

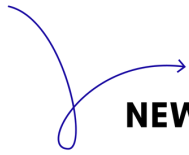
NEW ERA NONPROFITS



12 Funding Sources FOR SMALL NONPROFITS

Adopting a strategic mix of fundraising approaches is crucial for the growth and sustainability of your small nonprofit. This concise reference guide is designed to give you an overview of 12 major funding streams, highlighting each of their unique benefits and challenges.

Use this tool to start crafting your diversified funding strategy so you're better equipped to confidently and purposefully take your nonprofit organization to the next level.



12 NPO FUNDING SOURCES

FUNDING SOURCE	OVERVIEW	PROS	CONS
Individual Donations	Individual donors contribute money to support the organization's work. Donations can be one-time or recurring contributions.	Individuals can become dedicated supporters of the mission, providing consistent funding and often becoming vocal advocates. Donations can also be flexible and unrestricted	Reliance on individual donors can make funding unpredictable, especially if there are fluctuations in donor giving patterns.
Foundation Grants	Funds awarded by private foundations, family foundations, or community foundations.	Can provide significant financial support. Often come with prestige and validation, which can enhance the npo's reputation and credibility.	Funding is competitive, and the application process can be complex and time-consuming. Grants may also come with restrictions or reporting requirements that limit flexibility in how funds are used.
Corporate Sponsorship	Businesses may sponsor an NPO's events, programs, or initiatives in exchange for recognition and visibility.	Can provide substantial funding and access to resources such as marketing support or expertise. It can also increase the nonprofit's visibility and help in reaching new audiences.	May come with expectations or conditions that could conflict with the NPO's mission or values. Sponsorship may also be subject to changes in the business's priorities or financial situation.



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Fundraising Events	NPOs often hold fundraising events such as galas, auctions, or walks/runs to raise money. Participants typically pay a registration fee or make donations during the event.	Can generate significant revenue through ticket sales, sponsorships, auctions, and other activities. Foster community engagement and increase visibility.	Require substantial time, effort, and resources for planning and execution, which can divert attention from other priorities and fatigue staff & volunteers.
Crowdfunding	Raising funds through online crowdfunding platforms by appealing to many people to donate small amounts of money toward a specific cause or project.	Can quickly reach a large audience of potential donors and raise funds for specific projects or initiatives. Helps raise awareness through storytelling and social sharing.	Can be time-consuming and resource-intensive. No guarantee of success, and campaigns may not meet their fundraising goals or attract enough attention to generate significant support.
Earned Income	Revenue generated by selling goods or services related to the NPO's mission. Could include ticket sales for events, merchandise sales, or service fees.	Diversifies the nonprofit's revenue streams and can provide a more sustainable funding model. Allows the organization to generate revenue while advancing its mission.	Can be resource-intensive and may distract from the NPO's primary mission. Risk of financial losses if earned income ventures are not successful.



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Endowment Income	Funds invested to generate income, with the principal amount remaining intact. Income is used to support the organization's activities.	Provides a stable source of funding over the long term and can help the NPO weather economic downturns or fluctuations in other funding sources.	Requires significant upfront investment to build, and the returns may not be immediately available for use. Subject to market risks and may lose value over time.
Legacy Giving	Some individuals choose to leave a bequest in their will or estate plan to support an NPO and leave a lasting impact on an organization's work.	Provides a stable and long-term source of funding, helping to ensure the NPO's sustainability and future growth. Fosters donor relationships and loyalty, as supporters feel a sense of pride and connection to the mission.	Requires time and investment in relationship-building and planned giving strategies. Must educate supporters about the benefits and provide guidance on estate planning options, which involves sensitive topics.
Membership Dues	Nonprofits with membership programs charge dues to individuals or organizations in exchange for benefits such as access to services, events, or resources.	Provides a steady source of revenue and can help build a sense of community among supporters. Members may also be more engaged and committed to the organization's mission.	Requires ongoing management and administration, and attracting and retaining members can be challenging. May create barriers for individuals or organizations with limited financial resources.



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Government Contracts & Grants	Funding from local, state, or federal government agencies through contracts to provide services or grants to support specific programs or initiatives.	Can offer considerable, predictable funding over an established timeframe, aiding in financial forecasting and organizational sustainability.	Often involves a lengthy and resource-intensive application process. If awarded, adherence to government stipulations is mandatory and entails meticulous reporting and stringent accountability.
Matching Gifts	Some employers offer matching gift programs matching their employees' charitable contributions to eligible nonprofits.	Can double a donation's impact without requiring extra effort from the donors. Can also incentivize donations knowing that an employer will also contribute.	These programs are contingent on corporate policies that can change due to economic fluctuations or shifts in company leadership.
In-Kind Donations	Nonprofits may receive donations of goods or services instead of cash. This could include donated equipment, office space, professional services, or volunteer labor.	This form of contribution can lead to significant cost savings, as it might cover needs such as office supplies, technology, professional services, and other essential resources.	Can be logistically complex to manage, requiring substantial effort in sorting, storing, and distributing goods. Can also be difficult to quantify financially, complicating budgeting and reporting processes.