

CAPITAL GRANT GUIDELINES

Capital projects are frequently transformational, changing the arc of the nonprofit organizations that choose to build. However, capital projects are also complex. They can saddle grantees with unforeseen liabilities and can fail to live up to their promise to enhance or expand impact.

The following capital grant proposal guidelines, interim report guidelines, and final report guidelines compose a suite of tools designed to help grantees and foundation program staff achieve needed alignment on key issues throughout the capital grant lifecycle – from due diligence to payment, monitoring, and closure.

These materials were generated through the S. D. Bechtel, Jr. Foundation’s experience making more than 400 capital grants since 1980. They can serve as examples and thought starters that any funder can apply to support their own grantmaking – and to strengthen their relationships with nonprofit partners regarding capital projects.

While some capital projects are for land acquisition and restoration – particularly in the environmental field – these guidelines are focused on capital grants for facilities, including new buildings and renovations.

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GRANT PROPOSAL GUIDELINES

Grant proposals should help grantseekers and funders assess the degree to which capital projects are strategically sound. The following guidelines serve these parties in determining if a capital project is supported with relevant expertise and is well planned – with realistic budgets, timelines, contingencies, and long-term financial assumptions in place.

PROPOSAL ELEMENTS

1. **Cover letter:** A brief letter specifying the grant purpose, request amount, and term.

2. **Executive summary:** A separate one- to two-page overview of the project, target results, and plans for managing and maintaining the facility. Specify whether the project is for the purchase, construction, or renovation of one or more buildings.

3. **Proposal narrative:**

The purpose

- Briefly describe your organization’s mission, vision, and long-term goals.
- What capital infrastructure need is your organization seeking to address?
- What makes this project a priority now? Provide relevant data supporting the need.

The project

- Describe the project. Specify whether the project is for the purchase, construction, or renovation of one or more buildings. Also specify the current stage of the project (planning and design, construction, near completion, or other).
- Describe your organization’s prior experience with capital projects. How does that experience prepare you to successfully carry out the proposed project? Do you have the necessary skills and capabilities on your team or will you need outside expertise?
- Provide a defined timeline for the project, identifying key milestones such as fundraising, design, site acquisition and preparation, permitting, construction, and occupancy.
- In a short, bulleted list, identify the target milestones you expect to achieve during the grant period. These should be structured as SMART objectives (specific, measurable, attainable, results-focused, and time-specific). *Note: SMART objectives form the basis of grant expectations and are generally included in the grant agreement and reporting requirements.*
- Describe your approach to selection of project leaders, including project managers, legal counsel, architects, engineers, designers, and/or contractors. Include criteria, process, and timeline for selection.
- How will key design decisions (e.g., site selection, sourcing of materials and labor, building functionality and adaptability) advance the purpose of the project?

- How and when will program beneficiaries, staff, and other stakeholders be engaged?
- What risks and challenges do you foresee in planning and implementing this project? Discuss any potential sources of opposition and how you plan to address them.
- What are your contingency plans should the project fall short of key milestones, including fundraising shortfalls and/or construction delays?

The impact

- How will the completed project impact your organization's revenues, costs, and staffing needs? Discuss how you arrived at estimates for operating and maintenance (O&M) costs, how estimates compare to O&M costs for your present facilities, and how you will secure additional resources for O&M.
- Will program beneficiaries, staff, or other stakeholders be negatively impacted by the project while it is underway or after it is completed? If so, how will you mitigate these impacts?
- How will you measure the impact of this project? What short- and long-term indicators will you track, what methods will you use, and how will you use/share what you learn?

4. Project budget: Detail the full cost of your project, as well as amounts and sources of funding. Indicate if funds are committed or otherwise available, including debt financing if applicable. Specify how you would deploy foundation funds. In addition to design and construction costs, the project budget should provide detail on planned contingency funds and indirect costs.

5. Attachments:

- Organization budget and year-to-date actuals for the current fiscal year.
- Audited financial statements for the three most recent fiscal years.
- Bios of key staff and project leaders (if selected), including project managers, legal counsel, architects, engineers, designers and/or contractors.
- List of board and capital campaign committee members, with affiliations and responsibilities.
- Strategic plan.
- Capital campaign plan, including:
 - The phases of the campaign (e.g., quiet phase, public phase), including strategy and funding sought in each phase;
 - List of funders and prospective funders with amounts committed or pending;
 - Expected board and capital campaign committee members' contributions to the campaign;
 - Anticipated impact of capital campaign on fundraising for annual operations.

Additional attachments, if appropriate:

- Architectural, engineering, or other construction specifications/plans that describe the project.
 - Letters of support for the project.
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INTERIM GRANT REPORT GUIDELINES

An interim report provides an opportunity for the grantee and funder to assess the capital project timeline, budget, and grant objectives in relation to the original grant proposal. The grantee should also reflect on challenges to date, outstanding risks to the project, and contingency plans.

REPORT ELEMENTS

1. Narrative report:

- Attach the original project timeline, and discuss the status of the project in relation to the original plan.
 - Explain any proposed adjustments to the project timeline going forward, as well as any adjustments to the SMART objectives for the grant, if applicable. *Note: Be sure to detail any proposed adjustments to the budget in the financial report, per below.*
 - If applicable, list any other highlights from this period that you feel are important to share (e.g., unexpected project outcomes, relevant organizational achievements, etc.).
 - What challenges have you faced in your capital campaign/capital project, and how are you addressing them?
 - What risks to the capital campaign/capital project remain, if any, and how do you plan to mitigate them?
 - What are your contingency plans should the project fall short of key milestones? How, if at all, is your capital campaign/capital project affecting your ability to secure general operating revenue?
 - What feedback/advice do you have for the foundation? Please tell us at least one thing working well in your engagement with the foundation, and at least one thing that could be better.
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2. Financial report:

- A detailed table of original project budget figures, actual revenues/expenses, and variances to date, and if applicable, proposed budget adjustments and variances going forward.
 - Notes on any actual or proposed variances of more than 10% from the original budget.
 - An update on capital campaign results, including funds secured, total pledges of support, and pledges at risk, if any.
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3. Attachments:

- Organization budget for the current fiscal year.
 - Audited financial statements for the most recent fiscal year.
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FINAL GRANT REPORT GUIDELINES

A final report provides an opportunity for the grantee and funder to assess the success of the capital project, lessons learned, and the impact of the project on the organization to date. In some cases, a final report may be due prior to the completion of the project. In such cases, the funder, in partnership with the grantee, can determine whether to delay the date of the final report, negotiate additional reporting requirements, or conclude that the project is poised for success and that the grant may be closed.

REPORT ELEMENTS

1. Narrative report:

- Attach the original project timeline, and detail the key achievements of the full grant period in relation to the original plan and SMART objectives for the grant.
 - How has this project enabled your organization to increase the quantity/quality of your services?
 - If applicable, list any other highlights from the full grant period that you feel are important to share (e.g., unexpected project outcomes, relevant organizational achievements, etc.).
 - What challenges did you face in your capital campaign/capital project, and how did you address them?
 - What are the most important things you learned? What advice would you give to other organizations about to embark on a similar effort?
 - How has your organization changed/how will it need to change as a result of this project?
 - What progress have you made toward establishing secure revenues to cover the ongoing operating and maintenance costs associated with your new facility/equipment?
 - What feedback/advice do you have for the foundation? Please tell us at least one thing that worked well in your engagement with the foundation, and at least one thing that could have been better.
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2. Financial report:

- A detailed table of original/revised project budget figures, actual revenues/expenses, and variances.
 - Notes on any variances of more than 10% from the original/revised budget.
 - A summary of capital campaign results, including funds secured, total pledges of support, and pledges at risk, if any.
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3. Attachments:

- Organization budget for the current fiscal year.
 - Audited financial statements for the most recent fiscal year.
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