

DEVELOPING A BALANCED FINANCIAL PORTFOLIO

One of the most common questions we hear from our non-profit 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 their 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 2019, Americans donated \$449.64 billion to charity which is a 5.1% increase from 2018. (As a side note, 77 million volunteers donated the equivalent of hundreds of billions of dollars in time. Americans are incredibly generous!)

Who gave that \$449.64 billion and what percentage of the \$449.64 billion they gave should inform your funding strategy. Here’s the non-governmental giving breakdown from 2019*:

- 69% Individuals
- 17% Foundations
- 10% Bequests
- 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 non-profit but some find it beneficial.

How should your organization restructure your 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/>