

Grantmakers Have Many Methods of Support

Grantmaking commonly — but not always — supports a specific project. A grantseeker submits a proposal to the foundation to fund a specific project and, if approved by the board, the foundation writes a check to the organization. While this is the most common kind of grant, it is only one of many types of support foundations can offer to grantees.

You may discover that circumstances and conditions dictate different responses. A standard project grant may be the best way to fund an innovative or proven program, but not the best way to help a fledgling organization or one under pressure to raise money quickly. The following types of support can be used effectively by family foundations of all sizes:

<ul style="list-style-type: none"> ■ Project support: to fund the specific project and outcome outlined in the applicant's proposal and approved by your board. 	<ul style="list-style-type: none"> ■ Matching/challenge grants: to help or encourage an organization to raise money by pledging to match a fixed amount raised from other sources. Grantors may match the money raised dollar for dollar or by a specified ratio
<ul style="list-style-type: none"> ■ Seed money: to launch a new organization or new program. The money can be used for planning or for staffing and operations. 	<ul style="list-style-type: none"> ■ Collaborative grants: to join with like-minded funders to support large or complex projects that no one funder can undertake single-handedly.
<ul style="list-style-type: none"> ■ Emergency fund: to allow an organization to respond to immediate community needs or to see an organization through a crisis. 	<ul style="list-style-type: none"> ■ Impact grants: a large, one-time gift, typically to launch a fundraising or endowment campaign.
<ul style="list-style-type: none"> ■ Restricted funds: to limit use to purposes specified by grantor, such as a particular population or region. 	<ul style="list-style-type: none"> ■ Scholarships/awards: to support or honor outstanding individuals who excel in areas supported by the foundation. (The IRS imposes strict regulations on grants given to individuals, including obtaining approval for the grants before they are distributed. Many foundations prefer to give the grants to the institutions or nonprofit organizations for the benefit of particular individuals.)
<ul style="list-style-type: none"> ■ General operating support: to allow grantees to use grants according to their discretion, whether for administration, fundraising, overhead, or stabilizing the organization. (See sidebar) 	<ul style="list-style-type: none"> ■ Program related investments (PRIs): to give nonprofit organizations access to capital by providing low-interest loans, loan guarantees, or equity investments for projects such as community revitalization, low-income housing, and micro enterprise development. PRIs are not outright grants but loans the organizations are expected to repay by a specified period.
<ul style="list-style-type: none"> ■ Capital grants: to help grantees finance the construction or renovation of a building and to purchase land, equipment, or a facility. 	<ul style="list-style-type: none"> ■ Technical assistance: to allow grantees to hire consultants/trainers to strengthen the organization's management, fundraising, board development, or leadership. Grantors may also give grants directly to nonprofit management organizations to provide free trainings to current or past grantees.
<ul style="list-style-type: none"> ■ Endowments: to help grantees gain financial stability by establishing or increasing the organization's endowment. Grantees cannot touch the principal but can use the income generated by the endowment for general operating expenses. 	
<ul style="list-style-type: none"> ■ Research: to further research projects conducted by universities, medical institutions, and think tanks. 	