

# Ensuring your Organization's Financial Sustainability:

## Why You Should Diversify Funding Streams and How to Do It



### Why Diversify?

Your efforts to prevent teen pregnancy are critically important, especially to the communities and youth you serve. Having a federal grant to support your teen pregnancy prevention program has been essential; however, it is important that your organization begin to diversify funding to support the program and increase its long-term sustainability. Relying on any one source of funding—federal grant or otherwise—is risky. It makes organizations and programs vulnerable; if or when the single source of funding ended, the entire program would have to end as well. The likelihood of sustainability increases when programs or initiatives are supported by diverse funding sources as it reduces the risk involved in relying on a single source.

**This tip sheet provides general information on strategies you can use to diversify funding.**

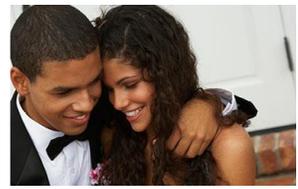
### Invest in Fundraising Capacity

- **Develop fundraising objectives.** Assess your organization's core goals for the next several years and determine the resources you will need to achieve those goals.
- **Allocate resources.\*** Devote a portion of your budget to fundraising activities, and consider hiring a dedicated staff member to work on fundraising.
- **Use your board.** Your board members are tasked with ensuring that your organization has the resources required to achieve its goals. Enlist their help in your fundraising efforts by:
  - ✓ *Recruiting board members who are committed to helping fundraise*
  - ✓ *Training board members in how to be effective fundraisers*
  - ✓ *Giving each board member specific fundraising assignments*

Here are two resources on fundraising by nonprofit boards that you may find helpful:

- From the federal perspective: [\*Right on the Money: How to keep your nonprofit organization open in good times and bad\*](#)
- From the private sector perspective: [\*Fearless Fundraising for Nonprofit Boards\*](#)

\*Grantees are not permitted to use federal funds for fundraising activities, and must be sure to use other, non-federal funds to support their fundraising activities.



## Types of Funding

Explore these types of funding, which can help ensure your organization's long-term sustainability:

- **State and local funding**

*Grants, programs, or other initiatives offered at state, county, city, or other municipal level (e.g., [Michigan Department of Community Health Teen Pregnancy Prevention Initiative](#))*

- **Grants from foundations and other nonprofit organizations**

*Grants, programs, or other initiatives offered via non-governmental organizations (NGOs) (e.g., [The WISE Initiative](#))*

- **Earned income from sales of products and services**

*Fee-for-service model whereby organizations charge clients for its various products and services (e.g., [ETR Associates sells curriculum packets for evidence-based pregnancy prevention programs](#))*

- **Membership dues and fees**

*Charging for membership in an organization: (e.g., [Healthy Teen Network is a dues-charging membership organization](#))*

- **Crowdsourcing/crowdfunding**

*Funding a project or venture with monetary contributions from a large number of people, typically via the Internet (e.g., [Food Security Academy for Youth in the Lower Ninth Ward](#))*

- **Impact investments**

*Investments made in organizations intended to generate measurable, beneficial social and environmental impact alongside a financial return (e.g., [The District of Columbia's Social Impact Bond Program to reduce teen pregnancy](#))*

- **Other options:**

- *Grants and contracts from other federal agencies; [in-kind donations](#) of services and supplies; [individual donations](#); [special events](#), such as galas or other fundraisers; [giving circles](#); [corporate sponsorships](#) and contributions; [workplace giving](#); [donor-advised funds](#); bank loans; [endowments](#); [microfinancing](#); reductions in expenditures stemming from [increased organizational efficiency](#); and support from other organizations.*

## Resources

- **Factor 8 (pages 117 – 132) of [OAH's Sustainability Guide](#)** provides guidance and activities to help in setting fundraising goals, identifying financing opportunities, developing and executing a fundraising strategy, and building your organization's fundraising capacity more generally. Read this document carefully as you map out your sustainability plan.

- **Here is a list of other resources you might find helpful:**

- ✓ [Stanford Social Innovation Review: "Ten Nonprofit Funding Models"](#)
- ✓ [The Finance Project: "Building Capacity for Better Results"](#)
- ✓ [The Finance Project: "Cutting Costs, Keeping Quality"](#)
- ✓ [OAH: "Building Sustainable Programs: The Framework"](#)
- ✓ [OAH: Sustainability Assessment](#)
- ✓ [OAH: Sustainability E-Learning Module](#)