

IOWA COMMUNITY FOUNDATIONS INITIATIVE

GUIDE TO EFFECTIVE  
**GRANTMAKING**

*A resource guide of best practices collected from national research, regional community foundation partners and Iowa community foundation leaders.*



FOR GOOD.  
FOR IOWA.  
FOR EVER.



# WHAT IS GRANTMAKING?

*There are 130 community foundations in Iowa serving each of the state's 99 counties. Community foundations are important partners in ensuring Iowa communities are great places to live, work, raise families and retire.*

## COMMUNITY FOUNDATIONS PLAY THREE IMPORTANT ROLES IN THEIR COMMUNITIES:

- Working with donors
- Awarding grants
- Providing community leadership

*This resource guide is intended to support the second role of community foundations' work: **grantmaking**.*

*Generally, the information in this guide pertains to unrestricted grantmaking programs – such as those awarded through the state-legislated County Endowment Fund Program. However, many of these principles can be applied to other grantmaking and donor relations activities conducted at community foundations.*

*This guide is to be used annually to help improve your community foundation's grantmaking process and fine-tune your strategies. This guide is to be used within the parameters set by your host community foundation. Any changes in process or procedure should be discussed and approved by your host community foundation.*

Grantmaking is a process by which foundations and donors award dollars to nonprofits and charitable causes. The grantee organization commits to using the funds for a specific purpose, as outlined in their grant proposal and, in turn, in a formal grant agreement between the grantee and foundation.

## How is community foundation grantmaking different than other foundations' grantmaking?

Community foundation grantmaking:

- must be broad, available to multiple grantees and not limited to a single priority area or constituency
- must be awarded through an open, competitive process that seeks to address varying and changing needs within a community
- must be made available to the public, to solicit the greatest number of proposals possible
- should be reviewed by a committee or the board of directors

## How do host community foundations support the grantmaking process for affiliates?

In Iowa, host or stand-alone community foundations that are accredited through the National Standards for Community Foundations are responsible for:

- performing due diligence to ensure that grants are awarded to charitable organizations and used for charitable purposes
- ensuring their board of directors formally approves all grants
- ensuring execution of grant agreements and proper documentation of grantmaking applications, reviews, correspondence and evaluations
- managing funds and processing grant checks

Some host foundations may also provide staff to support affiliate grantmaking processes, online grants software and additional supports to strengthen the grantmaking processes in their affiliate counties.

## WHY

Community foundations have several tools they can use to support their community's needs and priorities. Grantmaking is one of those tools. The most effective grantmaking occurs when community foundations establish grantmaking priorities. Priorities should be determined by understanding the needs of the community and what can realistically be accomplished with the dollars the community foundation has available for grantmaking.

**Your community foundation can determine priorities using the following strategies:**

- 1 Conducting a community needs assessment—independently or with another community partner
- 2 Reviewing existing community plans, needs assessments and community reports
- 3 Collecting feedback from residents, key stakeholders and community leaders

## WHAT

Once you understand your community's needs, you must determine what you want to accomplish. First, focus on priorities identified by your community members and then determine the other criteria that will increase the likelihood an applicant will be funded.

**Does your community foundation prioritize grants which:**

- Create community impact and change
- Leverage additional funding
- Bring partners together in a collaborative effort
- Have previously been supported by your community foundation
- Raise the community foundation's visibility in the community

All of these factors, as well as your priorities, will be used in crafting your grant guidelines (see page 4).

## WHO

In Iowa, affiliate advisory committees or affiliate grant committees review proposals and make funding recommendations to the host community foundation's board of directors for final approval. Regardless of the structure, it is important to ensure diversity in the makeup of reviewers. Consider the following questions when recruiting and selecting reviewers:

- Do we have diversity in age, race, gender, occupation and skills?
- Do we have community partners and leaders engaged in our review process who have strong community connections?
- Is there representation of various communities throughout our county – both rural and urban?

Often times, reviewers also sit on boards of applicant or grantee organizations. As such, the community foundation must adopt a policy regarding the disclosure of conflicts of interest so that no person on the review committee can have undue influence over a specific grant application/award. Conflict of interest forms should be completed before the review process.

Just as boards have term limits, affiliate advisory committees should as well. According to BoardSource, the average number of nonprofit board members is 16 and the most common board member term structure is two consecutive three-year terms. Affiliate advisory committees, in partnership with their host community foundation, should determine term limits for their affiliate advisory committees and review committees.

Term limits on committees are recommended to bring fresh perspectives and ideas into the process. As such, committee recruitment is an ongoing process. Bringing people on as committee reviewers can serve as an effective recruitment strategy. This allows people to get their feet wet in the review process before joining the full affiliate advisory committee.

## WHEN

Community foundations can administer their grant process anytime throughout the year. Many County Endowment Fund Program counties choose to open their grant cycle in the fall, after they receive their funding. This is also good timing for nonprofits that are working on year-end fundraising and planning for the upcoming calendar year.

Alternatively, nonprofits that operate on a fiscal year beginning July 1 may benefit from the timing of a spring cycle. No matter when you do this work, be sure to streamline the process for the applicants and your reviewers so decisions can be made in a timely manner.

## HOW

County Endowment Fund Program grants are required to be awarded through a competitive grantmaking process. The community foundation sets up an open and competitive process for eligible applicants to submit proposals that fit specific criteria. The community foundation should specify definitive time frames and a clear process for submission.

It is encouraged that community foundations balance reactive and proactive strategies as part of their competitive process. This allows funders to support projects based solely on submitted requests, while at the same time creating space for the foundation to practice community leadership. Proactive work can include partnering with nonprofits on a specific project or hosting community conversations to educate nonprofits about community needs. Proactive or reactive, all grant proposals should be submitted through the competitive grant application process.

**The following pages detail the components of the overall grantmaking process including:**

- Grant guidelines
- Applications
- Grant review
- Reporting and evaluation

# GUIDELINES

Grant guidelines are a critically important document in the grantmaking process. Guidelines help inform nonprofit applicants of the community foundation's priorities and guides the development of their proposals.

It is recommended that grant guidelines be as detailed as possible, while maintaining clarity and keeping guidelines as concise as possible. In addition, positive and welcoming language should be used, while still addressing the necessary details.

Below are the elements you should consider including in your guidelines.

## INTRODUCTORY INFORMATION

- Provide an overview of your community foundation or affiliate as an educational opportunity to help people understand the work you do beyond grantmaking.
- Clearly define your priority areas and the impact you are hoping to achieve in your community.
- Share an overview of the grant process and timeline including: date the grant period opens, date the applications are due, date the applicants will be notified of decisions, and date the reports are due.

## ELIGIBILITY REQUIREMENTS

- Define eligibility clearly to prevent wasted time/effort for both the applicant and your reviewers. You might consider defining the specific IRS codes that are eligible to apply (i.e. 501(c)3).
- Share examples of what will and will not be funded.
- Share examples of projects your community foundation has funded in the past and why.
- Include an explanation of what a fiscal sponsor is, what their responsibilities will be and a sample fiscal sponsorship agreement that will need to be completed if the applicant is not a 501(c)3.

## REQUEST DETAILS

- Share the projected amount available to be awarded in the grant cycle.
- Provide the minimum/maximum amount that can be requested—or provide a range.
- Define the match that needs to be secured by the grantee.
- Define the different types of grants you will or won't fund (i.e. capital vs. program).
- Use a specific project budget template that is streamlined and does not seek information the grant committee will not use in their review process.


## TYPES OF GRANTS


County Endowment Fund Program grants are to be categorized as either:


**Program-Based:**  
*operational, activity, general programmatic support*


**Capital-Based:**  
*the building or physical improvement of something*


In addition, each grant should be coded as one of the following:


 **Arts/Culture/Humanities:** *Museums, historic preservation, etc.*


 **Education:** *Schools (all ages), adult learning programs*

 **Environment/Animals:** *Environmental protection, beautification, animal-related issues*

 **Health:** *General, rehabilitative, mental, etc.*

 **Human Services:** *Public protection/safety, recreation, youth development, social support, general human services*

 **Public/Society Benefit:** *Community improvement development, philanthropy/volunteerism, capacity building, civil rights, etc.*

 **Other:** *Use category only if the grant cannot be categorized in one of the above ways*

Some community foundations strive to provide funding in each of these priority areas, while others choose to focus in on a set of key priorities.

# APPLICATIONS

*The grant application questions help your grant reviewers get the information they need from applicants to make decisions. Ultimately, the grant review process should align with the questions used in your application.*

*It is recommended that application questions are limited, straightforward and solicit the information needed for reviewers to make informed decisions. Many community foundations have benefited from moving to a one-page application format.*

*Below are some general best practices and suggested questions to ask in your grant application.*

## PRE-APPLICATION PROCESS

In an effort to solicit strong grant proposals, your community foundation might consider requesting a letter of interest (LOI) or short pre-application from applicants for review before you invite them to the full process. This initial touchpoint is a good way to provide feedback to the requesting organization in advance of the grant deadline and aids in being both open and responsive to the nonprofits in your community. This process does take extra time on the front end, so be sure to discuss with your host community foundation the organizational capacity to integrate a pre-application process.

## APPLICATION REQUIREMENTS

- Consider an online grant application process for consistency, accessibility and administrative ease. Some software programs used by Iowa community foundations include Community Force, Foundant, FIMS and Gifts Online. Check with your host foundation on whether you can utilize their system.
- If the applicant is not a 501(c)3, obtain a completed fiscal sponsorship consent form.
- Consider seeking only a project budget and not an organizational budget which can be more information than reviewers need. Seek only the financial information you need and use during the review.

## SAMPLE APPLICATION QUESTIONS

- 1 How does this program/project benefit our county/ community? (*need*)
- 2 What are your goals/objectives? (*intended results*)
- 3 What does success look like? (*measurement*)
- 4 Who are your partners on this project? (*collaboration*)
- 5 What are your other funding sources for this program? (*leverage, match*)



*“The Fort Dodge Community Foundation strives to make it easy for nonprofits to apply for our grants. We have designed our grant applications to be short and concise. Our objective is that applicants can complete their application in 30 minutes or less. This also makes the process for reviewers much less cumbersome, allowing them do a better job evaluating proposals.”*

RANDY KUHLMAN

CEO, Fort Dodge Community Foundation and United Way

## TIPS

- Consider hosting an annual meeting or webinar in advance of your proposal due date for nonprofits. You can use this time to:
  - Build relationships with applicants on the front-end
  - Review guidelines, priorities and process
  - Demonstrate how to use your online grants system
- Review your application questions annually to ensure relevance.
- Remember less is more:
  - Right-size the number of questions in relation to the size of grant they will receive (i.e. smaller grants should require less information)
  - Use character or word counts for responses
  - Limit the number of attachments you require

# GRANT REVIEW

The grant review process typically begins with each reviewer reading and scoring proposals. This process is usually guided by a rubric. A rubric is a scoring guide used to evaluate a proposal.

It is encouraged that reviewers also submit comments along with their scores to build context around why a proposal may or may not be funded. These comments can be used by staff in communicating back to applicants. The next step is a joint discussion of all grant reviewers. The meeting should follow a clear process and be guided by a skilled facilitator. A strategic decision must be made about how the committee wishes to utilize their budgeted dollars. For example, the intention may be to award several small grants or fewer large grants.

Many community foundations have found larger grants to be a more impactful way to support nonprofits and community priorities. These have been classified as tidal wave, focused or leadership grants at community foundations across the state. These larger investments have the potential to be transformative for nonprofits and communities.

## SAMPLE QUESTIONS TO GUIDE YOUR REVIEW DISCUSSION

- 1 Does the proposal align with stated funding priorities?
- 2 Does the proposal seek to address an identified community need?
- 3 Are the goals, objectives and timeline realistic?
- 4 Are there concerns around financial stability?
- 5 Does the project leverage local, state and/or national dollars?
- 6 Does the proposal build on community strengths and partnerships?

These questions will engage reviewers in a rich discussion to make sound, informed decisions. It can also help reviewers consider perspectives that may be different than their own.

**REMEMBER:** The questions you use for your review should align with the questions that were asked in your grant application. You should not use criteria to review applications if you did not give the applicant an opportunity to respond to it. Sample scoring rubrics can be accessed at [www.iowacounciloffoundations.org](http://www.iowacounciloffoundations.org).

## POST-REVIEW

Communication with applicants following the grant review is a critical step in the process. In addition to communicating with those who will receive grant funding, it is equally as important to connect with those who will not be funded. Use this as an opportunity to:

- let applicants know why they were not funded
- help nonprofits understand what makes a strong proposal
- connect nonprofits to other resources and funders

This open, straightforward communication not only benefits applicants, it also strengthens your relationships. Ultimately, these conversations may produce a stronger docket of proposals for your community foundation to review in the future.

## SPOTLIGHT: TIDAL WAVE GRANTMAKING

“During the early years of the Community Foundation of Greater Des Moines’ grantmaking, the approach was to sprinkle grant dollars across a variety of causes and projects. These were small grants, in terms of dollars, that supported the creation or sustainability of programs and operations.

During strategic planning, staff and board members reflected upon research that was being conducted in the community foundation field. Community foundations across the country were increasingly positioning themselves as community leaders and drivers for catalytic projects that

benefited the communities they served. This leadership-based grantmaking model helped our board of directors redefine our grantmaking philosophy and established our Leadership Grant program. This program focuses on making tidal wave investments in the community. Fewer grants, larger dollar amounts and targeted investments in the community.

Some of our affiliates have also started to experiment with their own versions of our Leadership Grant model. The Hardin County Community Endowment Foundation’s advisory board has started allocating a percentage of available

grant dollars specifically for tidal wave grants. The first was awarded to support the Iowa River Trails expansion. This 34-mile trail network has created a world-class recreational experience for Hardin County residents and beyond.

For community foundations to be good stewards of donors’ gifts and remain relevant in the community, our grantmaking programs must focus on creating tidal waves of change.”

– **JOE SORENSON**  
VP of Affiliate Relations  
Community Foundation of  
Greater Des Moines

# REPORTING & EVALUATION

Just as the length of the application and number of questions asked should align with the size of the grant awarded, so should the reporting requirements. Reporting should not be burdensome for grantees and should foster dialogue between the funder and grantee to provide learning for everyone involved.

## SAMPLE GRANT REPORT QUESTIONS:

- 1 What was your project or program?
- 2 Did you meet your goals?
- 3 What impact did you make in the community?
- 4 What did you learn?
- 5 What might you have done differently?
- 6 What will this work look like moving forward?

Regardless of the information you are collecting from grantees or how you choose to collect it, be sure your grant reviewers are spending time reading the reports and learning from the programs/projects you fund.

***This is a critical part of the process that can help improve communities and strengthen future grantmaking.***

**REMEMBER:** Impact is not solely measured by numbers. Your understanding of the community and observation of change is a valid method for assessing impact. You might consider taking a retrospective look at your grantmaking every 3-5 years to:

- Examine the priority areas you are funding over time
- Identify the patterns in your grantmaking
- Understand where your grantmaking has made a difference



*“As a result of our involvement in the Iowa Council of Foundations Openness Cohort, Greater Poweshiek Community Foundation began conducting site visits for approximately 1/3 of our grantees annually. These site visits have provided rich information about the program that was funded and about needs in the community served, and at the same time has given our grant reviewers and board members a stronger appreciation for the entire county we serve.”*

NICOLE BRUA-BEHRENS  
Executive Director  
Greater Poweshiek Community Foundation

## SITE VISITS

Community foundations might also consider conducting a site visit as part of their grantmaking process. There is no perfect time for a site visit as part of the grantmaking process; therefore, it is important for your community foundation to determine the goals of your site visit and select the time of visit based on what you are hoping to accomplish. There are three distinct times when a funder may conduct a site visit:

### PRE-GRANT

This site visit can serve as a tool for your community foundation to get to know an organization, to better understand their needs or as a way to build upon the written proposal the nonprofit submits.

### MID-GRANT

This site visit can serve as an opportunity for a funder to check-in on the progress toward grant objectives and outcomes, to course correct for the remainder of the grant period and/or to see their dollars in action.

### POST-GRANT

This site visit can serve as a grant evaluation or reporting process at the end of the grant period to collect feedback from the grantee.

There are various benefits to conducting site visits including:

- Building relationships between grant reviewers/ board members and nonprofits/grantees
- Providing additional information to your grant reviewers/board members
- Allowing nonprofits a platform to highlight their success and additional needs
- Encouraging future dialogue and collaboration amongst everyone involved

## AN ANNUAL PROCESS

It is encouraged you use this guide annually to help review your full grantmaking process to make changes and improvements for the benefit of your community foundation, grant reviewers, applicants, grantees and community. A thoughtful approach to grantmaking can help your dollars make the most impact and truly transform the nonprofits and communities you serve. There are several resources available on our website, including:

- Sample grant guidelines, applications, rubrics and evaluative reports
- Access to regional and national reports and resources
- Historical information about the County Endowment Fund Program

## SUPPORT

Your work is also supported by a peer network through the Iowa Community Foundations Initiative. If you are interested in how something works at another community foundation in Iowa, you can email your inquiry to: [info@iowacounciloffoundations.org](mailto:info@iowacounciloffoundations.org). The Iowa Council of Foundations staff will distribute the question to the Iowa Community Foundations Initiative network, collect responses and share them back with you. You can view past colleague inquiries and responses on the ICoF website as well.

And, as always, your host community foundation and the Iowa Council of Foundations staff are available to help answer questions, provide guidance and serve as a resource to you.

## SOURCES

- Community Foundation Boot Camp: 2017 Resource Book | Indiana Philanthropy Alliance
- Community Foundation Fundamentals Course | Council of Foundations
- Feedback collected from Iowa community foundation leaders
- National Standards for U.S. Community Foundations | [www.cfstandards.org](http://www.cfstandards.org)
- BoardSource | [www.boardsource.org](http://www.boardsource.org)



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Iowa Council of Foundations  
Mailing: 6919 Vista Drive, West Des Moines, IA 50266  
(515) 989-1188  
[info@IowaCouncilofFoundations.org](mailto:info@IowaCouncilofFoundations.org)  
[www.IowaCouncilofFoundations.org](http://www.IowaCouncilofFoundations.org)  
[www.IowaCommunityFoundations.org](http://www.IowaCommunityFoundations.org)