A business grant is essentially free money given to entrepreneurs and business owners to start and/or expand a business. A common misconception is that business grants are given away by the federal government. This is not true at all. Grants available through the U.S. government are generally reserved for non-profit organizations, intermediary lending institutions, state and local governments.

However, there are plenty of state and local government agencies as well as private organizations and foundations that offer business grant money. A good place to begin is within your own state. The U.S. Government's Official Web Portal (www.usa.gov/Agencies/State_and_Territories.shtml) is an excellent online resource that enables you to click on your state and search for state grant money within all kinds of areas, such as agricultural, environmental quality, health, law, and cultural affairs.

In addition to local government agencies, The Foundation Center (www.foundationcenter.org) provides a directory of over 200 corporate grant makers. Major corporations often establish trusts and foundations to give business grant money to companies and organizations that engage in efforts that are aligned closely with their mission and values. A few examples are General Electric, Ford, Wal-Mart, the Gates Foundation, the Lilly Endowment, Ford Foundation, Hasbro Industries Charitable Trust, W. K. Kellogg Foundation, the Kipling Foundation, Clorox Company, Allstate Foundation, and International Paper Company.

Each company's foundation has specific criteria on the business focus that meets their criteria for receiving grant money. Grant money can range from $500 to $5 million, depending on the size of the foundation.

The National Institute of Business Grants (www.BusinessGrants.org) is a free online resource for details and FAQs about small business grants and other financing options.