

## **The Truth About Grant Money and Non-Profits – Are You Setting Yourself Up for Failure?**

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by Syndicated Columnist Cathy Harris

This article is dedicated to anyone in the community who wants to open up a non-profit corporation and obtain grant money.

A non-profit corporation which many call “nonprofit organization” is a corporation formed to carry out a charitable, educational, religious, literary or scientific purpose. A nonprofit can raise much needed funds for important causes by receiving public or private grant money or donations from individuals or companies.

Everybody has great ideas for their non-profit corporation. They want to turn their vision into a reality; they want to open a wayward home for girls and boys; they want to feed, clothe and shelter the homeless; they want to stop domestic violence and stop people from going to jail.

These ideas are all great but can anyone in the community open up a non-profit corporation and be successful at educating the community? Or are these people setting themselves up for failure?

Non-profit corporations are springing up everyday and closing everyday. They are closing simply because people are not doing the research it takes to create and sustain a successful non-profit.

There are lots of steps involved in opening your own non-profit such as clarifying roles, drafting by-laws, creating job descriptions, and providing proper orientation for new members as they come onto the board.

Many people are leery of people that they have put on their boards. But one solution to this is to put people on your boards that you are comfortable with because the board will be making important decisions especially when it comes to bringing in money.

But what is the truth about grant money? Could it be that there is “no grant money” for certain people to open a non-profit corporation? Don’t get me wrong. I am not saying that there is no grant money available for non-profit organizations. But what I am saying is that there is very little grant money available for certain people and certain purposes.

I am simply stating before you open up a non-profit corporation, you need to do some extensive research.

Grant money is extremely hard to retrieve because it comes from the state and federal government; therefore, it's closely monitored. Even after filling out stacks of paperwork about your potential goals for your non-profit, it's like winning the lottery. And if you are one of the lottery winners, there's no guarantee that you will ever win it again.

You have to dig for this money and many people are not willing to do that. They are also not willing to pay others to do it either. Others will tell you they will dig for it for a fee only to get your money and your hopes up and leave you at the end with nothing.

Many non-profit organizations apply for grants after filing for their 501C3. A 501C3 will exempt any organization or group who donate money to non-profits from paying taxes. For more information on opening a 501C3 non-profit organization check out <http://www.ncstac.org/content/materials/501c3.pdf> Once you accept funds with your 501C3, the Internal Revenue Service (IRS), ([www.irs.gov](http://www.irs.gov)) (aka the government) has a hold on you. And many people should know about the unethical practices of the IRS. Tax information can be found on the Internal Revenue Service (IRS) website at <http://www.irs.gov/charities/index.html>

Unless you have had your head in the sand all your life, the government is not there to assist you. The IRS is in a position to: 1) audit you at anytime, 2) close down your non-profit venture, or 3) send you to jail if they feel like it. These are just some of the reasons that many people fear the IRS.

People who work in the non-profit sector make very little money and continue to have that "poor man's mentality." The only action plan they have is to open up these non-profit organizations and start to beg for grant money.

Because of this mentality, young people are also begging for grant money. So we have created a whole generation of beggars coming behind us especially former prisoners who are also young people.

After surveying many former prisoners, at least 8 out of 10 have expressed a strong desire to open their own non-profit organizations. This is one of the major reasons that many former prisoners have continued to return to prison because of the failure rate of them trying to open a non-profit corporation.

Do you seriously think the government is going to provide you money to move forward especially if the issues that you will be addressing will deal with the empowerment of African Americans?

The grants that are passed out to a very few non-profits are so small that when these organizations run out of money, they refuse to pay their employees. These

employees end up working for free for 90 to 120 days. Could you afford to work for free for 90 to 120 days? Not only do these employees work without pay when this grant money runs out but most people who work for non-profits - don't have any type of health, dental, life or disability insurance.

Non-profits are just that not-for-profit. That means chances are you are going to end up spending your own money to make your non-profit work.

The options should not be to open a "not-for-profit" corporation but it should be to open a "for-profit" business.

One way you can go about raising funds for your non-profit is to put out a booklet, book, CD or some other product to use as a fundraiser and charge for it. People need information and they want to know what services and products your non-profit corporation will provide. If your non-profit corporation is going to offer some type of specialized knowledge to the community – then educate people and charge for it instead of asking people to donate to your cause. But remember it has to be something of value.

No one should ever depend on grant money to open or run a non-profit corporation.

The only way you will succeed with a non-profit corporation is to run it like a business because it is a business.

Your ultimate goal should always be to learn to be self-sufficient and educate others how to become self-sufficient.

And again people in the movement can't seriously think that the government is going to give them grant money to open up a non-profit no matter what kind of ideas they have.

Many people have actually put their lives on hold because they seriously think they can receive grant money. So in other words they have set themselves up for failure.

You can find more information about grants from the Foundation Center in Atlanta (<http://www.foundationcenter.org>) or call (404) 880-0094. You can also check out the Georgia Center for Non-profits ([www.gcn.org](http://www.gcn.org)) and call 678-916-3000 / 800-959-5015 (outside Atlanta).

After reading this article, if you are still wish to open a non-profit corporation in the State of Georgia, you can file online with the Secretary of State Nonprofit Corporations (<http://sos.georgia.gov/corporations>).

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