



Diversified Funding Streams

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Thank you



About DANA

- Mission: To shape and advance the systems and conditions that empower nonprofits to amplify their impact throughout Delaware
 - Advocacy
 - Capacity Development (workshops, mentoring, consulting)
 - Networking/Collaboration Facilitation
 - Information & Resources
- Provide Expertise to Nonprofits
 - Engaged & Effective Nonprofit Boards
 - Sustainable Organizations
 - Strategic Planning
 - Leadership Development
- Support an alliance of over 550 nonprofits, foundation, & business partners



Standards *for* Excellence

Replication Partner

- ❑ Provides a framework and step-by-step guidelines to achieve a well-managed and responsibly governed organization.
- ❑ 6 Guiding Principles with 27 topic areas of specific performance benchmarks that characterize effective, ethical, and accountable organizations.

Agenda

- Evaluate current funding mix and sustainability risk
- Identify alternate funding/resources
- Assess capacity to pursue and retain new funding sources
- Understand and communicate the value proposition to new supporters

Diversifying Revenue

❑ Generating Income from Multiple Sources

- Different donors
- New program revenue
- Expanded geography

❑ Pros

- Strategy to reduce risk of lost revenue in any one area
- Expands network and nonprofit impact

❑ Cons

- May require new resources resulting in lower ROI
- Could distract from core programming
- Complexity in systems
- Takes Time

Nonprofits Generate Revenue from a Variety of Sources



Donations

- Individual Gifts = 69%
- Private Foundations = 11%
- Bequests = 8%
- Corporate Foundations = 5%
- Donor Advised Funds = 4%
- Federated = 4%

How do other nonprofits source their revenue?

IRS Tax form 990 tells the story

- Also shows net proceeds from fundraising events
- Unrelated business income (which is taxable)

Part VIII Statement of Revenue		Check if Schedule O contains a response or note to any line in this Part VIII <input type="checkbox"/>			
		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a			
	b Membership dues	1b	13,084		
	c Fundraising events	1c			
	d Related organizations	1d			
	e Government grants (contributions)	1e	15,000		
	f All other contributions, gifts, grants, and similar amounts not included above	1f	620,690		
	g Nontax contributions included in lines 1a-1f \$ _____				
	h Total. Add lines 1a-1f		648,774		
	Program Service Revenue	2a ART REVENUE		6,950	6,950
b PAVER REVENUE			5,865	5,865	
c _____					
d _____					
e _____					
f All other program service revenue					
g Total. Add lines 2a-2f			12,815		

Evaluating Major Sources of Funding Mix

- List top sources of revenue
- Major categories or by Donor/ Customer
- DANA Assessment tool: [Scenario Planning Awareness Questionnaire](#)
- Other dimensions:
 - Concentration by time
 - Private vs Public
 - Donor/Customer pool

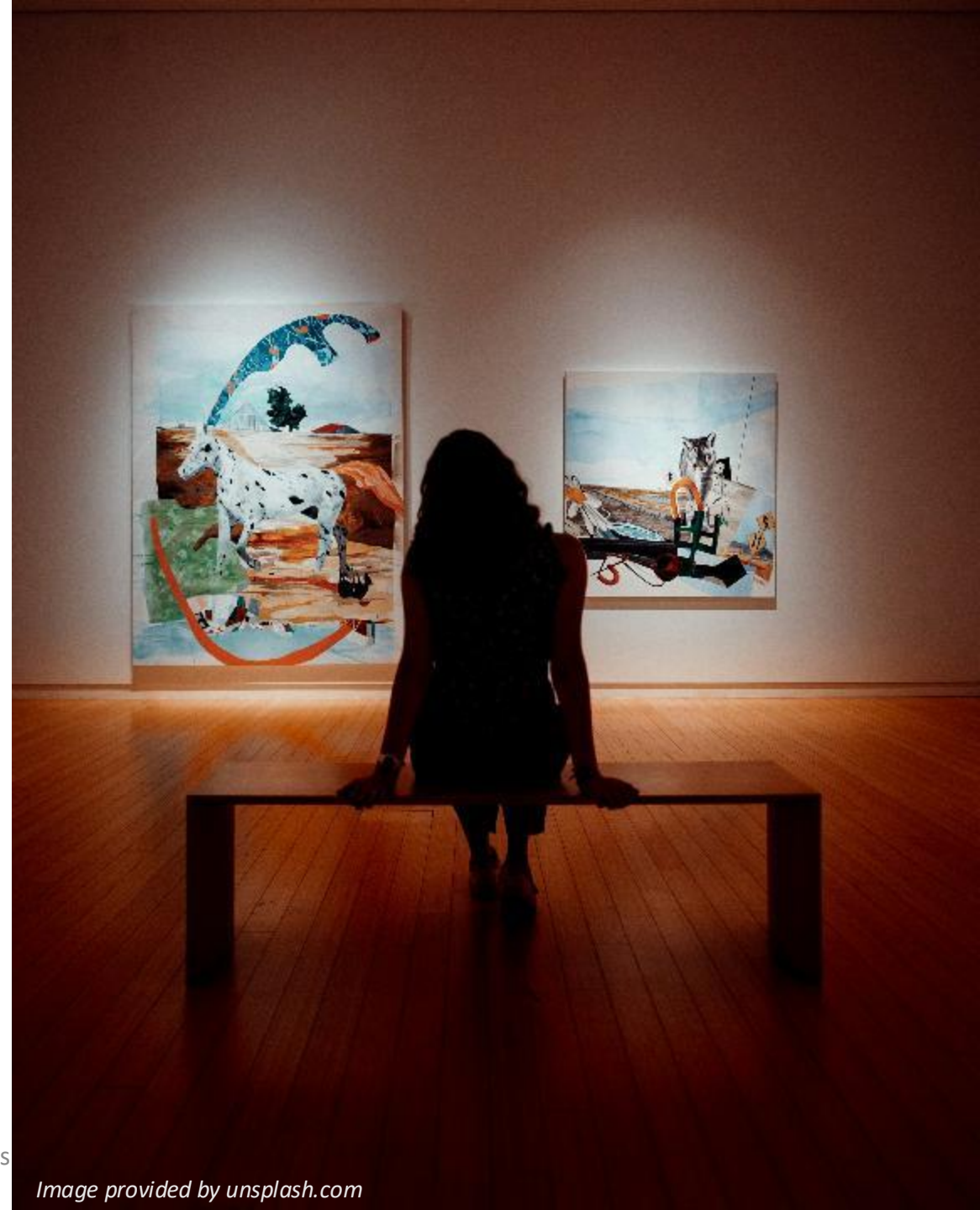
Total Annual Operating Revenue: \$ _____

Level of Loss or Reduction Risk – H=High 70% or more, Medium – M=Medium 30% – 69%, Low – L=less than 30%

Revenue Source	% of Total	Value \$	Level of Loss Risk	Restricted / Unrestricted
Federal Reimbursements (Medicaid, etc.)				
Federal Contracts				
Federal Grants				
State Contracts				
State Grants (Grant in Aid, etc.)				
Private Donors				
Foundations				
Fee for Service				
Net Fundraising Events				
Investments				
Other				

Case Study: DE Arts

- ❑ Nonprofit arts organization has been in existence for over 65 years.
- ❑ 70% of their revenue was generated in a three-month window.
- ❑ Of that more than 50% was one outdoor event – revenue dependent on art sales and attendees.
- ❑ Membership revenue was consistent, but a small percentage of total.
- ❑ Small donor base, typically from individuals who had family members who benefitted from the programming.
- ❑ Small endowment, but not enough to cover volatility in their revenue.



DE Arts -5 years later

- ❑ 50% of their revenue generated in a six-month window.
- ❑ Most of the revenue from outdoor event revenue is generated in advance – reducing volatility
- ❑ Growth in grants and individual donations due to promotion of art education to underserved youth expanded
- ❑ Developed a planned giving campaign and a capital campaign to provide ways for those who valued the organization to leave a legacy.



Pursuing New Types of Donations

Type of Donation

- Grants or Contracts
- Major gift/legacy
- New ways to give
- Sponsorships
- Memberships

Capacity Considerations

- RFP/Application and Reporting requirements
- Time to cultivate, receive, restrictions
- Systems, recognition, stewardship
- Recognition and reward strategy
- Ability to create exclusive offerings



Expanding Fee for Service

Type of Expansion

- Increase Geography
- New customers
- New Lines of Business

Capacity Considerations

- Building awareness, identifying customers
- Identifying, Program modification, marketing
- Expertise, uniqueness and capabilities relative to “competition” ([McMillan Matrix](#)), alignment with charitable purpose



Opening a New Line of Business

- Habitat for Humanity - Restore
- Children's Beach House - Margaret Rollins Child Development Center
- Food Bank of Delaware - Culinary Center and L.O.G.I.C.



Creating Value of “Free” services

- ❑ Leverage assets and expertise in an area that could be “marketed” to a different audience
- ❑ Market research to determine interest, competition, pricing
- ❑ Capacity assessment to market and deliver service to different audience

Nonprofit ABC has developed an evidenced-based training for their employees who work with individuals in crisis, the approach has a way of helping clients quickly reduce their anxiety, which in turn makes the client more able to benefit from the service the nonprofit provides. Since implementing this training, the program’s success rate has more than doubled. Many nonprofits and companies have individuals experiencing anxiety, and nonprofit ABC is launching this proprietary training as a fee-for-service for employers.



Unique Value Proposition

A large number of purple plastic chairs in an auditorium, with one orange chair standing out in the middle. The chairs are arranged in rows, and the orange chair is the only one of its color, making it a focal point. The text 'Unique Value Proposition' is overlaid in orange on the top half of the image.

Elements of Value Proposition

- Define the offering provided
- Proven examples of outcomes
- Identify who values the outcomes
- Understand what motivates them to give or buy
- Communicate benefit donor or payer receives
- Underline the long-term commitment to this initiative

How is your program/mission unique

- Population served
- Issue addressing
- Geographic Area
- Accessibility
- Evidenced-based – Proven Results
- Partnerships/community engagement



Provide Proof of Impact

- ❑ Data
- ❑ Testimonials
 - ❑ Case Studies
 - ❑ Quotes
 - ❑ Videos
- ❑ Referrals



What is the Motivation for Giving or Buying



Need



Feel Good



Personal Benefit/
Prestige



Economic
Benefit



Prevention/
Protection

Benefit for the Gift or Payment

- Recognition
- Tangible item
- Service
- Continue communication after the gift to build relationship for future gifts/payments



In Summary

- ❑ Diversifying revenue is strategic and can take time
- ❑ Different ways to raise money, focus on those with greatest return
- ❑ Leverage strengths and assets and identify who can benefit from them
- ❑ Understand and communicate the unique and best offering
- ❑ Position the offering in a manner that resonates with the donor or buyer
- ❑ Reinforce the story through ongoing communication





Questions?

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