FREE GUIDE

Startup Nonprofit Seed Funding Starter Guide (Free PDF)

A starter guide for new and small groups with options before tax-exempt status, a first-year funding plan to fill in and a readiness checklist.

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> This guide is for new and small community groups that want to raise their first grant. It covers options before you have tax-exempt status, what to have in place, where small first grants tend to come from, and a first-year funding plan to fill in. It is not legal or tax advice. Each funder's own instructions come first.

Start with an honest picture

- Most funders want some record of work before they give. A new group usually starts with small, local support and builds from there
- Grants are rarely the first money in. Gifts from individuals, small events and in-kind help often come first, and they show funders that the community backs you
- A grant takes weeks or months to arrive, and many are declined. Do not plan to cover an urgent cost with one
- No guide can promise an award. Being ready and choosing funders that fit improves your chances

About our group

Group name:

What we do, in one sentence:

Who we serve and where:

When we started, and what we have done so far:

Our legal status today:

Options before you have tax-exempt status

Many funders give only to organizations with recognized tax-exempt status. A group that does not have it yet has a few options. Which one suits you depends on your plans, so ask a qualified legal or tax advisor before you decide.

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Option	How it works	Good to know
Fiscal sponsorship	An established tax-exempt organization agrees to receive and manage money for your project. Funders give to the sponsor, and the sponsor pays the project's costs	The sponsor is legally responsible for the funds. Expect a written agreement, a fee and reporting duties. Not every funder accepts sponsored projects
Partner with an established organization	An existing organization applies for the grant and runs the project with you as a named partner	The partner controls the grant. Put roles, money and credit in writing before the application goes in
Funders that give to informal groups	Some local funders make small grants to neighborhood or volunteer groups with no formal status	Read the eligibility section closely and ask how payment is made
Support that is not a grant	Individual gifts, small events, in-kind donations and business sponsorship	Ask an advisor how to receive and record money properly
Form your own organization	You incorporate and apply for tax-exempt status	It takes time, money and ongoing paperwork. Follow the official instructions of the tax agency and your state, and get advice

Questions to ask a possible fiscal sponsor

- [ ] Does our project fit your mission?
- [ ] What fee do you charge, and what does it cover?
- [ ] Who owns the project's work, name and materials?
- [ ] How do we request payments, and how long do they take?
- [ ] What reports do you need from us, and when?
- [ ] Will you review and sign grant applications, and how much notice do you need?
- [ ] How can either side end the agreement, and what happens to remaining funds?

The option we will use this year, and why:

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What to have in place for a first grant

Funders differ, but most ask for some version of these.

Item	Why funders ask	Have it	Who will get it and by when
A clear mission statement	Shows what you exist to do		
A named group of people responsible for the work	Shows the group does not depend on one person		
Legal status, a fiscal sponsor or a lead partner	Shows who can legally receive the grant		
A bank account that is not a personal account	Shows where the money will be held		
A simple budget for the year	Shows what you need and what you already have		
A way to record income and spending	Shows you can report on the grant		
A written description of one program	Shows what the money would pay for		
A record of what you have done so far	Shows you can deliver		
Two or three people or groups who will vouch for you	Shows community support		

Where small first grants tend to come from

These are kinds of source, not a list of open opportunities. Check each one's current guidelines.

Kind of source	Why it suits a new group	Sources we will check
Community foundations	They fund in a defined local area, and some run small grant programs	
Local government	City and county offices sometimes fund neighborhood projects	
Local businesses and employers	They often give small amounts or in-kind help where they operate	
Service clubs and civic groups	They support local causes, and members may volunteer	
Congregations and faith communities	They may support community services in their area	
Giving circles and neighborhood funds	Groups of donors that pool small gifts	
Associations in your field	Some run small grant programs for members or new projects	

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First-year funding plan

List every source, not only grants. A plan that depends on one source is fragile.

What we need to raise this year, in total:

What it will pay for:

Source	Type (grant, gift, event, in-kind, other)	Amount we will ask for	Chance (high, medium, low)	Who is responsible	Deadline or date	Status

If we raise less than planned, what we will cut or delay first:

Quarter by quarter

Quarter	Main funding tasks	Relationships to build	Done
1			
2			
3			
4			

Example plan rows

This example is fictional.

Source	Type (grant, gift, event, in-kind, other)	Amount we will ask for	Chance (high, medium, low)	Who is responsible	Deadline or date	Status
Example Community Foundation small grants	Grant, through our fiscal sponsor	$2,000	Medium	Board chair	Spring round	Guidelines read

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Source	Type (grant, gift, event, in-kind, other)	Amount we will ask for	Chance (high, medium, low)	Who is res ponsible	Deadline or date	Status
Neighbors of Example Street	Individual gifts	$1,500	High	Volunteer lead	Fall appeal	Planned
Example Hardware Store	In-kind tools	Tools for 2 work days	High	Garden lead	Before March	Asked

Readiness checklist

- [ ] We can say what we do and who we serve in one or two sentences
- [ ] We know how a grant would legally reach us: our own status, a fiscal sponsor or a lead partner
- [ ] Any sponsor or partner agreement is in writing
- [ ] We have a bank account and a simple way to track money
- [ ] We have a budget for the year and a budget for the program
- [ ] We have some record of work to show, even if small
- [ ] We have people outside the group who will vouch for us
- [ ] We read each funder's guidelines and confirmed that we are eligible
- [ ] Our plan includes more than one source of funding
- [ ] We asked a qualified advisor about any legal or tax question

> **Want help with this?** The Complete Grant Architect is a free 16-week grant writing course, and you can hire a grant writer for your next proposal. Both are at subthesis.com.

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