Capacity Building Toolkit for Community-Based Organizations

State of California
Office of Community Partnerships and
Strategic Communications

ocpsc.ca.gov

The purpose of the "Capacity Building Toolkit for Community-Based Organizations" is to provide guidelines for Community-Based Organizations (CBOs) to strengthen their organization and improve their management and operational systems. The audience is small non-profit organizations or CBOs who have enthusiasm and commitment for their mission to improve the lives of others. It is intended to stimulate inquiry, rather than provide rigid instructions.

The toolkit covers six areas key to organizational capacity:

1 Project Development

Developing and implementing a project and key questions to ask in the process. *(page 5)*

2 Monitoring & Evaluation

Reviewing and assessing progress towards objectives, identifying problems and strategies, and making adjustments to plans. *(page 9)*

3 Financial Systems

Establishing an accountable and transparent financial system to build financial sustainability. *(page 15)*

4 Budgeting

Preparing a budget with an emphasis on its purpose, steps, and components. *(page 21)*

5 Grant Proposal Writing

Developing and writing a proposal, including critical elements to facilitate project success. *(page 27)*

6 Reporting to Funders

Maintaining and strengthening your relationship with funders following a grant award. *(page 37)*

The Office of Community Partnerships and Strategic Communications, housed within the Office of Planning and Research was created to manage California's most pressing community engagement and public awareness efforts, including COVID-19 vaccinations, water conservation, extreme heat safety, and Individual Taxpayer Identification Numbers.

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This toolkit has been revised from the original which was written from a funders' perspective and produced for civil society organizations around the world. It was developed under the World Bank Civil Society Fund by Yumi Sera with Susan Beaudry, both with considerable expertise in organizational leadership and management in philanthropy, civil society, and the public sector. The content is based on the authors' experiences in managing and starting up global and local grant programs, directing small nonprofit organizations, and listening to the voices of community leaders.

The toolkit is dedicated to all the community-based and grassroots organizations around the world who are on the frontlines of change advocating for equity.

Yumi Sera
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State of California
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Resources

State of California Compliance

- Department of Justice | oag.ca.gov/charities
  The Attorney General's Guide for Charities is an invaluable resource for charitable organizations to understand responsibilities and to comply with California law
- Secretary of State|sos.ca.gov
- Franchise Tax Board | ftb.ca.gov | 916-845-4171
  Charities and nonprofits page provides information on tax-exempt status
- Department of Tax and Fee Administration
  cdtfa.ca.gov | 800-400-7115
  Guide to tax obligations specific to nonprofit organizations

IRS Compliance

- IRS, Stay Exempt | stayexempt.irs.gov
  Instructions and virtual workshops for small to mid-size 501(c)(3) organizations

Tools and Training for Nonprofit Organizations

- CalNonprofits | calnonprofits.org
  See *Nonprofit Compliance Checklist*
- National Council of Nonprofits, Running a Nonprofit
  councilofnonprofits.org
- Candid | candid.org
  Nonprofit data, tools, and resources
- Candid Training | candid.org/training
- GuideStar | guidestar.org
  Database of nonprofit organizations, including form 990s
- BoardSource | boardsource.org

Resource Mobilization

- Philanthropy California | climatecapacity.philanthropyca.org
  Building Capacity for a Climate and Disaster Resilient California
- State of California Grants Portal | grants.ca.gov
- Federal Funding Opportunities | grants.gov
- Philanthropy News Digest | philanthropynewsdigest.org

Project Development

A project plan is a set of activities, timeline, and the budget to successfully complete the work. Here we will look more closely at the key ingredients for developing and implementing a project. In this brief, the word "project" is used to refer to a specific intervention or activity.

The first step when planning a project is to make sure there is a strong link between your organization's mission and the initiative you are considering. When developing your plan envision the following:

- ❑ How does your project relate to your organization's mission?
- ❑ What is the context in which you work and how is this unique?
- ❑ How will the project change or improve the conditions of the community members or beneficiaries?

Goals and Objectives

A results-based plan is one way of articulating a project. For example, how does the project bring positive benefits to a community or a group of stakeholders. In many cases, results may not be seen in the short term and may include such intangibles as the social capital that has been built.

Conducting a consultative process that engages all stakeholders in the project design, implementation, and evaluation can strengthen the proposed project. As a CBO, you are uniquely positioned to determine what strategies are effective in your context. By combining your knowledge of the context and assessing the skills within your organization, you can work to improve or change the situation in your community.

Common Terms

Below are some common terms, their definitions, and key questions for project development. Your board or potential funders may ask questions regarding these areas to determine if the project fits the funder's priorities, if it is realistic, or if it is likely to make a positive difference in the community.

Goal(s)	Broad and long-range results toward which the project will contribute.
Objectives	Strategic objectives are the primary units of analysis for assessing the organization or project performance. They constitute the roadmap for advancing your mission and goals.
Activities	Actions taken or work performed within a time period. Together they constitute how you plan to reach your objectives.

STEP-BY-STEP:
Creating an Action Plan

An action plan is the step-by-step process your organization will undertake to achieve the objectives and goals of the project. Questions that an action plan should address include:

1. What are your goals and objectives? What do you want to achieve?

2. What are the action steps you will be taking to accomplish the objectives?

3. Who is responsible for each of the action steps?

4. Who else will be involved? How were they involved in the planning? What are their roles and responsibilities?

5. Who will benefit from the project? How were they consulted? How will they benefit?

6. What are your intended results? What changes will occur as a result of the project?

7. What are the indicators that will track your progress?

8. What is the timeline of your action steps? What are your projected milestones?

9. What financial resources will you need to complete the action plan and how will you raise them?

10. What human resources will you need? What are the strengths and gaps of those on your team to accomplish the activities?

11. What partnerships could be created with other organizations or local government to maximize impact, complement your efforts, and learn from each other?

12. What are the potential barriers or resistance you may encounter (such as weather or political conditions) and what alternate plans do you have?

- The views, assets, and needs of the community you intend to impact are an important foundation when formulating your goals and objectives and implementing your activities.

- In challenging circumstances where your organization is addressing particular vulnerabilities, describe the context, history, and barriers in the community.

- When formulating the goals and objectives, keep in mind how you will monitor and evaluate the project, including indicators and timeframe.

- Consider the sustainability of a project and its benefits after the funding or project comes to a close.

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Monitoring, Evaluation, and Learning

What programs make a difference? Is the project having the intended results? What can be done differently to better meet goals and objectives? How do you evaluate the effectiveness of public and private investments?

Monitoring, evaluation, and learning are important management tools to track progress and facilitate decision making. While some funders require some type of evaluative process, the greatest beneficiaries of an evaluation can be the community your organization serves. By closely examining your work, your organization can design programs and activities that are effective, efficient, and yield powerful results for the community.

Definitions are as follows:

Monitoring is the ongoing process of systematic data collection and analysis that enables continual learning, adaptive management, and regular reporting of progress.

Evaluation is the systematic and objective assessment of an ongoing or completed project, program, or policy, and its design, implementation, and results. The aim is to determine the relevance and fulfillment of objectives, efficiency, effectiveness, impact, and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process.

Learning is a commitment to improvement. It entails gathering information and community feedback to understand the motivation for change, such as a specific problem that needs to be solved or the desire to try something new.

Strategic Questions

Areas and examples of questions to consider for the monitoring, evaluation, and learning system are:

- ☐ **Relevance:** Do the objectives and goals match the problems or needs that are being addressed?
- ☐ **Efficiency:** Is the project delivered in a timely and cost-effective manner?
- ☐ **Effectiveness:** To what extent does the intervention achieve its objectives? What are the supportive factors and obstacles encountered during the implementation?
- ☐ **Impact:** What happened as a result of the project? This may include intended and unintended positive and negative effects.
- ☐ **Sustainability:** Are there lasting benefits after the intervention is completed?

Common Terms

Inputs	The financial, human, and material resources used for the intervention. *Examples: Technical expertise, equipment, funds, data, communication materials*
Activities	Actions taken or work performed. *Examples: Training workshops conducted, outreach activities by geographic area or population*
Outputs	The products, capital goods, and services that result from the activities. *Examples: Number of people trained, number of workshops conducted, number of engagements disaggregated by geographic or demographic group*
Outcomes	The likely or achieved short-term and medium-term effects or changes of an intervention's outputs. *Examples: Increased skills, new employment opportunities, increased number of disproportionately affected populations reached*
Impacts	The long-term consequences of the program, may be positive and negative effects. *Examples: Improved standard of living, communities achieve equitable outcomes*

STEP-BY-STEP:

Planning for Monitoring and Evaluation

Steps for designing a monitoring and evaluation system depend on what you are trying to monitor and evaluate. The following is an outline of general steps to think through when planning activities:

1. Identify who will be involved in the design, implementation, and reporting. Engaging stakeholders helps ensure their perspectives are understood and feedback is incorporated.

2. Clarify scope, purpose, intended use, audience, and budget for evaluation.

3. Develop the questions to answer what you want to learn as a result of your work.

4. Select indicators. Indicators are meant to provide a clear means of measuring achievement, to help assess the performance, or to reflect changes. They can be quantitative and/or qualitative. A process-indicator is information that focuses on how a program is implemented.

5. Determine data collection methods. Examples of methods are document reviews, questionnaires, surveys, and interviews.

6. Analyze and synthesize information obtained. Review information obtained to see if there are patterns or trends that emerge from the process.

7. Interpret these findings, provide feedback, and make recommendations. The process of analyzing data and understanding findings should provide you with recommendations about how to strengthen your work, as well as any mid-term adjustments you may need to make.

Additional Tips

Communicate your findings and insights to stakeholders and decide how to use the results to strengthen your organization's efforts. A monitoring and evaluation system helps organizations reflect and understand past performance and serve as a guide for constructive changes during implementation.

Financial Systems

Financial systems help inform your organization's action plans. Financial systems also help to track and manage the resources required to successfully complete your work. This section provides basic practices needed to build an organization's financial sustainability.

Good stewardship of resources assists CBOs in efforts to be accountable to stakeholders and funders and helps build confidence for funders to invest. Financial systems allow organizations to make sound decisions based on cash flow and available resources. Other reasons why developing financial systems is important include:

☐ Monitoring funds, or comparing actual income and expenses versus budgeted amounts helps managers ensure that the necessary funds are in place to complete an activity

☐ Governments require registered, charitable organizations to report on income and expenses through tax forms

☐ Funders require reports demonstrating that grants were used for intended purposes

☐ Establishing financial controls and clear accounting procedures help ensure funds are used for intended purposes

☐ Transparency, clear planning, and realistic projections contribute to the credibility of the organization

Financial Controls and Monitoring

Financial controls and monitoring methods have a dual role in supporting internal needs and external requirements. There are five key aspects to financial controls and monitoring:

1. **Accounting Records (or Accounts Receivable and Payable):** Establish a process that records every financial transaction by maintaining paper files, an electronic database, and copying all records in a virtual library. Your organization needs to demonstrate what funds were received and how funds were spent.

   Accounting records should be consistent. Choose and commit to a method and regular schedule for tracking income and expenses. This is important in case the organization is audited or if a funder requests information for a specific item or transaction.

   Develop a system to track donations from individuals to keep funders updated of the organization's progress or to solicit annual and repeat contributions. A separate accounting system should be developed for funding from foundations with the original proposal and budget, dates of receipt of funds, notes on allowable expenditures, and reporting requirements so that you can respond to funders' requests for financial records or in case of audits.

2. **Financial Planning:** Convert your organization's objectives into a budget. The budget serves as a critical planning guide for your staff and governing board. It is a public record of how you intend to spend the funds received. Financial planning allows you to review your organization, examining successes and challenges in the past. Planning also enables you to make projections and set targets, informing strategies for future success.

3. **Financial Monitoring and Reporting:** Drawing from the information in the accounting records, your organization can create internal reports monitoring progress by comparing budgets to actual expenses. Frequent reviews and monitoring allow the board and staff to measure your organization's progress and informs decision making about the organization's or a project's future. Internal reports, sometimes called management reports, allow forward thinking as you assess the financial status of the organization and what will be needed to realize your goals.

   Accounting records are also the source for creating external financial reports demonstrating to funders and other stakeholders how funds have been spent. Funders may require financial reports at the completion of a project or periodically during the project's implementation.

4. **Governing Board:** A governing board, whether comprised by a board of directors or leadership from the community, serves as stewards of an organization's resources. Governing boards should participate in approving budgets, financial monitoring and reviews, and ensure internal controls are implemented. They should approve financial statements, policies, and audits.

5. **Internal Controls:** Controls are organizational practices that help safeguard your assets and ensure that money is being handled properly. Controls help detect errors in accounting, prevent fraud or theft, and help support the people responsible for handling your organization's finances.

Examples of internal controls

Examples of how to ensure that funds are spent transparently and in a manner for which they are intended:

- ☐ Have two people, such as the director and board treasurer, approve and sign the expenses over a certain amount of money.

- ☐ Keep records that cannot be altered by numbering receipts, using a system where the data entry corresponds with a specific invoice or contract.

- ☐ Assign qualified and experienced personnel to manage accounts.

- ☐ Assign different staff in your organization distinct responsibilities related to managing income. For example, one person is responsible for authorizing expenses, another is responsible for handling cash, and another is responsible for recording transactions.

- ☐ Develop a procedural manual for recordkeeping.

- ☐ Post your audits on your website so all stakeholders are aware of external funds received in the community's name.

- ☐ Have an external accounting or auditing firm conduct regular reviews of financial monitoring and systems to ensure that internal controls are implemented. The board treasurer who has skills in accounting should be the lead person in working with the staff in ensuring financial accountability.

Additional Tips

Just as organizations create a plan, you may wish to document your financial systems, your methods for financial management, and your plans for sustainability. A written document or board-approved policy can serve as an important reference point for your organization and assist in your periodic reviews and planning sessions. It also helps build confidence among stakeholders that you have a long-term vision and plan for your organization's operations.

Employing financial systems builds checks and balances, supports your program planning ability, and increases your success with budgeting and assessing progress in programming, can significantly advance an organization's capacity to begin thinking about long-term plans and financial sustainability.

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Budgeting

A budget is a key management tool for planning, monitoring, and controlling the finances of a project or organization. It estimates the income and expenditures for a set period of time for your project or organization.

Your budget can serve a number of important purposes, including:

- ☐ Monitoring the income and expenditures over the course of a year (or a specific project time frame).
- ☐ Helping to determine if adjustments need to be made in programs and goals
- ☐ Forecasting income and expenses for projects, including the timing and the availability of income (such as additional grant funds).
- ☐ Providing a basis for accountability and transparency.

For funding proposals, a budget is an essential tool and provides an understanding of your work. The budget should answer the following questions to funders:

- ☐ How are you planning to use the grant funds?
- ☐ What are the other sources of funds for the work?
- ☐ Do the expenditures correspond to the activities?
- ☐ Does the budget fall within the guidelines of what the funder can support?
- ☐ What percentage of overhead expenses (such as salaries, rent, utilities) is included in the budget?

Preparing Your Budget

Who should be involved in the process of preparing a budget?

Program and financial staff should work together to formulate a budget since budgets are based on objectives, action plans, and resources. Once a draft is in place, seeking input from your governing body (such as the board of directors) is important. This input gives you an opportunity to develop a clear rationale for your budget, helps you identify if any budget items or expenses have been omitted, and draws on the board's expertise. By collaborating with financial staff, program staff, and your board, you can develop a budget that reflects priorities for the entire organization, helping to build unity in your sense of purpose.

Building on your planning process, you need to address the following questions in preparation of creating your budget:

- ☐ What resources will be required to achieve your planned goals?
- ☐ Where will the funds come from?
- ☐ How will you raise the funds?
- ☐ How can your organization make use of in- kind or donated services?

External influences that are not in your control may have an impact on the success of your efforts. Having alternate plans or rethinking your strategies should be a part of your planning. Some external influences that can affect your financial planning include:

- ☐ Government or national policies and legislations
- ☐ Natural disasters or epidemics (e.g. drought that affects the people you are working with)
- ☐ Political conditions (e.g. elections that may disrupt daily life or cause instability)
- ☐ Global economic forces (e.g. changes in global market prices for the commodity that farmers are producing)
- ☐ Local socio-economic factors (e.g. increase in price of fuel affecting your mobility)
- ☐ Availability of donor funds and resources (e.g. changes in funding priorities of funders)

When should you create your budget?

Begin convening financial and program staff several months before the start of your financial (fiscal) year. This allows enough time for your group to address the questions above and draft a budget that can be reviewed by your governing board. For a budget that involves a new initiative, additional planning time may be required to develop your action plan and to determine if adequate resources can be raised to implement the project.

Budget Components

Below are areas to consider when preparing your budget:

Income:	A diverse source of revenue shows sustainability does not rely on one sole source of funding. The income could include product sales, government contracts, foundation grants, and individual contributions.
Expenses:	Expenses should be itemized and include unit costs, for example, daily fees or travel for number of participants. Make sure that the same budget headings or categories are consistent throughout the organization, for both income and expense items. This will simplify bookkeeping and help with reporting and financial reviews. Headings may include staff salaries, rent, utilities, telephones, equipment, insurance, fuel, travel, fees for expert consultants, etc.

Notes: Keep notes to record the budgeting process. Notes explain how and why budget calculations are made. Combined with the budget, notes can serve as a clear guide for your organization's spending and decision-making. Budget clarity and notes also mean as circumstances change, revisions to a budget can easily be made to reflect changing realities. It also helps in case the activity is audited.

STEP-BY-STEP:
Creating a Budget

These are some of the key steps to implement when preparing and monitoring your budget:

1. Identify and plan your activities for the period in question with your staff.

2. Determine what each of your expenses will be, by category. Use previous budgets or invoices as a guide. Assume an increase for cost of living, if comparing expenses from previous year.

3. Estimate what your sources of income will be, including earned income from sales or services, local funds, and governments.

4. Analyze the difference between your income and expenses. Make adjustments to balance your budget. Determine what expenses need to be reduced and if you need to consider a different level of service.

5. Develop a plan for the unexpected, such as if funds do not arrive at the anticipated time, if there is a crisis, or if there are price fluctuations.

6. Present your draft budget and cash flow statement to staff, your governing board, or other key groups within your organization for inputs and endorsement. Being transparent about your budget with the key stakeholders helps to legitimize your organization.

7. Make any changes and finalize your income and expenses budgets, as well as the timing of your expenditures and income.

8. Monitor the budget as your project progresses.

Present a budget as accurately as you can. Purposefully underestimating your expenses because you think it will give you a better chance at receiving a grant can hurt your organization and its credibility. This is especially true if you are unable to complete the activities due to lack of funds.

- Cost estimates should be reasonable and accurate. Inflating (or overestimating) your budget can also create a sense of mistrust with the funder and beneficiaries.

- Ensure that the budget corresponds with the objectives of the project. Funders will consider how the projected expenses relate to the proposed outputs or work performed.

- When reporting back on your expenses to funders, report on any differences with the proposed budget and the actual expenses. Make sure that what you spend is reasonable and is directly related to the original proposal's objectives.

- Have documentation and justification ready in case of questions. At the end of the grant period, funders may compare your budget to the actual financial statement to ensure financial compliance.

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Grant Proposal Writing

Consider the grant proposal as a presentation of your work and efforts to include and meet the needs of the community. It is a written document which you submit to a funder to be considered for a grant. The four basic areas it should address are:

1. **Concept:** Funders want to know that a project fits with the overall direction or mission of your organization and that it is addressing a compelling issue.

2. **Project/activity:** Funders review the scope of the intervention, whether it be a project or activity, and how it will be implemented, including anticipated outcomes, staffing, timeline, monitoring and evaluation.

3. **Organizational Capacity:** Funders are interested in evidence that your organization has adequate capacity to implement the proposed activity and that their grant will be used efficiently.

4. **Budget:** Funders check to see if the budget corresponds with your anticipated outcomes.

Proposal writing is part of the process of planning your work, which includes consultation and outreach to your community, assessing needs and strengths, and developing solutions. This section is intended to guide your organization to think through elements of a proposal.

Concept and Project Plan

Before beginning to write the proposal, plan for the project by discussing:

- ☐ How does your proposed project reflect the mission of your organization?

- ☐ What is the context in which you work? What are the issues that the project will address? Why are these critical to situation in which you work?

- ☐ What are your goals, objectives, and activities?

- ☐ What are the intended results? What changes will occur as a result of the project?

- ☐ Who are the stakeholders you will work with, how have they been consulted, and how will they be involved?

- ☐ What is the timeline and required resources (financial and staffing)?

- ☐ How will you monitor and evaluate the project?

- ☐ How will the project continue after the grant?

The proposal is also an opportunity to articulate your organization's capabilities and demonstrate accountability to your stakeholders. Some of the ways to demonstrate this are to explore:

- ☐ What is your organizational structure? What are the relevant skills of your staff and volunteers?

- ☐ What is your governance structure and what roles and responsibilities does this structure have? Does it include community members and leaders? Does it include people you are trying to serve?

- ☐ What are the organization's most recent accomplishments?

- ☐ What monetary or in-kind contributions has the community provided to the project?

- ☐ Who else has donated to your organization?

- ☐ What networks do you belong to?

- ☐ What is your relationship with local authorities?

Grant Proposal Components

Funders have their own guidelines, requirements, and application procedures. The grant proposal is a written description of your project plan based on the key questions described on the first page. The proposal could also include documentation about your organization in visual form, such as video or photographic documentation. Funders may also request a cover letter or executive summary. Before composing the proposal, think through and outline the key components on the next page.

Components of a Grant Proposal

Contact Information	Responsible person's name, organization name, address, e-mail, and phone number. Overview Summary of proposal, including a statement on the purpose of the project and why funds are being requested.
Context Description	What is the context of the geographic area, demographic group, or particular area related to the proposal. This may include critical issues affecting the community and why the project is necessary. Funders may ask for a needs statement which provides a scope of the project.
Project Description	How the project will be implemented, including: measurable goals and objectives, activities, beneficiaries' involvement, anticipated results, timeframe, collaborating organizations or agencies.
Monitoring and Evaluation	How the project will be monitored and evaluated to ensure that the project is on track and that the results are being achieved.
Budget	Costs for the project, categories of expenses, amount requested, and other sources of funding. Use notes to provide descriptions or more information.
Organization Information	Background, governance structure and composition, mission, past accomplishments, staff qualifications, internal controls, legal status.

Criteria for Reviewing the Proposal

Funders base their reviews and decisions on specific criteria. The questions below are provided to have a discussion within your own organization when writing a proposal to request a grant. They are not to be taken as definitive procedures and processes of funders. Always check with and follow the funder's guidelines prior to submitting a grant proposal. Below are some of the criteria and questions some funders may use to review, rate, and evaluate your proposal:

Relevance and effectiveness

- Do the objectives and goals match the problems or needs that are being addressed?
- How will the intervention achieve its objectives?
- Does the proposal involve the community or those who are supposed to benefit from the project?
- How are other stakeholders involved?
- Does the proposal address the strengths and needs of the community?
- Is there diversity and inclusion of gender, youth/adult, vulnerable communities, ethnic groups, languages, disability, LGBTQIA+, etc. in project preparation and implementation?
- How will the changes be measured, monitored, and evaluated?

Feasibility and efficiency

- Has the approach been attempted elsewhere?
- Is the proposed approach practical?
- Is the budget appropriate for the scope of the project?
- What is the timeframe for the project? Is it realistic?

Impact

- What will happen as a result of the project?
- How will it make a difference in the community?
- Does the proposed activity have influence beyond its aims?

Sustainability

- Are there lasting benefits after the intervention?
- Are there key partnerships that will help sustain the project?
- Have funds from other sources been identified?
- How will the project continue after funding?
- What is the plan for the project's future?

Capacity

- Has the organization succeeded in similar endeavors of comparable size, scale, and focus?
- What relevant skills do the organization's staff and board bring to the project?
- How is the organization governed?
- Is the organization legally registered?

Credibility

- What is the evidence that the organization is achieving its goals?
- What is the organization's relationship with the community? What kind of reputation does the organization have beyond its community?
- Is the organization a member of a network(s)?
- Who are the partners of the organization?
- Has the organization had any other contributions from external sources?

Financials

- Does the budget include income, expenses, and contributions? Note some funders require a specific percentage for a match amount.
- Are the budget items reasonable and justifiable?
- What percentage of budget request is for salaries? Is this sustainable?
- What percentage of budget request is allocated to programs and to administrative costs?
- What are the internal controls? How are funds expensed, what kind of tracking system is in place, how are decisions made?

Additional Tips

- **Did you read, understand, and follow the funder's guidelines?** Each funder has different eligibility criteria and requirements for proposals. To save time and effort on your part, become familiar with the potential funder's specific requirements, questions, and guidelines. Funder's review hundreds of proposals a year and will quickly dismiss a proposal that has been submitted without regard for their priorities or requirements.

- **Did you follow the instructions for proposal submission?** Some funders do not accept unsolicited proposals. Others may require a brief letter of inquiry before submission of a full proposal. Verify how the proposal could be submitted.

- **Did you answer all the questions clearly?** Have someone unfamiliar with your situation read your proposal to see if they understand the scope of the project.

- **Is your proposal format clean and easy to read?** Avoid using jargon and acronyms.

- **Have you articulated the understanding of your unique situation?** A discussion of the external trends and internal organizational challenges demonstrate to funders that you have a good understanding of the factors that may affect the chances of success.

- **Is your budget complete?** Include all funding sources, both in cash and in-kind which could include office space, land, or professional services valued at market rates) A complete budget creates a positive image about the organization's capabilities.

- **Have you demonstrated knowledge of good practices in your field?** An understanding of the issues shows funders you have knowledge of what works and what has been done in the past.

- **Did you include concise and specific information that provides evidence of your organization's capacity?** If the proposed activities are new to your organization, explain how previous accomplishments support your case.

Remember that the relationship with the funder does not end with the grant proposal and award. To maintain a good reputation and relationship, respond promptly to funder's inquiries for reports and provide updates on activities and changes. Keep in mind that your reputation and your actions will impact not only your own organization, but also could have influence on the funder's priorities and perspectives.

Resource

Candid has an excellent knowledge base on **"How do I write a grants proposal"**
https://learning.candid.org/resources/knowledge-base/grant-proposals/

Reporting to Funders

The relationship with the funder does not end with the receipt of the grant award. Funders usually request periodic reporting depending on their own guidelines. Some funders may also request site visits. The frequency and type of reporting relationship is usually detailed in the grant agreement letter.

Funders are aware that few projects go exactly as planned. In addition to reporting on your successes, you could express the challenges faced and how you overcame them. Funders are also concerned with your organization's responsiveness and transparency. Reflecting on insights gained from implementing your project can improve the understanding of current and evolving challenges facing your community.

Funders often have a broad and global overview of similar circumstances. Through reporting, they begin to gain an understanding of the diversity of methods, strategies, and potential solutions to challenges at the grassroots, community level. Your report may also highlight the strengths and contributions of the concerned groups, providing funders with community-grown perspectives.

Funders also use these reports to inform their own grantmaking. Some may also use the information to justify or strengthen the support from their own stakeholders or funders.

Some funders may also request feedback on their own processes and procedures. Specific details could help the funder improve the way they work with CBOs.

Types of Reporting

There are two main types of written reports (informed by data) funders may request - a narrative report and a financial report.

1. **Narrative Report:** This is also referred to as progress, mid-term, or completion reports. This report describes the progress made towards completing activities and achieving the results articulated in your proposal. The narrative should explain how you achieved your objectives, what challenges you faced, how you overcame them, and what resulted from the grant. Funders may be interested in "outputs," such as, the number of participants attending workshops, number of workshops, and number of people reached through your project.

The following are some guiding questions for a narrative report:

- ☐ What progress has been made towards achieving the objectives stated in your proposal?

- ☐ What was done as a result of the grant?

  Results should explains what has changed in the community due to your efforts. It is often easier to express your results in numbers, but it is also important to think in terms of how the activity you implemented actually impacted the community. This may be done through a reflection exercise that you can have with your board, members of the community, or advisors.

- ☐ Who was involved in the project design and implementation, such as women, youth, or other vulnerable groups?

- ☐ How did they benefit?

- ☐ What has changed as a result of the project?

- ☐ What are lessons learned?

  You may also want to report on the lessons that you learned from the project's implementation and how you may do things differently in the future. Increasingly, funders are eager to understand the lessons learned through your process. The narrative can also relate back to the funder's priorities.

- ☐ What additional funds were identified or new partnerships formed?

2. **Financial Report:** This is typically a statement of accounts that details how the grant funds were used. It is usually prepared by the organization's accountant or finance staff. Depending on the funder and type of grant, an audited statement may be required, or specific forms may need to be completed. Notes should indicate any changes that may have been made.

3. **Additional Materials:** Some funders appreciate additional materials, such as photos, a profile of an impacted beneficiary, or products from your project that tell your story. Others prefer a written report which provides evidence of results to their own stakeholders. Check the reporting guidelines for more information.

Additional Tips

Funders may request to visit your project and meet with your board members, staff, and community members. Typically, they are interested in learning about how the grant that you received has made a difference in the organization and to the beneficiaries. To prepare for such a visit, be prepared to talk about your achievements and challenges for implementation and have your financial records and administrative procedures ready to be reviewed.

Board members may want to address any strategic issues and vision for the organization. Have the funder walk around your project site and talk to different people to get a feel for the activities undertaken. If it is not possible to visit the site or activity, have beneficiaries meet the funders to recount their experience.

A success story highlighting a particular lesson or result and profiling a beneficiary may help the funder have a better picture of your activities.

Ask for their feedback and any technical assistance or connections to similar projects. Request that the funder share their report so that you can use this to establish credibility with other funders. The key to reporting to funders is to develop trust through accountable practices to engage in a long-term relationship.

State of California
Office of Community Partnerships and
Strategic Communications

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