

Writing Budgets for Grant Proposals

Video transcript

- [Rebecca] Good morning, everyone. Welcome. We're so happy to have you here today. I'm Rebecca Martin, and I'm with the grant facilitation team at the Rutgers University Bloustein School of Planning and Public Policy. And we are excited to have you for the budgeting workshop that's going to be presented by Liz Hayden and Nick Torres, who are involved with our IHC cohort three initiative that is done by Woods Services. We're really excited to have them come here to do this for you today.

Before we get started, I have a few housekeeping notes. We'd like to let you know that the training will be recorded. We have enabled captions for the event and we have ASL interpreters who will be spotlighted for all users. There will be a time for questions and answers toward the end of the event. And then you can feel free to add any questions that come up for you during the event in the chat. And at the end, you'll be able to unmute and ask directly or put them in the chat if you prefer. And then, I think also there will be a few materials that they will place in the chat for you when you need them in the presentation.

And then finally, I would like to express our deep appreciation to Peri Nearon and her team at the New Jersey Division of Disability Services for making this training series and the IHC grant possible. So now without further ado, I'm going to turn it over to Liz and Nick. Thank you so much for being here with us.

- [Nick] Well, thank you, Liz. You want to go first?

- [Liz] Sure. I just wanted to say thanks so much for giving us the opportunity to do a little, not so deep a dive, but more of a Budgeting 101 kind of overview. So our agenda is that we're going to give an overview of different kinds of funding streams and some strategic things to think about that will be started off by Nick. And then I will follow up with showing an example of a budget template and then a completed budget using that template and sort of talk through the choices that I made to complete that budget and why and some of the components of a typical budget. So that is our plan for today.

And just as by way of quick introduction, as Rebecca said, Woods System of Care and Woods Services is a current IHC grantee. And we're working on a health equity project for people with disabilities. And I work in strategy development. So I do a fair amount of grant writing and program development as part of my role. And then Nick is working with us as a consultant on our IHC project and some other projects and has... Why don't you go ahead and say a word about your background?

- [Nick] Well, good morning, everyone. So I'm Nick Torres. I'm kind of presenting on the more of my work within social innovation, social enterprise. I also teach non-profit leadership at the Social Policy and Fels Institute of Government at University of Pennsylvania. And part of what I'm going to start with is really framing, sort of, not just a traditional grant that you may write, but sort of challenge you to think a little bit outside the box because there's more funding sources for that. But then Liz is going to take you back down to reality and say, here's what an academic grant goes into and how foundations think about it.

But with that, just going to kick it off. I put in a reference where you can follow the link towards it, but I'm going to share my screen. I'm also going to play a couple of videos for you simply because we've pre-recorded some of these things. And it's just, we're not going to give you the whole thing, but just to highlight certain things. But what the link I just gave to you is a resource. We published a book, though, sort of a social entrepreneurship playbook. And it kind of takes you through a process of thinking when you want to get something launched or so.

But the first one I'm going to start off with is, to a colleague of mine, is really talking about there's different sources of funding outside of grants. And just to kind of expand your mind and saying, whether you're just going for philanthropy or government, but to have, how do angel investors or venture capitalists kind of think? So I'm going to start with that. I'm going to skip around a little bit and then I'm going to go into, I think the most one is the financial modeling, which is me speaking. I just, it's just better with the recording because I have visuals and stuff in the recording that we'll kind of talk... And then we're going to pause for a little questions and then I'll jump into a spreadsheet and give you a resource within that. But without further ado...I'm just going to jump to...

- [Mike] My name is Mike Clark from Social Innovations Partners, and I'm going to be speaking with you today about sectors. This is very important to find out where your venture fits in the funding ecosystem. We are very familiar with traditional non-profits on the far left,

organizations that don't have a profit motive and rely mostly on grant support. But there's four other buckets in the ecosystem. There's a whole spectrum of other ways where you can position your social venture to achieve investment and potential scale and ultimately impact the lives of the people that you're serving for whatever outcome you're intending.

Non-profits with an income-generating model are an example of an organization where you would have a customer but still would need some philanthropic or grant support to shift some of the risk in gaining investments and attracting those customers. So in this bucket, grant support is still on the table, but you can also seek potential equity from foundations, types of loans and cash infusions. For profit social venture kind of moves the needle a bit on the non-profit, the traditional non-profit model. You're stepping your feet, so to speak, into the for-profit social venture world.

There's some very interesting types of funding and financing that for-profit social ventures can take on. Loan guarantees are becoming a much more common practice, especially in the philanthropic community, to provide backing for potential debt. And then similar to the non-profit with an income-generating model, the equity and the types of loans and cash infusions. Socially responsible businesses, you might have heard of B corporations, benefit corporations. Benefit corporations are a distinction that are, they're a legal distinction, just like a 501c3 or an LLC, that most states at this point have passed. You can register as a benefit corporation in Pennsylvania, Delaware, other states, and that would signal that you are a socially responsible business. Having a B Corp certification is another step in the process where you're certified by B Lab meeting a series of metrics and a host of metrics. You could be an LLC and still be certified as a benefit corporation through B Lab as a distinct certified body. Traditional for-profits, this would allow you, if you had a model, this would mainly be a...

– [Nick] So this, basically I just wanted to show you this and saying is, like, even though we're in the traditional profits, the non-profit or for-profit is just a legal status. You, as a non-profit, can also operate as a for-profit if you have an earned-income model. So just kind of wanted to give you this framework. At Woods Services, for example, they started a bunch of social enterprises for the IDD population, in which case they're running businesses and they're giving work experience and jobs to the IDD population. So that's an income-generating model. But just to think it's not just grants. So now I'm going to skip ahead just to a visual, just to kind of put it a little bit more in context.

- [Mike] This is the general range of impact investors.

- [Nick] And Mike talks about impact investors. These are private investors who are investing in the social sector. And so, just think about how they think about it because they care about their financial returns, but they also care about their social returns. And oftentimes it's social impact first. And so, they may be an opportunity for investments.

- [Mike] And you see on the top-right corner is where the financial-first investment meets impact-first investment. What we generally define as impact investing. Philanthropy seeks social impact primarily first, where financial-first, traditional for-profit investing, seeks financial returns. So this is really thinking about... As you grow your venture, you're thinking about how do you blend and prove social outcomes? And then what is the, what is your place in the financial returns that you're going to have? It could be sustainability. It could be simple repayment of a grant. It could be subsidized as well, depending on how high of an impact you're having. Grant support isn't totally inappropriate at this point, depending on your ability to prove social outcomes.

- [Nick] So now I'm going to shift over to one sort of thing and back to the foundation world. So foundations do more than just give grants. They also have funding and revenue sources, which is program-related investments, PRIs, or mission-related investments. So there are other opportunities to get money from foundations. So just to finish this off a little bit, let me...

- [Mike] ...some of the tools that are being used to scale social ventures. Program-related investments are deployed by charitable foundations. Charitable foundations are traditionally required to give 5% of their assets of the year to charity. Program-related investments allow charitable foundations to invest in for-profit social ventures. And it still counts against that 5% as long as it's aligned with their mission. There are social ventures and social entrepreneurs that are becoming very savvy at taking on program-related investments to seed and scale their ventures. Mission-related investments speak to the other 95% of assets and charitable foundations. Charitable foundations, especially those like the...

- [Nick] So just a clarification on the program-related investment. So they, a foundation can give you, they can give you a traditional grant, which you don't have to pay back. They can also give you a program-related investment when they may say is like, if you reach the...you might get some of that money back, but if you do not, you're not successful, they can shift it back over to their grant making, so less risk averse. This mission related investments is really to say, where do they put their total proceeds, their corpus or their endowment, where it's invested in Wall Street or so and saying... But some of them, foundations, are shifting and saying, oh, we'd rather invest in our non-profits and that, and so, but it's, but they do expect a financial return.

- [Mike] The Mission Investors Exchange, the Global Impact Investing Network and other groups are looking at creative ways to deploy the 95% of assets in charitable foundations that are meant for capital preservation.

- [Nick] Okay. So I'm going to stop sharing and then reshare just to get you a different video, but hopefully that gave you an understanding of saying the world is much bigger than just grants and I think for you to be successful, sometimes it's better to tap into those different, those different opportunities. But now, let's bring it back down to say, so this financial video modeling, so it's going to talk to you through, it's like first as a non-profit, you should understand your financial model source. And then it's going to say, it's like, and how do you start thinking like a business because there are many people out there who are operating like a business and oftentimes your direct competitors. So we're going to show this video and then I will show you a quick template and then turn it back to...

- [Nick pre-recorded] Hello, I'm Nicholas Torres from the Social Innovations Journal Institute and Lab. And I'm here today to talk to you about financial modeling in the social sector. When talking to social innovators or social entrepreneurs, we asked them to consider alternative revenue sources. When we say alternative, we mean alternative to philanthropic or governmental grants. Sources of alternative revenue sources could be the direct consumer, contractual, which is different than grants because contractual implies that they are contracting you for a service that they need versus a grant is something they give you to provide a service to an end consumer.

Or you might consider for-profit revenues, which you might run a for-profit company and then the excess revenues could be deployed for the non-profit or social sector impact. Philanthropic and governmental grants, although important, may not be your only source of revenue. So by exploring these alternative revenue sources, you are answering that question. The ultimate goal is by exploring these revenue sources, it may result in full independence or maybe partial independence of philanthropic or governmental grants, but you will not know until you ask these particular questions.

How do you do this? Well, the first step is to first understand what is your current funding model. Bridgespan did a study and published it in the Stanford Social Innovations Review about non-profit funding models which resulted in 10 primary models that you should know which one you fall into because it starts as a baseline of what is your financial model. The first is a heartfelt connector, which is similar to the Komen Foundation. It's individual funding sources and your tools include special events, corporation sponsorships, or direct appeal. The second is the beneficiary builder, which are similar to universities. Again, individual funding sources, but their tools are fees or major gifts. You've got your member motivator, which is similar to National Public Radio. Individual funding sources, again, membership-based fees, special events, or major gifts. You've got your big bettor, which is medical research, which again is individual funding sources and it's usually major gifts.

Now we shift over to governmental funding. Your first is public provider, which is human services organizations.

- [Nick] I'm going to assume most of us here are probably public providers and that is a funding model, but sometimes you can look at these other ones for some diversification.

- [Nick, pre-recorded] Your tools include government grants and sometimes fees, your policy innovator, which is usually advocacy organization. It's government funding, but now it might be a line item or a special pilot project or a study versus a reoccurring cycle of grantmaking. You've got your beneficiary broker, which is usually your community development organizations, still government funding, but now it's governmental reimbursement. You've got your resource recycler, which are your food banks and volunteer organizations. It's usually corporate funding and it's usually in-kind giving. You've got your market maker, which is your environment or conservation organizations, usually mixed funding. Their tools include fees and corporate or individual major gifts, such as land.

Finally, you've got your local naturalizer, which is like Teach for America, Big Brother, and Boys and Girls Club. It's also mixed funding and it includes major gifts and special events.

- [Nick] Part of that is to say that what Bridgespan learned is to say non-profits who grow, they just do better at what they do. Understanding your model, that's where you should continue growing. Diversification, although a good tool, was not the answer of which non-profits grew financially.

- [Nick, pre-recorded] Understand that baseline, we can move into step two. In this step, we asked the social innovator or entrepreneur to understand the business behind your industry really to encourage them to study the business because it's possible that somebody or some organization is making money off of the industry outside of government or philanthropic.

Now we look at first question says, how does money flow within your industry? Who is making money within the industry? How are they making money in the industry? An example may be health care. The individuals making money in health care are usually those authorized governmental providers. That, who's authorized within health care, you've got federally qualified health centers, for example, you've got hospitals, but you also have individuals who can bill insurance companies or government for the services they provide. Those would be, of course, your primary care physicians, your doctors, and your nurse practitioners. For example, in the higher education industry, you've got approved colleges who are accredited by different accreditation industries. Because of that, they can receive the financial state and federal financial aid dollars. We know they're receiving those particular dollars and then they're deploying them to the delivering of their particular service within their target markets. Those are examples of understanding who is making the money for that.

One last example would be the food industry. We know at one end we have the farmers who are producing the foods and we know on the other end we have the grocery stores and/or restaurants who are distributing the food. But there's a lot that happens in between. We need to understand how does money flow from that in between? Who is making the money and how are they making the money? Because then by understanding this, we may

be able to insert our social innovation or enterprise and figure out a financially sustainable model.

So as we move to step three, we now can consider alternative revenue sources. So direct consumers. The big question behind direct consumers, especially if your model is trying to serve a population that may not have the economical needs, the question to consider is can they pay full or partial to the cost of your product or service? In our experience, it's been they can pay partial but it's important to understand what they can pay and make it part of your model as it not only brings in some revenue but it proves that you have value to that particular consumer. Contracts. So rather than submitting for a grant, we would encourage you to consider a contract. A contract is something that government or will contract you out to you for that particular service. And because of that, you're helping reach that social impact goal.

And the last, which we don't encourage as much, is would you consider becoming a governmental authorized agent to receive the public dollars? Again, you can become a college, an accredited college. You can become a federally qualified health services, but it's usually a very difficult and timely process and they already exist. So you may better benefit yourselves and achieve your social impact by being a subcontractor.

An alternative model that some social innovators or entrepreneurs use is a for-profit model in which the excess revenues are used to pay for the operations of the non-profit. An alternative funding also would be a social impact bond. So the way social impact bonds work is you attract private investors who then invest the model. The non-profit or you would implement that model and if you achieve your social impact, the government pays back the private investor. So it's a very interesting model to explore but very challenging to get all parties to agree. But definitely worth exploring because you're delivering a social impact but ultimately there is zero risk to government unless you achieve that impact. So the first step in terms of doing this is once you understand your...

- [Nick] This is the spreadsheet I'm going to put in the chat box after this component of that. So just know you'll have this tool.

- [Nick, pre-recorded] ... the new models is to plot them. So we give you an example of plotting them for years one, two, or three. Somebody decided to take this out a little bit more to four or five and you plot your revenues whether they be consumer, contractual, philanthropic, you may put events in there, you may put donations, and then you plot them by year. Once you've done that then you can consider your expense...

- [Nick] So important for this is in normal grant writing, and and Liz will explain this more, is oftentimes we just write a grant and then we put a budget together. This actually encourages you to do the flip and say first of all look at all your revenue sources, find out how much money you think you project to earn over years, and then do expenditures against that. But as non-profits sometimes we say this is how much it costs, let's run around and try to find that, a grant might throw for it. So it just makes you consider put the revenues first and then your expenses.

- [Nick, pre-recorded] We ask you to consider your expenses by administration staff, program or operational staff, your actual operations, and then market development. Especially in startups, market development is important because you'll probably be investing more dollars initially until the market is established. Upon completion of plotting your revenues over expenses, you'll be able to graph them. The importance of graphing is that you will be able to answer a few key questions. You will be able to answer when you break even. If the lines do not cross and they never break even, it means that you will probably depend upon more philanthropic governmental grants. It also tells you what is your projected loss over what time period. This is really the startup capital you need and then finally what is your profits. Now if you have profits you have the choice to incorporate either a non-profit or a for-profit but if your profits depend upon philanthropic giving, you probably most likely should stay as a non-profit.

- [Nick] And this is the, and I'll finish with this one, this is just important to say if you move outside of grants and you move into foundations asking them for a PRI or MIR or if you go to these impact investors, they may give you this money in which case you're running at a loss understanding that you'll be sustainable moving forward in terms of that, but you have to really project this out. And again, non-profits are just a legal status and so grant writing can be both for for-profits or non-profits. So with that, let me pause, see if there's any initial questions, and then I will put that spreadsheet, so you have that tool, in the chat box, but if there's any initial questions before turning it over to Liz.

- [Liz] Super quick, I was just monitoring the chat and there were a couple of folks that would love to have access to this video or these videos. Are those available Nick?

- [Nick] Yeah, so the first I'll put it again in the chat the link. They're on our website... - [Liz] To the videos, okay that's great.

- [Nick] Yeah. And you are welcome to them. They do not have, I see that they do not have the text below it, so subtitles or something like that, but you'll just have to listen to them.

- [Liz] And there could be a method to slow the video down a little bit for people that...multiple times. So, yeah.

- [Rebecca] And which video was this in particular so that people can find the same video that you were just showing us?

- [Nick] That was, here I'll show you. And so, the one...two I showed you was this video, so if you go to Publications and Resources, they'll take you here. Those are the books. But the videos I showed you is Philanthropy and Government and then the video, the longer one I just showed you, was this one Financial Modeling. But other resources like if you want to be a social entrepreneur they're all free, so you can watch them whenever you want. -

[Rebecca] Thank you.

- [Liz] Do we want to pause for any questions about this portion? So questions could come in the chat or...

- [Emily] This is Emily. I was just asking if...wanting to ask the question, the Inclusive Healthy Communities grant, which category do they fall under? Are they just under the ... for non-profits? They would be for the non-profit sector not anything for-profit, is that right?

- [Nick] Correct, but for example, so you're government funded and the 10 funding models your would be one of the government or community impact ones, that is where you would fall. But, you know, if you use your model and you're really developing this like the ones that we're doing Woods, it's like we could, in a sense, we're creating training for health care providers. We could in a sense say, oh, maybe we want to develop this and maybe we give it away for free, or maybe you actually say you could actually sell these training models. That would be an earned income one, really, with the idea that you could turn that into a financially sustainable model so when government funding goes away, we may be able to sustain it because we're providing a technical assistance. It's really to get you to think that way.

- [Liz] So, what I thought I would do now is show a sample grant template and sort of talk through the strategy part of putting together budgets. Let's see if I can be successful with screen sharing... Okay, am I successfully sharing the screen?

- [Rebecca] Yes.

- [Liz] Okay, great, thank you for the feedback. Okay, so what I wanted to talk about, I was thinking about the best way to sort of talk about budgets and how to get really concrete with this discussion, but I wanted to start with the strategy first. So fitting in with what Nick was talking about, thinking about your organization and your organizational budget and then where a funding request will fit into that. So these are all things that are often asked for by funders. Every funder has a different requirement either for federal, state, county or private foundations, everybody has different requirements and what they want to see you show in your grant application and then and then in your budget. So I just decided to pick one that we've used for corporate foundations very similar to some of the private foundation grants that we've put together mainly because I wanted to show that there are often very typical categories that follow general accounting principles which then allow both the funders and you as a non-profit to track your funding according to sort of standard accounting guidelines.

So some of these categories, and I hope that the screen is large enough here. So some of the sample categories would be personnel, benefits for the personnel, so health care, health insurance, for example. Perhaps you have a need for program supplies for your program, office supplies and then you might have a program which requires you to purchase some services or hire a consultant to deliver part of the services, and then you

have your operating expenses like rent or utilities, and then other and insurance. Maybe you have the need to print or copy and we don't do that as much anymore, then you'd need to have telephone, computers, and your basic kind of operational things. You might also build in or be required to build in some conference money to travel to conferences as part of the grant. Sometimes that's a requirement from a funder or sometimes that's something you want to build into a project because you have a strategic need that you want to develop your staff professionally or it's somehow related to the project itself.

So the next piece that I want to share is a filled out... So sorry, this is taking me longer than I would like. So here is an example of the budget that is filled out, and I want to talk through a little bit about the components of the budget that I've included here and the why, why did I choose these items and why did I construct the budget in this way. So a little bit about this program, this is actually a real program although I've altered the budget to make it a little bit more generic. So this is...don't look at these salaries and react in any way because this is just made up for the purposes of this conversation. So this is for an after-school and recreational program that we operate that benefits children and youth. It's for a funder that requires it to only serve children and youth K through 12. So this is an after-school program that serves children and youth with disabilities, primarily intellectual disability, autism and other combinations of disabilities.

And so, what we have found is that we supplement the school day by an innovative program that combines recreation, learning, animal therapy, aquatics, and STEM club activities, which is science, technology, engineering, and math, and arts, so now we have STEAM in there. So we have a combination of learning and fun in this program and it serves about 250 children and youth. And I'm talking about the numbers served and the scale of the program because that also has to make sense with your budget.

So this particular funder, we have a relationship with so we can ask them right up front if they're not transparent about the funding range we can ask them, What do you think we should apply for? This is the program that we would like to ask for money to support. And so, this funder gives us a funding range. They say, You should ask for \$20,000. We guarantee nothing, but that's what you should apply for. So that is why I have chosen here in the column to the right under funding request, to ask for a total of \$20,000, which you can see at the bottom of the template.

So this funder also wants to see a total program budget. So they want to see the whole picture and they want to see how the funding request fits into that picture. So I, no matter what kind of template the funder may have provided to me, I always work with our finance department to create an Excel spreadsheet and to do the budget first in my own spreadsheet, in which I have replicated all of the categories and requirements. And I do that because even though I'm not the Excel whiz of the century, I really like Excel because you can plug in formulas and then if you say, I'm going to ask for a total of \$20,000, then that allows you to play with the numbers and the formulas to say, Well, maybe I want to add a little bit more in supplies or a little bit more in the personnel category. And then because it's in Excel with the formulas, it allows you to add and subtract very quickly so that you can make sure you're not exceeding the total or the funding limit that you're asking for or that they have limited by the funder.

So the other thing about showing the whole budget for the program is it really gives a picture of what you're doing and that may influence the funder to say, You know, this looks like a pretty high-quality program because it has all the right components. So the components typically of a budget usually include personnel. Personnel, people, are what make your program go normally and that's usually by far the greatest cost that you have. Unless you are constructing a building, usually personnel is the biggest expense that you're going to have in your budget, and that's true for most non-profits and true for most programs. So that's going to be the biggest part of the budget.

So you can see that we have, that shows the strength of the program, we have a director that oversees everything, we have a program manager that supervises the team, and then we have the staff who actually implement the program. And that shows the diversity of the kinds of activities that we're doing. So we have after-school leaders and recreation leaders that lead the different activities from the science activities to the other activities. We have animal therapy specialists, we actually have two of those. We have an equestrian assistant for the equine program, and we have an aquatics program so that is shown here as well.

Typically budgets want to have just the direct salaries in one section and then benefits identified separately. I do this for another reason because often funders will ask for a budget narrative to go along with whatever the budget template is or the spreadsheet. Sometimes they let you create your own budget format, but they often will ask for a budget narrative which I'm going to talk about in a minute. But the budget narrative requires you to

explain every line item with all the formulas and how you calculate everything. So for example, you would have to describe here...we would have to describe here each salary line item, how many people, are they full-time, are they part-time, what's the total salaries, and then the benefits portion would be separate and I would describe that separately. So having it separate on the spreadsheet allows me to quickly calculate each part of the budget to explain the budget in the narrative.

The second part of the budget would be all of the other expenses after personnel. So this budget is going to show how we run our program on the other side besides personnel. So we have a lot of expenses around personal care items, and snacks, and food, and supplies, so those are the main components of that part of the budget. And I've separated those out as direct program supplies and expenses as opposed to office supplies, which is a different accounting category that often funders want to see separately because that's sort of a little bit more your administrative costs. In the case of this program, we also have some purchased services. So we purchase memberships for our organization to different museums and parks so that we can have really great field trips. We also partner with a group in our county that provides a free summer concert series and year-round music for us, and then we have to pay for the transportation for the field trips.

So this brings me to another section of the budget, another category that often funders will ask you to include, and that is what other funding have you gotten for this program or what other funding are you planning to apply for, or do you have pending? So often, a funder will give you a spreadsheet that will ask you what is...where does the funding come from for this program or for your organization? Sometimes they will ask that too. So we have a separate grant that supports the partnership with the music conservatory, for example, and you can see that in the Other Funding column which is the fifth column. And so, here I have included it where we have Other Funds. And I didn't specify the funds in this grant, but there are other foundation, private foundation funds, that we've gotten to support this program and those funding sources have required that the funding support partnerships in the county. So that's why it's a perfect fit for our music conservatory partnership and why I've included it here on this grant template.

So overall, I think the big picture is, how does this funding fit in and why did I choose to allocate the \$20,000 request in the way that I did here? Because there are often choices, unless the funder mandates that you spend money on certain things, this is a choice that I

made to ask for the funding to support a portion of the animal therapy specialists. I felt that that would be compelling to the funder because they really care about this program and they really want to see the impact that this program will have on the students that we serve. And the animal therapy is a relatively new component for us. We've always had equine therapy. Animal therapy is new and we wanted to highlight that. So I chose to spread the ask around into different categories, so some for supplies and some for supporting the animals that are part of this program. And I felt that distributing it in this way would help us make a good case.

And that brings me to a main point, which is that your budget needs to tell the story of your program and it also needs to exactly match the narrative that you have written as part of the rest of the grant application. So I usually will start with a conversation with the team about the program and the project, and as Nick was talking about, what are the expenses overall and what are your revenues overall and where does this fit into all of that. And then we go through and figure out what it would cost us to run this program and kind of brainstorm all of that. But we need to make sure that we are telling the story of the program and ideally something about our agency even in the budget, but it has to match the narrative exactly. And so, once I start with the budget, then I can sort of tell the story about what we're doing, what is the mission of the organization, how does this program fit into the mission, and then when the funder is reading through the budget, they're going to see it all mirror each other.

So what I've said in the narrative that we're doing and the gap that we need to fill in terms of funding, this budget should show that. So we have funding for, you know, for all of the things. We've got other funding to support our partnership with the music conservatory, but really we would like to add another animal therapist because that would allow us to serve more children in our program. And that's the story that I can tell in the narrative, the why we should be given this funding. So that... I'm going to stop sharing. Okay, so I wanted to bring it back to the group to see if there are any questions at this juncture and that can be in the chat.

- [Rebecca] Liz, there's a question in the chat. They ask, Do you usually assume a grantor wants to be the sole funder or do you view them as a piece of the puzzle?

- [Liz] Oh, that's a great question. I have never encountered a funder, and Nick you could probably attest to this as well, who wants to be the sole funder. That is generally not great. The reason that funders will often ask and often provide a template that will show this request, they want to know various things about other funding. So they they might want to see what else do you have already supporting the program. And it could be, as Nick was talking about earlier depending on what your model is, you might have revenues that support part of the program, but you're looking to enhance the program with something new so you want this funding to build on that so therefore they're not the sole funder.

If you're starting a new program, it's really great to look at multiple funding streams to support a project. Part of that is because different funders have different things they want to fund. So you might have a funder...I've often encountered funders that absolutely will not fund salaries or personnel which, is a big problem because that's usually your biggest expense. So then you're going to need multiple funders so that you can supplement, you can meet each funder's interests while still serving the mission of your organization. So it's definitely a piece of the puzzle and I really like that image. It is like crafting a big puzzle. So you might have a spreadsheet that has multiple grants for one program and then that allows you to see where your gaps are and also to think about the story that you want to tell about the need that you're filling in the community, and the need for this project, and the need that you have for the funding to fill that gap and to fill that piece of the puzzle that's missing.

- [Nick] Part of the answer to that question is also is how you positioned yourself so if you're starting a new project and you needed the philanthropic dollars to get it started, very few foundations want to be the sole funder and they want to say it's like, How have you leveraged other dollars and how are you going to do that, because they don't actually want to cause harm and if they have to pull their funding, they oftentimes will cause harm for that. So they want to see that you have a plan for sustainability. However, if you position yourself as an extension of a governmental service, then government oftentimes will be the sole funder. I mean, health care and education is a great example of that, but then you have to align yourselves as an extension of government and not kind of drive your own sort of things, like and then... Because if you're asking government to fund you entirely, they're going to also ask for, it's like, Oh, same as foundations, this is not built into our budgets as per se. It could be a pilot, but, you know, end of the day is we have not built it into education, like, or health care reimbursements and stuff like that.

- [Rebecca] We have a new question in the chat which is, How do you write up benefits on a salaried employee? It's tricky writing that up in the grant.

- [Liz] So there's a couple of ways that that happens and again, it's a little bit driven by each funder. So I've encountered funders that want you to give a breakdown of exactly what goes into the benefits. So our benefits are calculated at 30% of the salary. And that would be, you know, for ... if it's full-time person, part-time person, so prorated that way. And the other thing that I didn't mention, I was using a pretty simplified budget, but you might have staff on your budget that you need to indicate if it's a full-time employee or what percentage of full-time. So somebody might be putting in 20% of effort; usually that would be the oversight person like a director who is overseeing multiple programs. But for this one program, they're only putting in 20% of effort. So then your benefits would be calculated accordingly. And then, yes, as Nick responded in the chat, every organization calculates their benefits at a different rate because your benefits cost different amounts, you know, however you've contracted with your benefits group to get that. So you'll either calculate it out for each person and then total it up, and then when you write a budget narrative, sometimes they will ask you to explain what goes into the benefits, all the different components. I hope that answered that question.

- [Rebecca] We don't have another... Well, we do have one coming in. But while...I have a question that I'd like you to address, so I'll ask you that.

- Go for it.

- So I've had questions about in-kind contributions and how you represent that in the budget. Could you just speak to that a little bit? I know that's something that we ask for in the Inclusive Healthy Communities.

- Yes, yeah. And that, I would say, sometimes I choose to put that in for the same reason as the question about the piece of the, you know, all the pieces of the puzzle because I want to show all of the pieces of the puzzle and that we have gotten either in-kind contributions, like, literally donated to us or that we are putting in in-kind effort. So for example, I am an in-

kind effort person on our IHC grant. So we did not put my effort into the actual budget, but I'm dedicating time to support the project. So I would put that in depending on the budget format. I would put that in a column showing what part of the budget that in-kind is going towards. So in the case for me on our IHC grant, it's a portion of my time. So that would be under the personnel category, I guess. So in-kind could be effort of people, or it could be donations, or you might consider the other funding categories that could be in-kind or match funding that supports a particular project.

So often I will include...you know, especially if you're applying for, you know, a relatively small grant but you really really want to do the project and it's going to really lead your organization somewhere very important or provide a really important service and this helps you jump start it, then what we experience at our agency is that our leadership wants to contribute time to make it go, to make it work. So then those would be in-kind contributions. Is that what you meant?

- [Rebecca] It is, thank you, I appreciate that. Because I think that sometimes people have challenges sort of quantifying that or really... Like, people kind of volunteer their expertise on some of these projects, like, you'll have somebody that's editing something for you that's within your staff or whatever and they're not getting paid on the grant to do that, and they don't think about including kind of that as your programmatic investment on your budget to show that there's an in-kind contribution. But it really is your organization kind of donating something that they're not getting financially reimbursed for. So it's, like, beneficial from your point of view, you're saying, to...

- [Liz] I think it's very beneficial to be thinking about that all the time. I think that there's a couple of reasons to be thinking about it. One is a little bit more on the accounting and compliance side, which is that nobody can do more than 100% of effort or else you run into problems especially if you are accepting government funding. In effect, I think New Jersey specifically has a way to kind of track that across their systems because they ask for that to be in some of the state contracts, to identify all of the effort of all of the staff-related, so they can make sure that we're not spending more than 100% of anybody's time on a project. So that's one reason to be thinking about that, but also I think it's just what is the value that you're bringing, you know? The funders, like I think IHC, is kind of a learning, it's a learning...creating a learning collaborative and a learning group, and so, I think particularly for IHC it's really valuable to say, Okay, well, we're putting in these in-kind resources

because there's a bigger picture here. And I think most funders really like to see that, whether it's concrete, you know, other grants you've applied for that you're putting into the same project.

- [Rebecca] Thank you. I do want to make sure I go back to the questions that I didn't answer or didn't ask you. So, okay, you noted that some grantors make it clear that they won't fund certain things, so how do you work in things like capital improvements into a program-focused narrative?

- [Liz] Well, I mean, I guess, yeah, the basic issue is if a funder says, We do not fund capital expenses, then you have to find a different funder. So what I found is that there are funders that will only fund capital expenses and then those are great sources to go to. I find that one a difficult task, is to find funders that are interested in funding...

- [Nick] The creative way to think about this is you have to work with your... Like, in one sense there are program-related expenses, but they're not going to pay for capital improvements, or buying a van, or all these different things. But what you can do is that it is a program expense, and so, you know, your organization might finance that component of that, but then the financing and paying back that financing can be built into a program-related stuff because it's transportation or you're charging them rent. So that you have to kind of work around it, but Liz is right. There's like, if you're seeking direct funding for HVAC or all these different things, those are hard funders to find. So the more creative one would get your department, your organization, say, take out a loan or get a mission-aligned investing or something like that, and then you build the repayment of that into your program budget.

- [Rebecca] Thanks and then we do have one person who is asking if you could provide an example of how you calculate the effort of staff for in-kind resources.

- [Liz] Yes, there's a little bit of an art or a science to that. If you're not doing time sheets where you know exactly how much time is being spent, which is a best practice; I think most organizations do general time sheets. And then as you have multiple projects, you can be tracking how much time you're actually putting on each project just to make sure

that you're really compliant with the spirit of the grant that you're getting and what you said you were going to do. So I just do an estimate. I literally just think, Okay, I think this project is going to take, you know, like, I put in 5 to 10 hours a week on IHC most weeks, let's say. And then I start to calculate what is the value of that given my salary and or salary and benefits? So it's kind of thinking about how many hours a week or how many hours a month of effort you think someone is going to spend and then just calculating that out. And then you can place the value on what that in-kind contribution is. So I would say, let's say it's, you know, 10% of my time or 20% of my time. I hope that answers that question.

- Thank you.

- And sometimes we're wrong about those estimates. Sometimes things take longer or they ebb and flow like your effort, you know, it's a lot in the beginning but less later on or something like that. That can happen too.

- I know, you had no idea I was going to tap you to do all these webinars.

- We love it.

- ...your in-kind contributions. Thank you. So we are right at time. I want to thank you both so much. It seems everybody feels like they've gotten so much out of this in the chat and I'm going to send out the resources that you have placed in so everyone will have them. So thank you both so much for doing this for us. I want to thank our interpreters, Leah and Amanda. You both have done a fantastic job as always, we really appreciate you. And we would like to thank the Division of Disability Services, as always, for supporting the IHC program and making all of this possible. Thank you all for taking this time out of your day to join us and we hope to see you all again soon. Take care everybody.