

Nonprofit Notes

Building a Credit History

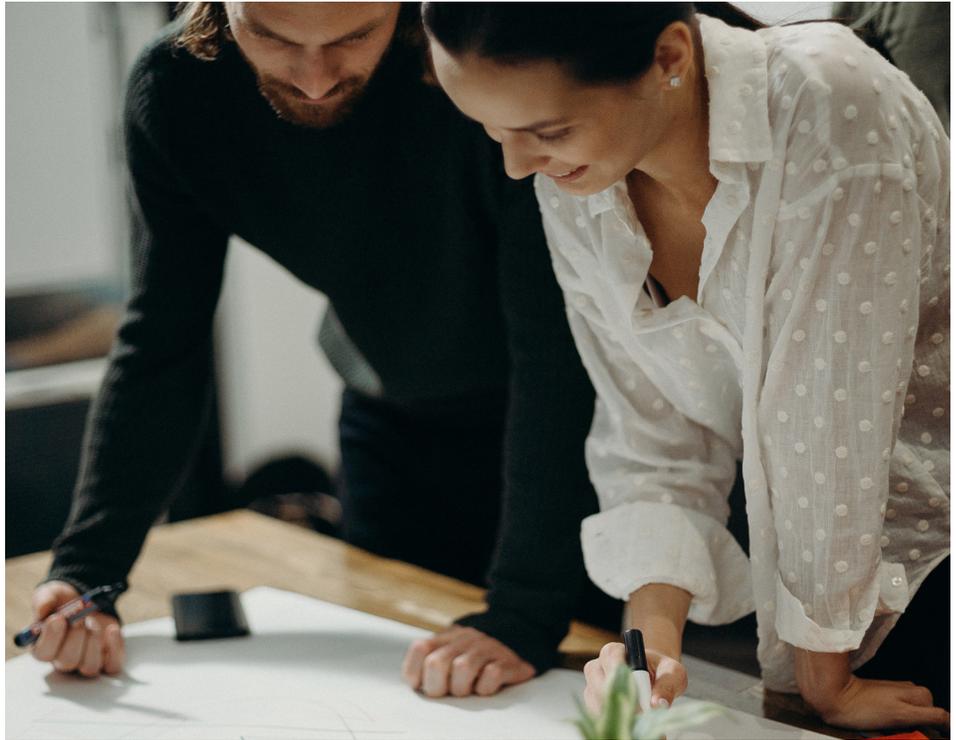
Writing Grant Proposals

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Nonprofits in the United States alone account for 5-10 percent of the country's economy and about 10 percent of U.S. employment (via Stanford Social Innovation Review). Nonprofit services are still in high demand around the globe, despite the financial and economical challenges unique to 2020/2021. Pushing through these obstacles together has been inspiring to witness - the nonprofit sector truly embraced the gravity of the moment and has been a driving force behind moving the globe toward a new normal.

There is still a lot of work to do and you need a partner with a proactive approach to your organization's short- and long-term needs – all while never losing sight of your mission statement. At Davis & Hodgdon CPAs we approach your audit and accounting work always focused on your mission and strategic plan.



Building a Credit History as a New Nonprofit Organization

As a new entity, you can't rely on personal assurances to establish credit like you would if your company had an owner or shareholders. This is just one of the unique challenges you'll face as you establish your nonprofit organization. Not having a financial history can make securing a credit line difficult and frustrating. The key is to build your credit history gradually. Here are a few ideas to get you started.

Establish a D-U-N-S Number

One of the first steps to take is registering for a D-U-N-S number. This is a numbering system issued by Dun & Bradstreet, and it allows for any future partners to easily review your organization's

financial history and reliability.

Apply for Credit with Local Lenders

Reaching out to local vendors and suppliers is generally the next step after you obtain a D-U-N-S number. Look into vendors that offer credit programs tailored specifically to nonprofit organizations. Some vendors may allow you to open a line of credit using your D-U-N-S number and proof that you are a nonprofit organization. Other vendors may be more willing to extend a line of credit if your organization has collateral or assets to offer in return.

Secure a Business Credit Card

Opening a business credit

card is usually the first form of funding for any business, including nonprofit organizations, since it can be used to build the credit that is needed to obtain other forms of financing. Be sure that your lender reports consistently to business credit reporting agencies, such as Dun & Bradstreet, Experian Business, and Equifax Small Business - not all credit issuers do. Additionally, look for lenders who do not issue the credit card based on the owner's personal credit. This will not help build credit for the organization itself, and if you fall behind on payments the creditor could pursue the owner personally for collateral in order to collect debts. ■

Writing Non-Profit Grant Proposals

Establish a Connection with Funders

Grant programs receive a seemingly endless amount of applications, so you want yours to stand out. One way to accomplish this is by forming relationships with the funders. Prior to submitting applications, try to reach out to the people who manage the grants you're considering and request some time to talk with them regarding any specifics they're seeking in grant proposals. You may get some inside information from doing so, which could be helpful in the way you write your proposals.

Share Your Story

Writing a grant proposal is unique from other forms of writing, as it requires a combination of emotional and logical content in order to captivate your potential funders without losing sight of their goals. Be sure to touch on your mission and why you're requesting funding. What's the background of your mission? What drives your organization and does your project proposal reflect that? Try to find creative ways to stand out from other organizations who are applying for the same grants.

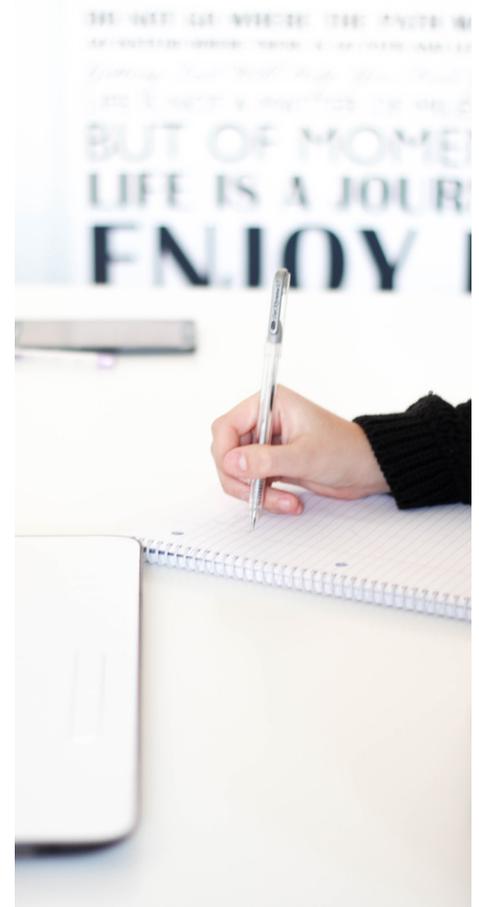
Be Specific with Your Plans

Focus on your top single

goal when writing your grant proposals. Funders like to see that their recipients are organized, passionate, and thoughtful when it comes to the intentions behind utilizing the money they're donating. You can't dream too big when sharing with lenders how much your organization needs their support and funding. Discuss as many specifics as you can when expanding on how you plan to use the money you receive. For example, if you are requesting the funds to expand your organization's computer system, be sure to include specifics on exactly what equipment you need, where the equipment will be used, how it will be used, and any other pertinent information. This leaves the guesswork out of things when a funder is considering your proposal, making it easier for them to focus on the "big picture."

Welcome Feedback

Sometimes when we are deeply and personally invested in a project, we get too close to notice details that are important to the success of the project. This often happens while writing grant proposals. If at all possible have someone review your proposal. Have them check grammar and spelling, as well as the tone and overall structure of your



writing. Additionally, have your reviewer refer to the instructions of the proposal to ensure that you followed their guidelines and included all of the required information. Having an extra set of eyes will help you fine-tune your proposal. ■



Questions? Concerns? With offices in Rutland and Williston Davis & Hodgdon CPAs has served Vermonters and beyond for more than 30 years through expert staff, high-end technology, and unparalleled efficiency. Our mission as your accountant is to provide the financial peace of mind for yourself, your business, your children, and future generations. Visit <https://www.dh-cpa.com/contact-us> to schedule a strategy session with one of our tax experts.