



Rooted in Trust. Grounded in Accuracy.

GRANT REPORTING MADE SIMPLE



**A practical guide to tracking grants and preparing
confident funder reports.**

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GRANT REPORTING MADE SIMPLE

How to Track, Document, and Report Grant Funds with Confidence

Grant funding helps nonprofits grow their impact and expand programs. But grant reporting often feels stressful, time-consuming, and uncertain. Missed deadlines, unclear expense tracking, or incomplete documentation can put future funding at risk — even when your mission work is strong.

This guide gives you a clear, realistic system for tracking grant funds, organizing documentation, and preparing accurate grant reports with confidence.

Simple steps. Clear records. Strong funder relationships.

This guide was created for:

Executive Directors, volunteer or part-time treasurers, board members responsible for compliance, program managers overseeing grants, and new nonprofits managing grants for the first time. No accounting background required.

WHY GRANT REPORTING MATTERS

Grantors expect transparency and accountability. Strong grant reporting isn't just paperwork — it's relationship building. When your reports are accurate and on time, you demonstrate the kind of stewardship that funders want to support again.

Benefit	What It Means for Your Organization
Protects current funding	Demonstrates proper use of grant dollars and prevents claw-back requests
Builds funder trust	Consistent, accurate reporting positions your organization as a reliable partner
Strengthens future applications	Funders review prior reporting quality when considering renewal grants
Prevents compliance issues	Proper documentation protects against audit findings and IRS scrutiny
Reduces audit risk	Clean grant records make financial audits faster and less stressful

AT A GLANCE: THE GRANT REPORTING FLOW

Clear grant reporting starts with a clear process. Follow this seven-step flow to stay organized and confident from award to close out:

Step	Purpose
Step 1 — Review the Grant Award	Understand terms, deadlines, and allowable expenses
Step 2 — Set Up Grant Tracking	Create categories in your bookkeeping system
Step 3 — Track Expenses Consistently	Record and code every grant expense as it occurs
Step 4 — Organize Supporting Documentation	Store receipts, invoices, and payroll records by grant
Step 5 — Monitor Budgets and Deadlines	Review grant balances monthly and flag upcoming due dates



Step	Purpose
Step 6 — Prepare and Submit Reports	Compile expense reports and narrative, then submit on time
Step 7 — Close Out Completed Grants	Confirm final balances, archive documents, note outcomes

STEP 1 REVIEW THE GRANT AWARD

Understand the terms before you spend a dollar

Every strong reporting system begins with a thorough understanding of the grant terms. Before recording a single transaction, read the award letter carefully and note the key requirements that will govern your reporting.

Step 1 Checklist	Notes / Action Items
<input type="checkbox"/> Save the grant award letter in a dedicated digital folder for this grant	
<input type="checkbox"/> Review allowable and unallowable expenses — highlight anything unclear	
<input type="checkbox"/> Note all reporting deadlines and add them to your calendar	
<input type="checkbox"/> Identify the required report format (narrative, financial, or both)	
<input type="checkbox"/> Record the grant period start and end dates	
<input type="checkbox"/> Identify any matching or cost-sharing requirements	
<input type="checkbox"/> Note any prior approval requirements for budget modifications	

💡 Quick Win
 Create a digital folder labeled with the grant name (e.g., “Smith-Foundation-2025”) and store all grant documents there from day one.

💡 Pro Tip
 Some funders provide a reporting template or portal login. Locate these early so you aren’t scrambling at deadline time.

STEP 2 SET UP GRANT TRACKING

Build the structure before expenses begin

Clear tracking in your bookkeeping system ensures you always know exactly where grant funds stand. Setting this up correctly at the start prevents the messy cleanup that happens when expenses are entered without a clear system.



Step 2 Checklist	Notes / Action Items
<input type="checkbox"/> Create a Class or Location in QuickBooks (or equivalent) for this grant	
<input type="checkbox"/> Use a consistent naming convention: Grant-FunderName-Year (e.g., Grant-Smith-2025)	
<input type="checkbox"/> Enter the approved grant budget so you can monitor actual vs. budget	
<input type="checkbox"/> Link all grant income to the correct tracking category when funds are received	
<input type="checkbox"/> Assign all grant expenses to the same category at the time of entry	
<input type="checkbox"/> Set up sub-classes if the grant funds multiple programs or activities	

Quick Win

Name grant categories clearly and consistently, so reports are easy to generate at any time — especially when a funder calls asking for a balance.

Pro Tip

In QuickBooks Online, use Classes for grant tracking. Go to Settings → Account and Settings → Advanced → Categories → enable Track Classes. Run a Profit and Loss by Class report to see grant-specific balances instantly.

Watch Out

Avoid using generic names like “Grant Income” for multiple grants. Each grant needs its own unique tracking class, or you won’t be able to produce accurate per-grant reports.

STEP 3 TRACK EXPENSES CONSISTENTLY

Accurate records are built one transaction at a time

Grant reports rely entirely on accurate, consistent expense tracking. Every dollar charged to a grant needs to be recorded promptly, coded correctly, and supported by documentation. This is where most grant reporting problems begin — and where a strong routine makes all the difference.

Step 3 Checklist	Notes / Action Items
<input type="checkbox"/> Record every grant expense at the time it occurs — not in batches at month-end	
<input type="checkbox"/> Attach receipts or invoices digitally to each transaction as you enter it	
<input type="checkbox"/> Verify that each expense is allowable under the grant agreement before coding it	



Step 3 Checklist	Notes / Action Items
<input type="checkbox"/> Categorize expenses correctly (supplies, personnel, travel, etc.)	
<input type="checkbox"/> Avoid charging unallowable expenses — when in doubt, use general operating funds	
<input type="checkbox"/> If shared costs are charged to the grant, document the allocation methodology	
<input type="checkbox"/> For payroll, allocate staff time to the correct grant using timesheets or a written policy	

💡 Quick Win
 Set a weekly 15-minute check-in — every Monday or Friday — to confirm that recent grant expenses are recorded and receipts are attached.

💡 Pro Tip
 QuickBooks Online lets you attach receipts directly to transactions. Go to the transaction → Attachments → Upload. This creates an audit trail that lives inside your bookkeeping system.

⚠️ Watch Out
 Charging unallowable expenses to a grant — even accidentally — can require repayment to the funder. When in doubt, charge the expense to general operations and consult your CPA or the funder.

STEP 4 ORGANIZE SUPPORTING DOCUMENTATION

Build a filing system that holds up under scrutiny

Grant audits and funder reviews don't fail because the money was spent wrong — they fail because the paperwork can't prove it was spent right. A simple, consistent filing system prevents scrambling when documentation is requested.

Step 4 Checklist	Notes / Action Items
<input type="checkbox"/> Store all receipts organized by grant name and month	
<input type="checkbox"/> Save vendor invoices and proof of payment for every grant expense	
<input type="checkbox"/> Keep payroll allocation records (timesheets or allocation policy) if staff time is grant-funded	
<input type="checkbox"/> Save copies of any budget revision approvals from the funder	
<input type="checkbox"/> Document in-kind contributions with written descriptions and fair market values	
<input type="checkbox"/> Keep a copy of every submitted grant report for your records	
<input type="checkbox"/> Maintain documentation for the period required by the grant agreement (typically, 3–7 years)	



💡 Quick Win

Inside each grant folder, create three subfolders: "Receipts," "Reports," and "Budgets." This three-folder structure works for virtually every grant.

💡 Pro Tip

Use Google Drive or SharePoint to store grant documentation digitally. Cloud storage protects against data loss and makes it easy to share documents with your CPA or auditor.

⚠️ Watch Out

Paper receipts fade and get lost. Scan or photograph every receipt immediately and attach it to the transaction in your bookkeeping system. Don't wait.

STEP 5 MONITOR BUDGETS AND DEADLINES

Ongoing monitoring prevents reporting surprises

Grant management isn't a once-a-year activity — it requires consistent monthly attention. Reviewing your grant budget versus actual spending each month lets you catch problems early, communicate with funders proactively, and arrive at reporting time with confidence instead of stress.

Step 5 Checklist	Notes / Action Items
<input type="checkbox"/> Review grant budget vs. actual spending every month	
<input type="checkbox"/> Track remaining grant balances and confirm funds are sufficient to complete the program	
<input type="checkbox"/> Note upcoming reporting deadlines on your master calendar with two-week advance reminders	
<input type="checkbox"/> Communicate budget concerns or variances to the funder early — not at deadline time	
<input type="checkbox"/> Flag any expenses approaching unallowable categories and consult your CPA if unsure	
<input type="checkbox"/> Reconcile the grant tracking class in QuickBooks monthly to confirm accuracy	

💡 Quick Win

Add all grant report due dates to your calendar at the start of the grant period, with reminders two weeks and one week in advance.



💡 Pro Tip

In QuickBooks Online, run a Profit and Loss by Class report filtered to your grant class. Compare the actual spending to your approved budget line by line. This takes about 10 minutes per grant per month.

⚠️ Watch Out

Overspending a grant budget without funder approval may require your organization to cover the difference out of operating funds. Monitor balances monthly — not quarterly.

STEP 6 PREPARE AND SUBMIT GRANT REPORTS

When tracking is clean, report preparation becomes straightforward

If you’ve followed Steps 1–5 consistently, preparing your grant report should be a matter of compiling what’s already organized — not a frantic search for missing documentation.

Step 6 Checklist	Notes / Action Items
<input type="checkbox"/> Run a grant expense report from QuickBooks (Profit and Loss by Class, filtered to the grant)	
<input type="checkbox"/> Compare actual spending to the approved grant budget line by line	
<input type="checkbox"/> Identify and document any variances between budget and actual — funders expect explanations	
<input type="checkbox"/> Gather and attach all required supporting documentation	
<input type="checkbox"/> Complete any narrative or outcome sections required by the funder	
<input type="checkbox"/> Have a second set of eyes review the report before submitting	
<input type="checkbox"/> Submit the report on time — or request an extension before the deadline if needed	
<input type="checkbox"/> Save a copy of the submitted report in your grant folder immediately after submission	

💡 Quick Win

Save a copy of every submitted report in your grant folder. When renewal time comes, past reports are your best reference for writing new ones.

💡 Pro Tip

Many funders use grant portals for report submission. Log in to the portal at least one week before the deadline to confirm your access and verify the submission format.



⚠ Watch Out

Never submit a grant report without comparing your QuickBooks expense total to the report total. A discrepancy between your books and your report is a red flag that requires investigation before submission.

STEP 7 CLOSE OUT COMPLETED GRANTS

A clean closeout sets you up for the next funding cycle

When a grant period ends, a formal closeout ensures your records are complete, your books are accurate, and your organization is ready to apply for renewal or new funding.

Step 7 Checklist	Notes / Action Items
<input type="checkbox"/> Confirm final report has been submitted and accepted by the funder	
<input type="checkbox"/> Verify grant balance is zero or explain any remaining funds per funder requirements	
<input type="checkbox"/> Confirm all final expenses are recorded and reconciled in QuickBooks	
<input type="checkbox"/> Archive all grant documentation in your document management system	
<input type="checkbox"/> Note program outcomes and impact data for use in future grant applications	
<input type="checkbox"/> Record any lessons learned about budget accuracy, documentation, or reporting process	
<input type="checkbox"/> Mark the grant class as inactive in QuickBooks to prevent future accidental coding	

💡 Quick Win

Mark closed grants as 'Completed' in your tracking system and add a closing note with the final balance and report submission date.

💡 Pro Tip

The outcomes you document at closeout are gold for future grant applications. Keep a simple running list of program statistics — people served, services delivered, goals met — so you're ready when the next application asks.



COMMON GRANT REPORTING CHALLENGES — AND HOW TO FIX THEM

Many nonprofits struggle with the same recurring issues. Here’s what to watch for — and what to do about it:

Challenge	How to Fix It
Missing receipts	Designate one person responsible for receipt collection. Use a cloud folder or QuickBooks attachments — never rely on a shoebox or email inbox.
Unclear budget tracking	Set up a QuickBooks Class for each grant before any expenses are recorded. Run a budget vs. actual report monthly — not just at reporting time.
Late reporting	Add every grant report deadline to your calendar at the start of the grant period, with a two-week advance reminder.
Charging unallowable expenses	Keep the grant agreement open alongside your QuickBooks tab when entering grant expenses. When in doubt, charge operating funds and consult your CPA.
Scattered documentation	Use the three-subfolder system: Receipts, Reports, Budgets — inside a named folder for each grant. Set this up on day one.
Reconciliation gaps	Reconcile your grant tracking class monthly, not just at reporting time. The \$0.00 difference between QuickBooks and your bank is the target every month.
Restricted funds mixed with operations	Never deposit grant funds into a general operating account without immediately coding the income to the correct grant class in QuickBooks.

YOU DON'T HAVE TO DO THIS ALONE

Grant reporting doesn’t need to feel stressful or uncertain. Many nonprofits choose to work with a professional bookkeeper to set up grant tracking correctly, maintain accurate records month to month, prepare clean grant reports, and stay compliant year-round. With the right systems and support, grant reporting becomes routine — not rushed.

YOUR FREE NONPROFIT BOOKKEEPING REVIEW

OakPath offers a free 30-minute Financial Review to help you assess your current bookkeeping system. During this session, we will:

- Review your grant tracking setup and identify any gaps
- Identify compliance risks in your current QuickBooks setup
- Suggest practical, immediate improvements
- Answer your bookkeeping and grant reporting questions — no preparation required

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SECURITY & CONFIDENTIALITY

Professional bookkeepers use secure, encrypted systems to protect financial information. Your records remain private, controlled, and accessible only to authorized users.

Trust begins with security.

ABOUT OAKPATH BOOKKEEPING SERVICES

OakPath Bookkeeping Services provides trusted, reliable bookkeeping support for nonprofits and small businesses in Jefferson County, Washington and beyond. We believe bookkeeping is more than entering numbers — it is about creating clarity, supporting compliance, and building confidence in every financial decision your organization makes.

Founded by Marie Osborne, a Certified QuickBooks Online ProAdvisor with 40+ years of leadership experience — including 17 years overseeing multimillion-dollar nonprofit and county administration budgets — OakPath brings deep nonprofit expertise and genuine care to every client relationship.

Value	What It Means for You
Trust	Your financial records are handled with care, discretion, and complete integrity
Accuracy	Precise, up-to-date records support confident decisions and clean audits
Partnership	Supportive bookkeeping so you are never facing your finances alone

Strong financial routines support strong missions. You've already taken the first step by building structure into your grant management. Now let's keep that momentum going.

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