A Guide to the Basics of Corporate and Foundation Philanthropy
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I.   What is a charitable grant?

A frequent topic of debate in higher education is the "gift vs. grant" question. Why all the confusion? Much of the confusion stems from the fact that sponsored research offices use the same words as development staff, but with different meanings. Grant-makers and academics overlay definitions of their own. Even the CASE Reporting Standards & Management Guidelines confuse the issue, so it's no wonder the discussion never ends.

Only one question matters in determining if an award is a gift: Is it charitable by tax law?
Budget restrictions, schedules, reporting and deliverables are irrelevant. The IRS rules are the gold standard. Fortunately, they are the easiest to understand.

As determined by the Federal Tax Code, **charitable gifts/grants are voluntary donations to a tax-exempt organization (such as ASUF) exclusively for religious, charitable, scientific, literary or educational purposes.** A charitable grant application is any proposal/application to an individual, corporation, foundation or non-profit organization.

Conversely, an award is not a charitable contribution if it is an exchange transaction having potential commercial benefit or profit that does not support charitable purposes. A grant is not charitable if made in exchange for sole or partial ownership of any products or results intended to yield commercial gain (unless the gain is used for charitable purposes).

Please keep in mind that the following criteria are irrelevant to determining whether or not a gift/grant is charitable under tax law:

- Unexpended funds must be returned
- Financial reporting is required
- A signed grant agreement is required
- Expectation of deliverables
- Scope of work, budget and timeline
- Insurance or indemnification is required
- Agreement addresses ownership or license of intellectual property
- Requires regulatory approval

The above criteria may be important in determining *how* funds may be administered, (e.g., via ORSPA, ASUF or an ASU local account), but they have no bearing on whether funds are charitable. Under ASU/ASUF's new guidelines for charitable grant administration, charitable grants with a PI, a scope of work and a budget will be administered by ORSPA.

Helpful Definitions

GIFT – Charitable donation, as defined by the IRS, from either an individual or an organization. Grant made to a qualified charitable organization for charitable purposes.

GRANT – Any award of funding (from government, corporation, private foundation, charitable trust, donor-advised fund, etc.) that may specify terms and conditions for the use of the funds.

CONTRACT – Legally binding agreement between two or more parties.

DELIVERABLE – Quantifiable goods or services that must be provided upon project completion or at specified interim milestones. (Deliverables having no commercial value or those with commercial value that are used for charitable purposes do not disqualify grants from being charitable).

Example 1 – Charitable grant or not?
Biotechnology company makes grant to fund study of new biomarker for Alzheimer's disease.
Relevant factors: Company intends to develop diagnostic test for Alzheimer's. Test will allow patients to be treated before onset of symptoms. Under grant terms, company has right of first refusal to license technology developed by researchers.
Conclusion: NOT CHARITABLE
If biomarker proves useful, company can develop diagnostic test to sell to physicians and hospital laboratories, enhancing company sales and profitability. Owners or shareholders commercially benefit.

Example 2 – Charitable grant or not?
Disease-focused charity makes grant to fund study of new biomarker for Alzheimer's disease.
Relevant factors: Charity wants a diagnostic test developed to benefit patients. Test will allow patients to be treated before dementia symptoms appear. Since they contributed funding, the charity wants to share in any royalties the university receives on the invention. Charity will use profits to fund more medical research grants.
Conclusion: CHARITABLE No person or group profits from the royalty income. Profits will be used solely to support the charity's mission as a non-profit.

II.   Corporate vs. Foundation Philanthropy

While most faculty are well-versed in sponsored research projects, private philanthropy requires a markedly different approach for optimum success.

Corporate funding
Despite what the media releases might tell you, altruism is not the driving force behind corporate giving. Corporate giving is fueled by a simple yet powerful concept: return on investment (ROI). **Corporations want to invest because it is good business to give, and corporations know that philanthropic dollars invested strategically will increase profits. Like foundations, corporations often have clearly established priority areas, which must be a good fit for your unit or program.**

Corporations typically invest in the communities where their employees live and work to enhance community relations. They give to programs and institutions like universities to gain access to talent, resources, and research that drive innovation and increase productivity. Corporations also give to institutions that will create high-impact public relations opportunities to increase brand visibility.

With ROI firmly in mind, approach corporate funding for what it really is—a working partnership. Even though a grant application to a corporate funder will not directly ask you to explain the ROI, you will need to weave these elements throughout your proposal in order to be successful.

Foundation Funding
Foundations have invested considerably in recent years to establish evidence-based priority areas and specific strategies that will maximize philanthropic investments for highest impact. **Foundations do not exist to help your program or research project succeed; you must position your work in a way that clearly aligns with and advances a foundation's established strategic priorities.** In other words, ask not what your foundation can do for you, ask what you can do for your foundation.

A clear and natural alignment with a foundation's mission and goals can't be invented, so only pursue opportunities that are an obvious and genuine match. Given research that clearly demonstrates that alignment with funding priorities is one of the most important elements of a successful proposal, considerable time should be invested in researching a potential foundation's history, mission, past awards, and, of course, grant guidelines. It's important to remember that "guidelines" aren't just "guidelines" in the world of grant writing—they are hard and fast directives. Think of them as rules or laws, and they should be followed to the letter for the greatest chance of success.

Unlike corporations, foundations are very much motivated by altruism, but this doesn't mean foundations aren't every bit as financially savvy as the average corporate funder. In many ways, foundations are just as concerned with Return on Investment (ROI). Rather than boosting profits, a foundation's ROI means maximizing the positive impact of the project relative to philanthropic dollars invested. The impact, size, scope and scale of the project are critical. For greater success with foundation funders, ask yourself the following key questions:

- Does your project have a large impact on the target population relative to the project cost?
- Are the grant objectives both realistic and high-impact?
- Are the objectives clearly defined and easily measured?
- Does your project or institution bring added value? For example, does access to college students bring an established pool of well-qualified volunteers to the table?
- Does access to world-class faculty bring a level of research expertise that a community-based nonprofit might lack?
- Is the goal of the project transformational in some way (e.g., does it move the needle forward on a research question, or can the service or methodology be disseminated at the state or national level)?

Genuine alignment with a foundation's strategic priority areas, strict adherence to funding guidelines and clearly articulating your project's impact and added-value are three of the most important keys to success with foundation funders.

III.   Anatomy of a proposal

While guidelines vary from funder to funder, every compelling grant proposal will contain the following primary components. Use this quick reference as a tool for making sure you hit the mark in each key section of your proposal.

Introduction or Abstract
This brief but important section is the first thing reviewers will read, so it needs to capture attention quickly. In essence, this section provides a summary of the rest of the proposal and should describe: who the applicant organization is and why it is credible; 1-2 sentences each on the problem, objectives and methodology; the total cost of the project and the amount the applicant is requesting from the funder.

The Problem or Need Statement (Why?)
This is arguably the most important section of any proposal. Here you will answer the following key question, which forms the basis of your entire project: what important yet unmet need does the program address? The need statement should be concise and include recent, compelling statistical evidence.

Goals and Objectives (What?)
Typically, this section will include one or two long-term goals that demonstrate the project's broad, significant impact. Following these overarching goals, several project objectives will describe the specific outcomes of the grant in terms that are quantifiable, measurable and time-bound. To write effective objectives, we recommend the SMART method (see below).

Methods or Activities (How? Who? When?)
The methods section tells the funder the specifics of how you will achieve the measurable objectives outlined in the previous section. Typically funders are looking for the various phases of a project or how the activities will unfold chronologically. If the guidelines permit, we suggest including a project plan in table format that breaks down the project objectives into specific tasks with due dates and staff assignments. In addition to describing the steps you will take to accomplish the project objectives, you will often have the opportunity to discuss the rationale behind your approach. The qualifications of your staff and your experience with and access to the target population are also important to include.

Evaluation
The evaluation section will outline a clear plan for ensuring the program is effective and achieves its objectives. Your evaluation plan should clearly demonstrate the validity of your evaluation methods (i.e., does your evaluation really measure what it sets out to measure?). Don't assume that your evaluation measures are valid; you need to explain to the funder why you have designed your evaluation in a specific way. You will also need to explain how you will implement each evaluation measure in your plan. In addition, make sure you clearly establish baseline data against which the project's progress and/or impact will be measured. **Logic models** are a great resource for developing effective evaluation plans.

Budget
Obviously, the budget will clearly list the various costs involved to effectively execute the proposed project. The budget items should, therefore, reasonably extend from the project objectives and

methods. Most often, you will be asked to provide the total project budget as well as the portion of the budget met by the funding request. In this case, you will need to include all items provided in-kind and/or paid by other funding sources. It's important to remember to include indirect costs in your project budget unless expressly prohibited by the funder. You can download a budget template and our charitable giving guidelines and indirect fee policy at www.asufoundation.org/ocfr.

IV.   Writing a compelling need statement

A compelling grant proposal shouldn't read like a dry litany of facts and figures; it should move the reviewers to fund an effective solution to a timely, serious problem. The first step in determining whether or not you have a strong proposal is to ask yourself two key questions:

- **Will the project address an urgent, quantifiable and unmet social need?**
- **Will the project produce enough impact to warrant the requested investment?**

Most grant applications begin with the statement of need because it enables reviewers to quickly determine whether or not your project meets a critical need that aligns with the funder's giving interests. If the need statement isn't compelling and convincing, the details of your project won't matter.

The following are some tips to keep in mind as you draft a high-impact need statement:
- Without listing an endless string of facts and figures, you do need to substantiate your statement of need with relevant, properly-cited evidence that includes recent data, analysis and expert opinions.
- Put a "face" on the problem by including case studies and anecdotal data to humanize the numbers.
- Discuss what (if any) other programs, organizations or services are attempting to address the same need and why the need remains unmet.
- Avoid discussing your program's internal needs and focus exclusively on addressing the problem/needs you are trying to address, which should be clearly defined and described with relevant data points.
- Demonstrate how your program is uniquely suited to address the need.

Avoid "circular reasoning" or stating the absence of your project/services as the need or problem. For example, "The problem is that we don't have a school garden. Our school garden project will address this need."

V.   Writing SMART Objectives

SMART objectives are statements that are Specific, Measurable, Achievable, Relevant and Timely. Foundation and corporate grant applications will often ask you to state your project's objectives without defining what those objective statements should entail. The SMART method will help you to articulate high-impact, quantifiable objectives that will strengthen your overall project design and form the basis of your evaluation. In fact, good evaluation starts with well-written objectives. While your project goals should state the overarching, long-term impacts of the project, SMART objectives will delineate those broader goals into outcome-driven key milestones as follows:

S – Specific State what you want to achieve or change, and be sure to include a defined target population if applicable. Also be sure to include concrete details and use action words to convey as much information as possible.

M – Measurable Describe the achievement or action in quantitative terms. If your goal is to create a change, be sure to include baseline data in addition to the target outcome level (e.g., the project will lower the rate of child obesity in Arizona from a baseline rate of 30.6% to 28% within five years). Also be sure to include your methodology for tracking and measuring each objective.

A – Attainable Objectives should be realistic and achievable considering the project's resources and sphere of influence. Anticipate potential obstacles and develop a contingency plan to ensure success. Also, make sure the actions match the outcomes (e.g., it may not be realistic to say that your project directly lowered the state's childhood obesity rate; it might be more realistic to say that it provided healthier school lunch options to X number of school-age children in Arizona).

R – Results Oriented Your objectives should measure key results or outputs rather than list a series of activities that don't produce tangible results. Make sure the project objectives are compelling and produce enough impact to warrant financial support.

T – Timely SMART objectives should always include a target date or timeframe

Sample SMART Objective

Before SMART Method: The project will provide mentoring sessions to high school youth in Phoenix.

After SMART Method: Each academic year of the project period, volunteer peer mentors will provide at least 24 one-on-one academic mentoring sessions of 45 minutes in length to underserved or at-risk youth who attend underperforming high schools in Phoenix, AZ, as measured by session attendance logs and qualitative feedback surveys.

VI. Words to avoid in proposals

This grant writing tip is excerpted from "100 words that kill your proposals" by Bob Lohfeld, which was originally published July 20, 2012 in WashingtonTechnology.com. Please **click here** to read the article and to download the full list of 100 words developed by Lohfeld Consulting Group. While written for a business audience, the advice is just as appropriate for charitable grant proposals:

> Inexperienced proposal writers seem to use words that should be avoided when writing proposals. These inappropriate words and phrases can weaken a proposal, annoy evaluators and even undermine the bidder's credibility... Here is a brief discussion of the kinds of words you should avoid:
>
> **Crutch words**
> When writers don't know what to say, they often use crutch words to make the reader think they know what they are writing about. For example, when a proposal writer says, "We understand your requirements," then fails to demonstrate any understanding, the writer is using the word understand as a crutch. The proposal would be much stronger if the writer demonstrated an understanding of the requirements by discussing how features of their proposal fulfill customer requirements. Avoid using the word *understand* in your proposal. It will most certainly be a crutch that replaces what should be a discussion of your understanding.

Boasting words
Boasting words cause a proposal to lose credibility and undermine the integrity of the bidder. I know every 10-person company feels compelled to say they are world class, uniquely qualified, use best-of-breed tools, have industry-standard processes, have state-of-the-art technology and are thought leaders in their market. I can assure you no proposal evaluator has ever based an award decision on this kind of puffery. Remove boasting words from your proposal, and focus your proposal on what you are going to do for the customer, instead of trying to make your firm sound so important. Interestingly, the bigger and more successful companies are, the more humble they seem to be about their credentials.

Vague, useless words
No proposal evaluator has ever been moved by a proposal that said we are pleased to submit this proposal, enthusiastic about performing this work, committed to top quality or we place our customers first. These are just useless words in a proposal. You will do better if you strip these from your proposal, and write about what matters — which is how you are going to do the work.

Weak, timid words
We believe, think, feel, strive, attempt, intend, etc. are all words that contemplate failure to perform as an acceptable outcome. Say what you intend to do, and don't couch it in timid terms.

Redundant words
In page-limited proposals, concise writing is mandatory. Let's make it a practice to replace redundant words with precise words. For example, replace actual experience with experience, advanced planning with planning, close proximity with proximity, consensus of opinion with consensus, and so on.

Unnecessary qualifiers
We are absolutely certain, it goes without saying, now and again, comparatively, thoroughly, needless to say, etc. are unnecessary qualifiers. While these words and many similar words may have a place in proposals, most writers use them as unnecessary qualifiers. Remove them to make your writing more concise.

Needlessly long words
Normally, you wouldn't use unnecessarily long words in conversation, so there's no need to use them in a proposal. Replace ascertain with learn, encompass with include, enumerate with list, illustrate with show, initiate with start, and so on.

Slang
We are hitting the ground running and rolling out the red carpet with seasoned managers… You might say this in conversation and it would be fine, but in a proposal, it just sounds odd. Proposals are more formal and may even end up being part of the contract, so write without using slang.