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Obtaining Grant Funding

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Introduction

Entrepreneurs and value-added agriculture enterprises can find great potential in grant funded projects. Grant funding can ease the financial strain of a new business start-up, increase chances of profitability, and assist the expansion of existing business enterprises.

Obtaining grant funding, however, can be a difficult process. First, an applicant must have a firm understanding of different types of grant programs[1]. With that knowledge, an applicant can then appropriately pursue grant funding. By putting together a strong proposal and application, applicants can significantly increase their potential to receive grant funding.

Note: Information presented here pertains to a broad and general range of grant programs. This material may or may not be applicable to all grant programs.

Terms

- Grant: *A giving of funds for a specific purpose*
- Proposal Narrative: *A written overview of the intended project*
- Application Packet: *The total packet of application materials submitted to a granting agency*
- Questionnaire: *Application section containing basic information about the applicant*
- Applicant: *The entity submitting a grant application*
- Grantee: *The receiver of grant funding*
- Grantor: *The giver of grant funding*
- Eligibility: *Stipulated requirements as set by a grantor*
- Criteria: *Standards or rules on which grant funding is dependent*
- Match: *Funds made available by applicant*
- In-Kind: *Match provided through goods or services instead of cash*

Common Sections of Grant Application Packets

Questionnaire

This section is generally very straightforward. The questionnaire portion can ask for information such as name, contact information, organization history, etc. Also asked in this section can be financial and tax information. Some grantors also require applicants to have a Federal Tax Identification Number, also called an Employer Identification

[1] Full explanations of grant programs can be found in *Understanding Grant Programs.* CPA Information Sheet # 130. Benjamin Sanders. January 2007.

Number (EIN)[2]. Also required may be a DUNS (Data Universal Numbering System) number[3].

Executive Summary

The executive summary can be the most important part of a grant application. It is a short summary of the entire proposal. Application readers often review this portion first so a strong executive summary is vital. An executive summary should adhere to the following:

- Limited to one page
- Brief description of the organization making the request
- Linkage of the organization's background and proposal purpose
- Description and overview of the proposed project
- Implementation plan for project
- Expected results
- Brief summary of budget: total expenditures and requested grant funds

Proposal Narrative

This section fully explains the proposed project. A quality application should contain the following six elements[4]:

1. Introduction to the Organization/Individual
    - History
    - General purpose
    - Objectives as they relate to this project
    - Background of organization and explanation of how this organization/individual is capable of carrying out the project
    - Past accomplishments

2. Statement of Problem or Need
    - Start with a generalized goal/need (i.e. to make more money, start new business, etc.)
    - Move to specifics for this project (i.e. specific enterprise intended, initiative, project goal, etc.)
    - Discuss how this project will meet that need

3. Project Goals and Objectives
    - Discuss specific goals for the intended project
    - Discuss measurements of success

4. Methods, Schedule, and Plan of Action
    - Discuss specific actions that will be taken
    - Discuss who will be performing the work- their background, qualifications, etc.
    - Outline agenda and timeline for project

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[2] Information is available at http://www.irs.gov/businesses/small/article/0,,id=102767,00.html

[3] More Information is available from *Obtaining a DUNS Number*, CPA Information Sheet #134. Benjamin Sanders. January 2007.

[4] Adapted from http://www.seanet.com/~sylvie/grants.htm

5. Evaluation Criteria
    - Discuss how progress will be measured and evaluated
    - Discuss how records and information will be kept for project
    - Provide a description of how the final outcomes will be reported to the granting agency

6. Budget
    - Use as much detail as possible
    - Use supporting documentation as much as possible
        - Bids and estimates
        - Loans/lines of credit
        - Matching funds
    - Use accurate market values when estimating

Matching Funds

By committing their own resources to a project, applicants exhibit that they are dedicated to the project. This can be a very important factor to grantors.

Many entrepreneurs find it hard to generate matching funds for a project, but those same entrepreneurs often think of matching funds only in terms of cash. Matching funds can often come from a variety of sources, including:

- Personal investment (cash)
- Loans
- Other grant funding
- Other cost-share funding
- In-kind contributions
- Pre-existing expenditures (accounting fees, bookkeeping, space costs, etc.)

Support/Endorsement

Third party support and endorsement can add strength and validity to a grant application. This support can come from a variety of sources. For example, an entrepreneur's project for a local business enterprise might utilize letters of support from the local Chamber of Commerce, local government officials, economic development entities, Small Business Association (SBA), or other such groups.

Many of these entities are familiar with grant applications and, if familiar with an intended project, are glad to provide a letter of support.

Grant Writing Tips

- Paint a clear picture of the intended project. After reviewing an application, a grantor should have a solid understanding of the organization/individual and intended project.
- Exhibit a comprehensive understanding of how to achieve the project goals.
- Liberally describe available resources.
- Describe possible barriers and setbacks. One goal of a quality application is to answer all questions a grantor may have, especially concerning potential problems.

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