

Online Grant Applications and Reporting: Practical Wisdom and Recommendations for Grantmakers

IN THE WORDS OF A GRANTSEEKER

Executive Summary

As online technologies continue to proliferate, the adoption and adaptation of these new tools continue to reinvent standards and procedures across fields. The field of philanthropy has seen a recent rise in the volume of online application and reporting procedures, a trend that seems likely to accelerate in the future. At the request of The Ford Foundation, The Foundation Center conducted a content analysis of its donors' current online application and reporting requirements. This analysis offers an overview and comparison of online application and reporting requirements and structures, and highlights the technical and structural challenges frequently encountered by the Center's fundraising staff when completing these requirements. Our report concludes with recommendations for best practices in online system design and proposes solutions to help grantmakers streamline their application and reporting process.

Sample characteristics: Each year, the Foundation Center completes grant applications and progress, evaluation, and financial reports for 500+ foundations, of which approximately 87 utilize an electronic/online format. Of these 87 foundations, 68% are independent foundations; 22% are corporate and operating foundations; and 10% are community foundations and grantmaking public charities. Their assets range from \$40,000 to \$34 billion, and annual giving amounts range from \$3,000 to \$3 billion. This report presents a case study drawn from analysis of a representative sample of 66 applications and 66 reports that the Foundation Center completed for these donors during the past two years. First, we created two independent checklists—one for applications and one for reports—and then coded each checklist according to 70+ variables that were clustered around nine essential features: *background information, grant beneficiaries, grant purpose, activities and outcomes, evaluation, board member engagement, financial information* with a blank space provided for “other” observations.

Findings: Out of the **grant application sample** (n=66), 23 foundations accepted straightforward web-based application forms; 16 foundations made application forms available as electronic documents with the option of e-mailing the application; 13 foundations provided a “download-and-snail-mail” structure; and 14 foundations did not specify a preferred submission format. Overall, the Foundation Center found that the quantity and quality of instructional information and assistance for grantseekers was poor, and vast differences and inconsistencies in procedures, questions, and requirements presented challenges that increased the administrative demand placed on nonprofit staff. Requests related to the *target population served, the purpose of the funding, and financial information*, specifically, presented the most problematic challenges.

In the **report sample**, while 66 reports altogether were reviewed, there were 36 reports for which question scorings could be applied based on the 70+ variables selected for the analysis (approximately 29 foundations accepted generic annual reports via electronic format, and one report consisted of a generic narrative and a special financial report). Requirements tended to be more open-ended than those noted in grant applications: for example, 43% (n=29) of the foundations accepted an electronic version of the Foundation Center's Annual Report as fulfilling requirements for its grant report. Most specific report forms requested information about what was accomplished during the reporting period. As noted in our grant application sample, results indicated a prevalence of insufficient instructions offered: only 44% (n=16) out of the 36 sampled reports provided requirements and instructions at the beginning of the report. Differences in how financial information and *grantseeker accomplishments* were reported presented the most problematic challenges. For example, 66% (n=24) of the reports restricted financial reporting to foundation-generated *budget templates*, with pre-determined requirements.

Electronic application and report forms also frequently presented a variety of technical challenges that placed additional demands on staff time due to situations such as difficulty accessing forms, the loss of data submitted by grantseekers, the inability to import content from other sources, and ambiguity as to whether the submission process was successful.

Recommendations: Results of the content analysis indicated that while many foundations place restrictions on the ratio of administrative costs to direct services, many application and reporting requirements increase administrative demands. Questions related to diversity, as well as requirements regarding financial reporting, seem to present significant hurdles, especially in terms of "locked" templates, or forms that have pre-defined categories and lack space for open responses. For questions related specifically to diversity, we would suggest that the grantmaker community work in partnership with the grantseeker community to develop common standards for diversity information and develop action plans that would address collecting this critical data. The adoption of common standard application and report requirements overall could reduce administrative burdens on grantseekers and help them direct their efforts towards mission-related work.

Our research identifies an array of commonplace variables (i.e., information frequently requested by a majority of foundations) that can be used as a point of departure to streamline forms and to develop common or standardized templates for the grantmaker community. As a resource, the Foundation Center also highly recommends Project Streamline for more information about improving online application and reporting requirements (www.projectstreamline.org). Finally—to reduce technical problems and make formats more user-friendly—the Foundation Center recommends conducting a "test phase" that allows existing grantees the opportunity to provide anonymous feedback before officially launching a new electronic/online application or report form.

Introduction

The Foundation Center is pleased to present The Ford Foundation with a content analysis and summary of its donors' current online application and reporting requirements. This analysis offers an overview and comparison of the respective online application and reporting requirements and structures, and highlights the technical and structural challenges frequently encountered by its fundraising staff when completing these requirements. Our report concludes with recommendations for best practices in online application and reporting system design and proposes solutions to help grantmakers streamline their application and reporting process.

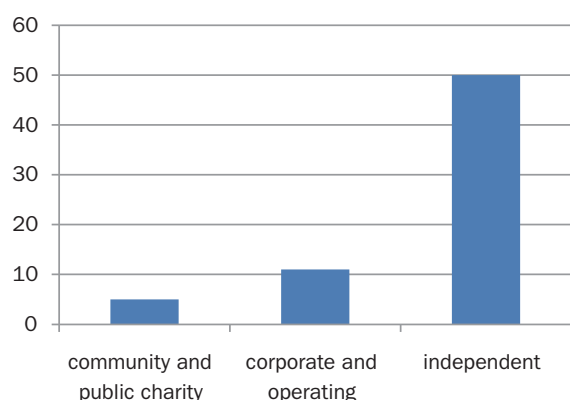
Why the Foundation Center? As a grantseeker, the Foundation Center has extensive experience applying to and partnering with diverse grantmakers—from independent, corporate, and operating foundations to community foundations and grantmaking public charities. Each year, the Center completes over 500 grant applications and a comparable number of complementary progress, evaluation, and financial reports. Of the 500+ foundations, 87 utilize some form of electronic/online application or report. Our experience completing diverse forms of electronic/online applications and reports places the Foundation Center in a unique position to offer valuable observations and recommendations to grantmakers.

Purpose: This report presents a case study of the Foundation Center's grantseeking experience and provides grantmakers with practical feedback for improving grant application and reporting processes, with the intention of advancing solutions that limit the burden placed on nonprofits and enable them to focus resources on mission-critical activities. This report highlights critical challenges experienced and proposes recommendations to help grantmakers streamline their application and reporting process.

Characteristics of the sample: The Foundation Center chose a representative sample of 50 applications and 50 reports, and oversampled by 16 in each category for analytical purposes (see Figure 1 for foundation types included). The sample was drawn from the applications and reports submitted during the past two years to 87 Foundation Center donors that utilize electronic/online applications or reports. Of these 87 foundations, 68% are independent foundations; 22% are corporate and operating foundations; and 10% are community foundations and grantmaking public charities. Foundation assets range from \$40,000 to \$34 billion, and annual giving amounts range from \$3,000 to \$3 billion.

Methodological Framework: Each foundation was assigned a number to preserve anonymity. The Foundation Center then created two independent checklists—one for applications and one for reports—each with 70+ variables to compare across documents. The 70+ variables were clustered around nine essential features, including *background information*, *grant beneficiaries*, *grant purpose*, *activities and outcomes*, *evaluation*, *board member engagement*, *financial information*, with a blank space for "other" observations. The Foundation Center fundraising team then coded the entire sample of applications and

FIGURE 1. Foundation Type



reports according to the 70+ variables for a thorough and comprehensive analysis, determined to combine related variables. To allow for cluster comparisons, each *foundation type* (independent, corporate/operating, or community/public charity) was further segmented into two different categories: one based on *total assets* (lowest third, middle third, and highest third) and another based on *total giving* (lowest third, middle third, and highest third). Comparisons within and between the *total assets* and *total giving* categories, however, were statistically insignificant due to the small sample size; the results in the following pages do not take these categories into consideration. The following data and results are reported only in aggregate form.

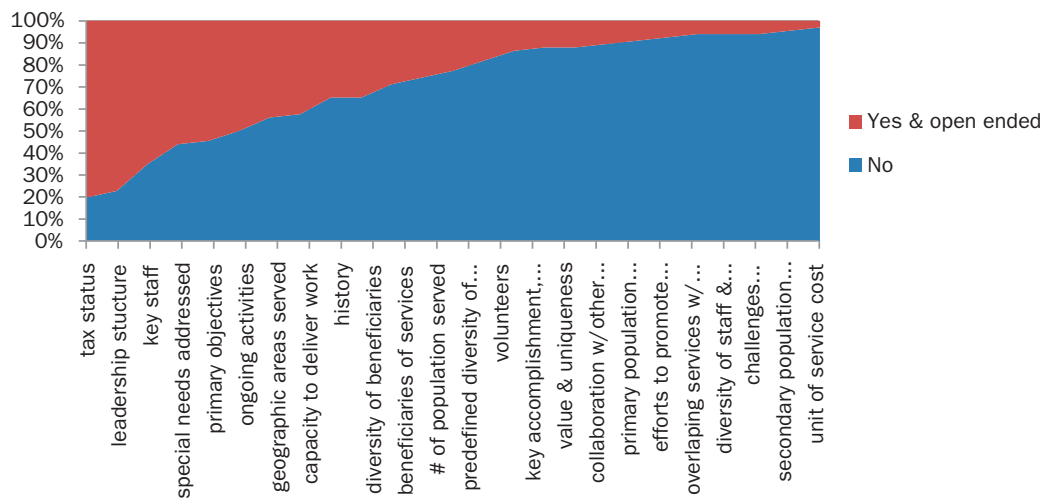
Results: Grant Application

In terms of the structure of the electronic grant applications, or the “types” of forms made available via the web, we found three variations. Out of the application sample (n=66), 23 foundations accepted straightforward web-based application forms, where grantseekers were required to complete and submit questions directly on the foundation’s web site (designated spaces for responses were placed after each question). Approximately 16 foundations made application forms available as electronic documents via e-mail or the foundation’s web site, with the option of e-mailing the application. Approximately 13 foundations provided a “download and snail-mail” structure, where application forms could be downloaded from the foundation’s web site or via an e-mail message, completed, and then submitted in hard copy format via postal mail. Finally, 14 foundations did not specify a preferred submission format.

Providing Preparatory Instructions for Grantseekers: Overall, the quantity and quality of instructional information and assistance for grantseekers was poor. Only 50% (n=33) offered instructions or requirements at the beginning of each application. Most applications did not include explicit instructions or provide a way to contact the respective grantmaker with questions. Only 15 of the 66 sampled applications, in fact, offered a means to contact the funder with any questions.

Commonalities and Differences Across Electronic Grant Applications: Within the sampled applications, differences between procedures, questions, and requirements occurred far more frequently than similarities (see Figure 2 below). Further, we found inconsistencies in application format and content even across different departments within the same foundation. Information about the *target population served*,

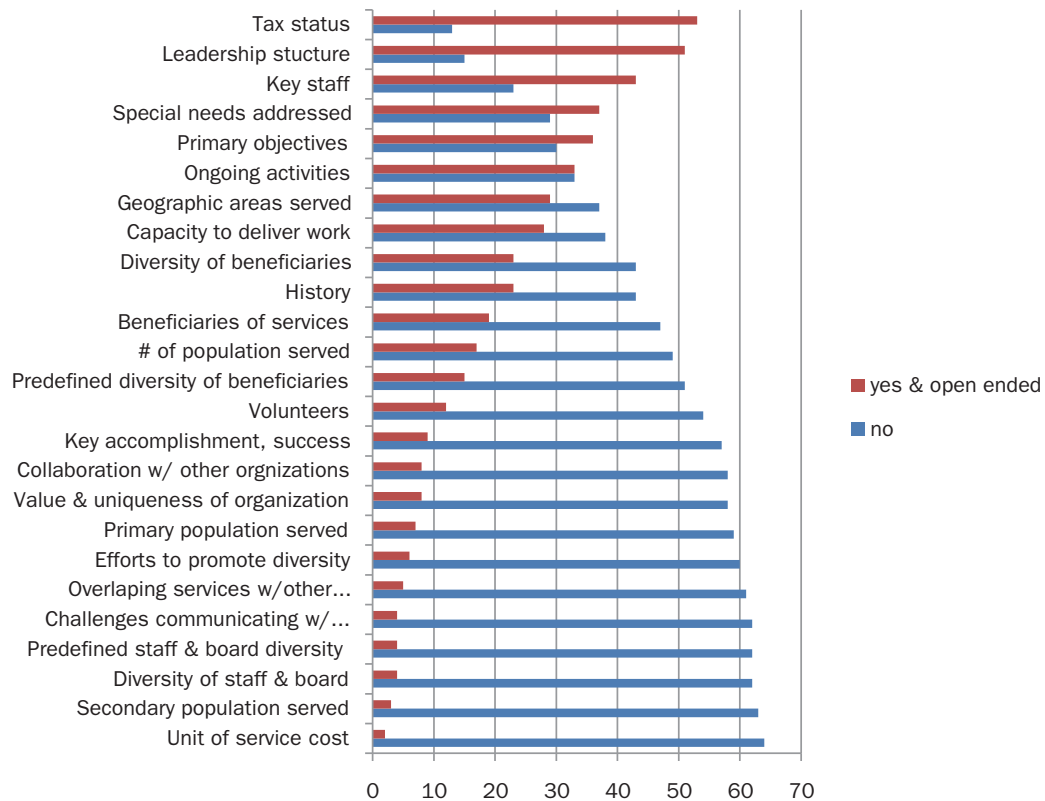
FIGURE 2. Similarities and Differences in Requesting Information Related to Grantseeker’s Background



specifically, was requested in many different formats—ranging from indicators of *age* to *race/ethnicity* to *gender*, *geographic location*, *socioeconomic status*, and/or *sexual-orientation*—each with its own set of predefined and inconsistent sub-categories. Within our sample of applications and complementary reports (n= 23), the Foundation Center identified 66 predefined and inconsistent categories related to diversity (we will elaborate upon this finding in the analysis section below).

Organizational Background: Most application forms ask for basic data regarding the grantseeker's organizational background. Via explicit or open-ended questions, the majority requested information related to the *tax status* of the grantseeker (n= 53), *organizational leadership structure* (n=51), *organizational key staff* (n=43), *special needs addressed by the grantseeker* (n=37), *organizational primary objectives*, and *ongoing organizational activities* (n=33). Less common questions requested include: *geographic areas served* (n=29), *organizational capacity to deliver proposed work* (n=28), *diversity of beneficiaries* (n=23, with 15 of the 23 grantmakers predefining the category of the beneficiaries' diversity), *organizational history* (n=23), *beneficiaries of services offered* (n=19), *the number of individuals served (population served)* (n=17), and questions related to *volunteer engagement*, such as reliance on volunteers and volunteer involvement in organizational activities (n=12). The least common questions requested include: listing *key accomplishments/success* of the organization (n=9), *collaboration with other organizations* (n=8), *primary population served* (n=7), *the organization's commitment to promote diversity* (n=6), *overlap of services with other organizations* (n=5), *challenges faced by organization in communicating with population served* (n=4), *demographic and diversity of organizational staff and board* (n=4, with all 4 providing predefined categories of diversity), and *unit of service cost* (n=2). Figure 2-A below lists questions explicitly requested by a grantmaker (with close-ended "yes/no" responses) or unspecified information requested through open-ended or double-pronged questions (two questions combined).

FIGURE 2-A. Organizational Background Questions



Purpose of Funding: Most application forms use language that assumes grantseekers are seeking funding for a “special project”; in fact, only 39% (n=26) include language geared towards general operating support. Predefined program/funding areas were listed in 71% (n=47) of the funding applications. Grantseekers that potentially qualified for multiple categories were limited to one category in many cases; many forms also excluded options for general operating support or capacity-building efforts. Figure 3 lists purpose funding categories, frequently-asked and infrequently-asked questions, and other aggregates.

Common and Less Common Questions: Most application forms ask basic questions related to the purpose of the grant request, outcome/impact/evaluation, and application and financial information. Almost 100% of the grantmakers requested information (via explicit or open-ended questions) related to the *purpose of the funding, activities, and anticipated accomplishments*. Additional common questions included *outcomes, impact, and outputs* (n= 51). Less common questions include *evaluation methodology* (n=26) and those related to *board member engagement*, such as *financial contribution by board members* (n=4) and *frequency of board meeting and board attendance* (n=3).

Letter Of Intent: Only 15% (n=10) of our sample required a letter of intent (LOI) prior to the application submission. Of those that required an LOI, 100% utilized a formalized LOI process (in other words, the grantseeker must be given permission to apply by the grantmaker and/or an access code must be authorized). Funders that authorized requests for general operating support but did not provide guidelines or options for submitting this type of request further complicated the process, making application for funding very difficult.

FIGURE 3. Purpose, Outcomes & Evaluation, LOI, and Board Engagement

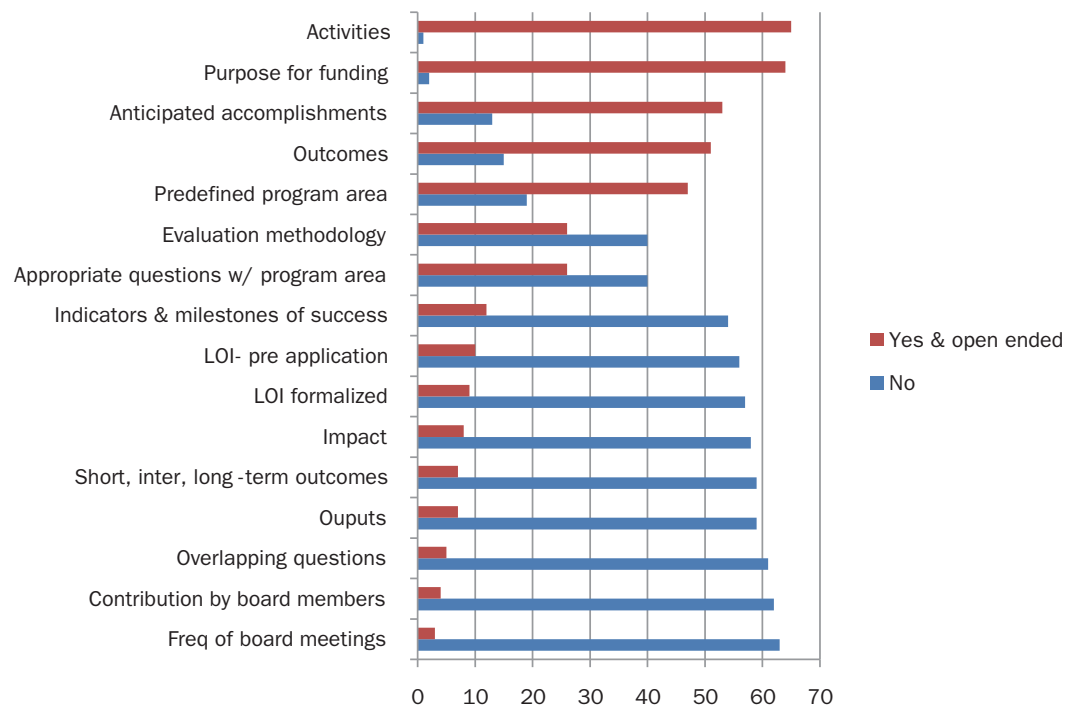
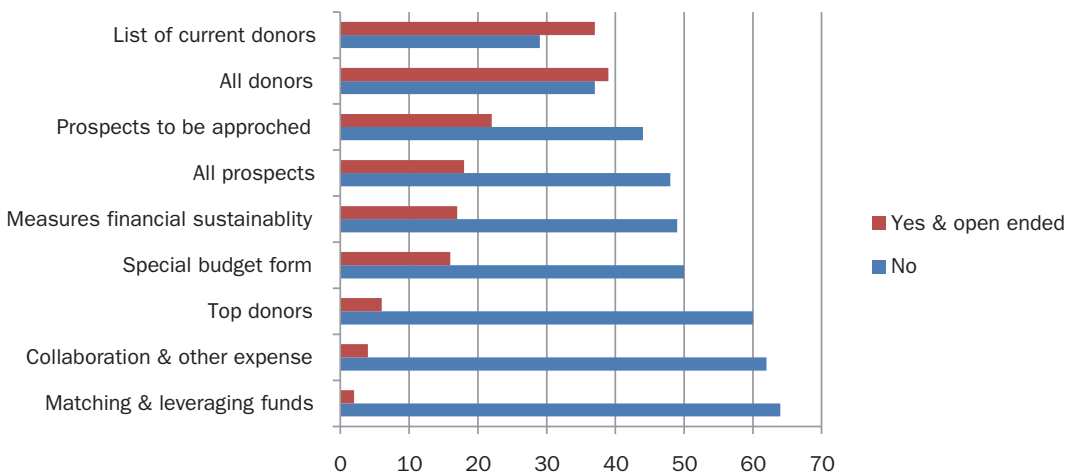


FIGURE 4. Financial Requirements



Financial and Sustainability Information: Only 24% (n=16) required grantseekers to complete special budget forms, or templates provided by the grantmaker. Four of the 16 required specific information related to *subcontractors*, *collaboration*, and *direct and indirect costs* (limitations apply to predetermined percentage). Fewer required *matching funds*, *list of top donors*, and *prospects to be approached for funding* (n=2, 6, and 22, respectively). Other financial measures and sustainability questions included: requests to provide a *comprehensive list of prospects*, *cost-cutting efforts*, and *balanced budget and reserves*. More than 50% of the sample required grantseekers to provide a comprehensive list of current donors and/or all donors from the past year. For aggregates, see Figure 4.

Attachments: The majority of sampled applications require additional attachments. The smallest number of requested attachments were two (n=3), and the largest number of requested attachments was 17 (n=2).

Other Observations and Technical/Structural Barriers: We noted the following challenges:

- Few forms provide a “save and finish later” option on each screen
- Clicking the “back” button in the browser causes data to disappear in some forms
- Few forms have a “saved” or “in-progress” document, or this option is not visible the next time the user logs in
- Few offer contact information to help the user retrieve / modify login information or address other issues
- Many have narrow word and character restrictions that truncate text copied and pasted from another document, thus requiring a re-write (further, some forms will truncate the text without alerting the applicant that s/he overstepped the restricted space and that the text has been subsequently cut)
- Many have limitations, such as formatting errors, that affect text copied and pasted from another document, thus requiring manual re-typing
- Many do not include the option to attach supplemental documents that may provide a fuller picture of the grantseeker’s work
- Few have clear visual cues to alert users when documents have been successfully uploaded

- Few provide receipt confirmation when the “submit” button is pressed
- Few provide a record of the submitted form available for the grantseeker’s files
- Few provide receipt confirmation or acknowledgement from the grantmaker when a document is e-mailed

Results: Electronic/Online Reporting

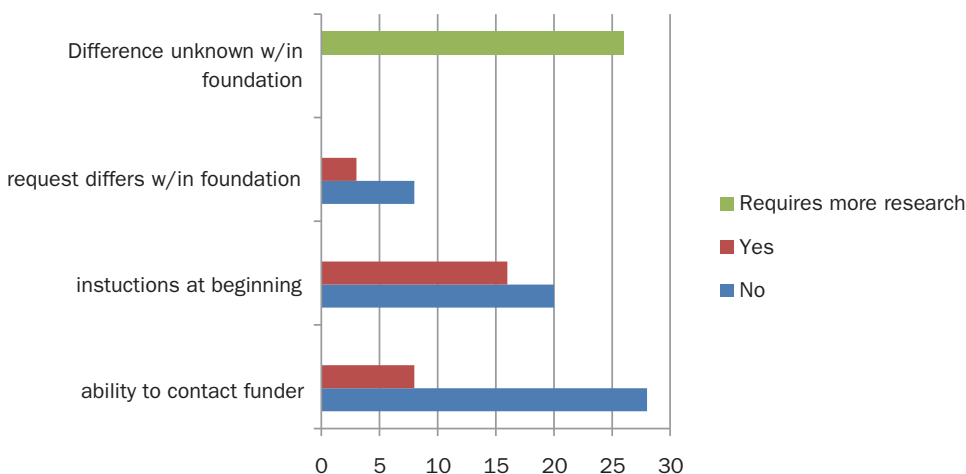
Sixty-six reports altogether were reviewed (for 62 grantmakers—a few had more than one), of which 29 accepted generic annual reports via electronic format, and one report consisted of a generic narrative and a special financial report. There are 36 reports for which question scorings could be applied based on the 70+ variables selected for analysis. However, in several cases of our sample, data was excluded and determined “not applicable.” Thus, some questions add up to inconsistent totals that are not equal to 36 special reports, and others add up to inconsistent totals not equal to 66 generic and special reports combined.

Providing Preparatory Instructions for Grantseekers: Only 44% (N=16) out of the 36 sampled reports provided requirements and instructions at the beginning of the report, while only 22% (N=8) out of the total provided a means to contact the grantmaker with any questions.

We examined requirement differences between departments within the same foundation (three out of the 33 sampled provided multiple grants issued by various departments within the foundation, and all three foundations had differences in reporting requirements). Requirement differences within a foundation tended to more commonly occur in larger foundations that operate many departments, each with its own respective parameters and conventions.

Commonalities and Differences Across Electronic/Online Reports: As we found with the sampled applications, differences occurred more frequently than similarities in the electronic/online reports. Requirements, however, tended to be more open-ended than those noted in applications: For example, 43% (n=29) of the foundations accepted an electronic version of the Foundation Center’s Annual Report as fulfilling requirements for its grant report. Most specific report forms request information about what was accomplished during the reporting period.

FIGURE 5. Preparatory Instructions



As per differences, information about the grantseeker’s accomplishments during the reporting period is requested in very different ways, from a simple summary of what changed to logic models that demonstrate inputs/outputs, and short-, medium-, and long-term outcomes. Financial forms vary widely as well.

Organizational Background: Because questions related to an organization’s background tend to occur in grant applications, most reports did not include questions or requirements that fit this category. The *number(s) of people served and beneficiaries* of an organization’s work were more frequently asked (n=11 and 21, respectively).

Purpose of Funding: Approximately 100% of the sampled reports requested information about *accomplishments* achieved. Similarly, most requested information about whether or not the *purpose* was achieved. The majority also requested information related to *activities, indicators, milestones of success, evaluation methodology*, as well as *challenges faced* by the funded organization and *lessons learned*. Fewer requested information about *recommended best practices* and even fewer requested *short, intermediate, and long-term outcomes*. Please see Figure 6, below.

Financial Information: This analysis revealed two prominent patterns that are critical for grantmaker consideration: **first**, 66% (n=24) of the reports restricted financial reporting to foundation-generated *budget templates*, with pre-determined requirements; **second**, most requested information about *efforts to ensure financial sustainability* for the funded project/organization. Fewer reports required *lists of donors or top donors*, which is understandable given that this information was typically requested during the application stage. Figure 7 contains financial information aggregates.

Summaries and Conclusions of Electronic/Online Reporting:

- Electronic/online reporting requirements tend to be more open-ended than those for applications; 43% of the foundations in the report sample accepted an electronic version of the Foundation Center’s Annual Report as a report on its grant
- **Organizational Background:** Information regarding the *number(s) of people served and beneficiaries* of an organization’s work was more frequently requested

FIGURE 6. Purpose of Funding

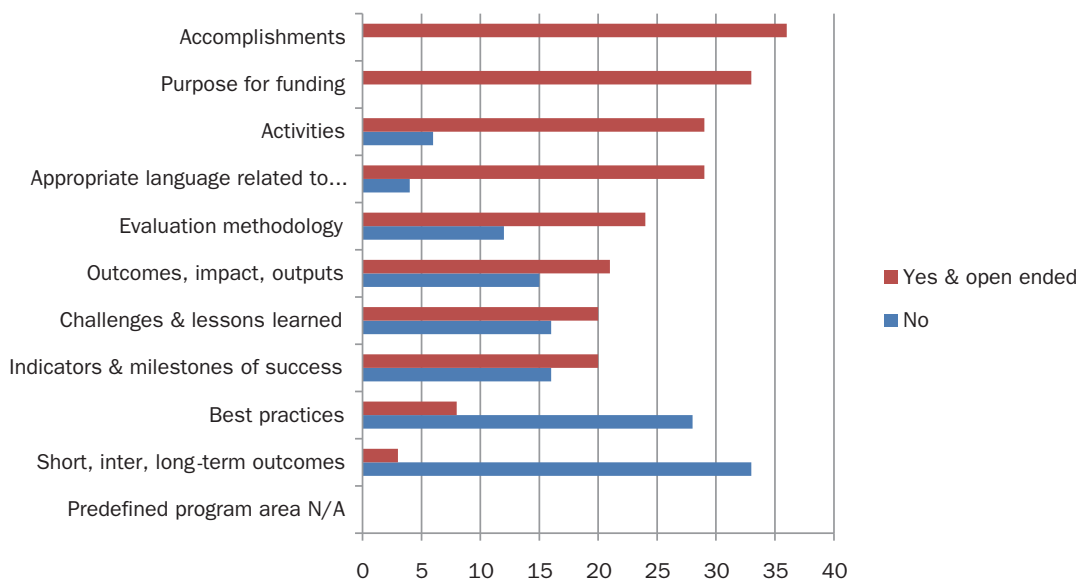
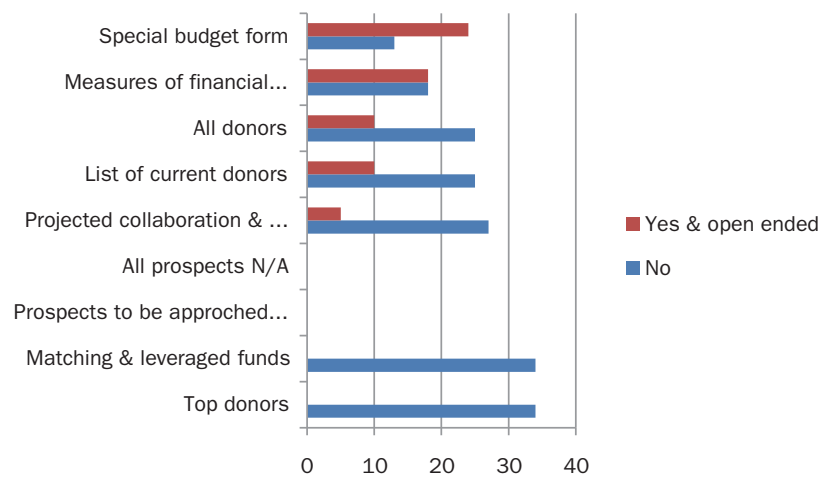


FIGURE 7. Financial Information–Electronic and Online Reporting



- **Purpose of Funding:** Approximately 100% of the sampled reports requested information about *accomplishments achieved*; similarly, most requested information about whether or not the *purpose* was achieved; the majority also requested information related to *activities, indicators, milestones of success, evaluation methodology*, as well as *challenges faced* by the funded organization and *lessons learned*
- Requests related to the grantseeker's accomplishments during the reporting period were common. This, however, presented a challenge because it was requested in a variety of different formats, ranging from a simple summary of demonstrated changes to logic models that enumerate inputs/outputs and short-, medium-, and long-term outcomes
- Fewer grantmakers requested information about *recommended best practices* and even fewer requested *short, intermediate, and long-term outcomes*
- **Financial Information:** Financial forms vary widely, but two prominent patterns emerged as critical for grantmaker consideration: first, many reports restricted financial reporting to foundation-generated *budget templates*, with pre-determined, "locked" requirements (i.e., the form does not allow for edits or changes of any type, including the creation of new categories or additions of footnotes, etc.); second, many reports requested information about *efforts to ensure financial sustainability* for the funded project/organization.

Summaries, Conclusion, and Recommendations

It is important to note that while many foundations place restrictions on the ratio of administrative costs to direct services (with some foundations that will actually not fund an organization whose administrative costs exceed a specified percent of the total organizational budget), many application and reporting requirements increase administrative demands. For example, most foundations restricted financial reporting to pre-made, foundation-generated budget templates. One strategy that like-minded grantmakers may adopt is a common financial template, thus reducing the burden on funded organizations having to report by using various templates. The adoption of common standard application and report requirements overall could reduce administrative burdens on grantseekers and direct their efforts towards mission-related work. In this report, the Foundation Center identified variables that the majority of grantmakers' applications and reports commonly request. These variables can be used as a point of departure to streamline application and reporting format to a more common or standardized template that a majority of grantmakers would find acceptable.

Another critical observation that we would like to highlight is the various requests for data intended to capture information related to diversity. Information about the diversity of the grantseeker's target *population served, beneficiaries, and board and staff*, specifically, is requested in many different formats—ranging from indicators of *age to race/ethnicity to gender, geographic location, socioeconomic status, and/or sexual-orientation*—each with its own set of predefined and inconsistent sub-categories. Within our sample of applications and complementary reports, the Foundation Center identified 66 predefined and inconsistent categories related to diversity. In the face of imbalances in allocating funding to and serving communities that are inclusive of all diversity, we recognize the importance of responding to these questions on applications for funding and on reports. We commend grantmakers that are committed to the preservation and promotion of cultural diversity, which is essential to sustainable human development. From this perspective, we would suggest that the grantmaker community work in partnership with the grantseeker community to develop common standards for diversity information and develop action plans that would address collecting this critical data using reliable and valid standards and methods.

Based upon our research, we offer the following additional recommendations:

- Avoid ambiguous terminology or jargon that may cause confusion for people outside of the foundation
- Use inclusive terminology for the type of request (general operating as well as special project support)
- Provide clear instructions for form completion
- Provide contact information for questions about procedural/technical issues
- Use an automated function to immediately acknowledge receipt of submitted documents and/or acknowledge emails promptly
- Make application and report form questions as open-ended as possible to capture the full range of efforts and types of organizations eligible for support
- Make word/character limits as generous as possible; furthermore, “word limits” give the grantseeker a bit more leeway than “character limits,” which force applicants to format and punctuate their narratives in odd ways
- Provide an outlet for grantseekers to upload or include additional comments or attachments
- Consider whether the amount of effort and expertise required to complete the application or report is appropriate to:
 - the scale of effort proposed/undertaken
 - the amount of funding sought/awarded
 - the level of grantseeking skill of an applicant

In other words, are labor-intensive requirements (e.g., evaluation project and long-term impact as a result of funding, unit cost, logic model/theory of change, long forms, multiple attachments, etc.) disproportionate to the grant amount, organizational size, or project complexity of the effort to be funded?

- Before officially launching a new electronic/online application or report form, consider allowing existing grantees the opportunity to provide anonymous feedback

As a resource, we also recommend that grantmakers review Project Streamline for more information about improving online application and reporting requirements (www.projectstreamline.org).

The Foundation Center's Staff Experience: Collectively, more than 75 years of fundraising and grantmaking experience was utilized to inform the analysis and recommendations in this report. Our staff have a comprehensive slate of fundraising and grantmaking experience, including experience in national, U.S. regional, and international sectors; government; private and public foundation; and major gift and corporate fundraising. For more information on this project contact Nancy Albilal, vice president for development: (212) 708-3624; rna@foundationcenter.org