



**School's Out™
Washington**

Grants Management 101 Toolkit

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Collaborative Partners Initiative

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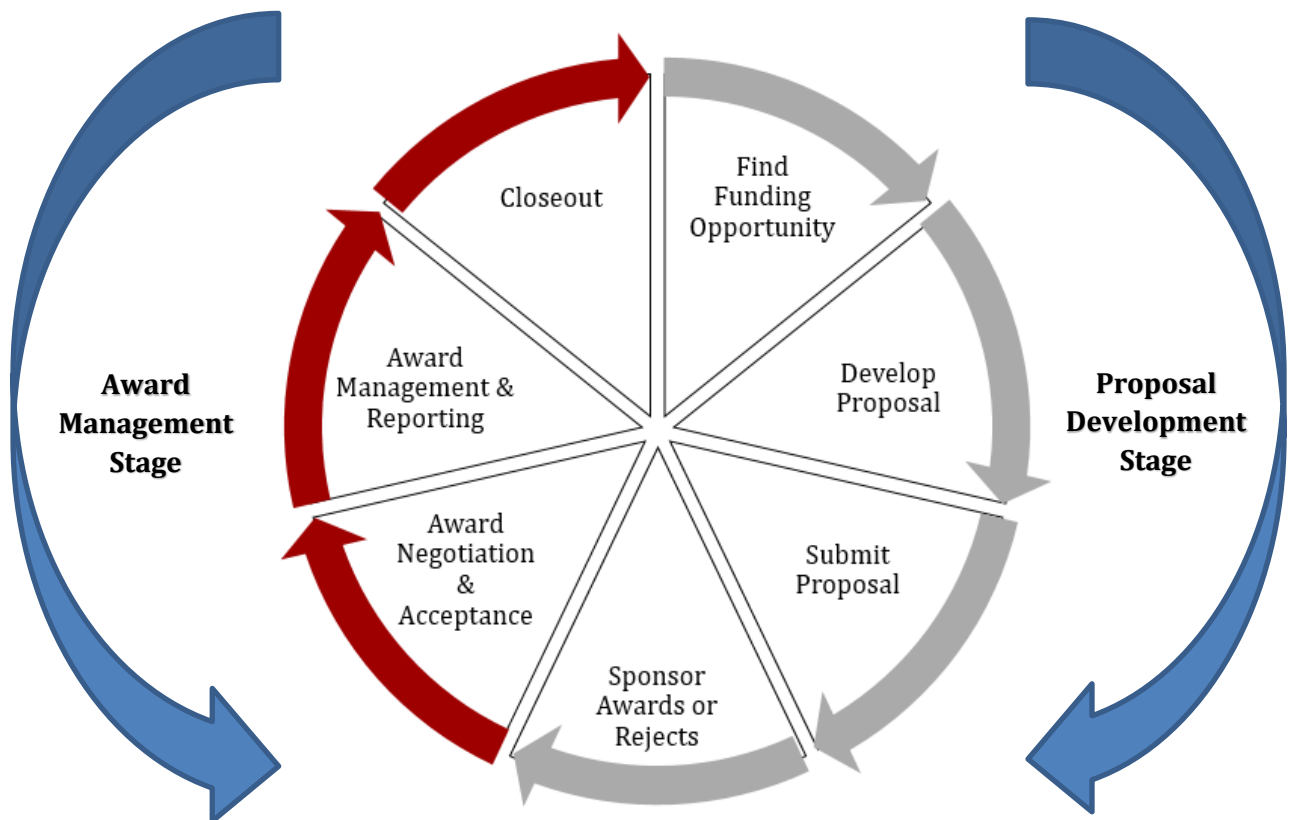
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The Grant Process

Seeking and securing funding and successfully managing grant projects are important functions for nonprofit organizations. This toolkit provides an overview of the funding cycle, the planning and proposal development process, and concludes with essentials for grant management, reporting, and compliance steps that follow.

The Funding Cycle

There are various steps in the funding cycle, and they are all related. A well-structured and prepared grant proposal is more competitive and has an increased likelihood of being funded. Once funded, this grant will transition from the proposal development stage to the grant management stage. In this toolkit we will highlight the various components of the funding cycle.



Seeking and Securing Grants: The Planning Process

This section outlines the pre-award procedures; the steps involved in converting an idea into a proposal submitted to a sponsor.

Planning Process The planning process lifecycle includes developing the idea for the grant proposal, finding a funding opportunity that looks like a good fit to support the idea, developing and submitting the grant proposal. Once the proposal is funded this will be the next steps in the Funding Cycle process include negotiating the award agreement, award management and reporting and closing out the project.

Get Organized

Before you get started on finding the right grant for your organization, consider the following:

- Why and for what do you need funding for? (Flush out the idea for your grant. Think of keywords/phrases to describe your project.)
- What type of project or program do you need to support?
- What is the anticipated budget?
- What is the length of the project period?
- Who is leading the project (Do you have a Project Lead/Project Director?)
- Where does your project take place (community/geographic location)

Finding a Funding Opportunity

After gathering information on the project/project initiative that requires funding, the next step is to identify funding opportunities. Funding opportunities can be found in several categories:

Corporate Foundations

Many corporate foundations invest and work directly with nonprofit organizations. There are many foundations who may share the same interests as your organization. You can find one that works best for and one that will support you. Visit the websites of companies that serve your geographic area. A Google search using the terms corporate grants will also produce some results. Examples of companies that offer corporate grants include [Bank of America](#), [Puget Sound Energy](#), and [Weyerhaeuser](#)

Community Foundations

Community Foundations. These are several community foundations that offer grants to nonprofit organizations. [Philanthropy News Digest](#) is a free search tool to identify local and national foundations that provide grants to nonprofit organizations. [Peak proposals](#) also has a free online search tool organized by state to identify community foundations. Community Grants can also be found through an online search targeting a specific geographic area. Some examples include the [Community Foundation of North Central Washington](#), the

[Community Foundation of Southwest Washington](#), and the [Yakima Valley Community Foundation](#).

Governmental Funding (Federal, State, Local)

Federal funding opportunities are listed on the [grants.gov](#) website. Grants.gov provides a [checklist](#) to review before searching for funding. When conducting a funding search, you can search the [grants.gov website](#) using your keywords. You can also search by type of funding instrument (grant, cooperative agreement, procurement contract, other) and by the funding agency. Once you have identified the funding opportunity, it is important to review the opportunity in detail to determine the alignment between your organization and the funding agency and allow enough time to prepare the proposal.

State funding opportunities can be found through WA Dept. of Commerce <https://www.commerce.wa.gov>

Local funding opportunities can be found through an online search of your specific city or county. Some examples include:

[City of Bellingham](#)

[City of Seattle](#)

[City of Tacoma](#)

[King County](#)

[Snohomish County](#)

[Thurston County](#)

After you have identified a possible funding source:

- Review the opportunity to make sure it aligns with your proposed project
- Determine due dates of Letters of Interest/Intent and/or application
- Determine what documents you will need, such as:
- Resumes of staff personnel
- 501 C 3 letter and other organizational document

Develop the Proposal

A grant proposal is a clear and concise document, written to a particular organization or funding agency, to persuade the funding agency reviewers to support your request. When preparing the grant

proposal make sure you include all the required information. Developing an outline that includes the writing prompts for each section of the grant is a key best practice for developing the grant proposal.

Developing Budgets for your proposals

The budget of a proposal must be as accurate as possible and be based on project/program costs and broken down by year of the project. There are typically two budget categories to consider when developing budgets these include DIRECT COSTS (those directly attributable to the project), and INDIRECT COSTS (those that cover general management and support charges). Indirect costs are usually only charged to federal grants, unless the guidelines for a private (foundation) grant allow inclusion of indirect costs (also referred to as overhead).

DIRECT PROJECT COSTS:

Salaries and Wages – List individuals working on the project salaries. Estimated time committed to the project by each should be clearly stated.

Benefits – Benefits should be calculated for all salaries or wages to be expended. Benefits charged to grants are social security, Medicare, retirement, unemployment, medical and dental insurance, etc. When an individual requests salary support from a funder, they must also request benefits.

Supplies – Identify as specifically as possible any and all consumable supplies needed for the project.

Equipment – List the estimated costs of specific equipment necessary for the project.

Travel – All travel attributable to the project should be itemized. Travel expenses should be subdivided for domestic travel and foreign travel. Travel costs should be obtained from a travel agency or travel website.

Participant Incentives – These include stipends, travel, tuition, subsistence, and any other costs necessary for certain types of projects, such as training grants. It is a best practice to track these costs separately as a line item in the budget.

Consultants/Independent Contractors – State the total amount for such services and how the total was calculated. Obtain a statement from the consultant detailing hourly charges.

Publication – Include all costs attendant to any publication that is expected to result from the project. This might include purchasing the right to pictures of other material to be included in the book, or the cost of including color prints in the manuscript.

Miscellaneous – Items such as duplication, telephone, mail, equipment maintenance, etc. can either be added together under this single category or listed separately.

Subcontracts – Any subcontractors/subrecipients should have a separate contract agreement and scope of work. If they are supporting a project that is federally funded, federal agencies require that both the contractor and subcontractor adhere to Office of Management and Budget requisites regarding accounting and audit procedures. It is the responsibility of the grantee organization to obtain assurance from the subcontractor that compliance with federal regulations will be maintained.

INDIRECT COSTS

Negotiated Indirect Cost Rate – If your organization has an Indirect Cost Rate, this is the rate to be used in the calculation of indirect costs. The rate is applied to salaries and wages. Consultant fees should not be included as salaries and wages.

Limited Indirect Cost Rate – Some funding agencies limit indirect costs or disallow them entirely. The program guidelines will detail the applicable regulations.

COST-SHARING

Some sponsors and funding agencies may require the organization to contribute a portion of the funds required for the overall project. Salaries, related fringe benefits, the difference between the organization's negotiated indirect cost rate and the cost rate allowed by the funder, and other non-grant funds support are often proposed for cost sharing. General supply and expense items should not be included as a cost share line item.

Proposal Submission and Review

Once all of the sections of the grant proposal are completed, the grant is submitted according to the instructions outlined in the funding announcement. Your organizational contact will be notified once the proposal is submitted and will be contacted if there is a grant award pending.

Award Negotiation and Acceptance

Negotiation means to determine your terms of award, what to do if your award differs from your original request, how your organization assesses rates, and how those terms are written in your potential award.

During the negotiation phase, it is important to submit all the documentation that is asked for and only what is asked for. Have your Executive Director/Authorized Organizational Official review and sign everything that is sent.

Until you get your Notice of Award/Award Letter, don't take anything for granted. You may have to negotiate reductions in funding, removal of specific terms, or any other issues that prevent from you from achieving your goal.

Timing. Ensure all requested documents are submitted in a timely manner. If you have a complex grant that is being awarded, the negotiations may take a while. You are not at the finish line until all signatures are complete.

Your Award agreement/contract may differ from your request

If your project's scope, timeline, or budget is reduced, you have some options. Discuss the proposal with the funding agency representative about options that best fit your organization.

In your award agreement, your budget or program goals may differ from those that you requested due to the following factors. Revise your project to conform to the reviewers' recommendations. Request the program to revise the budget or the timeline years.

Award Management and Reporting

This phase of the grant management process kicks off once the organization receives the official grant award.

Award Kick-Off Meeting

One of the first steps in the award management process is to plan for a kick-off meeting. The Award Kick-Off meeting is the time when the grant proposal is reviewed along with the newly awarded grant by the project lead and the project team. If there are named subcontractors, vendors, or independent

consultants involved in the project implementation, they may also be involved in the kick-off meeting, or a series of separate meetings may be set up with them to discuss the project and their responsibilities. The purpose of this meeting is to discuss the award agreement, review project timelines and deliverables, outline the project budget, highlight reporting requirements, and note any special award terms and conditions.

In this meeting it is a good idea to review what may have changed since the proposal was submitted and the award was negotiated with the funding agency. This kick-off meeting brings everyone together and ensures everyone has had a chance to review the incoming grant and discuss the timeline and deliverables.

Below is an alphabetical list of other items to consider during the award management phase:

- Budget Revisions – Some changes may require prior approval from the funding agency. Please check with the agency guidelines with specific questions.
 - Please note that changes may require that the organization provide the funding sponsor with written notification and/or obtain written approval from the sponsor for the changes.
- Change of Project Personnel – If there is to be a change in the Project Personnel, the funding agency may need to be notified. Review the award agreement/letter to determine if approval for such a change must be obtained from the award sponsor.
- Changes in the Scope of the Project – Any change in the scope of the project (what you proposed to do vs. what you are doing) may require approval from the funding agency. It is good practice to let the funding agency know if there are any changes to the proposed scope. If the funding agency requires a formal notification, the grantee organization should notify the funding agency in writing and obtain written approval for the changes.
- Contractors/Consultants – All contractors/consultants should have a contract in place that outlines their scope of work, budget, and timeline.
- Expenditure of Funds – Any charges made against a grant must be allowable, allocable, reasonable, and consistent and meet the requirements as outlined by the funding sponsor/granting agency.
- Hiring Employees with Grant Funds – When hiring personnel (staff or other) to be paid from a grant, the following employment-related guidelines should be considered:
 - Timing – allow enough time to recruit and hire the staff proposed in the project
 - Staff salary increases – These should be included in the grant budget (if allowed) and should be adjusted for multi-year grants.
- No-Cost Extensions – If a no-cost extension is required to complete the grant's scope of work, and is allowed by the sponsor, the grantee organization will need to notify the funding agency of the extension within the timeframe required by the funding agency.
- Sponsor Payment – Normally, payment is made on a billed basis. In some cases, however, a private funder may make pre-payment in the form of a check mailed to the grantee organization.

- Subcontractors/Subrecipients – All subcontractors/subrecipients should have an agreement with the grantee organization that outlines the requirements they must adhere to, their scope of work, and the budget they will receive for their work.
- Retroactive Cost Transfers – During the review of grant account and grant expenditures, the need for corrections may arise. Corrections of clerical and bookkeeping adjustments should occur within 90 days of the error being discovered. All cost transfers must be approved by the grantee organization and well documented before they occur.
- Tracking of the Budget Expenditures – Managing the actual budget expenditures vs. the budget as proposed is a best practice and will help provide insight into the actual spending ratio of the project. This will also avoid over or underspending.

Allowable Expenses

Reviewing the award agreement/letter and approved grant budget to determine what the allowable costs are is an advised best practice. Below we reference the Uniform Guidance, [200.400 Subpart E- Cost Principles](#) to provide an example of allowable and unallowable costs related to federally funded grants. This is a good resource to review and provides a framework for determining if charges incurred in support of a federally funded grant program are allowable or unallowable.

To be allowable under federal awards, costs must be 1) allocable; 2) reasonable; 3) consistent. Allowability must be determined in accordance with generally accepted accounting principles. Determination of allowability, allocability, and reasonableness of a given expense is based on specific sponsor guidelines as well as federal cost principles.

A cost is allowable when:

- It serves a necessary business purpose, including instruction, research, and public service
- It is permissible according to organizational policy and federal regulations, regardless of whether it is a sponsored project
- It is permissible for a sponsored project according to the terms and conditions of the sponsored agreement

A cost is allocable:

- For a sponsored project when the cost provides “benefit” to the project
- For a gift when it corresponds to the intent of the donor

The cost is reasonable if a prudent person would purchase the item at that price. Determine whether a cost is reasonable by considering whether:

- The cost is necessary for the performance of the activity
- Incurrence of the cost is consistent with established organization policies and practices
- A cost is consistent when like expenses are treated in the same manner under like circumstances. For sponsored projects, consistency means that sponsors pay for costs either as a direct charge or as an indirect cost, not both.

Federal regulations set forth additional principles for allowability:

- The cost is not included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- The cost is adequately documented.

Unallowable Expenses:

Both activities and transactions could be considered unallowable due to regulations put in place by the federal government or other sponsor. Unallowable costs may also be identified in the specific terms and conditions of a sponsored project. These can be more specific than those outlined in the federal regulations. For example, if a sponsor specifies that international travel costs cannot be charged to a particular project, then those costs may not be charged to that project. The following costs are listed as not allowable:

- Alcoholic Beverages
- Bad Debt
- Costs of Criminal and Civil Proceedings
- Donations and Contributions
- Entertainment Costs
- Fines and Penalties (failure to comply with federal, state or local laws & regulations)
- Fundraising and Investment Costs
- Goods or services for personal use
- Housing and personal living expenses
- Interest
- Lobbying
- Meals, other than budgeted travel costs
- Travel: First class airfare is not allowed.

Reporting and Close-out

Providing progress reports and financial reports to the funding agency is a good way to share updates on how your organization is meeting the objectives of the grant and is also a great way to describe things that are working well and outline any challenges your organization may be experiencing in trying to meet the grant objectives. When you receive the grant award, a best practice is to document when the reports are due and submit these to the funding agency representative on the due date.

Progress Reports

After an award has been made, a grants management representative at the funding agency oversees the reporting compliance process. This process extends across the life of the grant award and involves reviewing reports submitted by the grant awardees. Representatives from the granting agency may perform on-site visits. Oversight may also occur in the form of

auditing. Award recipients may be required to submit programmatic and financial reports. These reports provide information about the overall financial status and program performance of the grant project. Recipients must also respond to any audit requests that pertain to the grant.

Final Report and Close-out

As reports and financial data are passed along to the grantor agency, the program stakeholders ensure that all requirements are met. Upon completing all the closeout requirements, including a review of the final financial and technical reports from the awardee, the grant lifecycle comes to an end.

Resources and Training

Access to resources and training is a great way for a nonprofit to increase knowledge in grant management best practices. In this section we provide several resources to support continued learning.

[National Grant Management Association \(NGMA\)](#) provides professional development and training in grants management and financial compliance.

[Clark Nuber](#) is a certified public accounting firm and offers a low cost Not for Profit Basic Series and access to previous sessions at no cost. Additional resources are provided below.

Clark Nuber Not-for-Profit Basics Series

- **Federal Compliance Workshop**
May 16, 2023 | 8:30 a.m. PDT | 8 CPE Credits
[Link to Register](#)
- **What it Means to be a Not-for-Profit Organization**
May 17, 2023 | 9:30 a.m. PDT | 1 CPE Credit
[Link to Register](#)
- **Reporting of Contribution Revenue and Fundraising Events**
June 28, 2023 | 9:00 a.m. PDT | 2 CPE Credits
[Link to Register](#)
- **Functional Allocation of Expenses**
July 19, 2023 | 9:00 a.m. PDT | 2 CPE Credits
[Link to Register](#)
- **Private Foundation Essentials Workshop**
Aug. 3, 2023 | 9:00 a.m. PDT | 4 CPE Credits
[Link to Register](#)
- **Financial Statement & Form 990 Walkthrough**
Sept. 28, 2023 | 9:00 a.m. PDT | 2 CPE Credits
[Link to Register](#)
- **Financial Reporting for Endowments and Net Assets**
Oct. 11, 2023 | 9:00 a.m. PDT | 2 CPE Credits
[Link to Register](#)
- **Related Party Transactions & Compensation**
Nov. 1, 2023 | 9:00 a.m. PDT | 2 CPE Credits
[Link to Register](#)
- **Fraud & Internal Control Case Studies**
Dec. 14, 2023 | 9:00 a.m. PST | 2 CPE Credits
[Link to Register](#)

The Essentials for Not-for-Profit Board Members Webinar Series Recordings

Not-for-Profit Board Members: Roles, Responsibilities, and Legal Issues

Original Air Date: Tues, October 13, 2020

Presenters: Vincent Stevens, *Clark Nuber PS* | Nancy McGlamery, *Adler & Colvin*

[CLICK HERE FOR RECORDING](#)

Best Practices for Overseeing, Evaluating, and Hiring a Not-for-Profit Executive Director

Original Air Date: Tues, October 27, 2020

Presenters: Christine Martin, *The Valtas Group* | Ed Rogan, *The Valtas Group*

[CLICK HERE FOR RECORDING](#)

Fundamentals of Not-for-Profit Financial Matters

Original Air Date: Tues, November 10, 2020

Presenters: Andrew Prather, *Clark Nuber PS* | Sarah Wine, *Clark Nuber PS*

[CLICK HERE FOR RECORDING](#)



What Board Members Need to Know About Their Role in Fundraising

Original Air Date: Thurs, December 3, 2020

Presenters: Jim Shapiro, *The Better Fundraising Co.*

[CLICK HERE FOR RECORDING](#)

Fundamentals of the IRS Form 990

Original Air Date: Tues, December 15, 2020

Presenters: Kathryn Okimoto, *Clark Nuber PS*

[CLICK HERE FOR RECORDING](#)

The Board's Role with Operating Reserves and Resilience

Original Air Date: Tues, January 12, 2021

Presenters: Lauren L. Thomas, *Hopelink* | Susan Lansverk, *University Prep*

[CLICK HERE FOR RECORDING](#)

DEI Considerations for Not-for-Profit Board Members

Original Air Date: Tues, May 18, 2021

Presenters: Maria Wilcox-Chavez, *YWCA Seattle | King | Snohomish* | Gordon McHenry Jr, *United Way of King County* | Beth McCaw, *Bernier McCaw Foundation* | Vincent Stevens, *Clark Nuber PS*

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