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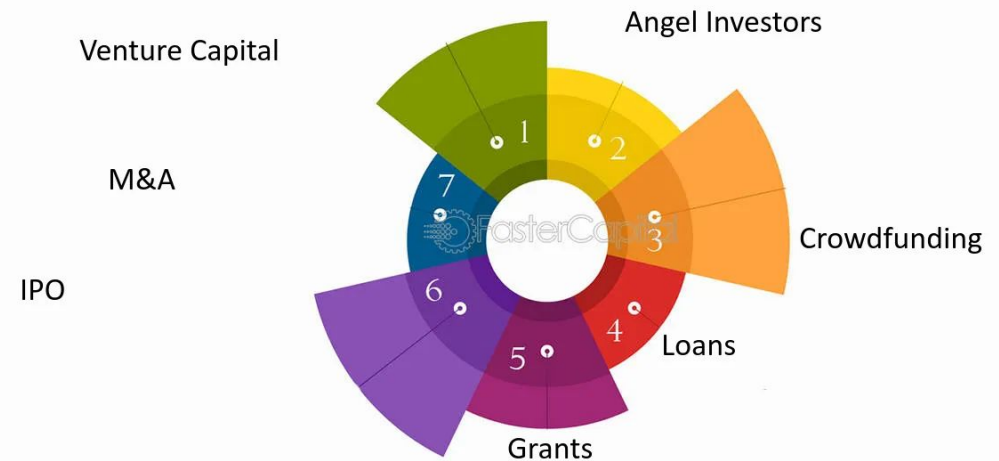
Different types of Funding & Identifying the Funding Need of Your Nonprofit

Identifying Funding Opportunities

Learning Objectives

- Understand the distinct types of nonprofit funding: programmatic, general operating, capital campaigns, and sponsorships.
- Recognize the value and limitations of different funding types in relation to organizational priorities and sustainability.
- Develop strategies for transparently managing ambiguous funding areas, such as hybrid roles and shared spaces.
- Learn methods for accurately identifying and assessing your nonprofit's financial needs and aligning them strategically.

The Different Types of Funding Sources



Different Types of Funding - Programmatic

- Restricted to specific programs or projects that align with the funder's priorities.
- Typically covers direct expenses
 - Program staff salaries
 - Supplies
 - Participant services
- May require measurable outcomes and detailed reporting on program impact.
- Often short- to medium-term support (one to three years).
- Commonly awarded by foundations, government agencies, or corporate philanthropy.

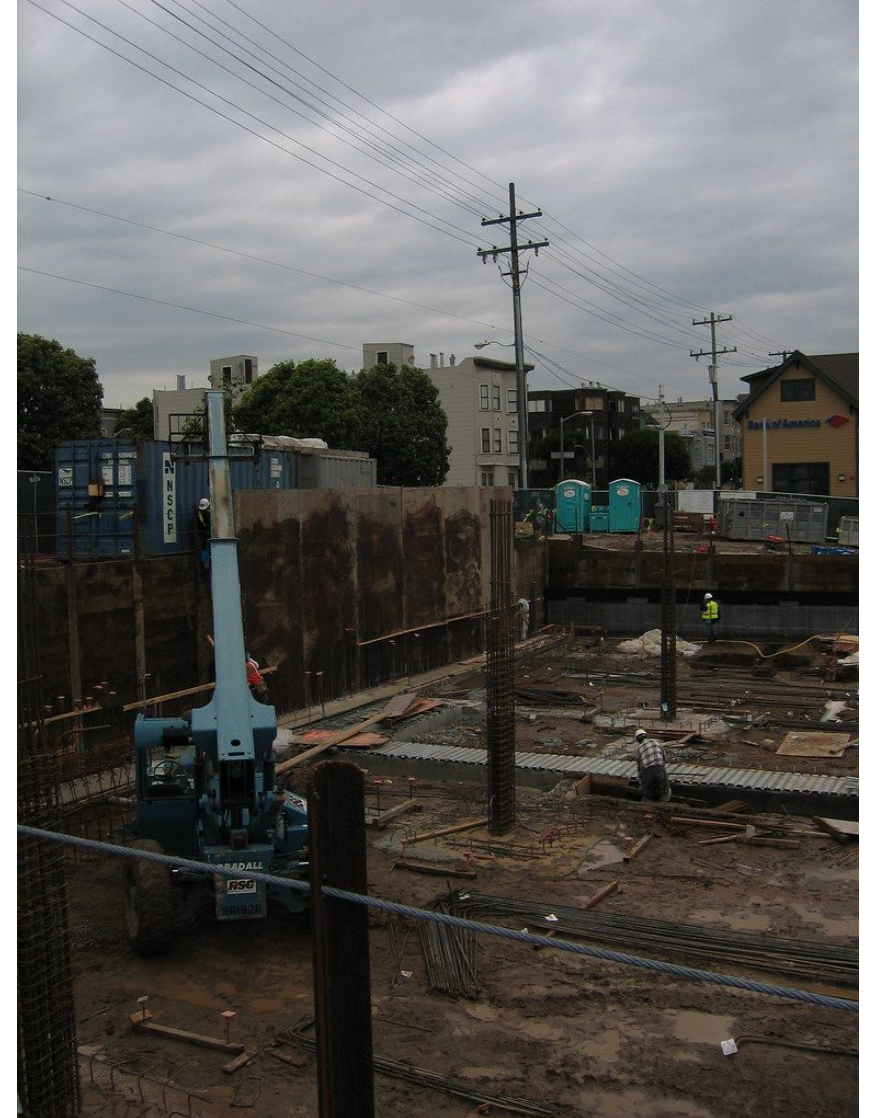
Different Types of Funding - General Operating

- Unrestricted support that can be used for day-to-day expenses and infrastructure.
- Allows flexibility to address the organization's evolving priorities and needs.
- Often covers administrative costs, rent, utilities, or general staff salaries.
- Appeals to funders who trust the organization's overall mission.
- Less common than program-specific grants
- Valuable for organizational sustainability.
 - Less common in government grants, can be captured in indirect costs



Different Types of Funding - Capital Campaigns

- Focuses on major physical or infrastructure projects (e.g., new building, renovation).
- Typically involves large, one-time gifts or pledges spread over multiple years.
- Often requires feasibility studies and a compelling case for long-term impact.
- May include donor visibility opportunities or other donor-recognition mechanisms.
- Longer timeline for fundraising, planning, and execution.



Different Types of Funding - Sponsorships

- Often comes from corporate partners seeking marketing or community engagement.
- May involve brand visibility for the sponsor (e.g., logos, events, media coverage).
- Usually linked to specific events or activities (galas, conferences, outreach programs).
- Requires clear benefits for the sponsor, such as audience reach or positive PR.
- Can be a one-time or recurring arrangement, depending on the relationship.



Different Types of Funding - Free or Discounted Licenses

- In-kind contributions that reduce operating expenses (e.g., software, equipment).
- Common in tech or software grants (e.g., Salesforce Nonprofit Cloud, Microsoft, Google).
- Can significantly expand capacity without direct cash outlay.
- Often requires proof of nonprofit status for discounts or free licenses.
- Must still be tracked and valued as part of the organization's support portfolio.

	PROGRAMMATIC	GENERAL OPERATING	CAPITAL CAMPAIGNS	SPONSORSHIPS	IN-KIND (FREE & DISCOUNTED)
PURPOSE	• Funds a specific initiative or project aligned with the organization’s mission • Directly supports program delivery and outcomes	• Supports day-to-day expenses, overhead, and infrastructure (rent, admin salaries, etc.) • Typically unrestricted, covering a range of organizational needs	• Finances building or equipment projects, facility renovations, or major infrastructure • Supports long-term organizational improvements	• Corporate support that provides brand visibility, event presence, or public relations benefits • Often tied to specific events or activities	• Non-cash support such as software, supplies, volunteer services, or discounted licenses • Reduces the organization’s cash expenses
COMMON FUNDER TYPES	• Foundations • Government agencies • Corporate philanthropy	• Foundations • Major donors • Some corporate philanthropy	• Major donors • Foundations that focus on capital or building grants	Corporations or businesses seeking community impact or marketing ROI	• Tech companies (e.g., software licenses) • Local businesses or specialized nonprofits
TYPICAL TIMELINE (EMPHASIZE)	Short- to medium-term (around 1–3 years)	Can be ongoing or annual	Longer-term campaigns (multi-year) or major one-time drives	Often tied to specific events or annual sponsorship cycles	Can be one-time or recurring support
RESTRICTIONS	Funds must be used strictly for the proposed project or direct costs	Generally unrestricted (can be used for admin and operational costs)	Must be used for capital assets or facility improvements	Often require sponsor recognition (logos, mentions, promotional opportunities)	Must be used for the intended product/service purpose
PROS	• Often aligns closely with funders’ mission priorities • Directly supports programs and measurable outcomes • Can strengthen program-specific impact	• Flexible usage • Covers overhead gaps • Demonstrates funder trust in the organization’s mission and capacity	• Can finance significant, long-term improvements • High donor visibility can attract additional support	• Can be recurring or annual • Builds corporate and community relationships • May include marketing benefits for both parties	• Often easier to obtain than cash grants • Builds goodwill with service providers • Lowers operational costs without requiring cash outlays
CONS	• Less flexibility if project needs change • May require detailed outcome metrics and reporting	• Less common than project-specific grants • Funders may be cautious if financials are weak	• Often requires large gifts and pledges over a longer timeline • Involves detailed planning and feasibility studies	• May come with branding or promotional obligations • Could be short-term if sponsor priorities shift	• May require staff time to implement or maintain • Product usage could be limited (e.g., one-year license)

Direct service funding vs. Administrative vs. Capital campaigns

- Direct service costs
 - Program staff, consumable materials, participant services.
- Administrative costs
 - Overhead expenses, executive salaries, office infrastructure.
- Capital expenses
 - Building/renovations, technology upgrades, major equipment.
- Importance of clarity in budget narratives and proposals.
- Funder preferences often dictate how you categorize or justify costs.

Reflection Slide

Prompt: Think through what kind of funding your organization currently applies for and receives. Which categories does it fall under?

- In your experience, which of these funding opportunities are easier to obtain?
- Why might certain types be more challenging than others for your organization?
- Are there types of funding your organization has never pursued but could explore?

Transparency when Navigating Ambiguous Areas

- Items/roles may not fit in a single category
- Hybrid roles
 - (i.e., Executive Director who oversees both administration and programs)
- Space usage
 - (i.e., building that houses soup kitchen + administrative offices)
- Breaking down salaries by percentage of time spent on direct service vs. admin.
- Documentation is key: timesheets, cost allocation plans, and internal policies.
- Ensuring transparency in proposals to maintain funder trust.

Reflection Slide

Prompt: Considering all the funding types and the ambiguities we've discussed:

- Where do you see the greatest opportunities for your organization in the next year?
- What potential risks or challenges might arise from pursuing multiple funding streams?
- How can you prepare (staffing, systems, policies) to mitigate these challenges?
- Who in your organization or network might help you navigate new funding approaches?

Identifying the need of your nonprofit

- Pinpoint major expenses annually (e.g., staffing, facilities, supplies, technology).
- Distinguish hard costs (tangible expenses) from soft costs (training, outreach).
- Conduct a gap analysis: Where are current resources vs. ongoing/expanding needs?
- Challenging the scarcity mindset
- Align funding requests with strategic plan or organizational goals.
- Think about scalability: Are these needs short-term or recurring?

Common Pitfalls & Risk Assessment

- Over-reliance on one funder or type of grant.
- Mission drift if the funding doesn't align with core goals.
- Staff burnout due to underestimating administrative and reporting workload.
- Compliance issues when guidelines for each funding stream aren't followed.
- Mitigation tactics: robust record-keeping, diversified portfolios, and realistic planning.



Key Takeaways & Next Steps

- Matching the appropriate type of funding to your organizational needs is crucial for sustainability and mission integrity.
- Transparency and clear documentation in grant applications build trust and ensure ongoing compliance with funder requirements.
- Diversifying funding streams reduces risk, prevents mission drift, and contributes to organizational resilience.
- Conduct regular gap analyses and strategic planning to proactively address financial needs and growth opportunities.