a large amount of money for a big capital project. Alas, big money tends to go to groups

with a long track record and solid funding base. There are exceptions, but don’t count on being one of them.

If you decide to hire a freelance grantwriter, be sure to look at some writing samples. And ask for the names and phone numbers of past clients who work in your field.

1. **What happens to my proposal after it reaches the grantmaker?**

In some foundations, the staff screen out proposals that are ineligible or poorly planned or simply not within the organi-zation’s current focus. Staff then research the remaining pro-posals and write recommendations for the board. The research may include meeting with the applicants. Recommendations may go to the board with or without the original proposals. The board makes the final decisions.

In other foundations, staff members make decisions on smaller requests. In still other foundations, the board sees every proposal unscreened by staff.

Grantmakers with no paid staff typically do not have the resources to do a thorough review of each applicant. They therefore tend to fund projects and proposals that are already familiar to their boards, perhaps through personal involve-ment or because an applicant has been recommended by someone they know and trust.

1. **What should I do if my proposal is rejected?**

The letter giving you the unhappy news will probably be a form letter. But if you wish and the funder has staff, you may phone and ask, “Can you tell me anything that will help us another time?” Perhaps they liked your proposal but just ran out of money; perhaps there was some tiny point of confusion that could be resolved easily. But don’t make such a call if you are feeling angry or combative. You are trying to get informa-tion, not argue a case in court.

If you are rejected, but after an objective review of the fun-der’s guidelines you still believe there is a match, apply again in about a year. Many applicants are only successful on the second or third try.

**5. What should I do if my proposal is funded?**

If your proposal is funded, you may receive the check with a cover letter. Or you may get a full-blown contract stipulat-ing, among other things, that you must submit a report when the project is done.

In all cases, write immediately to acknowledge the gift. If you sign a contract, be sure to read it first and note when and what kinds of reports are due. Then turn the report in on time. If you realize you can’t do so, send a note or call to say it will be late.

Before preparing a report for a funder, check to see if the funder has specific reporting forms and guidelines. You may also use the Minnesota Common Report Form if the funder accepts it. Introduced by the Minnesota Council on Founda-tions in March 2001, the Minnesota Common Report Form provides a standardized format for a nonprofit grantee to use

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in reporting to different grantmakers about work it has accom-plished with their grants, reducing the amount of time the grantee must spend rearranging basic information to fit fun-ders’ varying reporting requirements. To download the form and view a list of funders that accept it, visit the Council’s Web site at www.mcf.org (select “Grantseeking in Minnesota”).

Even if the funder doesn’t ask for a report, send one any-way. Show the funder how well you are using the money. If your project generates a newspaper article or other publica-tion, send a copy. If it includes a public event, invite the fun-der to attend. If you get heartfelt letters of thanks from par-ticipants, send a sampling to the funder. Don’t be like the stereotypical college student who only writes home when he needs money.

**6. What should I do if I raise some money, but not all I need?**

For example, you had budgeted $50,000 for the project but you could only raise $35,000. You could submit another round of proposals to different funders. Or you could decide to do the project in a smaller way with the money you have. If you do so, you must write all those who funded the project and explain how you will adapt to the lower budget. If you can’t do the project and can’t raise additional funds, explain the sit-uation and ask if you can transfer their money to another pro-ject (which you describe fully). They might say yes. If not, you must return the money.

**Conclusion**

Seeking grant money can be time-consuming and some-times frustrating. Among Minnesota’s largest grantmakers, about one proposal in three is funded. You may find that you

can get project money but not the operating money you need to keep your basic activities going. You may be surprised by funders’ generosity, but you may also be surprised by their periodic changes in focus, especially if those changes leave you on the outside looking in.

But remember that Minnesota has an extraordinary fund-raising climate. People from other states envy the major cor-porations and large family foundations that form the back-bone of many of our innovative social and cultural programs. Most funders have board and staff people who are thoughtful, careful, curious, well-educated about community issues and willing to help you. If you have a good project that has been carefully planned to meet some real needs, you will find peo-ple willing to talk with you and advise you. Good luck!

***Barbara Davis is a nonprofit management consultant. She has taught extensively on grantwriting and other topics of interest to nonprofit organizations.***

*This article is reprinted from the Minnesota Council on Foundations’* Guide to Minnesota Grantmakers*, the most current and comprehen-sive directory of Minnesota foundations and corporate giving pro-grams. For more information, visit the Council’s Web site at* ***www.mcf.org****, or contact the Council at 612/338-1989; info@mcf.org.*

*Additional copies of this reprint are available for $1 each (minimum order of five). Quantity discounts are available. For more informa-tion, call 612/338-1989. This article can also be viewed at the Coun-cil’s Web site —* ***www.mcf.org*** *— along with a wealth of other infor-mation on grantseeking and grantmaking in Minnesota.*

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**Other Grantseeking Resources From MCF**

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| **Minnesota Grantmakers** | | | | **www.mcf.org** |  | **Minnesota Giving E-News** | |
| **Online** | | | | MCF’s Web site offers many useful |  | MCF’s free weekly e-mail newsletter | |
| MCF’s Minnesota Grantmakers Online | | | |  |
| grantseeking resources free of charge, | | delivers the latest Minnesota grantmaking | |
| can save you time and money in your | | | | including: |  | news right to your desktop, including | |
| grantseeking efforts by giving you instant | | | | • Grantseeking Basics. |  | recent grants of note, upcoming grant | |
| 24/7 access to the Web’s largest online | | | | • Minnesota Grantmaker Deadlines | | deadlines, new resources and tools, new | |
| database of Minnesota grantmakers and | | | | job openings and much more. To sign up | |
| Calendar. |  |
| grants. For a guided tour and to sub- | | | |  | for your free subscription, go to | |
| • Minnesota Common Grant Application | |
| scribe online, go to **www.mcf.org/** | | | | www.mcf.org (select the “Free E-mail | |
| Form. |  |
| **mngrants**. | | | |  | Alerts” icon). | |
| • Minnesota Common Report Form. |  |
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|  |  |  |  | To access these resources and many | |  |  |
|  |  |  |  | others, go to www.mcf.org (select |  |  |  |
|  |  |  |  | “Grantseeking in Minnesota”). |  |  |  |
|  |  |  |  |  |  | |  |
|  |  |  |  | 100 Portland Avenue South, Suite 225 | t 612.338.1989 | | info@mcf.org |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  | Minneapolis, Minnesota 55401-2575 | f 612.337.5089 | | www.mcf.org |
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