



Helping you to be successful

# *All About Grants: The Good, the Bad, & the Ugly*

Bill Carruthers and Rita Lewis

Presented to the Cary Nonprofit Alliance  
September 23, 2008: Cary, NC

Much good can be accomplished with grant funding. After all, who can't find ways to use extra money? But there are many challenges associated with implementing grant programs. The following bullets describe some of the good, the bad and the ugly consequences of receiving and managing a grant.

## **The Good**

There is a reason why funding agencies continue to provide grants, and why applicants continue to seek grant funding. That reason is the public 'good' that can be accomplished through the relationship among the funder, fundee and participants in the grant program.

- Winning a grant is exciting and can infuse new enthusiasm into an organization.
- Managing a grant program can strengthen your organization's administrative infrastructure (e.g., personnel, fiscal, programmatic).
- Grant funding can allow an organization to undertake a new project, expand an existing project, and/or underwrite expenses necessary to keep the organization operating.
- Grant funding can help you help others, making the world a better place.
- Grant programs often create new collaborative partnerships.
- Grant funding can increase your organization's visibility and credibility.
- Success with grants can lead to more success.

## **The Bad**

These challenges may not be 'bad' in a literal sense, but they certainly do add to your administrative burden.

- Grant funding eventually comes to an end. Continued funding may not be available, and you may scramble to replace the funds with other revenue. Sustainability is an ongoing challenge for the lucky recipients of a grant.
- Turnover of staff with key responsibilities on the grant can contribute to administrative challenges.
- Funding comes with strings of accountability attached. You must keep and maintain good records, which takes time and staff.
- Program evaluation, if required, is an animal unto itself that requires especially good recordkeeping and sometimes professional help.
- A grant can take your organization off course. If your mission must "bend" too much to fit the funding agency's goals, it's not a good fit.
- Whenever you take money from a funding agency, that agency will be involved in your business. The nature and extent of this involvement varies considerably among funding agencies, but almost always includes surprises.

## **The Ugly**

These examples of mismanagement can result in ‘ugly’ consequences for your organization.

- If you want to use grant funds in ways other than those you described in your proposal, you **MUST** have the funding agency approve any changes; otherwise, you may lose your funding.
- If you make a mistake with use of funds, or recordkeeping, or ANYthing to do with the grant, own up to your funding agency. Express your willingness to fix the situation.
- If for some reason you run afoul of your funding agency, the word may spread to other funding agencies. The philanthropic community is a tightly knit one. Don’t create future problems; establish and maintain a good relationship with your funding agency.
- Some examples of fiscal mismanagement and the consequences this can lead to can be found at the State of North Carolina Office of the State Auditor’s website:  
<http://www.ncauditor.net/pub2/ReportsList.aspx?DocType=1&AuditID=7>