GIANFORTE Family Foundation

DEVELOPING A BALANCED FINANCIAL PORTFOLIO

One of the most common questions we hear from our nonprofit partners is, "What should our funding streams look like?" That's a great question!

As a foundation, our directors evaluate funding streams every time an organization submits an application. We do this because a balanced financial portfolio is one key indicator of long-term organizational sustainability. Think about it, an organization that is heavily reliant on one big donor risks closing its doors if that same donor changes giving priorities.

So what are healthy giving breakdowns?

The best way to answer that question is by looking at giving trends in the United States. In 2024, Americans donated an estimated $592.50 billion to charity, a 6.3% increase from the previous year when donations totaled approximately $557.16 billion.* (As a side note, volunteers contribute nearly $200 billion in value to U.S. communities annually. Americans are incredibly generous!)

Photo by Karolina Grabowska from Pexels

Who gave that $592.50 billion and how should this inform your funding strategy? Here's the non-governmental giving breakdown from 2024:

- 66% Individuals
- 18.5% Foundations
- 8% Bequests
- 7.5% Corporate

What these numbers reveal is that the individual donor, those who give $25, $250, or $2,500 a year, is an organization's bread and butter. Creating a solid base of individual, local donors is a wise financial move because it creates long-term sustainability. Losing one $250 a year donor won't impact your organization the same way as losing a $25,000 a year grant.

Another excellent way to diversify a portfolio is to collect fees for services or product sales. Earned income through a resale store, program tuition, or membership fees may not be a fit for every nonprofit but some find it beneficial.

How should your organization restructure its funding stream? Are you relying on one or two donors too heavily? Do you need to build up your "bread and butter" donor base? How should your fundraising strategies be modified to reach your goals?

*https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/