

# STRATEGIC PLANNING

## Nonprofit Funding Strategy

Start with Assessment & Diversification  
Make your Nonprofit Fundraising Ready



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# Build Your Strategy



## 1. Start with Assessment & Diversification

**Goal:** Understand your current funding reality and reduce risk by strengthening your mix.

- **Evaluate current funding mix:** Identify how much revenue comes from individuals, foundations, corporations, government, and earned income.
  - Which of these streams are reliable, and which aren't?
  - Which are restricted vs unrestricted?
- **Analyze donor trends:** Donor size and type influence giving behavior; smaller donors may be more stable during downturns.
  - [When it Comes to Understanding Donors, Does Size Matter Most?](#) Article, SSIR
- **Explore new revenue opportunities:** Identify underdeveloped or missing funding streams.
  - Build a Relationship Map by asking your board, staff, key volunteers and supporters:
    - Where do you work now? Where have you worked in the past?
    - Does your company have a giving policy?
    - Are you aware of any corporate or family foundations that might be interested in our work?
    - Where did you go to school?
    - What professional associations do you belong to?
    - What clubs do you belong to? (social, civic, etc)
    - Are you active with your church, synagogue or other place of worship?
    - Encourage folks to review their calendar history, LinkedIn and other social media connections.
  - Brainstormed contacts aren't necessarily those who you will ask for gifts, rather they should be added to your relationship cultivation efforts.
  - [Further resources on Relationship Mapping](#) – Article, Prosper Strategies
  - Check out the free grant database resource at UAFS.

**Takeaway:** A broad understanding of funding sources prepares you for strategic decisions.

## 2. Make your Nonprofit Fundraising Ready

**Goal:** Cultivate relationships and introduce potential donors to your mission.

- **Develop a case for support:** Communication collateral that helps prospective donors understand why they should give money to your organization.
  - Create a template, flyer, slide deck or other collateral that can be modified for a specific audience and shared.
  - [How to Create a Case for Support](#), Article, Prosper Strategies

# Build Your Strategy

For smaller or newly formed nonprofits, starting with a broad mix of funding sources can be a smart approach. But as organizations grow, relying on personal relationships or ad-hoc fundraising efforts is usually not enough to meet larger, long-term financial needs. The UAFS Center for Nonprofits provides several tools to help strengthen fundraising efforts, including our Fundraising Strategy Guidance, Narrative Budget Template, and Matching Grant Tool, all available in the [Resource Hub](#). We also offer trainings, workshops, and events focused on fundraising throughout the year.

The guideline below is adapted from research published by the Stanford Social Innovation Review. In 2007, they highlighted findings from The [Bridgespan Group](#) showing that the largest nonprofits (excluding hospitals and universities) did not grow by diversifying their funding. Instead, they focused on a single type of funding that aligned closely with their mission. A follow-up article in 2009 identified 10 distinct Nonprofit Funding Models. You can read those articles on the SSIR website—this guide simply provides a brief outline and quick reference for your use.

## **Smaller nonprofits can still benefit from some of these practices, such as:**

- Focus on types of funding that are natural matches for your organization's work.
- Clarify who the main decision makers are behind different types of funding.
- Understand why those decision makers choose to support the organizations they do.

*“Funding models aren’t opportunities to get rich quick. They generally require considerable time and investment to take hold. Many nonprofits just aren’t ready to take that plunge. A nonprofit is a good candidate if it is free of immediate financial distress and can focus on developing a long-term funding strategy. Its leadership team must be willing and able to invest in the staff and systems required to support the funding model—and not consumed by efforts to keep the doors open.” - SSIR*

# STRATEGIC PLANNING

## Nonprofit Funding Strategy (Advanced)

Start with an Assessment  
Choose a Core Funding Model  
Build for Growth & Sustainability  
Integrated Strategy: Blend Both Approaches



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# Build Your Strategy



## 1. Start with Assessment

**Goal:** Understand your current funding reality and assess strengths and weaknesses by focusing on three areas.

- **Funding Sources:**
  - What are your current revenue streams?
  - What % of ongoing costs are covered by sources likely to continue?
  - What % of funding is restricted to non-core operations and programing?
- **Funder Motivation:**
  - Is there a natural funding match between a particular program model and the motivations of potential donors.
  - Are funders motivated by your track record, the population you serve, or personal relationships with leadership?
- **Fundraising Capabilities:**
  - Does a single individual generate most of the revenue, or is it more institutionalized?
  - What are the development team's current capabilities?

## 2. Choose a Core Funding Model

**Goal:** Select the primary revenue engine best aligned with your mission and scale potential. Research shows that large nonprofits typically grow by specializing in one dominant funding model, not by diversifying widely.

**Questions to ask when choosing a funding model:**

- Do your current programs fit within that model and appeal to the main funders, motivations?
- Would you need to adjust your programing or expand to new areas to define your funding model?
- Are you willing to make those changes?
- Can the organization access different funding types? For example, can you manage complex government contracts, or could you cultivate relationships with wealthy individuals?
- Does this approach help you achieve your goals and mission?

SSIR Identifies 10 Funding Models, their characteristics, examples and 'tactical tools' in their article, [SSIR Ten Nonprofit Funding Models](#). Tactical Tools include types of fundraising nonprofits can employ such as special events, membership fees, major gifts, government contracts or direct mail.

**Takeaway:** Focus and specialization create long-term stability and allow nonprofits to scale more effectively.

## 3. Build for Growth & Sustainability

**Goal:** Develop systems that support your chosen model and long-term health.

- Strengthen organizational capacity and structures around the chosen model.
  - You may need to invest in or adapt your: programming, personnel, IT systems or donor management system, and communications.
- Institutionalize processes to reduce reliance on one-off relationships or reactive fundraising.
- Align board, staff, and programs with revenue strategy.

**Takeaway:** Reliable funding comes from intentional systems, not ad-hoc fundraising.

# Build Your Strategy

## 4. Integrated Strategy: Blend Both Approaches

Using the diversification strategies described in the first part of this toolkit, from Prosper Strategies for early-stage assessment and risk reduction, a nonprofit can begin to develop the funding needed to grow their programming, staff and reach. Once stabilized, the strategies defined by the Stanford Social Innovation Review can be employed for long-term model selection and scaling. Put simply, diversify to stabilize, focus to grow. A nonprofit becomes financially resilient when it understands its current funding mix, anticipates donor behavior, selects a model aligned with mission, and builds organizational capacity around it.

Please reach out to the UAFS Center for Nonprofits for further resources, classes and funding opportunities.

### For the full articles:

Prosper Strategies: [Nonprofit Funding Strategies](#)

Stanford Social Innovation Review: [Finding Your Funding Model](#)