

Coming together is a beginning
keeping together is progress

working together is success

Henry Ford



Nonprofits don't have needs...

people do

-Jim Lord

Nonprofits have ***solutions***

NON-PROFIT INCOME GENERATION

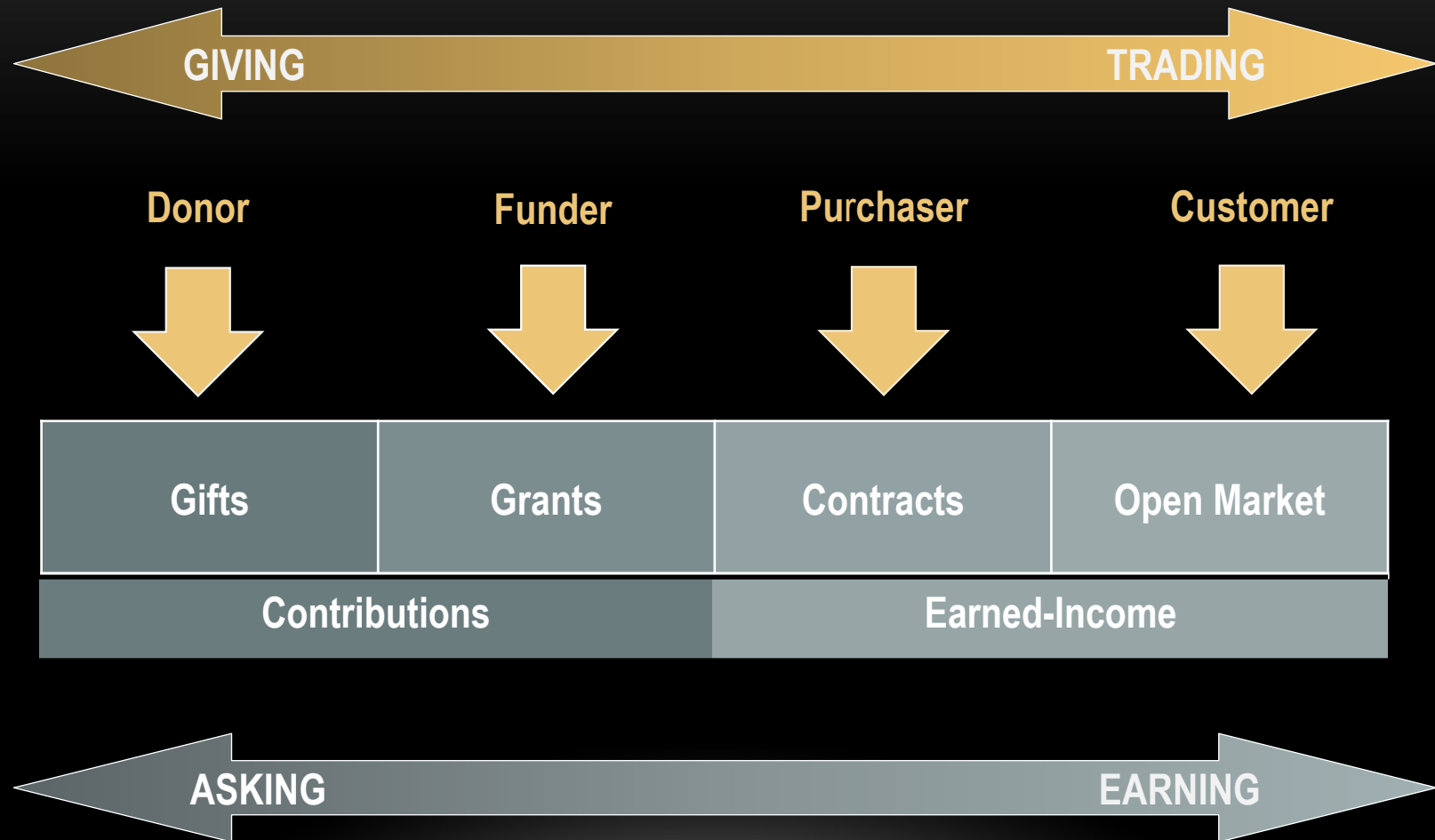
Stuart Clark

Community Development Unit, Alberta Culture and Tourism

SOME DEFINITIONS

- **Income**: Money earned or raised from core activities. Also called “revenue.”
 - *Different than earned or raised “capital” which is money used to invest in the organization itself (to fund reserves or growth)*
- **Renewable revenues**: sources that you believe, with a high level of confidence will continue for at least the next 3-5 years
- **Sustainable Income**: covers 70% of ongoing costs by renewable sources

THE NONPROFIT INCOME SPECTRUM



Adapted from the National Council of Voluntary Organizations, *Introductory Pack on Funding and Finance: Guide to Sustainable Funding*, 2006, p 13. <http://www.scribd.com/doc/188860093/Guide-to-sustainable-funding>, accessed March 17, 2014. And *Mission, Money, Models*, "Income Spectrum tool, V4 2010, p 4. <http://www.missionmodelsmoney.org.uk/sites/default/files/Income%20Spectrum%20tool%20v4%20external.pdf> Accessed November 17, 2014

DESCRIPTION OF INCOME SOURCES

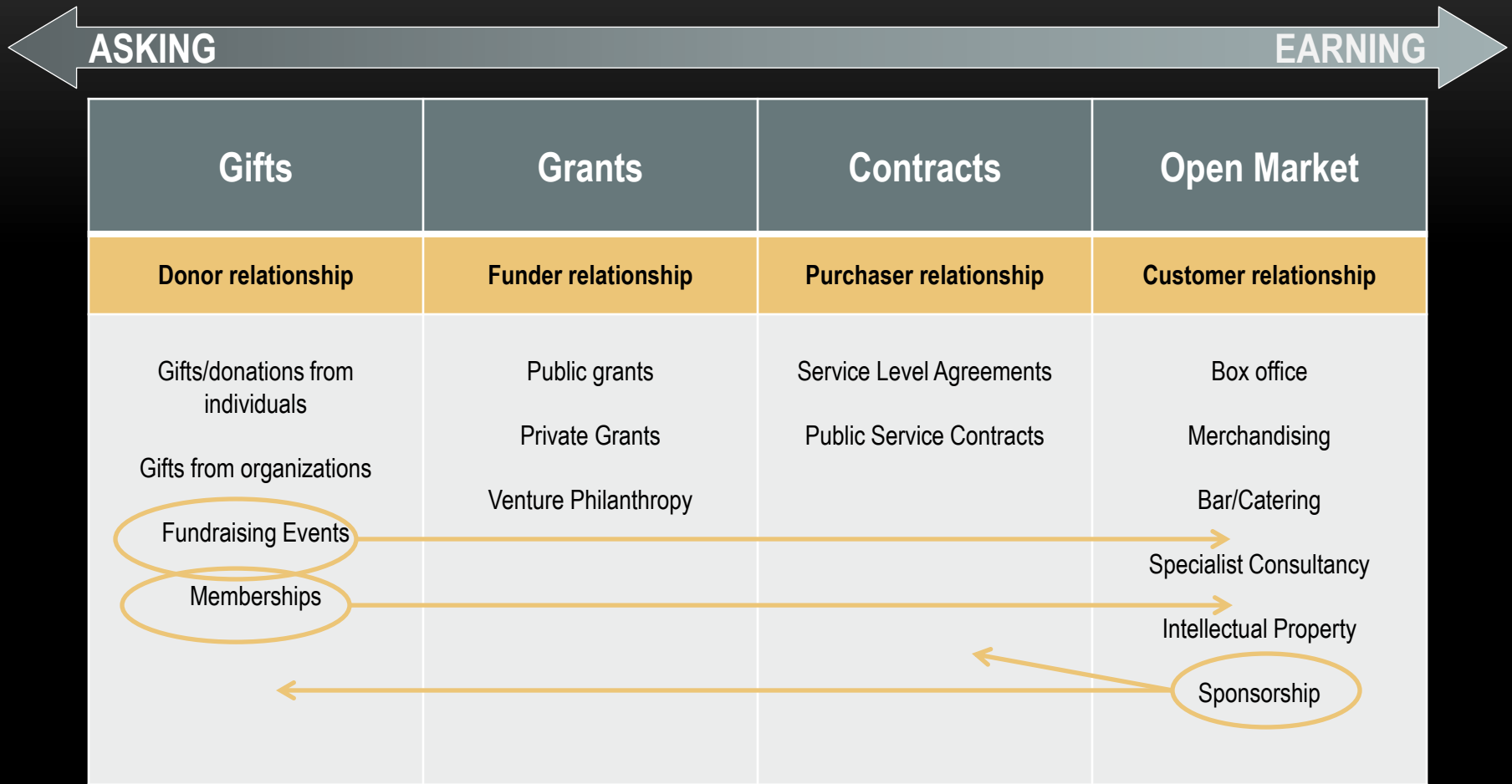
← ASKING

EARNING →

| Gifts | Grants | Contracts | Open Market |
|---|---|---|--|
| Donor relationship | Funder relationship | Purchaser relationship | Customer relationship |
| <p>Given to further mission</p> <p>Often unrestricted</p> <p>Donor trusts organization to use money as needed</p> | <p>Restricted funding to deliver specified outputs or mutually agreed outcomes</p> <p>Often an application process, expectations and monitoring</p> | <p>Payment for provision of products or services according</p> <p>Contract with third party purchaser</p> <p>Usually competitive tendering process at start</p> | <p>Selling products or services not part of a long-term structured contract</p> <p>Further mission and/or generate profit</p> <p>Any surplus is unrestricted</p> |

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TYPICAL FORMS



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ACCESSING & MANAGING

← ASKING

EARNING →

| | Gifts | Grants | Contracts | Open Market |
|---------------------------------|---|---|---|---|
| | Donor relationship | Funder relationship | Purchaser relationship | Customer relationship |
| Best suited for: | <p>Ongoing costs</p> <p>Suitable for start-ups or small groups</p> <p>Small projects</p> | <p>Projects with clearly defined timeframe, outputs and outcomes</p> <p>Can be good for new projects (“pilots”)</p> | <p>Mainly for services public institutions may wish to purchase (e.g. social care, recycling)</p> <p>Can be for services private orgs may wish to purchase under contract (e.g. training)</p> | <p>A product or service that has a clear value proposition and potential market</p> |
| Knowledge and skills that help: | <p>Public relations</p> <p>Campaign management</p> <p>Online tools</p> <p>Creative thinking</p> | <p>Proposal Development/ Grant writing</p> <p>Research</p> | <p>Proposal Development/ Contract Management,</p> <p>Research</p> <p>Financial/ project planning</p> | <p>Business Planning</p> <p>Marketing</p> <p>Industry knowledge</p> |

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DO YOU NEED TO DIVERSIFY?

Assess your current income mix

- What are all of your funding sources? Which income streams and how many funders?
- How long are your funders funding you for?
- Who are the decision-makers behind your funding sources and what are their motivations?
- What percentage of your total income does each of your sources represent?
- What level of dependency do you have on each of your sources?
- What is the likelihood that your sources will suddenly reduce or end?