

Book Review: Grantwriting Beyond the Basics Book 2: Understanding Nonprofit Finances by Michael K. Wells, CFRE

Sandy Jewell, Fall 2017, WR 510

Summary

This book review tackles the often daunting topic of nonprofit finances. In Grantwriting Beyond the Basics Book 2: Understanding Nonprofit Finances, Michael K. Wells surprisingly turns this subject matter into a readable, comprehensible guide that with practical use in the workplace would be an essential tool.

Michael Wells, a Certified Fund Raising Executive (CFRE) for 27 years, was a partner at Grants Northwest, a grant writing consulting firm. Over the years he raised over \$150 million in grant funds for over 100 nonprofit organizations. Additionally, he was a grant writing professor at Portland State University. On the national level he has been a board member for the Grants Professionals Association (GPA) and the Grant Professionals Certification Institute (GPCI). He is the author of the book series Grantwriting Beyond Basics. He moved to Portland in the 1970's where he lived until his unexpected passing earlier this year.

Grantwriting Beyond the Basics Book 2: Understanding Nonprofit Finances was published by Portland State University's Continuing Education Press, in Portland, Oregon in 2006. This is book two of three in the Beyond Basics series. The first book is titled, Proven Strategies Professionals Use to Make Their Proposals Work, published in 2004 (now called Strategic Grantsmanship) and Book three is titled Successful Program Evaluation, published in 2007.

Grantwriting Beyond Basics Book 2: Understanding Nonprofit Finances is a nonfiction work not just aimed at grant writers working in or for a nonprofit organization, but is also designed to appeal to others in nonprofit organizations such as executives, board members, program staff, or even those contemplating grant writing as a profession. It is a guide that takes grant writers from understanding the basic aspects of accounting and finance, to understanding how nonprofit budgets and overall finance relate to the process of grant writing and grant funding. It helps inform grant writers about what problems to recognize in an organization's finances, and most importantly, bring these issues to the attention of the appropriate personnel, so financial problems aren't occurring during the application or funding of a grant. I believe Mr.

Wells says it best in his introduction of the book (page ix) "It seems obvious that grants are about money, but for some reason many grantwriters don't make the next logical step: To understand grants you must understand money—which is to say, finances and accounting. I think one reason is that most accounting books are written for the for-profit world and are designed to help you do accounting rather than understand it. There are some good books on nonprofit financial management, but they're written for people who have to run organizations, not for those of us who find funding."

This book contains a forward written by Maryn Boess, the founder and president of GrantsUSA LCC and an introduction from the author. It is organized into 6 chapters: Accounting Essentials, Financial Statements, Budget Considerations, Federal Grants, Tax-Exempt Status, and Special Cases. At the end there is a glossary of terms, index, annotated bibliography and four appendices that address finding the right grant for your organization, a detailed looks at Form 990, changes to nonprofit accounting rules, and consolidated Internal Revenue Code for 501 (c)(3) tax exemption. There is also a table of contents of illustrations. Illustrations in this book are basic charts showing the difference between cash vs accrual accounting, examples of financial statements, budgets, financial forms, tax forms, etc.

Evaluation:

As a person who is inexperienced and has limited knowledge about budgeting and finance beyond my own, the thought of looking at and understanding the budgets and finances of a nonprofit organization is overwhelming, and honestly, dry. I feel safe to guess I am not alone. As a grant writer, one is not responsible for all the ins and outs of an organization's finances, taxes, exempt status, 990 forms, and Statement of Functional Expenses, but one must be familiar with these items, what they are for, how to read them, how to ask for them, and ask critical questions about them to the nonprofits' finance people. A grant writer needs to know how to pull the information needed from these documents to write grants. Understanding the basics of a nonprofit's finances and knowing how to put together a grant budget in coordination with your grant narrative are key in grant writing. This book will help one do just that.

The aspect of this book I appreciate the most is the clarity in which it is written. In Chapter 1, "Accounting Essentials", Wells starts at the very beginning by introducing the basic accounting principles of nonprofit financial accounting. He discusses cash vs. accrual systems and provides a chart to show a personal example along with a nonprofit example and then discusses the advantages and disadvantages of each. He builds upon this knowledge and goes on to talk about who may be the key finance people within a nonprofit organization and how they can help the grant writer. Wells includes a section on what funders are looking for in grant budgets

and presents comments from actual funding personnel representing medium and large private funders as well as a federal funder. Throughout the rest of the chapter Wells continues to break down topics into basic elements. He concludes with a section on grant management, and what responsibilities a grant writer may have in this area. Each section is built on the knowledge of the section or chapter before, and as a reader, I never felt lost. In the chapter on financial statements Wells again tells which forms a grant writer needs to know about, provides sample illustrations so one will know what the document might look like, as well as what parts are important to a grant writer and how best to incorporate it into a grant. This is invaluable and essential information to someone just beginning a grant writing career.

The section of this book I find the most helpful and applicable is the chapter on budget considerations. When writing my first grant, I was having trouble understanding what a budget would look like for my specific project and how it would relate to my organization's overall budget. Wells clearly discusses an organization's budget is fiscal while a grant budget is a request for support. This chapter also discusses specifically what numbers a grant writer needs pull from financial statements for the needs of the grant. Should the grant writer show an annual budget, cash flow budget, or a proposed budget? Wells shows examples of all three for fictional organizations, and why a grant writer would use them. The chapter emphasizes the importance of the syncing of a grant's budget and a grant's narrative to create a solidly written document. There must be a balance between the written word and the numbers. Together they help tell your organization's story. Further, Wells discusses the ever growing importance of contemplating and showing sustainability in a budget for multiyear funding or prospective future funding. Each point mentioned helped me see grant writing with a new regard.

If you are new to the grant writing field, or are a grant writer in need of help understanding the 5 W's of nonprofit finances, this book is essential. The clarity in which it is written, the numerous examples provided, and its focus on the grant writer are the books best attributes. Michael K Wells takes the reader under his experienced wing and provides her with a clear path to follow. [Grantwritting Beyond Basics Book 2: Understanding Nonprofit Finances](#) (ISBN 0-87678-119-9) currently retails new on Amazon from \$59.99, but several used books are available for a less expensive price point.