General Information on Grants and Funding

What is a Grant?

A grant is a gift of money that does not have to be repaid. Grants are made by government agencies, foundations, corporations, and, occasionally, private individuals.

Grants normally provide short-terms funds to start a new program or initiative, to expand an ongoing one, to pay one-time expenses, or to pay for a time-limited project. For example, grants may pay for equipment purchases or may cover initial operating costs until a program can be self-sustaining.

Grants are not a stable source of funding. They are not meant to fund long-term operating costs of programs or organizations. In fact, most grant makers require you to show that you have a long-term funding plan before they will award a grant.

The process of getting a grant is slow. An organization announces a grant program and solicits proposals. The typical time frame from grant announcement until the successful applicant receives the funds is usually one year and often longer. Don't plan on grants if you need money immediately.

Will a Grant Work for You?

Most grants come with strings attached. At a minimum, you will have to report on how you spent the grant money. Some grants have extensive evaluation, reporting, and record-keeping requirements. Many grants require you to match the grant with your own funds or with funds from a third source.

Some grant makers will request permission to use your name or your agency's name in its marketing. Others may restrict you to using only their products. Before you agree to any "strings," make sure that they comply with your local laws and your organization's regulations. Are the "strings" requirements that you can easily live with?

Carefully weigh the extra work needed to meet grant requirements against the amount of money you will receive. For example, a grant may provide $10,000 to carry out your project. But if you have to spend half of that on an audit and report, it may not be worth the effort. Research the grant well. Read everything before signing anything. Do not hesitate to ask for legal advice.

What Types of Grants are Available?

When seeking a grant, consider the types of funding your project will require. Are you seeking to fund all or just a part of your project? Does your budget involve one-time costs, or on-going costs? Can you raise enough funds from other sources to match a challenge grant?

Grants generally fall into these categories:

- Start-up grant (also known as "seed money") funds start-up costs, rather than ongoing expenses. Example: purchasing a vacant warehouse and converting it to a community center.

- Project grant funds a specific program or project. Example: buying computers for an after-school tutoring program.

- Operating grant funds the costs of an on-going program. Example: paying the rent or staff salaries of a health clinic.

- Restricted grant funds a specific part of a program or project. Example: paying only for the textbooks for a GED program.

- Challenge grant matches funds raised through other sources. Example: A $50,000 grant to a local food pantry, if the organization can raise an additional $50,000.

- In-kind grant (also called a non cash grant) a contribution other than a direct cash grant. Example: the free use of an office and office equipment.