

THE FOUNDATION PROJECT

Summary Report

April 2012

TABLE OF CONTENTS

	Page
Executive Summary	2
Introduction	3
Project research	3
• Project context	
• Process reviews	
• Project barriers	
Project development	6
• Core principles	
• Development of common forms	
• Common forms usage and review	
Appendix One	
• Small Grants Application Form	
• Small Grants Acquittal Report	

EXECUTIVE SUMMARY

The Foundation Project was sponsored by the Vincent Fairfax Family Foundation on behalf of a project team comprising six Trusts and Foundations, Philanthropy Australia and the Queensland University of Technology. The purpose of the project was to support the work of the Australian not for profit sector by examining opportunities for coordinating the application and reporting processes for small grants (<\$25,000) of philanthropic organisations. This report summarises the project's research and development from June 2011 to April 2012.

The research phase of the Foundation Project analysed the current grant application and reporting processes of the participating Trusts and Foundations. It also reviewed the broader context for this work, including the emerging recognition of the impact of grantmaking processes on not for profit organisations and the initiatives being implemented in response to this. The research identified the common attributes in current application and reporting processes, the opportunity that exists to develop common forms for small grants and the barriers to their widespread adoption. Also identified was the need to establish a set of core principles to guide ongoing decisions on the information required for grants application and reporting.

The participating Trusts and Foundations have endorsed the following core principles for grant application and reporting information:

Philanthropy acknowledges that its contribution to the community is primarily through the work of the not for profit sector and we will strive to minimise the administrative burden of grantmaking on not for profit and related organisations. Accordingly:

- *Information will be requested only if it will be used*
- *The effort expended in application and reporting processes will be proportional to the size and risk of the grant*
- *Duplicate information requests will be minimised*
- *Terminology will be defined and standardised in order to limit the variability in information requested*
- *Joint reporting will be established for projects that are collaboratively co-funded.*

These principles informed the subsequent development of a common small grants application form and common small grants acquittal report. The forms were reviewed by community sector organisations, fundraising consultancies and other philanthropic organisations prior to their endorsement by the project team. Their development is a step in an ongoing process, not the endpoint and to be implemented effectively, several philanthropic organisations will need to adopt and consistently use them. The project team intends to periodically review the usage and impact of the principles and the common forms. Further enhancements to the common forms should be anticipated as their ongoing impact is assessed. Master copies of the forms will continue to be available on the Philanthropy Australia website.

INTRODUCTION

The application and reporting processes of philanthropic organisations impose an administrative burden on grantseekers and the Foundation Project was initiated to explore ways that philanthropy could reduce this burden. The project took place from June 2011 to April 2012 and was sponsored by the Vincent Fairfax Family Foundation on behalf of the following organisations:

- Helen Macpherson Smith Trust
- The Myer Foundation and Sidney Myer Fund
- Perpetual
- The Ian Potter Foundation
- The RE Ross Trust
- Philanthropy Australia
- Queensland University of Technology – Australian Centre for Philanthropy and Nonprofit Studies.

The participating Trusts and Foundations are committed to effectively supporting the work of the Australian not for profit sector and to the ongoing review of the impact of their processes on the sector. The project is a practical example of collaboration in philanthropy with the project team contributing their collective knowledge and experience to a review of their processes and the development of new grantmaking tools.

It is intended that the key outputs from the project (the core principles and the common application and reporting forms for small grants) will be of use to existing and new grantmaking organisations, who are the target audience for this Summary Report. A more detailed project research paper has also been prepared as a Queensland University of Technology - Centre for Philanthropy and Nonprofit Studies Working Paper.

PROJECT RESEARCH

Project Context

The research phase of the Foundation Project documented the broader context for the project. This context includes the growth in collaborative philanthropy, the not for profit sector reform agenda, the emerging recognition of the impact of grantmaking processes on not for profit organisations and the initiatives being implemented in response to this.

Research was also undertaken on the international use of common application and reporting forms and this highlighted that it is extremely challenging to develop a common application form that meets the diverse needs of grantmakers. The benefits of common forms is also dependent on their consistent adoption by a number of grantmakers, that participating grantmakers do not add significant individualised information to the common forms and that the common form is less burdensome than the existing individual forms. Grantmaking forms are also just one aspect of the grantmaker-grantseeker relationship and should be considered in the wider context of an organisation's grantmaking processes, including how other elements of an assessment process enhance the information gathered in application and reporting forms.

Process Reviews

Application and reporting processes and forms typically develop over time and are grounded in good intentions and a desire to access the information that is most important to effective grantmaking. The Trusts and Foundations participating in the Foundation Project regularly review and refine their forms and processes and a number have recently introduced revised application and/or reporting forms. There is clearly a willingness to improve processes and to effectively balance the needs of a diverse range of grantmaking stakeholders (such as Trustees/Directors, program staff, administration staff and grantseekers).

The collation and analysis of the current forms and processes used by the six participating Trusts and Foundations in their small grants application and reporting was an important component of the research phase of the Foundation Project. This detailed information was presented to the project team and is summarised below:

- There is a consistent set of basic organisation and project details that all organisations require during the application process.
- There is also a high level of commonality in some of the other project details requested, typically the *what, why, how, when, where, who, for whom* information.
- Beyond these common areas, the application information requested varies considerably, especially in relation to the level of information requested on grantseeker organisational capacity.
- Not all organisations have separate processes and forms for small grants and some require the same level of detail to be provided for all grants.
- Some organisations request details on project sustainability, evaluation and replication. This is more commonly requested by those organisations that use a single application for all grants sizes.
- The simplifying of acquittal reports is an emerging trend, including the withdrawal of set format reports for small grants.
- There is a great deal of similarity in the type of information requested in acquittal reports but it is being requested in slightly different ways (using different wording).
- There is an increasing desire to capture project issues, changes and learnings.
- There is significant variation in the detail requested in small grants project budgets – some organisations just request budget (income and expenditure) overviews and others request specific and varied line item details.

This analysis highlighted common attributes and variations and helped inform the decision that the development and adoption of common small grants forms, especially for acquittal reporting, was a realistic aim.

Reviewing and enhancing grantmaking information is an ongoing, iterative process. The following set of questions, drawn from the project research, has been developed to assist philanthropic organisations with this process:

- Is the information really needed to make decisions? If so, has why it is needed been clearly explained?

- How is the information currently used in a meaningful way? Can the information be accessed some other way?
- How is the information requested of value to the not for profit organisation and the intended beneficiary of the grant?
- If the information being requested is optional does it really need to be requested at all?
- Is the primary driver for the information being requested the needs of the Trust/Foundation or the needs of the recipient organisation and ultimate beneficiary? Is this appropriate?
- Are paper copies of documents actually required? What needs to be done to transition Trust/Foundation decision makers to electronic documentation?
- How can the information requested be filtered effectively? Can the non-essential information be delayed to later in the process? (So that grantseekers with the most likelihood of being funded are required to provide the most detail).
- Have the legal/audit requirements that traditionally drive some information needs been clarified recently and do they still apply?
- What is the actual value of the net grant (grant \$ less the cost of applying and reporting) and is it still worthwhile?
- If there is a general reluctance to fund administrative and other support functions, are grantmakers exacerbating this by adding to the administrative burden placed on not for profits? Is the administrative burden being outsourced to the not for profits?
- Do grantmaking forms and processes reflect the stated grantmaking philosophies of organisations? What do they say about the relationship with grantseekers?
- Is the information gathered via application forms given appropriate weighting in funding decisions? Is it just the starting point? How might it be supplemented by other elements (discussions, site visits, presentations) that inform the grantmaking decision?

Project Barriers

The research undertaken during this project also identified various barriers to the widespread adoption of common application and reporting forms and these barriers need to be considered by organisations considering adopting common forms. For example:

- Grants program structures and governance and tax structures vary and the desire to retain a strong individual presence and retain well established traditions also serve to promote the status quo. Some Trusts and Foundations like to differentiate and promote themselves and are concerned that status, flexibility and individual presence might be lost with common forms and processes.
- Trusts and Foundations have quite different decision making processes, varied levels of devolved decision making and different expectations amongst Directors/Trustees (e.g. their involvement in application assessment varies considerably). Decision makers develop a degree of comfort with the way information is presented to them (including with high volume, paper copies of documents) and may be reluctant to initiate or accept changes in this area. This reluctance is likely to be most

apparent in relation to the information used by them to commit funds (typically the application form).

- Grantmaking staff may need to be able to respond to all possible questions from decision makers such as Directors/Trustees. This can lead to them requesting all of the information that might be needed (even if much of it will not actually be used) and developing a degree of comfort in having access to detailed data.
- Trusts and Foundations have individual preferences on how information is presented to them and these are often grounded in organisational grantmaking philosophies. If an organisation has a different philosophy about what is most important in effective grantmaking, this will drive the type of information requested from applicants. For example, an organisation that views grantseeker organisational capacity as paramount will request extensive detail in this area.
- Process changes are ongoing and disruptive and they require staff time and resources, typically in working environments with stretched resources and limited capacity.
- Very few Trusts and Foundations access meaningful feedback from grantseekers about their processes and when grantmakers do seek such feedback, the power dynamic is such that it is difficult to ensure that it is candid. It is therefore difficult to use grantseeker views as a strong driver of change.
- Grantseekers may be reluctant to use common forms, for fear of losing their ability to portray their individuality and unique project characteristics.

PROJECT DEVELOPMENT

Core Principles – Grant Application and Reporting Information

At the conclusion of the project's research phase, it was apparent that there was a need to establish a set of core principles to guide ongoing decisions on the information required for grants application and reporting. These principles provided a framework for all of the detailed development and implementation work that followed, in particular the development of the common forms. They are also an ongoing point of reference for philanthropic organisation establishing and/or reviewing their grantmaking processes. The principles were developed in consultation with the project team.

Philanthropy acknowledges that its contribution to the community is primarily through the work of the not for profit sector and we will strive to minimise the administrative burden of grantmaking on not for profit and related organisations. Accordingly:

- *Information will be requested only if it will be used*
- *The effort expended in application and reporting processes will be proportional to the size and risk of the grant*
- *Duplicate information requests will be minimised*

- *Terminology will be defined and standardised in order to limit the variability in information requested*
- *Joint reporting will be established for projects that are collaboratively co-funded.*

These principles will be the subject of irregular review, as circumstances require. Organisations will use their best endeavours to apply them consistently and it is expected that progressive application of the principles will be required. Application of the principles will be periodically reviewed and reported.

Philanthropic organisations adopting the core principles will need to review, and in all likelihood, adjust their current processes.

Development of Common Forms

Wider consultation and engagement took place during the project's development phase (January to April 2012), to test the core principles and inform the development of a common small grants application form and acquittal report. Workshops with staff of the participating Trusts and Foundations helped identify how the core principles could be applied to the development of common forms, as well as the information to be included in these forms. Draft versions of the common forms were then reviewed by staff and clients of grantseeking/fundraising consultancies and a small number of other philanthropic organisations. In addition, a workshop was held with eight Melbourne-based community sector organisations to seek their feedback on the draft forms. Management and staff of the partner Trusts and Foundations then reviewed the revised draft forms, prior to their sign-off by the project team CEO's.

Feedback obtained from grantseekers was consistently positive about the purpose of the Foundation Project, as well as the potential benefits in using common forms for small grants. This was especially the case for the common acquittal report, which was seen as the simpler initiative to implement.

Grantseekers particularly appreciated that the common small grants forms reflected the principle that 'effort be proportional to the size of the grant'. They reflected positively on the simplicity and consistency of language in the forms as well as their level of explanatory information. The consistent focus on outcomes was also viewed favourably. Recommended word limits were added to the application form following strong feedback from both grantseekers and grantmakers on the value of such guidance. The importance of having common forms that were 'technically simple' to complete (i.e. on-line formatting that works) was also highlighted.

Reservations about the use of common forms typically related to the possibility that they may stifle creativity and encourage projects being adjusted to fit a standard application framework. The risk that common application forms would encourage more 'plain brand' applications was also noted. This highlights the importance of clearly communicating individual funding guidelines and that applications need to be based on these guidelines.

The Foundation Project Small Grants Common Application Form and Small Grants Common Acquittal Report can be found at Appendix One.

Common Forms Usage and Review

The development of the core principles and common small grants forms is a step in an ongoing process, not the endpoint. This work complements the wider, ongoing review of grantmaking practice that takes place within individual Trusts and Foundations. Indeed, this project has contributed to that review, particularly through its comparative analysis of current forms and processes. As a result, participating Trusts and Foundations are considering various other enhancements to their grantmaking processes. It is intended that this Summary Report (including the common forms) be widely disseminated so that it can be of use to existing and new Australian grantmakers. This dissemination will primarily be led by Philanthropy Australia.

To be implemented effectively, several philanthropic organisations will need to adopt the common forms and consistently use them in order to build the profile of this initiative as well as gain the confidence of grantseekers. There are three components to the common forms:

1. The cover sheet of the common application form (that captures the base level information requested by virtually all grantmakers)
2. The small grants common application form
3. The small grants common acquittal report.

The forms are designed to complement each other with consistent formatting and terminology, though grantmakers can elect to utilise some or all of the three components. The following are important aspects of this adoption:

- The value in having common forms will be limited if extensive individualised information is added by grantmakers
- The usage of the common application form will ideally be absolute (rather than it being an optional alternate form) for any grantseekers applying to an individual grants program
- The profile of the common forms can be enhanced by 'branding' their use via the descriptor in the footer of each form.

The project team intends to periodically review the core principles and the usage and impact of the common forms. This will include the extent of their adoption by the participating organisations and other grantmakers. An initial pilot period from April to September 2012 is an opportunity for various philanthropic organisations to utilise and provide feedback on the forms. Further enhancements to the common forms should be anticipated following an assessment of their impact during this pilot period. The 'master copies' of the forms will continue to be available on the Philanthropy Australia website.

Acknowledgements

The project team appreciates the contribution to this project by their staff and the community sector, consultancy and other philanthropic organisations that provided input into the common forms. They also wish to acknowledge the work of David Hardie, the Project Manager of the Foundation Project.

Dr Sue-Anne Wallace
Executive Officer
Vincent Fairfax Family Foundation

Andrew Brookes
Chief Executive
Helen Macpherson Smith Trust

Leonard Vary
Chief Executive Officer
The Myer Foundation and Sidney Myer Fund

Andrew Thomas
General Manager - Philanthropy
Perpetual

Janet Hirst
Chief Executive Officer
The Ian Potter Foundation

Sylvia Admans
Chief Executive Officer
The RE Ross Trust

Professor Myles McGregor-Lowndes
Director
Queensland University of Technology
- Australian Centre for Philanthropy and Nonprofit
Studies

Dr Deborah Seifert
Chief Executive Officer
Philanthropy Australia

APPENDIX ONE – COMMON FORMS

SMALL GRANTS APPLICATION FORM

ORGANISATION DETAILS		
ORGANISATION NAME: (UNIVERSITIES: INCLUDE FACULTY/SCHOOL/DEPARTMENT)		
AUSTRALIAN BUSINESS NUMBER (ABN):		
POSTAL ADDRESS:		
SUBURB/TOWN:	STATE:	POSTCODE:
WEB ADDRESS:		
HEAD OF ORGANISATION (CEO or equivalent)		
NAME:		
TELEPHONE:		
EMAIL:		
CONTACT FOR APPLICATION		
NAME:		
TITLE:		
TELEPHONE:		
EMAIL:		
TAX STATUS:		
DEDUCTIBLE GIFT RECIPIENT:	Yes	No
TAX CONCESSION CHARITY:	Yes	No
PROJECT DETAILS		
PROJECT TITLE:		
PROJECT START DATE:	PROJECT END DATE:	
AMOUNT REQUESTED:	TOTAL PROJECT COST:	
BRIEF PROJECT DESCRIPTION: (A short summary of your project) (100 words)		

WHAT DOES YOUR ORGANISATION DO? (A brief overview focusing on the activities and programs you deliver) (200 words)

DETAILED PROJECT DESCRIPTION:

WHY DOES THIS WORK NEED TO BE DONE? (The specific issue or need you want to address) (200 words)

WHAT WILL YOU DO? (The specific activities that will take place and where they will take place) (200 words)

WHO WILL BENEFIT? (The specific target population that will participate in and/or benefit from this project – including number of people, age, gender, region and other demographics) (100 words)

WHAT ARE THE EXPECTED OUTCOMES? (What you want to achieve with the project - outcomes are the effects on participants/beneficiaries from their involvement in the project) (150 words)

HOW WILL YOU KNOW IF THESE OUTCOMES HAVE BEEN ACHIEVED? (The measures of success for the project) (150 words)

PROJECT BUDGET

Outline your project budget including details of other funding that has been confirmed and applied for. The budget must balance (total income = total expenditure).

INCOME	\$
Amount requested in this application	
<u>Other funding sources</u> Confirmed Funding (list name of funders and confirmed amount, including your cash contribution) <ul style="list-style-type: none"> ▪ ▪ ▪ Unconfirmed Funding (if you have applied for other funding that is unconfirmed please list the name of the organisations applied to and amount) <ul style="list-style-type: none"> ▪ ▪ 	
In-kind contributions (include an estimated value for non-cash contributions such as services, equipment, time and materials) <ul style="list-style-type: none"> ▪ ▪ 	
TOTAL INCOME	
EXPENDITURE (Breakdown of individual line items such as salaries, equipment, travel/transport, administration etc.)	\$
In-kind contributions (as above)	
TOTAL EXPENDITURE	

NOTE TO PHILANTHROPIC ORGANISATIONS

This common application form was developed by a working group of Australian Trusts and Foundations to reduce the administrative burden on not for profit and related organisations.

The application form needs to be accompanied by individual funding guidelines that outline your funding objectives, priority areas, assessment process, funding eligibility and exclusions. Applicant organisations must clearly understand the importance of preparing their applications based on these guidelines. Applicant organisations are also to be provided with clear instructions for lodging applications and any supporting materials (such as providing weblinks to Annual Reports and financial statements).

This application form also needs to incorporate a declaration from a CEO/authorised senior officer of the applicant organisation. The declaration should reflect your specific requirements and might include an endorsement of the accuracy of the provided information, consent to disclose the information to third parties and agreement to grant conditions.

SMALL GRANTS ACQUITTAL REPORT

ORGANISATION DETAILS	
ORGANISATION NAME: (UNIVERSITIES: INCLUDE FACULTY/SCHOOL/DEPARTMENT)	
CONTACT FOR REPORT NAME: TITLE: TELEPHONE: EMAIL:	
PROJECT DETAILS	
PROJECT TITLE:	
PROJECT START DATE:	PROJECT END DATE:
GRANT AMOUNT:	
BRIEF PROJECT DESCRIPTION (from original application)	
WHAT DID YOU DO? (The specific activities that took place, where, when and who participated/benefited)	

WHAT CHANGES WERE MADE? (Changes to the original proposal, reasons for them and how they affected the project)

WHAT WERE THE ACTUAL OUTCOMES? (What you achieved with the project, i.e. the effects on participants/beneficiaries from their involvement in the project and how you measured this)

WHAT DID YOU LEARN? (For example: improvement areas, reasons for success or challenges and applying learnings to future projects)

STATEMENT OF PROJECT INCOME AND EXPENDITURE

Complete the table below for total project income and expenditure.

INCOME	\$
Grant amount received	
Other funding sources and amounts <ul style="list-style-type: none"> ▪ ▪ ▪ ▪ 	
TOTAL INCOME	
EXPENDITURE (Breakdown of individual line items such as salaries, equipment, travel/transport, administration etc.)	\$
TOTAL EXPENDITURE	
BALANCE REMAINING (if any)	

Please include other key project information you would like to share. We encourage you to provide copies of project evaluation reports (if any), photographs and to share quotes and stories from project beneficiaries. The provision of such information and images will be taken as permission to publish it.

Please return this acquittal report and accompanying documentation via email to

_____.

NOTE TO PHILANTHROPIC ORGANISATIONS

This acquittal report also needs to incorporate a declaration from a CEO/authorised senior officer of the organisation. The declaration should reflect your specific requirements and might include an endorsement of the accuracy of the provided information.