Sage Intacct

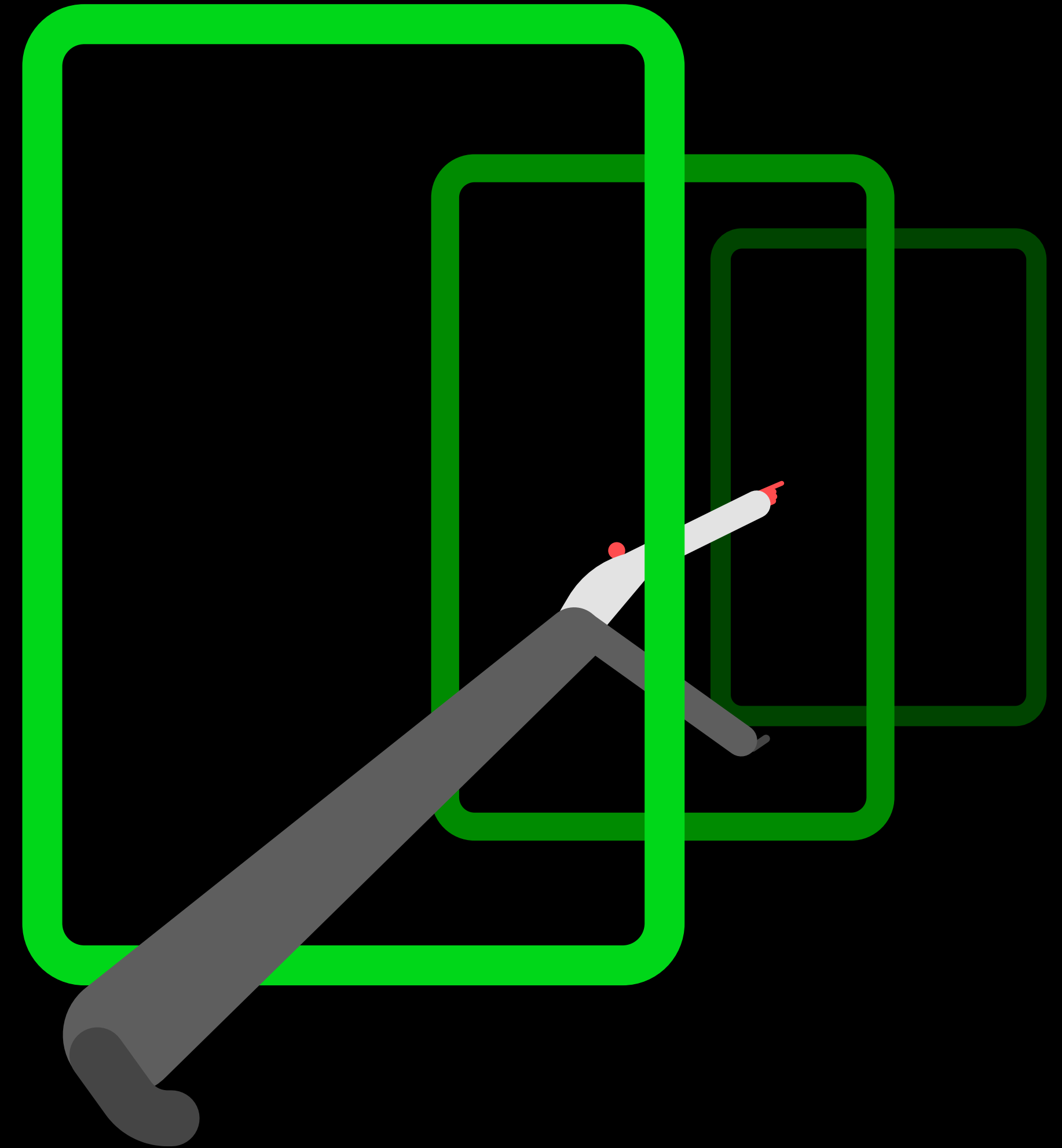# 7 Proven Grant Management Best Practices for Growing Nonprofit Funding

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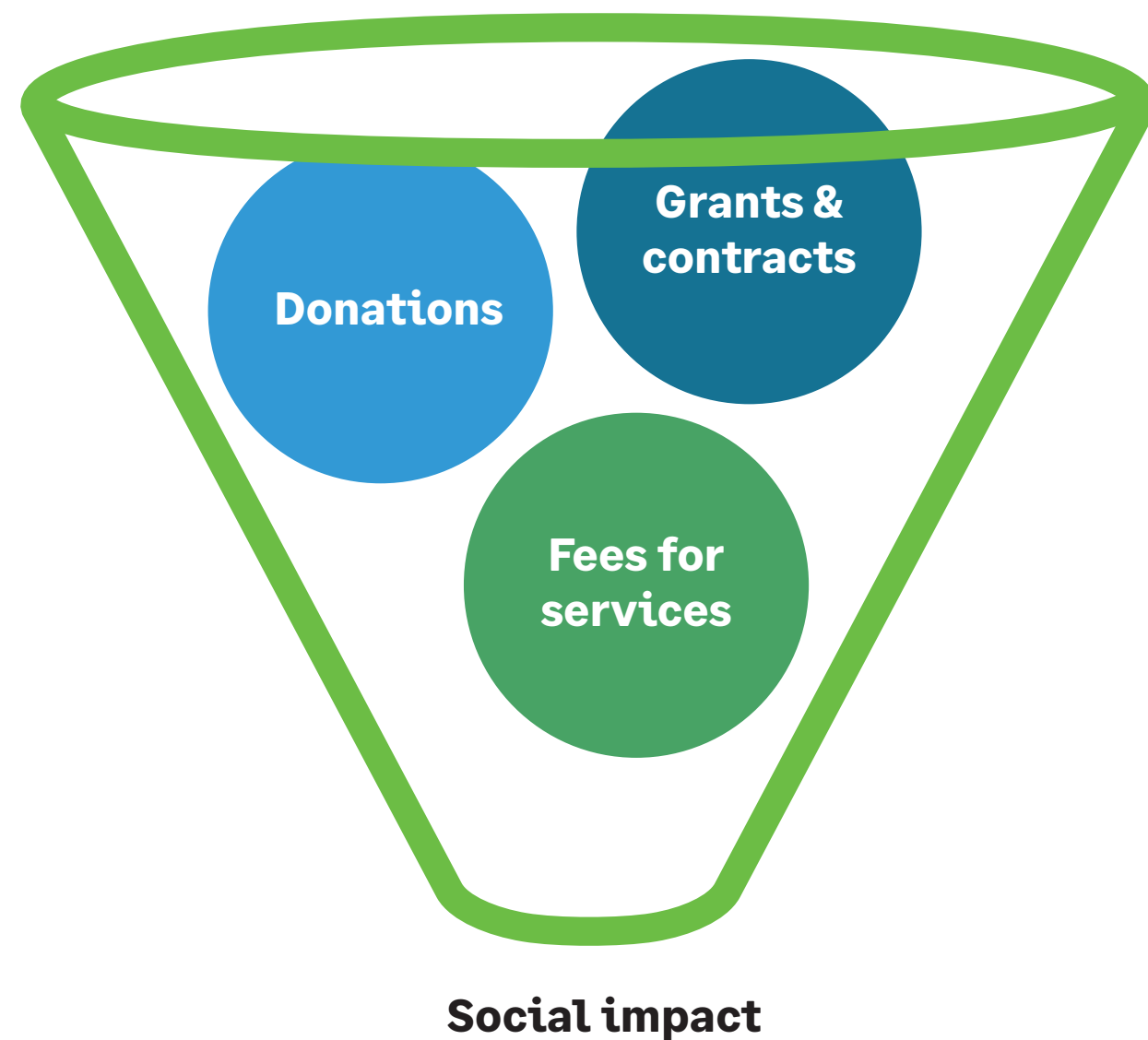
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Funding your nonprofit in a changing world

Donations

Grants & contracts

Fees for services

Social impact

**Build sustainability and financial resilience with effective grant funding.**

You need only scan the headlines to see nonprofits operate in a rapidly changing world, full of unexpected situations. From a strategic perspective, it is important for organizations to build multiple funding streams to provide stability and flexibility to adapt quickly to change. Your strategic planning should include a top-down approach to creating the best funding mix to support your mission.

Grant funding is a large and growing part of the strategic funding plan for nonprofit organizations. According to Wikipedia, "A grant is a fund given by an end entity—often a public body, charitable foundation, or a specialized grant-making institution—to an individual or another entity...for a specific purpose linked to public benefit. Unlike loans, grants are not to be paid back."

A significant, and potentially renewable, source of funds that do not have to be repaid? Yes, please!

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Grant funding is growing

In what funding areas have you seen a change in the last 12 months?
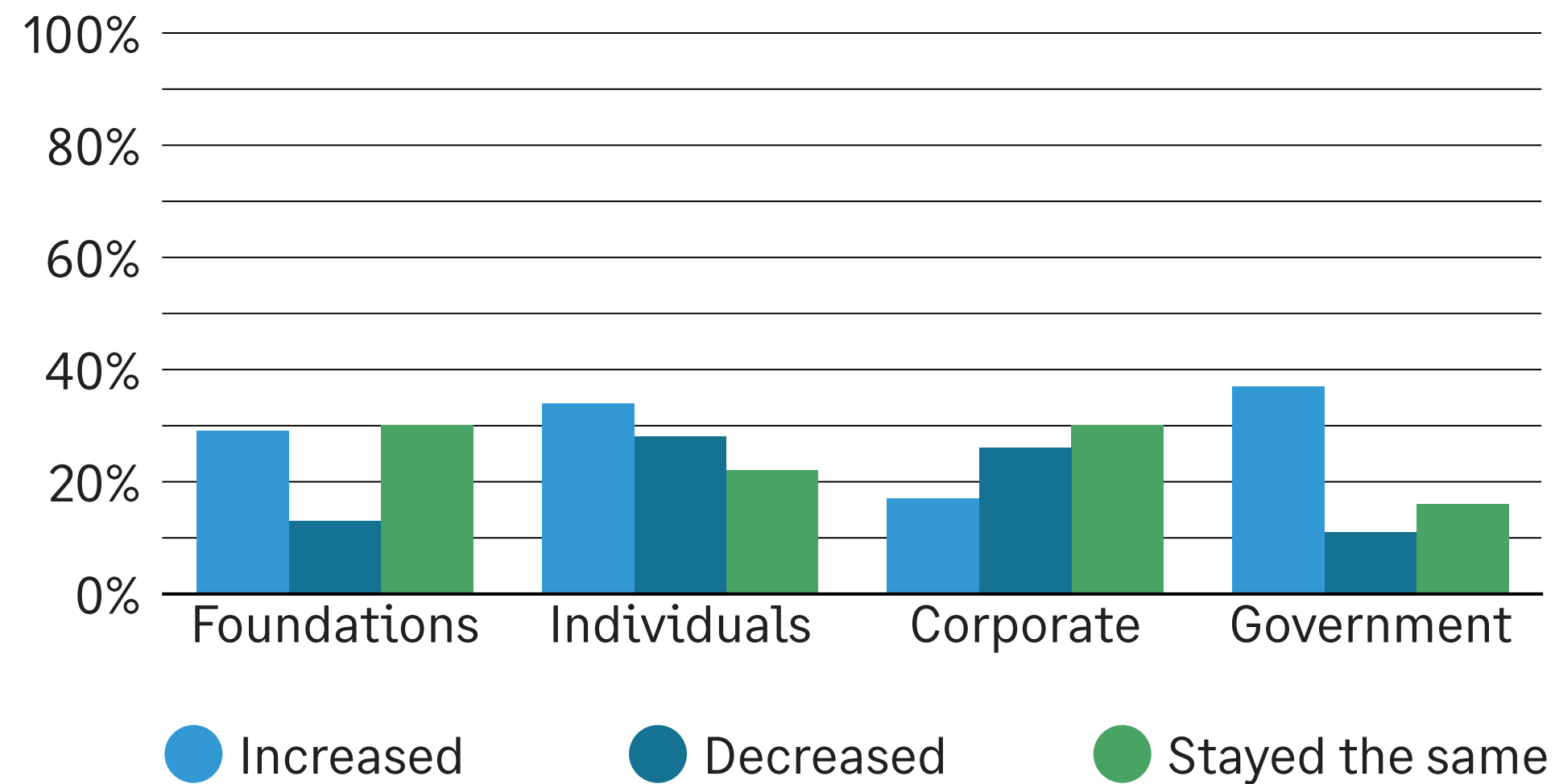
Sage Intacct 2022 Nonprofit Technology Trends Report[2]

**Nonprofits are seeing an increase in the size, volume, and types of grants available.**

Total charitable giving in the United States climbed to $471.44 billion in 2020, according to the most recent report by Giving USA.[1] The nonprofit industry has seen shifts in where funding originates. While individuals continue to provide the largest share of donations, grant funding is increasing. There are more types of grants available now and more funder entities, including federal, state, and local governments around the world, as well as private, public, and community foundations and corporations.

The Giving USA report revealed foundations awarded $88.5 billion in grants and corporations gave another $16.88 billion. The biggest source of grant funding comes from the discretionary spending budget of the U.S. government which is estimated at $174 billion annually. In fact, the *NonProfit Times* estimated nearly one-third of nonprofit revenue currently comes from government grants and contracts. These are significant funds available to support and sustain your mission.

1 Giving USA 2021
2 Sage Intacct Nonprofit Technology Trends Report

How the grant management process works
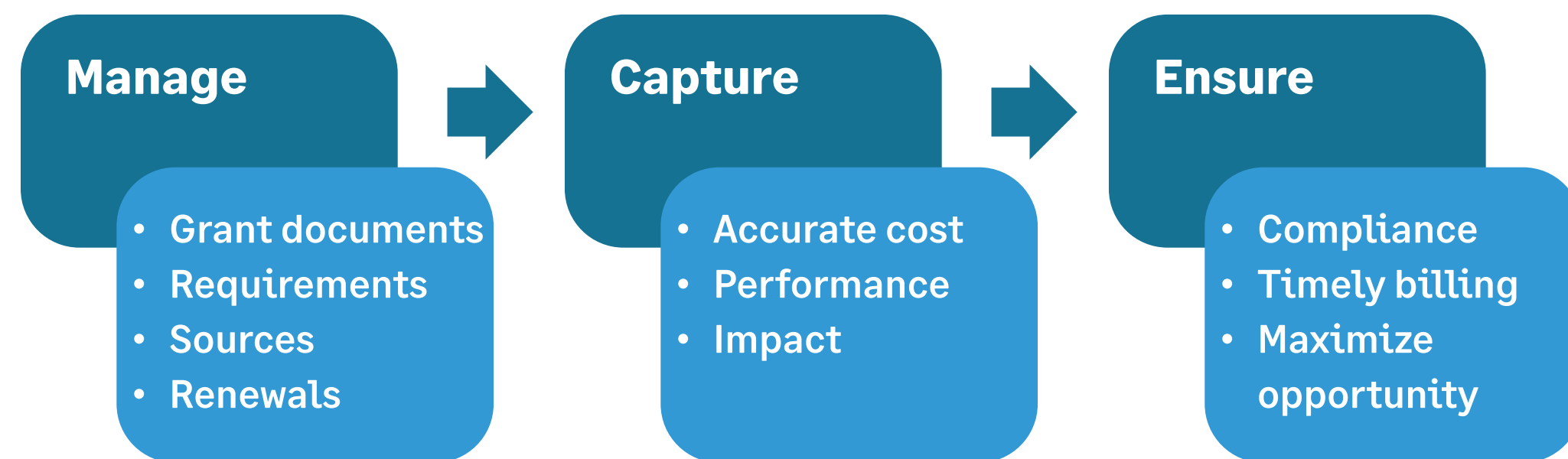
When you build the right team and grant management process, you will have the pieces in place to build sustainable funding.

Is your organization ready to succeed with grant funding? It takes strategy and focus to discover the best grant opportunities for your organization, then win them and perform to grantor expectations and requirements.

Without a solid grant management process, supported by modern technology, many nonprofits struggle to track grants and monitor budgets, meet grantor reporting requirements, and capture accounting costs for proper reimbursement.

What's involved in grant management?

First, create a team and designate roles. Second, gather and review all grant documentation, details, and requirements. Third, establish procedures and ensure you can capture grantor-required data about expenses, performance, and impact. Finally, be sure your team will be ready to provide progress reporting, and billing if appropriate, to grantors in a timely manner.

Manage
- Grant documents
- Requirements
- Sources
- Renewals

Capture
- Accurate cost
- Performance
- Impact

Ensure
- Compliance
- Timely billing
- Maximize opportunity

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Grantor requirements

Making sure you meet (and exceed) grantor expectations can lead to a stable, renewable source of future funds.

The acceleration of grant funding has been accompanied by rising expectations from grantors. Many grants come with significant grantor restrictions—the rules and regulations governing how, when and for what purpose you can use the grant funds. Additionally, most grants have requirements for transparency, reporting, and audits.

Make sure your grant team understands and prepares for grant requirements and reporting compliance:

- Federal awards all use the government's **Uniform Guidance** for grant requirements, including cost principles and audit requirements.

- Foundations and corporations might be less stringent about requirements, but you can still expect to have rules about the types of budgetary expenditures allowed and reporting requirements.

What's needed for effective grant management?

Start with a solid strategic plan and good software automation.

An effective grant management process should be supported by modern technology with a centralized database—not across a myriad of spreadsheets. Nonprofits will need a fund accounting solution and time and attendance capabilities for capturing labor. Many also benefit from integrated project management and/or CRM solutions.

A grant management system is a program or application that assists fund-seeking organizations in administering and automating the grant process. For example, Sage Intacct Grant Tracking and Billing centralizes all grant documents and program delivery details for secure, comprehensive views of grant management. It provides the grants team, staff, and auditors with a single, shared source of truth.

Inadequate grant management can lead to:

X **Lost awards**
X **Poor audit results**
X **Reputational damage**
X **Having to return funds**
X **Difficulty securing future grants**

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7 proven
grant management
best practices

As you create a strategic plan, budget, and initiatives, make sure you adopt the following grant management best practices.

1. Designate the right team
2. Build positive relationships with donors
3. Handle restricted funds with care
4. Monitor revenue, spending, and budget
5. Capture accurate costs for reimbursement
6. Track KPIs and automate grantor reporting
7. Earn a clean audit opinion

Let's examine each of these best practices in more detail, and address how cloud nonprofit accounting software with strong grant management capabilities can enhance visibility and success.

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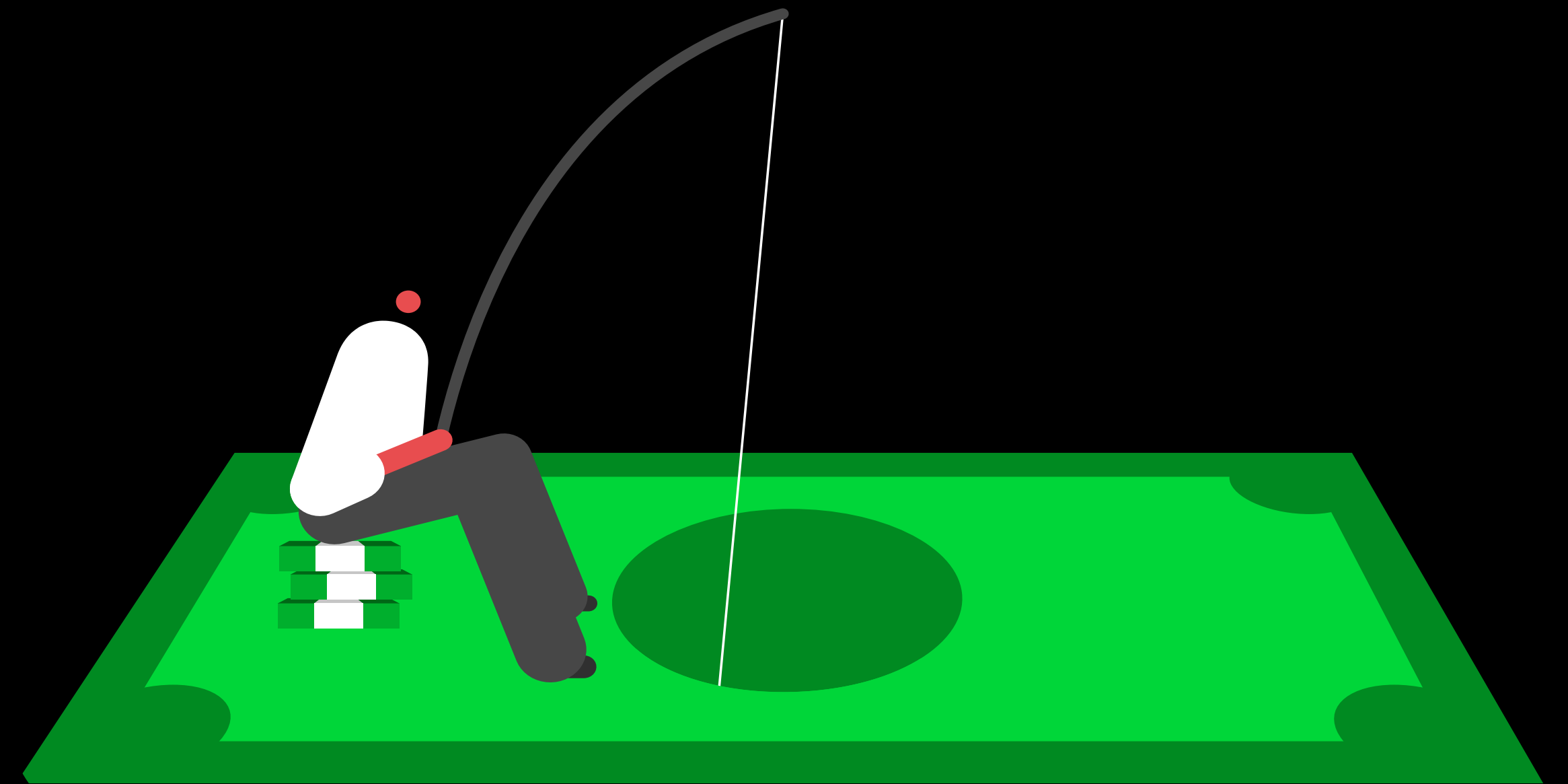
Best practice #1
Choose and empower the right team

Grant management requires a commitment of time and energy.

It's important that you task the right people with the job. Designate passionate and experienced staff from key functional areas including fundraising, project management, leadership, and finance. Give them the right tools to manage the entire grant lifecycle, and train them to identify the grant opportunities most closely aligned with your organization's goals, structure, and staffing.

The grant lifecycle is broken into two stages, the "pre-award" and the "post-award." In many organizations, these two stages are managed by different teams. From an automation perspective, you will want to have discussions with your internal teams and come to an agreement as to where data will be housed. Will it be housed in your CRM system, your financial system, or both?

Find funding

Report outcomes

Write proposal

Reconcile expenses

Develop budget

Post-award

Pre-award

Monitor sub-contracts

Complete proposal documents

Manage timelines

Submit proposal

Track expenditures

Negotiate award

Execute contract

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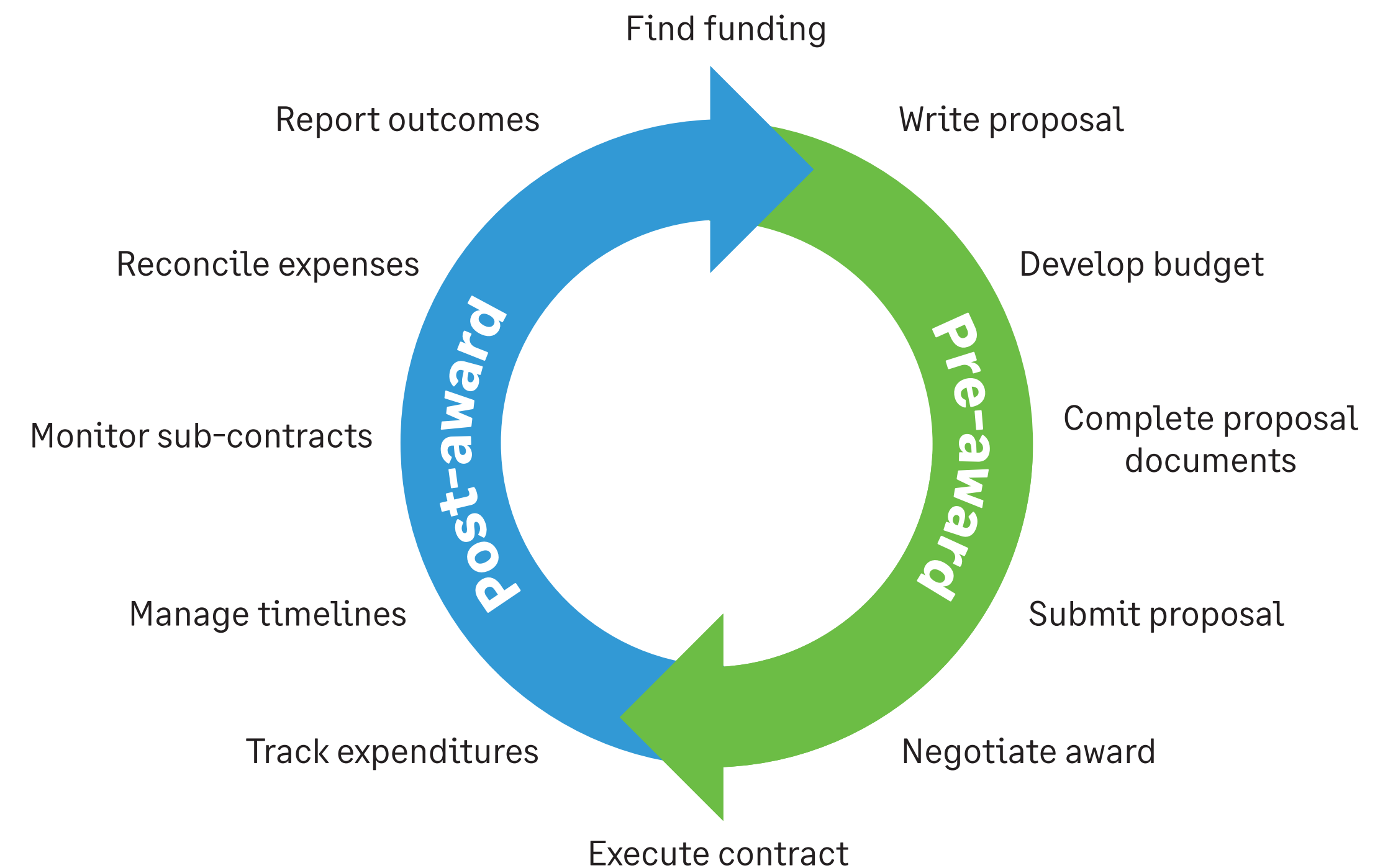
Best practice #2
Build positive relationships

Relationships with grantors are built on trust, accountability, and a shared passion for your mission.

Grants are a wonderful source of nonprofit revenue because many of them can be extended or repeated. But it takes a positive relationship with your grantor to earn a renewal.

Once you start winning grants, your organization is likely to get additional grants. Ensuring you meet the objectives and requirements of each grant will go a long way toward building each grantor relationship.

Today's modern financial solutions can help you earn trust and build relationships. With good expense tracking, grant management, and reporting capabilities, you can provide accountability and meet grantor requirements and expectations.

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Best practice #3

Handle restricted funds with care

Restricted funds carry obligations or instructions pertaining to how your organization can use the funds.

If your organization is awarded a grant with restricted funds, you must be very careful about your compliance with those restrictions and your accounting of the funds. Most large grants carry restrictions, and organizations that don't or won't comply with restrictions will not be considered trustworthy—making it difficult or likely impossible to earn a grant renewal.

Many nonprofits try to track funds from each restricted grant in its own spreadsheet, but that's an invitation for errors. It's much cleaner, accurate, and transparent for your accounting system to track restrictions and automatically record when funds become available.

"One of my favorite things about Sage Intacct is how we can track and report on grants and restricted contributions very easily and instantaneously with up-to-the-minute information."

~ Robert Ehret, VP of Finance, Boys & Girls Club of Greater Tarrant County

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Stay on top of grant details and restrictions

Sage Intacct Grant Tracking and Billing displays all grants, along with their status and restrictions. It also automates the release of restrictions, according to the grant rules.

Best practice #4

Monitor revenue, spending, and budget

Many grants repay expenditures rather than pay up front, so it is important to keep a watchful eye on expenses, budget, and cash flow at all times.

You do not want to submit an expense for reimbursement only to find out your expense doesn't qualify per the grant terms. Similarly, not tracking your spending could result in overspending with no grant award to cover the entirety of your costs.

A modern, cloud accounting system will give you instant visibility into revenues and expenses, including those associated with grants, from any location in the world. As an example, Sage Intacct helps you know where you stand as you monitor spending and see how you're tracking with the budget. It also helps you report and compare budget to actuals on grants that have reporting periods that differ from or run across your fiscal year.

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Gain visibility into funding and expenses

Sage Intacct dashboards put project funding information at your fingertips, displaying key information about individual grants funding, budgets, and real-time budget-to-actuals.

Best practice #5

Capture accurate costs for reimbursement

Nonprofits with grants need an accounting system capable of capturing both direct and indirect costs accurately and billing grantors for reimbursement. A multi-dimensional general ledger, like the one in Sage Intacct, enables you to capture and tag expenses, flag them as reimbursable, and associate accounting entries with specific grants.

When it is time, gather eligible charges for reporting and bill them back to your grantor with the click of a button. Tagging your transactions when you enter them reduces errors, so you won't miss a charge or overstate amounts. In this way, nonprofits using Sage Intacct have been able to reduce the billing cycle for grant reimbursement significantly.

Labor expenses are often billed back to the grant. Use integrated timekeeping data and easily tie employee efforts per grant to timesheets. Sage Intacct enables nonprofits to bill indirect costs based on a negotiated rate, specific rate, or markup based on type of expense.

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Best practice #6

Automate grant reporting and track KPIs in real-time

Clear, timely reporting and KPIs will demonstrate your organization's mission impact and financial accountability.

With modern accounting and grant tracking software, it's easy to produce required reports as well as supplemental information for your grantors. Without good automation, this reporting can take a lot of time and result in less robust, less accurate reports.

With so much real-time data at your fingertips, it's also possible to measure and track Key Performance Indicators (KPIs). These may involve both financial performance and outcomes. KPIs are a great way to keep a pulse on your organization and your mission. Use this information to elevate your story and maximize engagement with grantors, constituents, and future donors and grantors.

"**Sage Intacct has really driven our ability to scale with 80% growth. There's no way we could have done that without Sage Intacct — it would have been insurmountable to track, manage, and report on all that data and in essence, 100+ grant 'revenue centers.'**"

~ Ben Luety, CFO, Seattle Indian Health Board

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Ensure a clean audit opinion

Earn and keep your grantors' trust with transparent and clean audits.

Demonstrating responsible stewardship and good financial ethics supports your organization's excellent reputation. A clean audit opinion puts everyone's mind at ease—board members, foundations, government grantors, and individual donors. An audit is a requirement for many grantors.

A modern nonprofit financial management solution helps your auditor save time and access information more easily. With Sage Intacct, organizations can grant secure, read-only access to auditors, allowing auditors to further analyze transactions or find reports. The Sage Intacct Collaborate feature lets auditors ask questions easily within the system. Sage Intacct's role-based dashboard capabilities allow for the setup of specialized auditor or compliance dashboards.

"**Sage Intacct is very helpful in meeting the compliance requirements of public funding grants. Our donors want to see that we receive a clean audit opinion. The internal controls in Sage Intacct are critical. The entire AP and AR cycles are now paperless with an audit trail and an automated approval process built right in.**"

~ Faith Noble, CFO, Towards Employment

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Conclusion

Demonstrate your return on mission

Ensuring mission impact requires securing reliable, sustainable funding—and grants can be a powerful part of that equation. They are often renewable and do not require repayment. But they do come with strings attached, in the form of grantor requirements including potential restrictions, reporting, and audits. To ensure continued success with grant funding, nonprofits need a thoughtful approach to grant management.

Sage Intacct streamlines grant, fund, project, and donor accounting while delivering real-time visibility into the metrics that matter. It automates expense tracking, grant restrictions, and compliance reporting to ensure every grantor requirement is met. It also makes it easy to track and share KPIs with grantors so they can see meaningful measurements of the mission impact of their funds. This helps nonprofits build better grantor relationships, earn renewals, and win new grants based on prior success.

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About
Sage Intacct

Sage Intacct is the AICPA's preferred provider of cloud financial applications.

Specializing in helping nonprofits of all types—including health and human services, NGOs, charities, trade and membership associations, cultural institutions, and faith-based organizations—Sage Intacct streamlines grant, fund, project, and donor accounting, while delivering real-time visibility into the metrics that matter.

Our modern, true cloud solution, with open APIs, gives nonprofits the connectivity, visibility, and efficiency they need to do more with less. At Sage Intacct, we help nonprofits strengthen stewardship, build influence, grow funding, and achieve mission success.

In addition to intuitive software solutions, Sage Membership provides members with access to actionable human advice from experts and peers through exclusive content and tools to help you make even better mission-critical decisions.

AICPA Business Solutions
Preferred Provider of Financial Applications

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Quick links
to educational resources

Looking to move your nonprofit finance operations to a new cloud accounting system? Here are some additional resources to help you make the right decision.
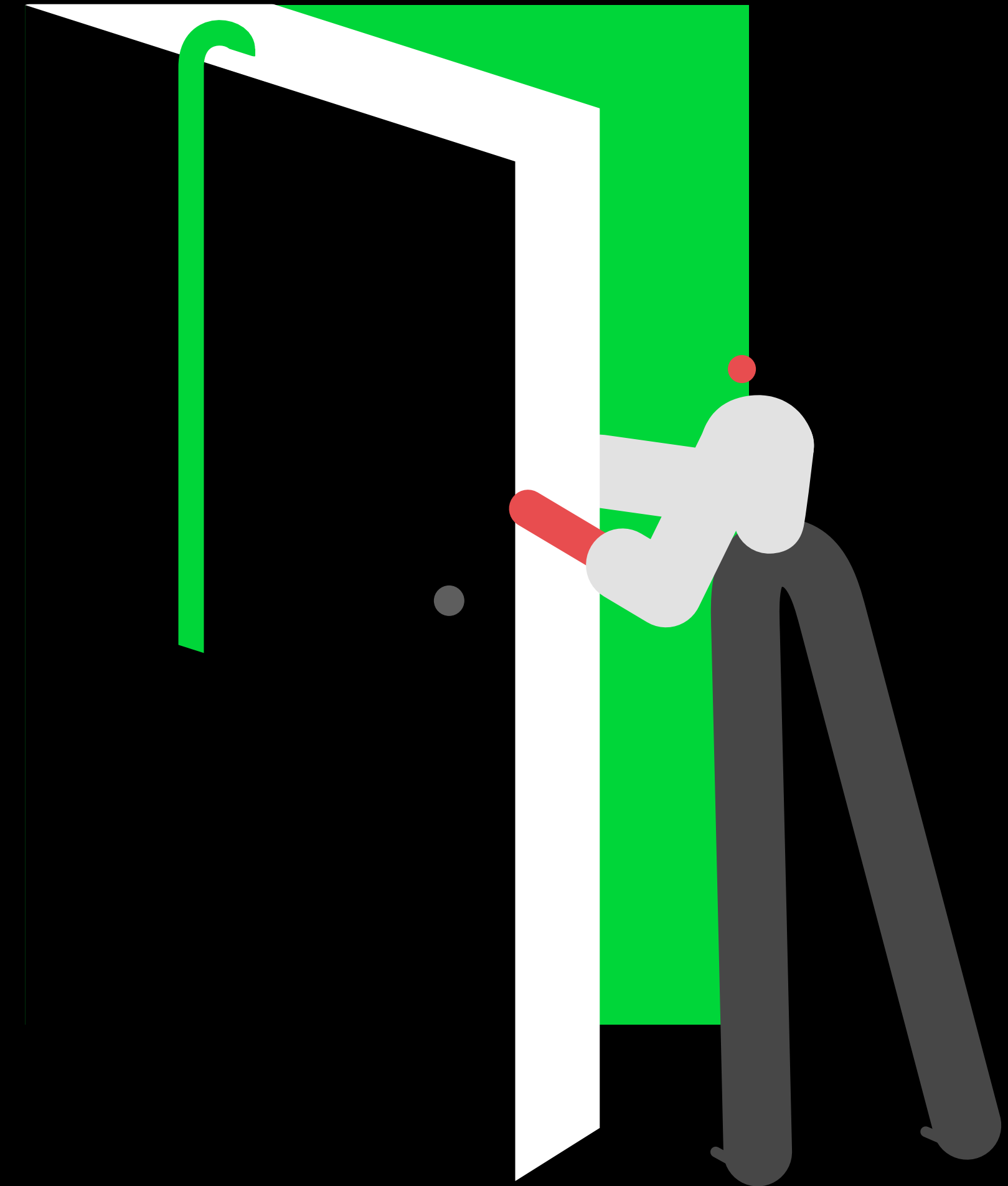
Product Overview Video
Sage Intacct for Nonprofits

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