A Guide to Seeking Funding from Foundations
Updated 2012

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1. Writing a Good Letter of Intent

The following information is advice on writing a good Letter of Inquiry (LOI) for foundations that was taken from Martin Teitel, foundation veteran (four decades in the funding and nonprofit community) and author of the book *Thank You for Submitting Your Proposal*.

Many foundations prefer or even require grant-seeking nonprofits to submit an LOI, or Letter of Inquiry, before sending a complete proposal.

The LOI allows the foundation to quickly screen potential candidates for funding, making sure that they do not waste time on ill-conceived ideas or those that do not fit with the foundation's mission. For you, the LOI is a way to get an invitation from the foundation to submit a complete proposal. Your goal is to get a call from staff at the foundation, asking for more.

- If the foundation has published guidelines for an LOI, follow them exactly. These might be called suggestions or guidelines rather than rules. In any case, follow them precisely. Not doing so ensures that your LOI will not get very far in the foundation's screening process.

- Type "Letter of Inquiry" at the top of your letter. LOIs receive a very quick initial screening to weed out irrelevant mail. It is helpful if you make it plain that you are submitting an LOI right from the beginning.
- A typical LOI is three pages long, plus a budget, and includes the following:
  - A brief and "catchy" title. The title should catch the attention of the reader and draw him or her into continuing.
  - A one or two sentence summary of your project. Make it concise, compelling, and clear. The summary should:
    - Answer the question, "What are we doing?" Teitel suggests that you get a few people together and ask this question, and see what you come up with.
    - Receive your utmost attention. Put the most effort into writing the first sentence of the summary. Write and rewrite it.
    - Strike a tone suitable to the foundation's interests. Learn from, but don't copy professional marketers. Use interesting, even riveting prose, but don't write as though you are selling soap. Even though you want the foundation to "buy" your idea, your ultimate goal is a partnership with the foundation to address a need.
    - Do not use buzzwords that make unrealistic claims or general, unverifiable, statements. Don't use "unique," "cutting edge," or "raises awareness." Don't use flowery adjectives and vague generalities.
    - Include facts, concrete verbs, and sentences that show action. Emulate good journalistic writing. Don't manipulate, exhort or lecture the reader.
  - An explanation of the issue you are addressing and how you will do it.
  - A description of your organization.
  - A budget. This may or may not be required. Refer to the foundation's instructions.
  - Make the LOI short and succinct. Although the LOI is a mini-proposal, do not just chop down your proposal to fit on three pages. The LOI should capture the essence of your proposal briefly but powerfully. Do not just cut and paste from a proposal, nor let your enthusiasm for your cause result in pages and pages of information.

Your LOI can make or break your relationship with a foundation. It will only get you in the door, but that is the most important step of all.

2. Tips for Submitting Proposals to Foundations

The following is additional information on writing proposals to foundations from Martin Teitel, foundation veteran (four decades in the funding and nonprofit community) and author of the book "Thank You for Submitting Your Proposal".

- The single biggest mistake people applying for foundation grants make is writing proposals that put a huge amount of detail into describing a particular problem, but not saying nearly enough about what's going to be done, specifically and concretely, to address that problem.
- Do not fail to examine the list of previous awards.
- Get in touch with previous winners and sound them out.
- An LOI is SHORT. One sentence summary, paragraph on issue, paragraph on organization, attached budget - multi-year budget if seeking multi-year support.

- Focus on creating a partnership, not on "selling".
- Project future success with or without the foundation.
- Integrated applications, each unique, to multiple organizations is a PLUS, and do not fail to include a sheet on who else is being approached, why, and how that fits into a larger solutions package.
- Fundamentals may include a copy of a tax determination letter (single most common omission and a show-stopper for many who do not get a second chance); sample of work, a press clipping.
- Comply with the foundation's budget guidance in detail; check your math at least three times (three different minds).
- Be able to itemize planned outcomes and how to measure. This is potentially your key to funding.

3. Writing Good Grant Proposals – Summary to Budget

Grants may be from a variety of sources (such as a foundation or government entity), but most require the same information. Here are the most common sections of grant proposals, and the information you should include.

a. Cover Letter
Although the cover letter is written last, don't give it short attention. It is the front porch of your grant proposal and will determine how well the rest of the proposal is received. A bad impression here will be difficult to make up later.

Mim Carlson and Tori O'Neal-McElrath, authors of *Winning Grants, Step by Step*, point out that the cover letter should introduce your organization to the correct person, assure the funder that this project has the support of your board of directors (or whoever relevant), and specifically state what you are asking for...how much and for what.

Use a cover letter for proposals to corporations and foundations, but not normally on government applications. Those funders only want the things they ask for. They rarely ask for a cover letter.

Beverly A. Browning, author of *Grant Writing for Dummies*, suggests that you write the cover letter after you've completed the entire proposal, and when you are in a reflective mood.

Elements of a good cover letter:

- In your salutation, use "Dear" plus the personal title (Mr., Ms., Mrs., Dr., Messrs., etc), followed by the last name. It is very important that the letter be to a particular person. Call the foundation or corporate office to make sure you have the right person and the right personal title. These things may seem like minutiae, but success can turn on attention to such details.
- Your first paragraph should be short and focused. Introduce your organization (its legal name) and tell the funder how much money you are requesting and why.

Include a sentence or two about what your organization does, and then include one research-based point that shows there is a need for what your organization does.

- Write one or two more paragraphs that are very brief and succinct. State your organization's purpose and how it fits with the funder's mission or funding priorities. Include the fact that your board of directors (or whoever relevant) is in full support of the project.
- End your letter with a final, summarizing paragraph. Include a thought about what this funding partnership can mean for your project's target audience.
- Use a closing such as "Sincerely."

b. Executive Summary
The summary comes first in a proposal and helps the grantor to understand at a glance what you are seeking. The summary can be as short as a couple of sentences, but no longer than one page. A well written summary invites the reader of your grant proposal to read further, and delivers, succinctly, the bones of what you are asking for. Here is where you convince the grant reviewer that your proposed program is important, and make sure that the reviewer understands the need for the program and the results that are expected from it.

c. Need Statement
This is the meat of grant proposals, and where you must convince the funder that what you propose to do is important and that your organization is the right one to do it. Assume that the reader of your proposal does not know much about the issue or subject. Explain why the issue is important, and what research you did to learn about possible solutions.

The book, *Winning Grants Step by Step*, by Carlson and O'Neal-McElrath, provides an outline for preparing an effective need statement.

According to the authors of *Winning Grants*, the need statement is fundamentally important since this is where the funder will agree or not agree that the proposed project meets an important need. Characterized by both quantitative data and stories (qualitative data) that illustrate the need you propose to address, the need statement is really the key to unlocking the door of your grantor's interest.

What is in a need statement? Rules from *Winning Grants Step by Step*
- Must be clearly related to your nonprofit's mission and purpose.
- Well-supported with evidence such as statistical facts, expert views, trends.
- Must be directly connected to your organization's ability to respond to that need.
- Must be easily digestible. Avoid jargon and make it easy for the reader.

Tips for writing the need statement
Winning Grants provides these suggestions for authoring a need statement:
- Use statistics that are clear and that support your argument.

- Use comparative statistics and research. Citing a community that did something similar to your proposal and its beneficial results makes a strong case for your proposed actions.
- Quote authorities on your topic. Include names and the sources so the information can be verified.
- Document all your data.
- Use stories but anchor those stories in the bedrock of hard data. A well-supported need statement that also includes effective stories is a winner.
- Provide a sense of urgency. Help the funder understand why the funding is important now.

d. Goals and Objectives
What does your organization plan to do about the problem? State what you ultimately hope to accomplish with the project (goal), and spell out the specific results or outcomes you expect to accomplish (objectives).

A goal is a broad statement of what you wish to accomplish. A goal is really about the final impact or outcome that you wish to bring about. In the case of goals for a grant proposal, make sure they are linked back to your need statement. An example of a goal is: "Decrease the threat status of example species".

An objective represents a step toward accomplishing a goal. In contrast to the goal, an objective is narrow, precise, tangible, concrete, and can be measured. Beverly A. Browning, in her *Grant Writing for Dummies*, suggests using the **S.M.A.R.T.** method of writing your objectives. Make them **Specific**, **Measurable**, **Attainable**, **Realistic**, and **Time-bound**.

According to Mim Carlson and Tori O'Neal-McElrath, in *Winning Grants*, you should keep the following in mind when preparing your objectives:
- State your objectives in quantifiable terms.
- State your objectives in terms of outcomes, not process.
- Objectives should specify the result of an activity.
- Objectives should identify the target audience or community being served.
- Objectives need to be realistic and be accomplished within the grant period.

An example of an objective that would go with the sample goal above is: "By the end of year xx, increase the number of example species by xx."

e. Methods, Strategies or Program Design
Once the goals and objectives of your grant proposal are in place, you need to walk the grantor through the methods you will use to achieve those goals and objectives. This section is where you walk the grantor through HOW you will achieve the goals and objectives you've set out earlier.

Carlson and O'Neal-McElrath, authors of *Winning Grants: Step by Step* suggest using the following guidelines as you write your methods component for your grant proposal.

- Closely tie your methods to the proposed program's objectives and need statement.
- Link your methods to the resources you are requesting in the proposal budget.
- Explain the rationale for choosing these methods by including research, expert opinion, and your own past experience.
- Delineate the facilities and capital equipment that will be used in the project.
- Include a timeline.
- Write this section as though the reader will be any person who knows nothing about the program you are proposing. This is not "dumbing" it down, but making it crystal clear.

You may be required to provide a logic model in this section. A "logic model" is used by grant writers to paint a picture of how an organization's proposed program will work. Many funders want grants to have a logic model in the program design (or methods) section. But it can also be used in other sections, such as the evaluation section.

The logic model is simply a chart that includes the key elements of a proposed program. It includes inputs, activities, outputs, outcomes and impacts. The W.K Kellogg foundation has a free publication, the Logic Model Development Guide, that provides examples of types and styles of logic models.

f. Evaluation Section

How will you assess your program's accomplishments? Funders want to know that their dollars actually did some good. So decide now how you will evaluate the impact of your project. Include what records you will keep or data you will collect, and how you will use that data. If the data collection costs money, be sure to include that cost in your budget.

A key question any grantor will ask of an organization applying for funding will be, "How will you know your idea worked?" Evaluating what worked and what didn't will be crucial for your funding and for your project. What impact do you expect to achieve and how will you evaluate it? Here are some tips to help you develop that crucial evaluation section of your grant proposal:

- Decide if you are going to do an internal evaluation with your own staff, or if you want to hire outside expertise to conduct your evaluation. Foundations often allow nonprofits to designate 5-10% of the total project budget for evaluation.
- Before you design your evaluation, consider the reasons to do an evaluation. Carlson and O'Neal-McElrath, authors of *Winning Grants, Step by Step*, suggest that evaluations can accomplish the following six purposes:
  o To find out if the hypothesis was right. Did you actually do what you set out to do?
  o To determine if the methods specified were used, and if the objectives were met.
  o To find out if an impact was made on the identified need.
  o To obtain feedback from the people served and other members of the community.
  o To maintain control over the project (evaluations done throughout the project).
  o To make changes in the program mid-stream, if necessary, to ensure the program's success.

- Determine if you will use quantitative or qualitative methods for your data collection, or what combination of the two types you will use. Develop a good description of these methods and their rationale for the grantor.
- Make sure the evaluation component of your proposal connects with the proposal's objectives and methods. If those objectives and methods are measurable and time-specific, the evaluation will be easier to design.
- Ask yourself these questions as you develop the evaluation section of your proposal:
  o What is the evaluation's purpose?
  o How will you use the findings?
  o What will you know after the evaluation that you didn't know before?
  o What will you do as a result of the evaluation that you couldn't do before because you lacked the relevant information?
  o How will the clients and community served be better as a result of the program?

g. Other Funding or Sustainability
Have you received committed funds from other sources? Or have you asked other sources? Most funders do not wish to be the sole source of support for a project. Be sure to mention in-kind contributions you expect, such as meeting space or equipment. Is this a pilot project with a limited time-line? Or will it go into the future? If so, how do you plan to fund it? Is it sustainable over the long haul?

No funders like to think that their grant will only fund a project for a short time. Before investing in your project, your funder will want to know your plans for carrying the project into the future, with or without this particular funder's help. Approaches could be: fee for service, government funding, internet-based fundraising, foundations, corporate support, etc.

h. Organizational Information
In a few paragraphs explain what your organization does, and why the funder can trust it to use the requested funds responsibly and effectively.

Give a short history of your organization, state its mission, the population it serves, and an overview of its track record in achieving its mission. Describe or list your programs. Be complete in this part of your proposal even if you know the funder or have received grants from this grantmaker before.

i. Budgets for Your Grant Proposals
How much will your project cost? Attach a short budget showing expected expenses and income. The expenses portion should include personnel expenses, direct project expenses, and administrative or overhead expenses. Income should include earned income and contributed income. More information on writing budgets for foundation proposals can be found at the end of this document.

j. Additional Materials That Might Be Required
Funders may also want the following:
- Letter proving that your organization is tax-exempt.

- List of your board of directors (overseeing body if one) and their affiliations.
- Financial statement from your last fiscal year.
- Budget for your current fiscal year.
- Budget for your next fiscal year if you are within a few months of that new year.

k. Putting it all Together
Put everything together with your cover letter. You do not need a fancy binder, but it should all be neatly typed and free of errors.

4. Five Common Grant Proposal Mistakes to Avoid
Martin Teitel's book, *Thank You for Submitting Your Proposal: A Foundation Director Reveals What Happens Next* gives us a view from the other side of the desk of a foundation that has seen thousands of proposals over the years. He says that there are five common mistakes that proposal writers make:

a. Talking more about problems than solutions
A proposal is not a pamphlet that educates and mobilizes the public. Your proposal must show that you are familiar with the issue you're dealing with, but must, first and foremost, focus on what you are going to do about the problem.

b. Addressing specific problems with general solutions
A successful proposal provides a clear picture of what your organization will do to address the issue at hand. Don't just talk about the problem - provide specific details about the actions you will take to address the problem.

c. Using buzzwords and jargon
Teitel says, "Some proposal writers confuse density with erudition." What one needs is simple prose that "tells a story or paints a picture." Avoid vague claims, trendy language, and obscure terms - they won't impress the funder and may actually cause him or her to dislike your proposal.

d. Budgets that don't make sense
Teitel says that, surprisingly, quite a number of proposals arrive with math errors that undermine the organization's credibility. He points out that, "...the budget should not only add up, it also has to support the logic of the proposal's narrative."

e. Repeating exact phrases from the funder's guidelines
Just pasting phrases from the funder's guidelines into your proposal will not result in funding. All good proposals should fit the foundation's guidelines, but telling how and why they fit is what is important. Cutting and pasting just says that you've read the funder's website.

5. Budgets
a. The budget component in a funding proposal
The following information applies to fundraising efforts that target foundations. It is based on notes taken by a former SSC staff member attending a course given by the Foundation Center in San Francisco. This course was given by the Executive Director of the Foundation Center who, during his past career, had worked both with foundations and organizations raising funds from foundations in the US.

Based on his experience, the first thing foundation officers look at in a proposal is the budget. If this seems realistic, the next thing they look at is the Executive Summary, followed by the covering letter. The covering letter should refer to any previous relationship between grantseeker and the foundation. If any such relationship is not mentioned, doubts may arise about the institutional memory of the grant seeker, and therefore future relationships.

It is often necessary that someone other than the proposal writer prepares the budget. This also needs to be a team effort drawn from all players in a proposed project to ensure that all likely costs and expenditure are covered. Each funder may have its own particular requirements for preparing the budget. Follow these requirements carefully to have your proposal considered. This allows foundations to compare between many applications. Many funders like applicants to use the "New York/ New Jersey Common Application Form, Grant Proposal Format" which can be found on the Foundation Center website, under "Foundation Finder".

b. Definition of a project budget
"The financial plan for a project, including all project income and project expenses, for a specified period of time." The narrative must match the budget figures and the time span must be included.

c. Typical elements of a budget
Support and revenue:
• Government grants
• Foundation grants
• Earned income (this might include membership dues)
• In-kind support, i.e., non-cash support (this can include volunteer time)
Expenses:
• Salaries and related costs
• Consultants
• Office supplies
• Computer equipment
• Postage
• Printing costs
• Travel
• In-kind expenses (state what they would be without the in-kind support)
• Overhead (should include rent)

While budget elements will vary, there are some common points to be included in all. For example, **rent!** If rent is not covered, this raised concerns in a foundation as to whether the applicant has a space from which to operate.

Funders have different attitudes towards volunteer support: Some see it as too unreliable. Therefore references to what volunteers have actually contributed in the past may be in order.

Staff/employee time: Funders expect staff to be spreading their time between projects. Work out the proportion of a staff member's time to be spent on the project, and budget accordingly. Funders also expect that staff spend time on "educational" matters, e.g. producing newsletters, brochures, or presentations about their project and achievements. It was suggested that if applying to a foundation that does not give a general overhead, put this expense in "education". Book-keeper's salary is also part of your project.

Employee benefits and payroll taxes: Must be included as part of personnel costs. If the Foundation does not see this, it may have concerns about how staff can stay on without such benefits. Therefore, you must show that the organization pays this. Put in totals, not an individual's costs. You can show that of the total payroll costs, 25% goes to staff benefits.

Printing, postage, supplies, travel, telephone: Can be spelled out, but totaled together as "other". They should be an insignificant proportion of the total budget.

Estimating costs: If you don't know the cost, get estimates from relevant sources. Be prepared to say how these figures were obtained.

The myth of "*Better to estimate high so you don't have to go back and ask for more money later*": Experienced funding officers are likely to see through this. Conversely, don't ask for too little, or the project may not look viable.

Overhead: "All costs are either program costs or overhead costs". Program costs have been covered in the notes above. Overhead is also known as: Indirect costs, Supporting Services costs, Administrative costs (this may also include the time of a Development Officer.) However, foundations vary as to what **"overhead"** they will cover. Some see it as an essential element underlying the viability of the applicant organization and are doubtful if they do not see these elements in a budget. Other funders restrict themselves to program/ project funds only. It is probably a good tactic to include all elements in the budget, but make it clear exactly which components of the budget this proposal covers. Indicate how the other elements of the budget are being funded (e.g. IUCN funds office space (?); other foundation(s) covering other elements of the budget; or other income will cover some elements). Providing evidence of other income or support strengthens the perception of a sound, viable organization.

When applying to funders who do not cover these costs, say in the cover letter that you are not applying for them – state what they are, but say you do not expect the foundation to cover them. Don't try to "build in" such costs into other budget lines, as this may make those lines seem too expensive to the funder, and your reputation might suffer. Remember, funders talk to each other!

When applying to those who do cover such costs, try and get them to cover *all* the overheads in the project, even if other funders are being asked to cover other sorts of costs.

Calculation of overhead: You need to calculate your overhead rate, e.g. is it 20% of the total of the project costs? The funder may limit overheads to a certain percentage of total budget.

d. Summary of budget preparation
• Know your project – talk to others with experience. Your initial projection may be 10-20% out, until you can refine it.
• List the various components of your project.
• Obtain reasonable cost and income estimates for each component.
• Be sure you have included everything, including overhead if allowed.
• Find out what format the funder prefers, if any.
• Prepare a spreadsheet/ summary of costs according to the funder's specifications.
• Make sure your budget is neat and mathematically accurate.
• Consider whether a budget narrative is appropriate, and, if so, prepare one – footnotes may be all that is necessary, to explain the rationale behind certain items.
• Have your budget and budget narrative reviewed by another person who is familiar with the project, *and* someone who is not.
• Include other funders to this project in the budget.

e. Financial information often requested
• Audited financial statements
• IRS Form 990
• Organisation-wide budgets for recent years

f. Keep the budget alive
Once the project is funded, or being considered for funding, keep the topic alive. Talk to the foundation. If short of funders for all components, one funder may help you with another funder. Don't get into difficulties without forewarning the funder, they don't want any surprises. Guard your reputation, and be sure to submit reports on time.