



***The Binky Foundation
“Helping People Help Animals”***

Understanding our First Steps Grant Criteria

Note: This memorandum is intended to provide assistance to applicants in understanding the objectives of our criteria for one of our First Steps grants. It is not intended to provide legal advice or counsel to such entities or to their principals, management or supporters. Applicants should consult their own legal counsel or other professionals with respect to its organization or structure, or in the preparation of any document in support of an application for a First Steps grant.

Our First Steps grants are unique in that they are not aimed at any specific need or request of the grant applicant. They are specifically intended to provide an incentive to new small animal welfare organizations to establish themselves on a sound, well thought-out basis to give them the best possible chance to achieve long-term sustainability. This approach is based on our belief that it takes more than a passion for animals to create and run a successful animal welfare organization of any type and size. It also takes planning, organization, and the right people with the right background, experience, and commitment.

What do we consider to be a “new small animal welfare organization”?

The focus of our First Steps grants is on new small animal welfare organizations -- including shelters, rescue operations, TNR groups and similar groups addressing the well-being of domestic, farm and small wild or exotic animals – with a particular interest in helping new small animal welfare organizations in underserved communities or that are helping local shelters achieve no-kill status. By “new” we mean entities that have been formed within three years of submitting their application, and by “small” we mean entities with anticipated or actual revenues not exceeding \$50,000 in each of its first two full years of operation. These are not hard-and-fast rules, and we have some flexibility and discretion when considering the facts and circumstances of each applicant in our review.

Our Criteria

To determine whether a new small animal welfare organization is on the right path to success and sustainability, and eligible for a First Steps grant, we have established three criteria as posted on the Our Grant Program page of our website, and that we expect to have been achieved within three-years of submitting its grant application. This memorandum discusses each of these

criteria to help applicants fully understand the purpose of our request and to address some of the common misunderstandings that applicants have or may have regarding the criteria.

#1: The organization has been determined to be a public charity under 501(c)(3) of the Internal Revenue Code.

For a new small animal welfare organization to succeed, it invariably needs to rely on financial contributions from supporters attracted to its mission, and those supporters need to know that their contributions are tax deductible to the fullest extent allowed. That requires the entity to be designated as a public charity (and not a private foundation!) under Section 501(c)(3) of the Internal Revenue Code.

One of the most common issues we have encountered from applicants is confusion between a tax ID number and a 501c3 determination letter. Any organization that is required to file forms with the IRS is generally required to obtain an Employer Identification Number (EIN). The letter from the IRS assigning an entity's EIN is not the letter that we require. We require the letter from the IRS specifically designating an entity as a public charity under Section 501(c)(3).

#2: One or more principals of the organization (i.e., founder, officer, director, manager or key personnel) has successfully completed either (i) one or more recognized workshop or training program or a series of in-person or online seminars, or (ii) can demonstrate a comparable level of experience or education, that combines the business aspects of running a non-profit entity with specialty training in operating a similarly purposed animal welfare organization.

The workshop or training criteria can be met in two ways: (i) by attending and completing workshops or educational programs (in person or online) conducted by recognized organizations such as, but not limited to, Best Friends Animal Society, Maddie's Fund, the ASPCA, the AAWA, or one of the many educational institutions, including local community schools, that include a combination of business, financial and animal welfare in its courses; or (ii) by demonstrating a combination of training and experience on both the animal welfare aspects applicable to the organizations purpose and mission, and on the business and financial aspects of operating a non-profit animal welfare organization.

The purpose of our educational/training criteria is to ensure that as a new organization its staff and management have an appropriate mix of both animal care experience and training together with the business side of running a facility. These elements, of course, do not have to be met by the same person in the organization. It would be expected that an organization might have people involved with varied expertise, training and experience. The main thing is to make sure that both the animal care and financial needs are covered. It is up to the organization and its managers to determine what it believe is necessary for the successful operation of the organization. We will, therefore, be looking at that body of experience or training in the context of your action/business plan and not as a pre-determined set of requirements.

#3: The organization has prepared a purposeful Business/Action Plan, including actual and projected financial statements and budget projections, that reflects the mission, passion, planning and vision of the organization.

The centerpiece of our First Steps criteria is our requirement for a well-conceived and purposeful action/business plan, meant to encourage new organizations to develop forward thinking steps for long term success. The importance of advance planning to achieve long-term sustainability, even for small operations, cannot be over-stated. Our idea of a purposeful plan starts with several principles that we believe are important guidelines for any new animal welfare organization regardless of its size or resources:

- Your business/action plan is for you, not for us. It is a document any new non-profit organization should consider to be as important as its corporate organizational documents.
- The target audience of the plan should be the organization's directors, management, staff and principal supporters, and should not be prepared solely to meet our requirements.
- The action/business plan should be a living document subject to change as your organization develops. It should be a guide for you, your management, and your principal supporters to understand your mission and the steps it plans to take to achieve its goals and to develop a sustainable model for the future. It should be viewed as a management tool to be reviewed and modified as circumstances change and as the organization matures.
- There is no "one-size-fits-all" plan format. There are many sources on the internet and elsewhere providing formats, checklists and outlines for action/business plans. But these materials are starting points only, and what counts is a what you do with them to convey to your management and supporters the information that is important to achieve the success of your organization.
- A bullet point, checklist or outline presentation without any substance will be quickly rejected, as will "plans" directed to us as grant requests or proposals.
- Every organization and its needs are different. Clearly a farm sanctuary has far different needs and requirements than an all-volunteer rescue or TNR group. And even among similarly focused groups, needs and considerations could differ significantly by geography, population, location, economic diversity, or many other factors.
- We do not dictate the topics to include in your plan. It is, after all, your plan. However, we suggest that at a minimum a thoughtful and successful plan should include the following topics:
 - A statement of its mission and objectives;
 - Information about the organization, its people and their training;
 - The need the organization fills within its community and its community connections;
 - Details of the plans to pursue and achieve the organizations stated mission and objectives; and

- Current and projected financial statements and budgets.
- What a plan should **not** be is a brief outline, checklist or statement of aspirations and objectives without any depth of discussion or financial consideration.
- Seriously considered financials statements and budget projections are an important element of a purposeful plan to help explain or understand how the organization intends to become a financially sustainable, viable and functioning organization for the long-term. We appreciate that this can be a hard exercise for a new organization, and we know that the numbers will quickly change as a group progresses and matures. However, the importance of having a well-considered financial starting point cannot be underestimated.
 - A formal opening balance sheet and income statement provide a proper template for future growth and development, and for developing a meaningful budget and for projecting future income and expenses.
 - One-line entries for “expenses” and “revenues” shows us that you have not given much thought to your plan.
 - Describing expected revenue sources and expenses in narrative form may seem sufficient for initial planning purposes, but experience shows that formalizing your budget and projections in financial statement format from the outset greatly enhances your focus and flexibility in financial planning.
- Finally, please understand that your plan should be in your organization’s own voice. It should reflect the passion that led you and your supporters to want to establish the organization in the first place, while also showing the thought and expertise that has gone into developing the plans to achieve a sustainable future. We often see this passion expressed in an organization’s online presence only to find it absent from its plan.

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The country needs new, successful animal welfare organizations, particularly in underserved communities. Too often, however, we see individuals or groups, even with good intentions, attempting to set up a sanctuary, rescue group, or other animal welfare organization without proper training and planning. We hope that through our First Steps Grant Program we can encourage groups interested in helping animals in need to do so in a fulfilling, sustainable manner to achieve long-term success.