Is Your Organization Grant Ready?

Frequently, an organization will identify the need for additional funding and determines that obtaining a grant is the solution. Or, a well-meaning board member will tell a staff member to “get a grant,” to meet the funding deficit. Or, a newly formed nonprofit decides that grant funding is their key to success. However, before spending a lot of time and money applying for grants, determining grant readiness is a recommended best practice.

According to Debbie DiVirgilio, President of the Grant Professionals Association, organizations can use the following questions to determine if you are ready to pursue grant funding for your organization.

1. **Is the organization incorporated as a 501(c)(3) tax exempt organization?** While this may seem basic, it is important that the organization has obtained its IRS approval before seeking grant funding. Many foundations and government agencies request a copy of the letter along with the grant proposal. For those that do not request the letter, they will frequently use a sophisticated database to verify that the organization has indeed received 501(c)(3) tax status.

2. **Can your organization demonstrate success?** Most funders are seeking to partner with organizations that have a proven track record of success. What can you say about your experience and successes? For new nonprofits, it is important to discuss how/why your organization is unique and how it will be approaching the issues you have identified. It should be noted that new and emerging nonprofits will often find it difficult to obtain grant funding until they are able to document some success. Foundations will often consider a nonprofit a new organization for three years. During this time, the organization should seek funding from individual donors and engage in other fundraising activities.

3. **Does the organization have a financial management system in place?** Generally Accepted Accounting Principles (GAAP) should be used to track revenues and expenditures within the organization. Documenting the use of these principles will demonstrate to a funder that the organization manages its funds well.

4. **Has the organization met its local, state, and federal reporting requirements?** Along with tax exempt status come additional responsibilities. At the federal level, nonprofits are required to submit an annual 990 or 990 EZ. This
document is the “tax form” for nonprofits. Many states and localities also have documents that must be submitted on an annual basis to maintain tax exempt status.

5. **Does the organization have a clear mission statement?** Organizations need to have a clear sense of their purpose, in other words, they need to ask themselves “why do we exist.” Then, identify potential funding sources that align with their mission. Mission drift occurs when organizations begin chasing dollars instead of focusing on obtaining funds to support their purpose.

In addition to these five key questions, DiVirgilio suggests that organizations need to spend some time pulling together documents and information about the organization and its accomplishments in preparation for proposal submissions. Some documents to gather include:

- Brochures
- Copies of the IRS Tax Exemption Letter
- Listing of the board of directors and their professional affiliations
- Current Financial Statements, 990 and audit
- Newsletters
- Current Strategic Plan
- Articles of Incorporation and By-laws
- Current Organizational Budget
- Resumes for current key staff
- Annual Report
- Publicity received by the organization

Having these documents in one place will make the grant submission process less stressful.