Colorado Common Grant Application

User's Guide

DEDICATION

In memory of
Steve Graham
(1945 -2006)
An inspired voice in the nonprofit sector

Steve served as the Executive Director of the Community Resource Center (CRC) from 1996 until his untimely death in December of 2006. He was an inspirational leader at CRC and throughout the nonprofit sector. One of his primary goals was to encourage professional growth for nonprofit leaders and collaboration among nonprofits in Colorado. In this regard, he made a significant statewide impact on the sector.

Steve served as an important bridge between the funding community and nonprofit organizations. He was an active participant in the effort to revise Colorado's Common Grant Application and was serving as chair of the Communications Committee. It seems fitting to dedicate the User's Guide to Steve since it also aims to be a bridge between grantmakers and grantseekers.

We valued Steve as a friend and colleague. He challenged and supported us and was always ready to engage in meaningful dialogue about the issues and realities of the nonprofit sector and about efforts to create a more just society. In his life and also in his death, Steve inspired and supported many people to move their visions forward.

Steve's passing has left a hole in our hearts. We are incredibly grateful for having known and worked with him. His voice and his ideas continue to nourish us.

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INTRODUCTION

Background

The first Colorado Common Grant Application (CGA) was created in 1993 by a team of grantmakers and nonprofits. Over the course of a few years it became widely used across Colorado. The CGA has served the nonprofit sector well. It is more efficient for nonprofits applying for grants, allowing more time to be spent focusing on achieving mission and it provides grantmakers with the basic information needed to make informed decisions.

Over the past 15 years, the nonprofit sector has grown considerably, in terms of sheer numbers, impact on the economy and society, and sophistication. There are now undergraduate and advanced degree programs in nonprofit management and significant research and publications that address best practices related to managing a strong nonprofit organization. Additionally, nonprofits (and the sector as a whole) are under increased scrutiny as donors and the public at large demand more accountability and transparency. These realities, coupled with the desire to examine and improve upon best practices, led a group of nonprofit organizations and grantmakers in late 2005 to launch a collaborative effort to review, revise, and fine-tune Colorado's CGA.

The revision process was inclusive and extensive, engaging broad representation from nonprofits, grantmakers, and capacity-building organizations. At each step along the way there were surveys, focus groups, expert working groups, testing, re-testing, piloting, and hours of discussion. The deliberate outreach included nonprofit executives, development staff, neophytes, experts, CEOs of grantmaking organizations, program officers, grants management staff, capacity building trainers, and consultants. The result is a revised CGA. (See the *Acknowledgments* section for a complete list of those involved.)

The basic topics covered in Colorado's first CGA are present in revised forms in the new CGA, and the new CGA also includes new questions that address core nonprofit management issues. A parallel effort underway in Colorado, led by the Colorado Nonprofit Association, was the creation of a document titled *Principles and Practices for Nonprofit Excellence in Colorado* (www.ColoradoNonprofits.org/PandP). The document serves as a resource for organizations by covering best practices related to nonprofit management issues, accountability, and transparency. There has been considerable collaboration between the two efforts. The revised CGA and the *Principles and Practices* document share the common goals of increasing the capacity of the nonprofit sector to deliver on its mission and helping the sector gain recognition as a force absolutely vital to the well-being of Coloradans.

The team that worked to revise the CGA intended that an organization's time invested in writing a solid CGA would generate benefits beyond simply having a proposal ready to submit to grantmakers. Components of a completed CGA can be used in a variety of other formats and circumstances, such as text for a website, brochure, annual report, board and staff orientation packets, or employee handbooks. Alternatively, many of the requirements for the CGA may be items pulled from other documents or materials that the organization has already developed.

The CGA can also be used as a planning and assessment tool, helping an organization's leadership assess its current position relative to different organizational practices. Completing a CGA may spark important internal conversations as staff and board recognize areas of operation that need attention. It is understood that organizations are dynamic entities and are always in the process of "becoming." As such, there is no "right" answer to a question in the CGA, rather the responses to the questions provide a snapshot of where an organization is in terms of its development. We are confident that the CGA is an excellent vehicle for nonprofits to tell their story to grantmakers in a meaningful way, while at the same time reinforcing best practices in nonprofit management and leadership.

Why the User's Guide?

The developers of the revised CGA created this User's Guide to help organizations write more effective grant applications. The User's Guide provides a greater understanding as to why each question is important to grantmakers and what grantmakers hope to learn about an organization from a particular question.

Each topic covered in the questions and attachments is an integral component of a well-run nonprofit. The User's Guide elaborates on each topic with the intention of reinforcing the fundamentals of solid nonprofit practices. If you find a question particularly difficult to answer, recognize that this is probably a topic that needs to be discussed by the organization's leadership (staff and board). The User's Guide may provide helpful conversation starters for such discussions.

The User's Guide is also intended to alleviate some fears that organizations may have. While the questions are uniform, grantmakers expect wide variation in the answers based on an organization's budget size, years in existence, location, and mission. Again, there is no one "right" answer.

It is not essential for a grant writer to reference the User's Guide when completing the CGA. The CGA itself is designed to stand alone. However, for those new to grantwriting or for anyone who is not clear about the intent of a particular question, the User's Guide provides information that will hopefully alleviate confusion. It is also appropriate to contact a grantmaker directly if you have questions that are not answered on the grantmaker's website or in its grant guidelines.

User's Guide Overview

The User's Guide covers each question and attachment of the CGA. It can be read start to finish or referred to for clarification related to a specific component, question, or attachment. The on-line version of the User's Guide is bookmarked to allow the reader to go directly to the question or section for which they are seeking clarification.

The User's Guide provides a "Rationale" and "Tips and Things to Consider" for each question and attachment. The "Rationale" is a brief explanation of why a particular question is being asked and provides additional insight into the intent of the question. The "Tips and Things to Consider" are just that – suggestions, not necessarily requirements. As opposed to the items specified in the text of the questions or

attachments, not everything mentioned in the tips section needs to be addressed. Considering the extreme diversity of the types of organizations completing the CGA, some of the items listed may or may not apply to your organization. The tips section is offered to help stimulate your thinking if you are unsure about what information would be relevant to convey in response to a specific question.

The Colorado CGA consists of the following four parts:

Section I. Cover Letter: *Limited to 1 page.*

Section II. Summary Sheet Form: *Use or recreate the 2-page template form provided.*

Section III. Narrative: *Use 12-point font with 1-inch margins and include the HEADING provided for each question. It is not necessary to repeat the text of the questions. General operating requests have a 4-page limit; answer questions 1—3 and 5—11. Program or Capital requests have a 5-page limit; answer all of the questions.*

Section IV. Attachments: *Clearly label each attachment. If you omit any of the required attachments, provide an explanation as to why it is not included and if appropriate, when the omitted material will be submitted.*

Note: *Some grantmakers will not accept an incomplete proposal under any circumstances. Therefore, if you know that you cannot comply with all of the required attachments, check with the particular grantmaker to determine its policy regarding acceptance of incomplete proposals.*

Financial Attachments

Other Attachments

Fiscal Agent/Fiscal Sponsor Attachments

A checklist accompanies the application form to help you double-check that you have complied with all the requirements for submitting a complete CGA. It is not necessary to include the checklist with your application.

GOOD GRANTWRITING PRACTICES

- Follow each grantmaker's specific instructions for submitting a proposal. Always check a grantmaker's website or grant guidelines prior to submitting a proposal to ensure that your organization is a reasonable fit with the grantmaker's priorities and that you understand a grantmaker's specific requirements. For example, some grantmakers strongly recommend or require that organizations contact them prior to submitting a proposal. Find out the grantmaker's preferred mode of inquiry related to questions you may have about their guidelines or interests: some encourage phone calls, others want a letter of inquiry, while still others prefer email communication. In addition, some grantmakers will use the CGA as a basic template but will also require additional items – or in some cases request fewer items than are asked for in the CGA.

- Be sure to ask for a realistic amount in your request. Visit the grantmaker's website or review its annual report to determine what amount would be appropriate. If possible, determine the typical grant size for organizations or programs that are similar in nature to your own. If you want to ask for a significantly higher amount, contact the grantmaker to determine if it is willing to consider such a request. Be prepared to justify why this request should be considered. Otherwise, if you simply submit the proposal with a requested amount that is outside of the grantmaker's ordinary practice, the grantmaker may assume that you have not done your homework and may be less inclined to do *its* homework, which involves giving careful attention to your proposal.

- Read through all the questions and attachments requested before beginning to write. Consider the additional time that may be needed to obtain or compile information, and plan accordingly.

- **Avoid repetition**. Brevity is appreciated! The CGA seeks to avoid asking you to supply the same information in responding to different questions. If you find that you are repeating yourself, reference where you have already supplied the information instead.

- Address everything that is being asked for. If you leave a particular question unanswered, or a required attachment is not submitted, provide an explanation. For example, if the audit will not be available until after a foundation's stated deadline, make note of that and inform the grantmaker when the audit will be submitted. Then follow through! Be aware, however, that some grantmakers will not accept an incomplete proposal. In such cases, if you know in advance that not all information will be ready, save the time and trouble and do not submit the proposal.

- Proofread! Have someone else, preferably someone unfamiliar with the organization, proofread the application. If this reader does not understand what is being conveyed in the proposal, work to clarify it. Also remember that it is very difficult to catch typos in editing one's own work.

- Double-check that all of the required attachments are included and that the application parts are compiled in the correct order. Check names and titles, and be sure to address the application to the

correct person within the foundation. A complete proposal gives a much better impression of your organization's professionalism, and this reflects well on its capabilities.

- We recommend that organizations demonstrate transparency and accountability (as highlighted in the Colorado Nonprofit Association's *Principles and Practices for Nonprofit Excellence in Colorado*). To that end, write a grant application that reflects the true measure of your organization with regard to each question asked in the CGA.

Section I. — COVER LETTER

Include the purpose of the grant request and a brief description of how the request fits with the grantmaker's mission and grantmaking priorities. (Limited to one page.)

Rationale

The cover letter introduces the organization and gives the grantmaker the information needed to determine whether the request falls within its guidelines. It also provides an opportunity to demonstrate why the request is compelling.

Tips and Things to Consider:

- Abide by the one-page limit!
- Be very clear about the purpose of the request. Its alignment with the interests of the grantmaker will reveal whether or not the organization understands the grantmaker's focus.
- Customize the cover letter for the particular grantmaker that will be receiving the proposal. Think about the grantmaker's areas of focus and goals. Avoid being a chameleon, but when the grantmaker's values and the organization's values have clear connections, highlight those areas in the cover letter. It is easy for grantmakers to see when a superficial connection is being made, but do not assume that they will recognize the connection between your organization and their interests without your help.
- View the cover letter as a part of the application, not just an addendum or afterthought. Take advantage of the fact that you have one whole page to convey information not conveyed elsewhere in the proposal. Do not waste space repeating a significant amount of information covered in other parts of the application.
- The cover letter is less structured and allows for more creativity than the narrative, which is comprised of specific questions.
- The cover letter provides an opportunity for the organization to shine, to tout significant accomplishments or improvements, to tell a story about a specific client or outcome that brings to life the work of the organization, to explain the background for any recent bad publicity or rumors about the organization, to explain how it is innovative, to demonstrate its uniqueness, or to explain how the organization fits into the "ecosystem" of other organizations with a similar mission. In other words, the cover letter can include whatever you think is important to convey that you are not going to cover in other parts of the application.
- The cover letter gives you the opportunity to answer the question, "Why should we be funded?"

Section II. — SUMMARY SHEET FORM

Use or recreate the two-page template provided.

Rationale

The Summary Sheet Form is intended to provide a "snapshot" of the organization. Often, this information is entered directly into a grantmaker's grant management database.

Tips and Things to Consider:

- Be brief. Remember, this is a quick look at the organization. Detailed explanations should be reserved for the narrative portion of the application.
- Be sure that the information on the Summary Sheet Form (budget figures, requested amount, etc.) matches any reference made later in the application.
- Update the Summary Sheet Form anytime you update the Narrative or Attachments to ensure that the information is consistent throughout the application.

- Regarding specific items on the Summary Sheet Form:

  - **Legal Name of Organization** – This should be the exact wording from the IRS 501(c)(3) letter.

  - **dba** – Doing Business As – The name that the organization is widely known by if different from the legal name.

  - **EIN** – The Employer Identification Number from the top right corner of your IRS 501(c)(3) letter. It is sometimes referred to as a Federal Identification Number.

  - **Application Contact & Title** – If this is different from the CEO or executive director. This could be the development director, program director, or other person who should be contacted for further information or questions regarding the application.

  - **Geographic Area Served** – The name of the city(ies), county(ies), region(s), neighborhood(s) or state(s) your organization serves. Be as accurate as possible within a short space.

  - **Tax Exemption Status** –

    1) If the organization applying is operating under the fiscal sponsorship of another organization, provide the legal name of the fiscal sponsor. The *Fiscal Agent/Fiscal Sponsor Attachment* section outlines the information needed for the fiscal agent/fiscal sponsor. Everything else in the application should be completed with regard to the organization applying, <u>not the fiscal agent</u>.

2) Examples of "*Other than 501(c)(3)*" include municipalities, counties, schools, special tax-exempt districts, other governmental entities, and religious organizations.

- **Number of Employees** – The number provides a brief snapshot. It will not capture all special circumstances, like seasonal workers or other unique arrangements. In such cases, either approximate or write in a different descriptor. For example, if an organization uses three contract employees who work part-time, include them as three part-time employees. It is not precise, but it provides a sense of the size of an organization's staff.

- **For requests other than general operating support, describe what the grant will be used for –** Be brief and clear. Do not respond to this question if the request is for general operating support, unless there is something very specific that you want to identify. Typically, general operating support implies flexible overall support for the organization, and a description is not needed. For program, capital or other requests, a program name and one-sentence description will suffice.

- **Financial Information** – *Organization's current budget.* Ideally the budget will cover the year in which the grant will be used. Be sure this number matches the information contained in the financial attachments.

- **CEO/Executive Director signature** – If there is no CEO/executive director, the board president should sign. Indicate if the person signing is an interim CEO/ED or the board president.

Section III. — NARRATIVE

QUESTION 1 –ORGANIZATION BACKGROUND

Discuss the founding and development of the organization. Explain the original issue and/or opportunity the organization was founded to address and how that may have changed over time.

Rationale

By offering a solid description of when, why, how, and if relevant, by whom the organization was founded, as well as how the organization may have changed over time, you provide context for understanding an organization's current reality.

Tips and Things to Consider:

- *Founding:* This is asking for a brief history of the organization's origins, not a detailed chronology of events. This is the place to convey the passion and commitment that led to the organization's creation. Even if the organization is well-known in the community, it is still necessary to provide the brief history that is asked for in this question.
- *Development:* If the organization has evolved over time in response to internal or external factors, briefly describe here.
- *The original issue and/or opportunity the organization was founded to address:* This is the place to describe the need for the organization. This version of the CGA moves away from the language of a "needs statement" in favor of language that has a more positive orientation ("issue and/or opportunity," in place of "need"). However, it is still very important to explain what concern the organization was founded to address and – if it has changed – the concern that is currently being addressed.
- You are not being asked to describe current programming in this question. That is called for in Question 3.
- Feel free to include hallmark accomplishments and/or awards received by the organization if not described in the cover letter.
- It may also be appropriate to describe what differentiates the organization from other organizations, i.e. what makes this organization unique. Grantmakers do not expect that every organization is unique. However, if this does apply to your organization, either this question or the cover letter provides a good place to make that point.
- Often, grantmakers want to be sure that an organization is not duplicating services that are already offered within a community. New organizations with very little history should explain the deliberate decision to launch a new organization in relation to:
  - the existence of other organizations with similar missions, and
  - assessing the issue and/or opportunity the organization plans to address.
- It is not necessary for organizations with long histories (more than 20 years) to cover all of the intervening years. Major milestones or significant changes in the organization's approach to its mission should be included only if such information will add to an understanding of current circumstances.

- If the organization has had a rocky past, describe how those difficulties were overcome or are currently being addressed. Candor is appreciated and respected. If you have already described the situation in the cover letter, do not repeat it in the organizational background.

QUESTION 2 – GOALS

Describe the organization's current goals.

Rationale

The previous question covers why the organization exists, i.e. the organization's overarching purpose. The response to Question 2 will lead the reader to understand at a more tangible level what the organization plans to accomplish in the near future (often one to two years).

Tips and Things to Consider:

- Describe what the organization is striving to achieve/accomplish in the near future. The goals described in this question are not the overarching goals that relate to why the organization was founded.
- A brief listing of the goals is appropriate. Add short narrative descriptions only if the goals need further explanation.
- This question does not ask for a list of measurable objectives. The reader will gain an understanding of how the organization's goals translate into action in the description of the organization's current programs in Question 3. Program requests will provide the goals and objectives for that particular program in Question 4.

QUESTION 3 – CURRENT PROGRAMS

Provide a brief description of the organization's current programs. Include population and numbers served, as well as expected results. *If this request is for a specific program, describe that program in Question 4; describe the organization's other programs here.*

Rationale

At this point in the application, you have already explained the organization's purpose and specific goals for the coming year. By reading about the organization's programs, the grantmaker will learn how the organization has chosen to deliver on its mission and goals.

Tips and Things to Consider:

- The size and complexity of the organization will determine how much information you are able to convey in your response to this question. Large organizations with many programs may need to describe program areas, rather than specific programs. Small organizations applying for a general operating support grant may decide to include more in-depth information about their programs.

- Many grantmakers want to know that an organization's programs reflect best practices or utilize evidence-based approaches. If the organization is using a specific model or evidence-based approach, provide that information in the description. If the program is not based on a documented best practice (and space allows), it is appropriate to briefly describe the rationale behind a specific program.
- By including information on the population served, you provide a clear sense of the current beneficiaries of the organization's programs and services. A description of the population served typically involves an explanation of the demographics of the population impacted by the programs. However, if the population is as broad as "the citizens of Colorado," it is not necessary to go into further detail.
- Numbers served offers a sense of scope and size of an organization. In describing numbers served, provide information on whether the numbers represent unduplicated individuals or total units of service delivery and provide both if possible. However, in some cases, numbers served is not relevant information and may be omitted.
- High or low numbers are not inherently good or bad. For example, an organization with one or two programs may be taking a very focused approach. In terms of numbers of individuals receiving services, serving 1,200 children vs. 15 children probably reflects a very different kind of program. It does not mean that one is more important or effective than the other.
- Describing "*expected results*" gives the grantmaker a sense of what specific difference or impact the program will have at the end of the year or program cycle.

QUESTION 4 – PROGRAM AND CAPITAL REQUESTS ONLY

(a) Provide a summary of the plan for the program or capital request. Include the issue and/or opportunity addressed, goals and objectives, activities, and timeline.
(b) Explain why the organization is approaching the issue and/or opportunity in this way.

Rationale

This question provides the opportunity to present a thorough description of the specific program for which funding is being requested. Being able to answer all of the topics outlined in the question demonstrates a well-conceived program that addresses a clearly defined issue(s).

(a) Provide a summary of the plan for the program or capital request. Include the issue and/or opportunity addressed, goals and objectives, activities, and timeline.

Tips and Things to Consider:

Summary of the program plan or capital request:

- For a program request, provide a brief overview of the program, including the target population and number served, if applicable.
- For a capital request, provide a brief description of the various components of the project. A very helpful reference for any organization embarking on a capital project is the Gates Family Foundation's *Facility*

Expansion and Renovation: Planning for Capital Projects and Campaigns. See www.gatesfamilyfoundation.org

The issue and/or opportunity addressed:

- This is more commonly referred to as a "needs statement." The CGA uses the more positive language of "issue and/or opportunity" to encourage nonprofits to shift their language from a deficit-based approach. However, it is still important to identify what concern (or issue/opportunity) a program will address. This is the place to highlight the organization's understanding of the concern it is addressing through this specific program.

For program requests:

- Only discuss the issues and/or opportunities (or concerns) that the target population faces, as opposed to the needs of the organization.
- It may be relevant to explain why now is the best time to address the issue and/or opportunity.

For capital requests:

- Describe how the capital project will address the needs of the organization and/or community.

Goals and objectives:

- This section asks for the goals and objectives of the program for which funding is requested, as opposed to the organization's overall goals and objectives.
- **Goals** convey the general direction or overall purpose of the program for which funding is requested.
- **Objectives** are the measurable changes that you expect will result from operation of the program. Objectives help to determine whether the organization is on the right path to achieving its goals.

Tips for writing objectives*:*

- Make sure that the objective says explicitly whom the program will impact. Make sure the objective describes the direction of the change that is expected (e.g. reduce, expand, increase, decrease). Be realistic.
- Include in each objective the time frame in which the change will be made.
- In some cases, actual *changes* cannot be measured but can be assumed to occur. For example, increased art appreciation will result when children attend a theater performance. In these cases, objectives may be cast in terms of "proxy outcomes" resulting from other measurable results. For example, the number of pounds of food distributed by a food bank indicates an impact on families' experience of food insecurity.
- It is common to have several goals for a single program. If this is the case, group objectives beneath the appropriate goal.

For a capital request:

- In this section, explain what will be achieved by a successful capital campaign. For example, if your agency works with senior citizens, the goal might be to build or renovate a facility that would

accommodate more senior participants. Or if your agency is centered on performance art, then your goal may be to create a stable venue that will provide rehearsal space and accommodate show performances.

- In terms of objectives for a capital campaign, explain what will be different once the capital project is complete. For example, with facility expansion, explain if more people will be served, or how your agency will be able to better serve program participants. In the examples listed above, the senior center might be able to expand hours of operation from three days per week to five days per week, serving 150 new clients each year. Perhaps the theater is not looking to increase performance seating, but instead will be able to improve the overall theater experience for all visitors.
- With either of these projects, a secondary goal could be to decrease annual operating expense by eliminating a monthly facility lease. Include such information if it is applicable.

Activities:

- Activities refer to the essential tasks or projects that need to take place to accomplish the goals and objectives.
- Explain the program in such a way that a reader who knows nothing about how the program is implemented will be able to visualize it.
- If applicable, include how many days and hours, or units of service are delivered by the program.
- For capital campaigns, activities will probably have been covered in the summary of the capital campaign plan. If not, elaborate here.

"Timeline:"

- Explain any key dates or chronology associated with the program or capital campaign.
- For program requests, this could include dates when enrollment is open; how many months out of the year the program is offered; the start and completion dates of a one-time program, a program design phase, or a pilot project, etc.
- For capital requests, this could include dates for launching specific components of the fundraising campaign, achieving certain fundraising milestones, design phase, groundbreaking ceremony, project completion, etc.

(b) Explain why the organization is approaching the issue and/or opportunity in this way.

- This is the place to highlight the research-based strategy or best-practice approach that a program is based upon.
- If the program is not based on a specific best-practice or model program, explain why the organization chose to address the issue and/or opportunity in the way that it did. It may be appropriate to highlight the uniqueness of the organization's approach and, perhaps, why the approach appears promising.
- If the reason for the approach is based on evaluation results, it may be appropriate to refer the reader to your response to Question 5(d), where you describe program results.

QUESTION 5 – EVALUATION

(a) Describe the organization's overall approach to evaluation.
(b) Describe how the organization measures impact. If this is a program request, describe how impact is measured for the program that is the subject of this proposal.

Respond to (c) OR (d)
(c) For general operating requests and capital requests: Summarize key evaluation results or findings that demonstrate the organization's impact. Indicate the time frame for the results or findings.
(d) For program requests: Summarize key evaluation results or findings that demonstrate the program's impact. Indicate the time frame for the results or findings.

Rationale

The strongest nonprofits evaluate their work, analyze and understand the results, and implement modifications to improve programming.

Tips and Things to Consider:

- Best practices in nonprofit operations encourage that organizations engage in some examination of their activities to help guide their work.
- Grantmakers realize that organizations in the startup phase (less than two years old) may not have a lot of outcome data to report.

(a) Describe the organization's overall approach to evaluation.

- Discuss the organization's philosophy as it relates to evaluation.
- The response may discuss
  - how the organization incorporates findings from its evaluation efforts or its experience to inform its future direction and improve its programming
  - how often staff and/or the board and/or program participants engage in evaluation-related activities
  - the relationship the organization has to formal research or evaluation efforts, linkages with colleges, universities, and/or evaluators.

(b) Describe how the organization measures impact. If this is a program request, describe how impact is measured for the program that is the subject of this proposal.

- If the organization does not attempt to measure impact in any way, provide an explanation as to why not.
- Describe the methods (e.g. client feedback, pre- and post-tests, focus groups, surveys, etc.) for measuring progress toward achieving established goals or desired outcomes and/or the names of specific tools that the organization uses to measure impact. Include what the organization is measuring, how often each tool is used, and, if appropriate, why a particular tool or method was selected.

- For program requests, limit the answer to how impact is measured for that specific program. Make sure that the tools or methods used will be able to measure the achievement of the objectives that are described in your response to Question 4.
- For startup organizations, describe how the organization is planning to measure impact and utilize other important indicators.

(c) For general operating or capital requests: Summarize key evaluation results or findings that demonstrate the organization's impact. Indicate the time frame for the results or findings.
(d) For program requests: Summarize key evaluation results or findings that demonstrate the program's impact. Indicate the time frame for the results or findings.

- Applicants should respond to part (c) **OR** (d).
- Do not be afraid to share disappointing results. The key is what the organization learns from experience and how it adjusts its practices in light of the results. Many nonprofits are addressing very complex social issues, and therefore, it is a real sign of strength to have uncovered a flaw in the organization's approach. Deliberately working to address those flaws can lead to improved outcomes in the future.
- Attachment 11 provides an organization with the opportunity to share more detailed information about evaluation results. Attachment 11 is optional.

For (c):

- Summarize what the organization learned from its most recent evaluation results that best reflects the organization's overall impact. Be sure to include the time frame the evaluation results cover. It may also be relevant to include composite data (e.g., "Over the past 5 years, the graduation rate for our youth in mentoring relationships was 85 percent." or "Habitat enhancement and reintroduction of 10 river otter pairs yielded a net gain of 22 pups over the course of two years.").
- For startup organizations, the answer to this question could be, "Part (c) is not applicable for a startup organization."

For (d):

- Summarize the evaluation results for the program for which the organization is requesting funds. Be sure to include the time frame covered by the evaluation results.
- For startup organizations or a brand new program, the answer to this question could be, "Part (d) is not applicable for a startup organization or a brand new program."

QUESTION 6 – COLLABORATION

Describe the organization's most significant interactions with other organizations and efforts. For program requests, address this question with respect to that program only.

Rationale

The effectiveness of nonprofit organizations often depends on successful relationships with others in the community. Regardless of form – partnership, collaboration, cooperation, or coordination – these relationships, or strategic alliances, can serve a variety of purposes, including resource sharing, policy influence, and improved operational efficiency.

Tips and Things to Consider:

- Do not create a simple list of key partners, as such a list does not convey very meaningful information. Instead, select the organization's most significant interactions and explain the goals and/or outcomes of those relationships. Interactions run the gamut from simple awareness of other organizations to making referrals to other groups, attending networking meetings, sharing staff and volunteer trainings, strategic alliances, and formal partnerships and collaborations. Due to space limitations, describe the interactions that are most important to the organization in terms of helping it achieve its goals.
- Program requests should limit the response to interactions specifically related to that program. However, if space allows and there are other collaborations the organization is involved in that are important to convey, by all means do so.

QUESTION 7 – INCLUSIVENESS

Describe how the organization strives to be inclusive in its programs, staff, board, and volunteers, and describe the progress to date.

Rationale

Being inclusive helps organizations be more responsive to those it seeks to serve and more effective at creating and delivering relevant and successful programs. Inclusiveness also leads to a broader and richer pool of board, staff, and volunteers.

Tips and Things to Consider:

- "*Inclusive*" is intentionally undefined in the question, as it is more important to understand how the organization defines inclusiveness.
- Inclusiveness will look different in each organization, depending on the length of time the organization has been working on inclusiveness, the organization's community or constituents, the geographic location, and the organization's unique goals and resources. In answering this question, it is important to identify the organization's inclusiveness goals.

- Most experts on inclusiveness agree that striving to become a more inclusive organization is an ongoing process, and involves identifying areas of opportunity and concern, determining strategies, and measuring progress toward identified goals. Given the varying resources available within nonprofit organizations, choosing to focus on inclusiveness can start with a small project, like incorporating those served into decision-making processes, or it can be a top-to-bottom, organization-wide effort.
- One fundamental question related to inclusiveness: Are the people the organization serves (or hopes to serve) also involved in leadership roles within the organization?
- The response to Question 7 describes the organization's intention and action with regard to diversity and inclusiveness. This is in contrast to Attachment 8, the organization's anti-discrimination statement, which describes an organization's legal obligations.
- Program requests should answer this question with regards to the organization as a whole, but may wish to highlight certain inclusiveness practices related to the specific program for which funds are being sought.

Resources for enhancing your organization's inclusiveness practices:

The Denver Foundation – Inclusiveness Project
An 18-module workbook is available from The Denver Foundation to help organizations move through the process of becoming a more inclusive organization. It also offers links to additional resources through its website:
http://www.denverfoundation.org/ or www.nonprofitinclusiveness.org

Gay and Lesbian Fund for Colorado – The Gay and Lesbian Fund offers resources related to inclusiveness and advancing equality, such as information about gender expression and identity:
www.gayandlesbianfund.org

QUESTION 8 - BOARD/GOVERNANCE

Describe the role of the board of directors in advancing the mission of the organization. Include the key issues related to board effectiveness that are being addressed this year, the organization's policy regarding board terms, and the percentage of the board that contributes financially to the organization.

Rationale

- Boards should play an important role in setting direction, providing oversight, and ensuring best practices for the organizations they govern.
- When boards set goals related to improving their own effectiveness, this indicates an understanding of the important role they play in the organization's success.
- A term limits policy helps to ensure vibrancy and currency of a governing board.

- A financial contribution from board members, in an amount meaningful to each person, indicates their commitment to the organization. It is also a tangible endorsement of the organization and can provide reassurance to other potential donors that the organization is worthy of their support as well.

Tips and Things to Consider:

- In describing how the board of directors moves the mission of the organization forward, you may want to cover the extent to which the board
  - meets regularly,
  - has operative committees with clarity of purpose,
  - engages in meaningful planning for the operations of the organization,
  - implements measures to provide appropriate oversight and fiduciary duties,
  - has a strong working relationship with the executive director,
  - supports the organization's fundraising efforts,
  - provides key introductions to others in the community, and
  - has an agreed-to set of expectations for performance.
- As with most things, boards are always works in progress. A board that is committed to maximizing its contribution to an organization will set annual performance goals for itself. If the board has not set such goals, this practice may be something you want to introduce, using this question in the CGA as the way to start the conversation.
- Knowing that a robust board helps to define organizational strength and capacity, it is also true that many boards struggle to complete the duties expected of them. In addition, the types of skills, leadership, and extent of engagement required of the board may vary according to where the organization is in its life cycle. This question allows you to candidly explain the board's strengths and areas for improvement.
- There is no standard for a board term limit policy (e.g. two-year terms with the option to renew three times); however, it is important to have a term limit policy in place. The policy should be included in the organization's bylaws.
- Many grantmakers will not fund an organization unless 100 percent of the board contributes financially to the organization. Many suggest that board members should make a "meaningful gift" without specifically defining the term. For many grantmakers, the size of the gift is not important, but rather the demonstration that the board is solidly in support of the organization. Also, it is difficult for board members to be involved in the organization's fundraising efforts if they have not made their own financial contribution.
- Attachment 6 requires you to submit a current board list. You are asked to provide the name, title, occupation, place of employment (if applicable), city of residence, and term end date for each board member. Title and place of employment will help grant reviewers understand some of the skills a board member brings to the organization, as well as potential conflicts of interest. The city of residence helps to indicate the geographic representation of your board. Terms help to indicate how long a board member will be with the organization. All of these items are helpful in gaining a clearer understanding of the organization's governing body.

QUESTION 9 – VOLUNTEERS

Describe how the organization involves volunteers and unpaid personnel (other than the board of directors) within a typical 12-month time period. Include number of volunteers and hours (if tracked by the organization).

Rationale

Volunteers are vital to many nonprofit organizations, and this question addresses the extent to which the organization uses volunteers to enhance its ability to fulfill its mission. For many nonprofit organizations, volunteers play a significant role, serving on the front lines or providing expertise not available within the formal staffing pattern. Engaging volunteers also creates a broader constituency of individuals who have a sense of ownership of the organization's mission.

Tips and Things to Consider:

- Organizations that do not make use of volunteers should simply state that they are not utilized and explain why. Grantmakers recognize that volunteers are not appropriate for all organizations and that some organizations are not yet equipped to manage volunteers.
- If volunteers play a significant role in the operations of the nonprofit, this is the place to explain how many individuals contribute time, the roles they play, the skills they bring, the impact of their involvement, and the communities they may represent. If volunteers complete much of the front line work, quantifying numbers of volunteers and hours served by individuals demonstrates that the organization is able to respond to more clients because of the participation of these individuals. If the organization benefits from the donation of high-end professional skills to increase program capacity, with no added personnel costs, the information is critical and may lend credibility to the organization's expected outcomes.
- Reporting cumulative hours worked by volunteers, if tracked, helps to define the scope of work the organization can accomplish. It also reflects the level of community support.
- If relevant, discuss volunteer qualifications and/or retention rates.
- If relevant, discuss the structure and oversight of the program.
- The Independent Sector annually estimates and publishes the monetary value of general volunteer hours. Many nonprofits use this figure (or their own estimates) to calculate the monetary value of volunteers to the organization. This can be a powerful number to include in a proposal or annual report, as it reflects community buy-in and support of the organization, as well as cost savings.
- Do not describe board governance duties when responding to this question since those are covered in Question 8. Some board members also volunteer with the organization for duties unrelated to their role as board members, and those efforts may be included here. If you are reporting on volunteer hours, and board member hours related to board governance duties are not easily separated from the total, it is fine to include those hours as well. Simply make a note that the hours include those of the board of directors.

QUESTION 10 – PLANNING

Describe the challenges and opportunities facing the organization in the next three to five years. Additionally, describe how the organization engages in planning and describe the focus of any current planning efforts.

Rationale

Strong organizations are proactive in preparing for their future. Nonprofits should engage in sound planning to define a clear vision for the future with specific strategies for reaching established goals.

Tips and Things to Consider:

- In addition to describing the key challenges and opportunities facing the organization in the next three to five years, be sure to also explain how the organization engages in planning and the focus of any current planning efforts.
- This question is asking for a *broad overview* of the organization's approach to planning. Due to space limitations it is *not* asking for the specific outcomes of any planning efforts.
- Planning is a process that defines the overall direction, activities, and strategies to be employed to fulfill a nonprofit's mission or specific area of nonprofit management. If planning is a deliberate activity for the organization, describe how it is done.
- Report if the organization has developed or is currently working on any variety of plans, including, but not limited to a strategic plan, a long-range operational plan, a fund development plan, a succession plan for board and key staff, a board development plan, a plan for providing ongoing professional development for staff, a disaster management plan, a risk management plan, etc.
- When planning for the future of the organization, it is best practice for nonprofits to solicit input from a variety of sources (including board, staff, volunteers, program beneficiaries, community members, current and potential partners, and other key constituents). This ensures that a broad range of perspectives is considered and helps an organization be more relevant and responsive to its communities. If the organization solicits such input, describe how it does so and from whom.

QUESTION 11 – OPTIONAL

If there is additional information that is vital to convey in this proposal, do so here. (This must be contained within the four-page limit for general operating requests or the five-page limit for program and capital requests.)

Rationale

A great deal of effort was put into choosing questions for the CGA. It is, however, one document intended for use by many different types of organizations. If there is something pertinent to your request that has not been included in your responses to the other questions, and you believe it will strengthen the application, include it here.

Tips and Things to Consider:

- Before preparing the answer, go back and read the rest of the application. Is the addition really different from what is already provided? It is not helpful to simply re-word something. Make sure this contribution is significant and relevant.
- Please do not feel compelled to answer this question. It is completely acceptable to not provide any additional information.
- If you have information that you feel strongly about including, but find that you have no more space due to the page limits, consider whether the information could be effectively incorporated into the cover letter.

Section IV. — ATTACHMENTS

FINANCIAL ATTACHMENTS

Clearly label each of the attachments.

1(a). Organization budget
1(b). Program or capital project budget
2. Current (year-to-date) financial statements
3. Year-end financial statements, audit, Sources of Income Table

Rationale for Financial Attachments 1 – 3

Nonprofits have an obligation to act as responsible stewards in managing their financial resources. Nonprofits must comply with all legal financial requirements and should adhere to sound accounting principles that produce reliable financial information, ensure fiscal responsibility, and build public trust. Nonprofits should use financial resources to accomplish their missions in an effective and efficient manner, and should establish clear policies and practices to regularly monitor how funds are used.

The two major purposes of financial statements are to report the financial activity and position of the organization and to identify the costs of the organization's principal programs and functions.

Tips and Things to Consider:

- You are encouraged to add explanatory notes to accompany any of the financial attachments if there are items that may raise a red flag for someone unfamiliar with the organization. It is better to provide an explanation than to have grantmakers draw their own conclusions. Explanatory notes can be included directly on the documents or on a separate piece of paper.
- Make sure all documents are clearly labeled with the name of the organization and dates covered by the financial statements.
- The requirements related to budgets and financial statements for school districts and government entities may be different. Check with each grantmaker for its requirements.

Attachment 1. Budgets

Include revenues and expenses.

(a) The organization's operating budget for the current fiscal year. If available, also include the budget for the upcoming fiscal year.

If the request is for a program or capital project, also include:

(b) Program budget for the program period OR capital project budget.

Rationale

Developing a budget is a key step in managing an organization. It reflects decisions made regarding how resources will be allocated to accomplish an organization's mission, goals, and objectives.

Tips and Things to Consider:

- Budgets are forward-looking documents and represent the anticipated future financial condition of an organization. The budget is a plan of operations in financial terms.
- Is the budget as a whole reasonable and realistic? Is the current year's budget significantly different from prior years? If so, provide a short note of explanation.
- The budget must include *both* sources of revenues and expense categories. Include a short note of explanation for any unusual items.
- Clearly label the document with the name of the organization and the year(s) covered by the budget(s).
- Program and capital requests must include the organization's budget AND the budget for the program or capital project. For multiple-year requests, include a multiple-year budget to cover the span of the project.
- The board of directors should review and approve an annual budget for the organization.
- A budget should not project a deficit. In the event a budget deficit occurs, the board should be aware of this outcome and should participate fully in determining a plan to balance the budget.

Attachment 2. Current (year-to-date) financial statements.

Include a Statement of Financial Position (Balance Sheet) and a Statement of Activities (Income and Expense Statement) through the most recently completed operating month available (must be within the past three months). Provide the Statement of Activities in a budget-to-actual format if the organization uses that format.

Rationale

An organization must ensure that it produces consistent and accurate financial reports. A review of current financial information provides an assessment of ongoing financial performance. Current financial statements, reviewed in conjunction with the annual budget, allow for assessment of whether the organization's actual financial situation is tracking with the financial forecasts reflected in the budget.

Tips and Things to Consider:

- Financial statements refer to two separate documents: the Statement of Financial Position (Balance Sheet) and the Statement of Activities (Income and Expense Statement).
- Prepared according to generally accepted accounting principles (GAAP), financial statements must be prepared at least annually at the end of the fiscal year, but ideally are prepared on a monthly basis.
- The requirement for financial statements for school districts and government entities may be different. Check with each grantmaker for its requirements.
- If the year-end financial statements provided in Financial Attachment 3 cover a timeframe that is less than three months old when you submit the application, it is NOT necessary to submit Financial Attachment 2. Clearly indicate this circumstance to explain the absence of Financial Attachment 2.
- Clearly label the document with the name of the organization and the dates it covers.

- If there are extraordinary items or significant variances reflected in the current financial statements, include a short note of explanation.
- A "budget-to-actual" format is very useful for tracking how revenues and expenses align with budgeted figures.

Attachment 3. Year-end financial statements, audit, and Sources of Income Table

Include the most recent fiscal year-end financial statements, audited if available. If the organization has an audit, but it is not available for the most recent fiscal year-end, also include the most recent audit.

Sources of Income Table

Complete the table for the organization as a whole, based on the most recently completed fiscal year. Categories may be modified.

Rationale

See the Rationales provided at the beginning of the *Financial Attachments* section, as well as for Financial Attachment 2, for explanations of the purpose and importance of financial statements. Year-end statements are required in addition to the current financial statements, as they provide a more complete picture of an organization's financial performance. Audited financial statements are preferred because they have been conducted by an outside source that guarantees their accuracy. The Sources of Income Table gives the reviewer an immediate sense of the organization's different revenue streams.

Tips and Things to Consider:

<u>Year-end financial statements, audited if available.</u>

- See *Financial Attachment 2* for more information on financial statements in general.
- Generally, foundations will *not* accept a completed IRS Form 990 in lieu of financial statements. Before submitting the proposal, check with the specific grantmaker as to whether the Form 990 is an acceptable substitute.
- Currently, there are no formal guidelines as to when a nonprofit should conduct an audit or how much money should be allocated for this expense. It is generally understood that once an organization's budget exceeds $500,000 an audit should be conducted. Most organizations with budgets over $300,000 elect to get an audit at least every other year. Discuss this issue with your board, CPA, and/or other professionals to determine what is appropriate for your organization.
- The notes and management letter are an integral part of an audit and should be included. They provide important information not available in the actual financial statements. For example, they might explain how depreciation is determined, the terms of any loans, how bad debt allowances are handled, if any lawsuits are pending against the organization, etc. An audit is not complete without the notes. Leaving them out may give the appearance that the organization is not being forthcoming.
- Other levels of professional review are available for financial statements. In addition to an audit, financial professionals can provide reviews and compilations. A *review* is also undertaken by a CPA but is not as in-depth as an audit. A *compilation* is simply a presentation of an organization's financial

information in a generally accepted form. It does not provide any assurance of fairness or material errors since it does not involve in-depth analysis or review.

Sources of Income Table:

- The Sources of Income Table will typically be used to get a "snapshot" understanding of the organization's funding sources. There are many organizations that have only a few sources of revenue. Lack of variety may prompt a question from a grantmaker, but do not let this keep you from applying. Do be prepared, however, to answer that question. For example, many organizations that serve victims of domestic violence have a high percentage of government funding. This is not necessarily good or bad, it is simply a fact of doing business in that field. Remember that one piece of information will not determine the outcome of a funding request for most grantmakers. Many factors go into the decision-making process. Diversified funding streams are just one factor that grantmakers pay attention to.
- The categories in the table may be modified to better match how the organization characterizes its sources of income. Provide a definition of the category if you think it will not be easily understood.
- Please note that workplace giving includes all employee-giving campaigns (federal, state, Community Shares of Colorado, United Way, etc.)
- The percentages in the table should align with the amounts in the most recent fiscal year-end financial statements.
- Be sure the percentages total to 100 percent.
- Nonprofit organizations that follow best practices will be diligent in working to diversify funding and to identify and access all available funding resources. Identification of resources to ensure sustainability of an organization is a key component in sound financial planning. If your organization is working to diversify its funding sources it would be appropriate to discuss that in Question 10 when you address planning.

Attachment 4. Major contributors

List major contributors (foundations, businesses, government, individuals) with amounts for the previous two years. Do not include names of individual donors.

Rationale

The list of contributors provides another layer of detail to the information provided by the financial statements. Grantmakers are interested in knowing specific major contributors because their support lends additional credibility to the organization and reassures the grantmaker that the organization has solid financial backing from other entities. Most grantmakers also have knowledge about the interests of other funding sources. After seeing your list of major contributors they may have suggestions regarding other resources you may wish to pursue.

Tips and Things to Consider:

- The definition of "*major*" contributor will depend upon the organization's annual budget and portfolio of contributors. This wording is intentionally vague, allowing each organization to determine who its major contributors are.
- Identify specific foundation, business, and government sources that are major contributors, including amounts given.
- Having only a few primary sources of revenue may be viewed cautiously by a grantmaker, who might be concerned about what would happen to the organization if the few funding sources stopped providing funds. Many startups may be in this situation, as are many organizations that have historically relied on government contracts or large government grants. It may be appropriate to add a note of explanation addressing the consistency and reliability of any source of funds. If your organization is working to diversify its funding sources, it would be appropriate to discuss that in Question 10 when you address planning.
- Individual donor names should *not* be provided. If the organization has major individual donors, identify the donors by number and amount (example: Donor #1 -- $25,000; Donor #2 -- $5,000; or for another organization, 10 individual donors at the $500 level and 25 at the $250 level.).
- Do not provide an extraordinarily long list of donors. Grantmakers are only interested in a list of your major funding partners.

Attachment 5. In-kind contributions

Summary of significant in-kind donations (donated goods and professional services) received by the organization for the last fiscal year.

Rationale

In-kind donations may be a key component for the organization. Identifying and recognizing the value of in-kind donations provides for better planning of resources and may provide a more accurate picture of the "true cost" of operations, as well as the level of community support and engagement in the organization's mission.

Tips and Things to Consider:

- Consider the word '*significant*' as you answer this question. Avoid listing every item donated, but rather provide a summary of the donations that truly helped the organization accomplish its work. It may be helpful to think about whether the organization would have to pay cash for these items if the in-kind donation was not made, in order to continue to provide its services. Food banks and other similar organizations will show significant in-kind contributions of food. Others may show significant in-kind donations in the form of waived or greatly reduced rent for office space. Others may have a CPA waive his/her fee to prepare the organization's audit. Other examples to consider include additional professional services (legal, communication, advertising or marketing, transportation, etc.) and goods

(equipment, inventory, supplies, materials for construction, etc.). This is not an exhaustive list, simply a representative sample of some types of in-kind contributions.

- Information on how the organization utilizes volunteers is addressed in the narrative under Question 9. However, some overlaps may exist depending upon how the organization characterizes things. For example, there may be confusion about where to include the graphic artist who designs the organization's logo on a *pro bono* basis. An argument can be made for putting it in either or both places. The point is that you should decide where you want to include that information and be consistent throughout the application. There is no one right way.

OTHER ATTACHMENTS

Clearly label each of the attachments.

Attachment 6. Board of directors list.

Include the following items for each board member:

- Position(s) on the board (officer and committee positions)
- Occupation and name of employer and/or affiliation(s)
- City or county of residence
- Term end date for each board member

Rationale

Question 8 in the Narrative section asks for a description of the role of the board and information on some board practices. This attachment provides a quick overview that relates to some aspects of board effectiveness:

- The composition of the board.
- Position(s) on the board (officer and committee positions): Indicates key leaders, as well as whether the board is organized into committees.
- Occupation and name of employer and/or affiliations: Occupation provides information on the various skill sets represented on the board (of course, occupation does not reveal all the skills that a person brings); name of employer is of interest due to potential conflict-of-interest situations, as well as a sense of the various connections the organization has made with the community through members of the board; affiliations are of interest as they may also reveal skill sets, experience, and linkages to other community efforts.
- City or county of residence: Reflects geographic diversity and representation.
- End of term date for each board member: Provides information on longevity and board turn-over.

Tips and Things to Consider:

- Name of employer: if this is sensitive information for certain board members, it is acceptable not to include the employer's name, but do include an explanation that it is being omitted for reasons of confidentiality.
- For retirees on the board, indicate that they are retired and list current affiliations and, possibly, previous occupation.
- As with everything in an organization, boards are typically works in progress. Grantmakers do not expect that every board list will convey a perfectly balanced and robust board. The list helps provide a picture of how far along an organization is with regard to certain board development issues.
- If the organization has a fiscal agent/fiscal sponsor, Attachment 6 is for the organization's advisory board, since the organization's official board is that of the fiscal agent/fiscal sponsor. The board list for the fiscal agent is asked for as part of the additional attachments required for organizations using a fiscal agent.
- It is expected that an organization will already have a document that lists its current board members. However, if it is necessary to create something new, make sure to include all items requested.
- Boards must have a chair and a treasurer, and should have a vice-chair and secretary. No one should occupy more than one officer position in the same organization at the same time.
- Nonprofit boards should be comprised of individual volunteers who are committed to representing the best interests of the organization and its mission. Board representation should reflect the organization's constituents and the community it serves.
- It is generally considered a conflict of interest for immediate relatives of paid staff to serve on the board.
- Typically the executive director is considered an *ex officio*, non-voting member of the board.

Attachment 7. Proof of IRS federal tax-exempt status, dated within the last five years.

Rationale

Grantmakers need proof of active tax-exempt status to ensure compliance with the IRS regulations that govern foundations and other grantmaking entities. The status of an organization can change, which is why it is necessary to provide a letter from the IRS dated within the last five years.

Tips and Things to Consider:

- A phone call to the IRS can provide you with a current letter verifying your organization's tax-exempt status. Dial 1-877-829-5500. The IRS employees at this number are dedicated to working with nonprofit organizations. You will be asked to provide the organization's federal tax identification number (EIN) as well as the organization's full name and mailing address. An updated letter will be mailed to the organization. Depending on how busy the IRS may be, this could take several weeks or more. Please plan accordingly.

- An organization is initially awarded tax-exempt status for an "advance ruling period" that typically lasts for five years. At the end of the advance ruling period, an organization must file additional paperwork with the IRS to achieve permanent 501(c)(3) status. The initial IRS letter will provide the ending date of the advance ruling period. If the advance ruling period has expired and you do not yet have a letter from the IRS indicating permanent 501(c)(3) status, most grantmakers will need documentation from the IRS indicating that your tax-exempt status is still in effect. It is necessary to contact the IRS for this documentation.
- Some grantmakers will also fund public entities (a town, a school district, a parks department, etc.). Public entities should submit the official documentation that verifies their public entity status.

Attachment 8. Anti-discrimination statement adopted by the board of directors.

Rationale

Colorado law clearly defines discrimination and its legal ramifications. An anti-discrimination statement demonstrates an organization's recognition of these parameters in reference to its business.

Tips and Things to Consider:

- Laws are updated frequently. Anti-discrimination statements should be reviewed by an attorney and updated annually to ensure compliance with the law.
- One size does not fit all. Some organizations will elect to have a nondiscrimination statement that is much more robust than what the law requires.

Attachment 9. List of names and qualifications of key staff, including length of service.

Do not include job descriptions or resumes.

Rationale

The staff is crucial to the organization's ability to deliver on its mission. Length of service is of interest as it is an indicator of staff turnover issues and experience levels of staff.

Tips and Things to Consider:

- *Key staff:* The word 'key' is subject to interpretation, but generally means the leadership team of an organization (executive director, business manager, program directors, etc.) plus those who are delivering the programs or services for which the application is requesting funding.
- Provide a listing with a short paragraph describing each key staff member's qualifications such as relevant work experience, key skills, education, specialized training, etc. Think about why the person was hired or what it is about them that makes them competent. Describe the people, not the positions. Do *not* send resumes.

- High staff turnover rates will likely prompt a question during the review process. If the staff listing reveals significant staff turnover (i.e. the organization has been around for 10 years, but all key staff have been in their positions for a year or less) it may be helpful to provide a note accompanying the staff list with an explanation of the situation.

Attachment 10. Annual report, if available

Rationale

While most of the information contained in an annual report has been provided elsewhere in your application, an annual report reveals how an organization presents itself to the community.

Tips and Things to Consider:

- Annual reports come in a variety of formats, including print and web-based, simple to glossy.
- If your organization does not produce an annual report, do not create one for purposes of the CGA. However, it is worth having a discussion with the board and key staff members regarding the advisability of producing one in the future. An annual report typically contains information on an organization's mission, programs, activities, performance, and financial condition, as well as lists of board members, staff, and donors. The annual report is an effective method of providing a regular update to supporters and demonstrates a level of transparency and accountability to the community.

Attachment 11. Evaluation results (optional): Provide the organization's most recent evaluation results or findings, relevant to this request.

Rationale

Best practices indicate that the strongest nonprofits evaluate their work and analyze those results to improve programs and practices. If an evaluation report is available that is relevant to your request for funding, it will add to the grantmaker's understanding of the organization.

Tips and Things to Consider:

- If the organization uses an external evaluator who compiled the evaluation results, you may attach that report or its executive summary.
- Grantmakers recognize that many organizations do not have funds to conduct a formal evaluation and will therefore not have a formal evaluation report.
- General operating support or capital requests should attach a report that highlights the organization's effectiveness in achieving its mission. Program support requests should attach a report specific to the program for which funds are being requested. Obviously, new organizations and requests for new programs will have nothing to attach.

- If you are creating a report on evaluation results, consider including the results from the most recent data available; an explanation about whether the results met expectations, and, if not, speculation as to why; and information on what adjustments the organization made or is planning to make based on the results.
- Do not be afraid to share disappointing results. The key is what the organization learns from such results and how it adjusts its practices accordingly. Many nonprofits are addressing very complex social issues, and therefore it is a real sign of strength to have uncovered a flaw in the organization's approach. Deliberately working to address those flaws can lead to much better outcomes in the future.
- Evaluation should be ongoing and should include input from a wide variety of stakeholders.
- Measurements should be practical and useful for making improvements to ongoing processes, activities, and results. The measurement systems should also be used to evaluate organizational effectiveness and inform the organization's operational plan.
- Evaluation should include information on satisfaction, activities, results, outcomes, and community input. It may include both qualitative and quantitative data and should include data on efficiency and effectiveness.

ADDITIONAL ATTACHMENTS FOR FISCAL AGENTS/FISCAL SPONSORS

Clearly label each of the attachments.

Rationale

Organizations without their own 501(c)(3) status need to have a fiscal agent/fiscal sponsor in order to be able to legally receive tax-deductible donations or meet the IRS requirements for foundation grants. In addition, fiscal agents/fiscal sponsors often provide a variety of services to assist their sponsored organizations in becoming established.

Legally, the fiscal agent/fiscal sponsor is the entity that ultimately has fiduciary responsibility over the organization it is sponsoring. Therefore, the grantmaker needs to have reassurance that the fiscal agent/fiscal sponsor is a responsible steward.

Tips and Things to Consider:

- Some grantmakers will not fund organizations that have not been awarded their 501(c)(3) status. Therefore, if you are in this circumstance, be sure to confirm that a particular grantmaker will fund an organization that uses a fiscal agent/fiscal sponsor.

Attachment 1. The Memorandum of Understanding or the contract between the organization and the fiscal agent/fiscal sponsor.

Rationale

The memorandum of understanding (MOU), or contract between the organization and fiscal agent/fiscal sponsor confirms that the relationship is not merely one of convenience, but is taken seriously.

Tips and Things to Consider:

- The MOU should cover the following items: the mission of the fiscal sponsor, information on how the fiscal agent handles finances in relation to the sponsoree, whether a fee is being charged by the fiscal sponsor, the services provided by the fiscal sponsor, and the term of the fiscal sponsorship.
- The Colorado Nonprofit Development Center serves as a fiscal sponsor and incubator for many startup nonprofits. It is also an excellent resource for groups wanting to know how to structure a fiscal sponsor relationship in a responsible way (www.cndc.org).

Attachment 2. Financial Attachments 1(a), 2, & 3 for the fiscal agent/fiscal sponsor.

Rationale

Grantmakers will gain an understanding of the financial situation of the fiscal agent/fiscal sponsor by reviewing these documents. The fact that the fiscal agent has its financial house in order lends support to its ability to be responsible for the finances of the sponsored organization.

Tips and Things to Consider:

- The following documents for the fiscal agent/fiscal sponsor are needed:
  Financial Attachment 1(a). The organization's operating budget for the current fiscal year and the upcoming fiscal year, if that one is available.
  Financial Attachment 2. Current (year-to-date) financial statements
  Financial Attachment 3. Year-end financial statements, audit, and Sources of Income Table
- Refer to the instructions in the CGA and/or in the *Financial Attachments* section, above, for clarification on these specific attachments.

Attachment 3. Proof of IRS federal tax-exempt status for the fiscal agent/fiscal sponsor, dated within the last five years.

Rationale

If a grant is awarded, the grant check will be written to the fiscal agent/fiscal sponsor. Grantmakers need proof of active tax-exempt status to ensure compliance with the IRS regulations that govern foundations and other grantmaking entities. The status of an organization can change, which is why it is necessary to provide a letter from the IRS dated within the last five years.

Tips and Things to Consider:

- See the User's Guide instructions for Attachment 7 for information on how to obtain an IRS letter dated within the last five years.

Attachment 4. Board of directors list for the fiscal agent/fiscal sponsor.

Rationale

The board of directors list provides a level of assurance that the fiscal agent/fiscal sponsor has a viable board with the capacity to be a responsible steward in relation to the sponsored organization.

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