

Potential Revenue Sources

Revenue Source	Definition	Features
Annual or sustained gifts	<i>One or more fundraising programs that generates gift support on an annual or sustaining (more frequent than annual) basis. Annual programs acquire donor names to the organization's house file using an offer communicated through various mediums. Names are acquired using the media of radio, TV, space ads, direct mail lists, email lists, phone lists, etc. When a donor responds to an initial offer, they are then converted to at least two transactions before being cultivated on the organization's file as a sustaining supporter. Examples of cultivation methods include direct mail, internet, monthly donors, affinity or club programs, honor or memorial giving, telethons, phone mail, etc</i>	<ul style="list-style-type: none"> • Provides funds for operations • Relies on excellent project trafficking, writing, creative design and purchasing • Names are acquired and converted to regular donors using segmentation, specialized programs and direct response packages • Current active names have at least one transaction in the past 20 mths • Lapsed donors are reactivated rather than purged from the file • Donor life expectancy can be 5+ years on the donor file • Direct response tools are least expensive • Volunteers can become donors and vice versa • Less than 6 months lead time • Mediocre ROIs ranging from 1:1 or worse for acquisition to 3:1 for cultivation of active donors
Major gifts	<i>A large gift, often from a person, to a not-for-profit organization, the amount required to qualify as a major gift being determined by the organization. Prospect names are identified through screening of annual supporter lists, list rentals, personal referrals and PR-related cultivation events. Prospects are qualified through electronic and personal screening. Prospects are cultivated for a period of time before solicitation. Many major gifts require negotiation and are restricted as to use, may involve a pledge or letter of intent and require personalized recognition.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs, start-up, endowment and capital • Relies on senior leadership's ability to communicate vision, ask and close • Prospects are screened, rated, researched and profiled • A multi-step cultivation and solicitation process is used to secure gift commitments and can take 10-16 months to complete • The first major gift need not be the last • Less than 6 months lead time • Good ROI, ranging up to 9:1 for seasoned staff
Planned gifts	<i>A large gift that is structured and integrates sound personal, financial and estate-planning concepts with the prospect's plans for lifetime or testamentary giving. A planned gift has tax implications and is often transmitted through a legal instrument, such as a will or a trust. Examples of planned giving instruments include pooled income fund, charitable remainder trusts, insurance gifts, lead trusts, bequests, etc.</i>	<ul style="list-style-type: none"> • Funds for projects, programs, endowment and capital • Relies on excellent interpersonal skills of field liaisons and filing required registrations with appropriate state agency • Prospects are screened for age, gift history and financial capacity • A multi-meeting planning process is used to understand the prospect's requirements, evaluate options, confirm with gatekeepers, draft and sign documents • First planned gift need not be the last one • Can build on major gifts or stand alone • 1-2 year lead time • Very good ROI, ranging up to 12:1 for seasoned staff

Foundation grants	<i>A foundation is an organization created from designated funds from which the income is distributed as grants to not-for-profit organizations or, in some cases, to people. A grant is a financial donation given to support a person, organization, project or program. Most grants require research by the organization's staff and submission of an application. Grants are awarded to non-profit organizations according to the foundation's specific guidelines, limitations and assets.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs, endowment and capital • Relies on solid relationships between CEO/board and foundation leadership and solid writing skills • A front door/back door approach is essential to success. The front door requires fulfillment of all application requirements; the back door infers relationships with the foundation staff and directors. • Research and careful matching of the opportunity to the limitations of the foundation • Must be within their schedule, funding patterns, areas of interest and geography • Must work with their staff • Must understand their formula, words and evaluation requirements • Less than 6 months lead time • Very good ROI, ranging up to 10:1 for seasoned staff
Cause-related marketing (corporation)	<i>Marketing agreement in which a for-profit organization, by using the name and reputation of a non-profit organization, promotes its product and in return provides financial support to the organization according to a predetermined formula based on sales and purchases.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs and people • Relies on staff or counsel having for-profit marketing experience. • Must understand what the corporation seeks out of this Cause-related marketing (CRM) arrangement • Negotiation often involves trade-offs between what the corporation wants and the non-profit can/is willing to give • Impressions analysis and valuation may be required • Retain control of your names • May generate UBIT (Unrelated Business Income Tax) • 1-2 year lead time • Good ROI, ranging up to 6:1 for a mature CRM agreement
Corporate giving program	<i>A grant-awarding program established and controlled by a profit-making corporation. In some corporations, this is separate from the marketing function and from any corporate foundation.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs, endowment, capital, in-kind and loaned services • Relies on an excellent relationship between senior leader and corporate leaders • Requests are usually written and directed to a committee for action • Large sums of money are usually onetime • More likely to contribute if they are headquartered nearby, have a locally based workforce or have a public consumer base • Less than 6 month lead time • Good ROI, ranging up to 6:1 for seasoned staff
Earned income activities related to the organization's mission	<i>Earned income activities related to the organization's mission Revenue received by an organization for product sales, fees for services rendered, interest generated from investments or royalties generated from owned and copyrighted works. Income is derived for activities substantially related to the organization's tax-exempt purpose.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs, endowment and capital • Relies on good business sense • The business must work as a profit making enterprise before it's worth developing • May require a separate governance structure, separation of accounts, functions and financial filings • 6 months to 1 year lead time • Very good ROI

Unrelated business income (UBI)	<i>Revenue received that is the result of any legal trade or business conducted by a not-for-profit organization to make money in a way not directly related to an organization's Federally tax-exempt mission.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs and capital • Relies on good business sense • Must know the extent of taxable exposure as defined by IRS regulations governing UBI • 6 month to 1 year lead time • Good ROI
In-kind	<i>A donation in goods or services (not in money) such as a contribution of equipment, inventory, supplies, space or staff time. The donor may place a monetary value on such a contribution for tax purposes.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs, Federal cost share • Sometimes begins as a corporate solicitation for cash and then negotiates to an in-kind donation • Relies on good recordkeeping and processing • Less than 6 months lead time • Very good ROI
Supporting organization	<i>A qualified charity operated, supervised or controlled by or in connection with one or more specified public charities. An auxiliary, association, friends groups or other non-profit may be a supporting organization.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs and people • Relies on excellent communications between senior leaders of both organizations • Volunteer intensive activities generate PR, services and revenue. • May operate an earned income enterprise • Clearly proscribed limits of authority are essential • 1-2 year lead time • Mediocre ROI, ranging up to 3:1
Benefit events	<i>A social event from which net proceeds are designated as a donation to one or more causes. Examples include races, balls, carnivals, bazaars, galas, concerts, etc.</i>	<ul style="list-style-type: none"> • Funds for operations, campaigns and programs • Relies on excellent volunteer leadership to establish and maintain momentum through planning and pre-event phases • For revenue generating purposes, the size of the event is not as important as the development strategy in place prior to the event • Need a great concept, location and a date that doesn't conflict with other local benefit events • 6 months to 1 year lead time • Poor ROI, ranging up to 2:1. Exceptions are for fully sponsored events which can range to 5:1.
State and local municipalities	<i>Funds under the direction and discretion of a non-Federal agency. Sources include state grants, a local municipality grants and in-kind service, allocations of Federal block grants to a state or municipal agency under a Federal authority and state and municipal bonding authority.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs, in-kind and capital • Relies on solid relationships between CEO/board and elected legislative leadership • A front door/back door approach is essential to success. The front door requires fulfillment of all application requirements; the back door infers relationships built over time with appropriate state and local officials, their staffs and committees. • Research and careful matching of the opportunity to the limitations of the grant/funding opportunity is essential • Must be within the funding appropriation's guidelines • Unused funds may need to be returned • Must work with the cognizant agency's staff • Must understand their outcome and evaluation requirements • 1-2 year lead time • Very good ROI

Churches and denominations	<i>Cash and in-kind contributions from a local church, local church foundation, denominational office or church-run service agency. Other organizations include ministerial associations, regional trans-denominational organizations and associations like the NAE, NCC, etc.</i>	<ul style="list-style-type: none"> • Funds for operations, projects, programs and people • Relies on excellent communications between senior organization leader and pastor/church leadership • Good source of in-kind donation. Smaller donations are usual, though larger churches may have more discretionary funds for a onetime need. • Pastor approval may be key to acceptance of a funding request • Local mission focus may take a year to finally receive a gift • Must match service limitation and focus, local service area and theological worldview • 1-2 year lead time • Mediocre ROI ranging to 3:1
Federated funds	<i>Funds raised through one of several employment–related annual giving campaigns. Examples include United Way, Combined Federal Campaign, Combined Health Appeal, etc.</i>	<ul style="list-style-type: none"> • Funds for operations • Relies on solid relationships between staff and foundation leadership • Some campaigns allow your supporters to designate your organization as a charity even if you are not a listed charity with that federation or campaign • Start-up organizations are generally not permitted to participate • Must fit priority focus • Qualification process takes time • Time consuming for staff with periodic detailed reviews • Must be within their guidelines • Must work with their staff • Must be an established organization • 1-2 year lead time • Good ROI, ranging to 6:1

Adapted from the Compassion Capital Fund Intermediary Development Series: Building Multiple Revenue Sources.