

# Your Organization Received a Large Grant — What Should You Do Next?

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Receiving a large grant is exciting and a major milestone for any nonprofit. It can also bring new financial, compliance, and reporting considerations. When your development team is notified of a significant award, taking a few key steps early can help prevent issues later.

## 1. Gather and Retain All Grant Documentation

As soon as the award is received, save all related documentation in a central location, such as a shared drive or grant file. This includes:

- Grant award letters or agreements
- Donor or foundation communications
- Payment schedules and wire/check details
- Any terms, conditions, or reporting requirements

## 2. Communicate Early with the Finance Team

Notify the finance team promptly when a large grant is awarded. Early communication allows finance to:

- Determine whether the grant is restricted or conditional
- Assess the appropriate timing of revenue recognition
- Set up proper tracking in the accounting system (for example, using a class, project, or grant code)
- Plan for cash flow if payments are received over time or on a reimbursement basis

## 3. Understand Any Restrictions or Conditions

Not all grants are immediately available for use. Some may be:

- Restricted to a specific program, geography, or time period
- Conditional, requiring milestones or deliverables before revenue can be recognized
- Subject to specific reporting, matching, or compliance requirements

Understanding these details early helps ensure funds are used appropriately and reflected correctly in the financial statements.

## 4. Monitor Spending and Reporting Throughout the Year

Once the grant is in place, ongoing tracking is key. Make sure:

- Expenses are coded properly to the grant and to the correct period
- Budget-to-actual results are reviewed regularly for the grant
- Required financial or programmatic reports are prepared on time and reviewed before submission

## 5. Give Your Auditors a Heads-Up

If the grant is large relative to your organization, it's helpful to let your auditors know in advance. Large or unusual grants often

receive additional audit attention, and early awareness allows for smoother planning and fewer last-minute requests.

When auditors test large grants, they are typically looking for things like:

- Whether the grant has been recorded in the correct period and in accordance with its terms
- Whether restrictions and conditions are properly identified, documented, and followed

If the grant is from a federal or state agency, pay close attention to the specific compliance requirements and approved budgets, and ensure your team is tracking activity in a way that supports those compliance and reporting requirements. Monitor cumulative funding from federal and state sources carefully so you are aware of any audit or reporting thresholds you may be approaching.

## How We Can Help

If you have questions about how a grant should be recorded, tracked, or disclosed, or if you're unsure whether a grant is restricted or conditional, we're happy to help. Proactive planning now can save time and stress later.

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