

Funding Strategies for Uncertain Times: Practical Guidance for Nonprofits

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2:00 – 3:00PM ET



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About The Bridgespan Group



The Bridgespan Group is a global nonprofit organization that collaborates with mission-driven leaders, organizations, and philanthropists, to make the world more equitable and just.

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Six types of revenue sources



GOVERNMENT



PHILANTHROPY



PROGRAM SERVICE FEES



**SMALL GIFTS
FROM INDIVIDUALS**

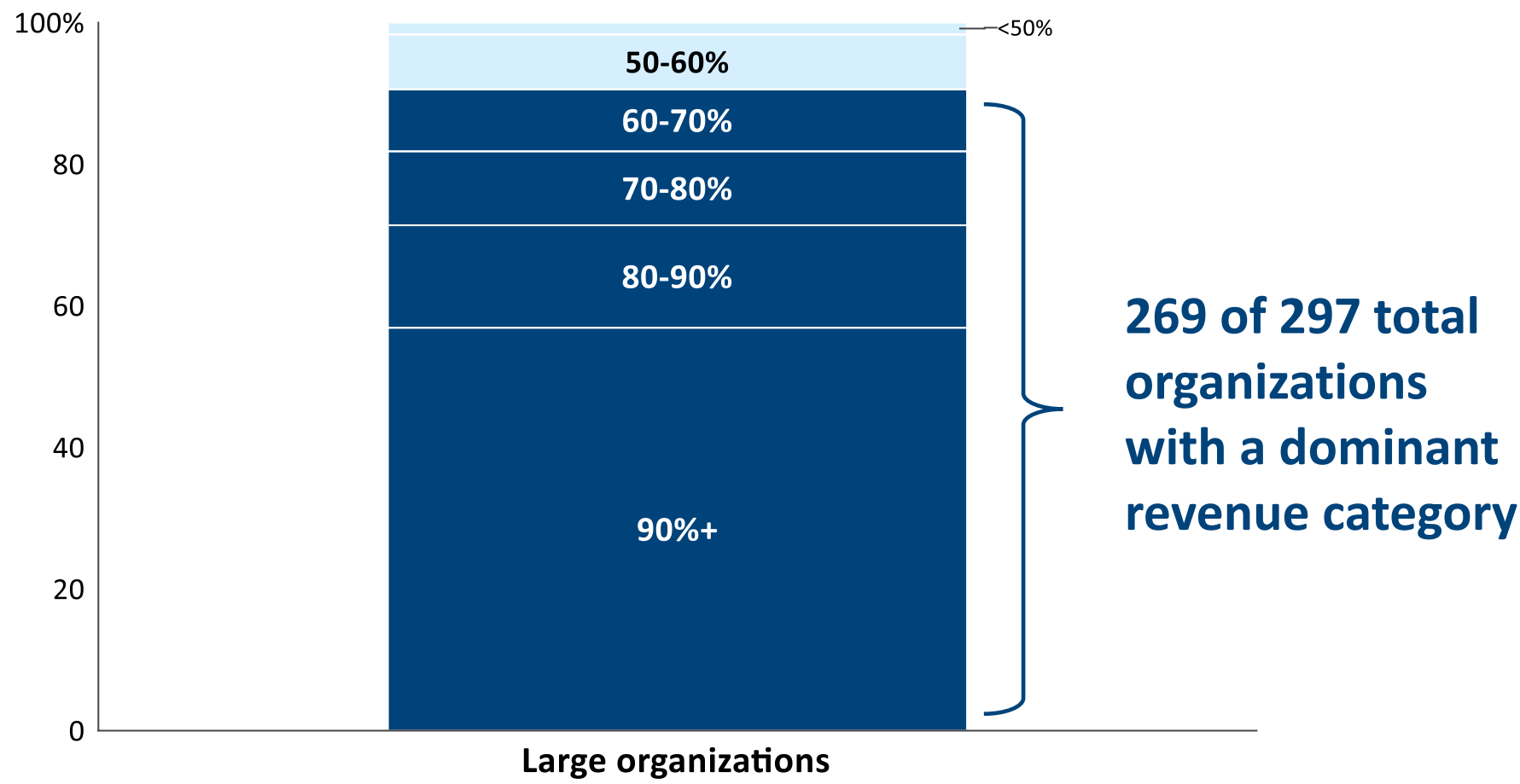


CORPORATE



INVESTMENT INCOME

Ninety percent of organizations rely on one dominant category for the bulk of their revenue



Organizations that are highly successful at raising a given category of revenue typically develop expertise in how to bring in that revenue

	Governments	Program Service Fees	Corporations	High-Net-Worth Individuals	Foundations	Small Gifts (<\$10K) from Individuals
Common Funder Motivations	• Provide essential services to constituents • Federal funders often prefer project replicability and third-party evaluations • State and local funders often look for evidence of community support	• Demand for a product or service • Unmet needs • In some cases, customers' payments for a service come from a third party such as Medicaid	• Create ties between the corporation's brand and a meaningful social cause • Motivate employees with volunteering and gift matching	• Build individual and/or family legacy • Find meaning and joy in deploying wealth to worthy causes • Invest in a personal interest or passion • Maximize tax benefits	• Invest in sectors and geographies that align with the foundation's mission and strategy • Achieve something distinctive over an extended timeline	• Contribute to a well-known cause, often in response to social media engagement or mail campaigns • Respond to urgent needs, such as a natural disaster • Maximize tax benefits
Assets and Capabilities	• Lobbying / government relations • Technical grant writing on RFPs and proposals • Contracting • Compliance and reporting	• Customer insights • Product development • Pricing • Marketing and sales capacity • Billing and payment infrastructure	• Board members with corporate connections • Branding, marketing, and communications • Employee volunteer opportunities	• Connections to wealthy individuals • Board of directors committed to fundraising and willing to make introductions • Major gift stewardship and solicitation	• Technical grant writing • Connections to program officers at foundations • Monitoring, evaluation, and reporting	• Strong brand awareness and widespread appeal • Marketing, digital advertisements, and mail campaigns • Payment infrastructure

How can we contextualize the research finding in today's funding climate?



INSIGHTS

While the large organizations we studied were often concentrated on a primary revenue category (their “major”), most were **diversified WITHIN that revenue category**.

Many of the large organizations we profiled had a **meaningful secondary revenue category** (their “minor”), which accounted for 20-30% of total revenue. The most common secondary source was philanthropy.

Organizations succeeded at raising revenue from their “major” and “minor” categories by **building dedicated capabilities and infrastructure**.



QUESTIONS TO CONSIDER

Are there ways to identify new funding opportunities within a revenue category where your organization is already finding success?

Does your organization have an emerging revenue category that could grow to 20-30% of total revenue over time?

How can your organization invest in getting better at raising revenue from your “major” and “minor” categories?

Guest speakers



CJ Orr

Chief Executive Officer
Orr Group



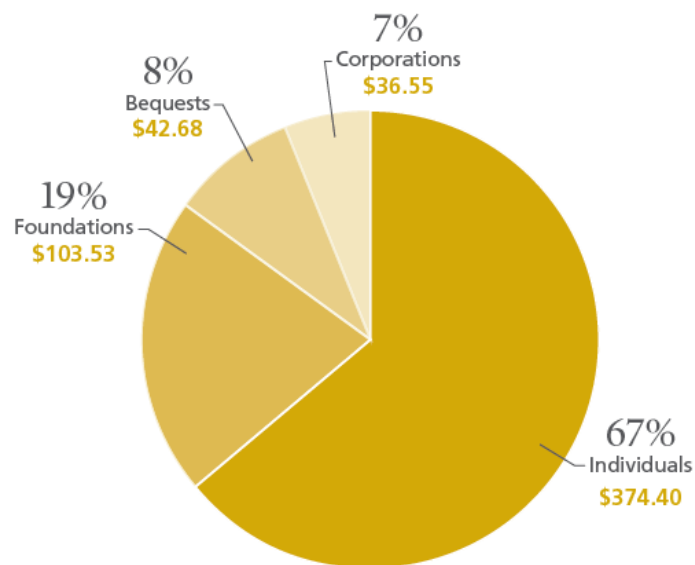
Mithra Irani Ramaley

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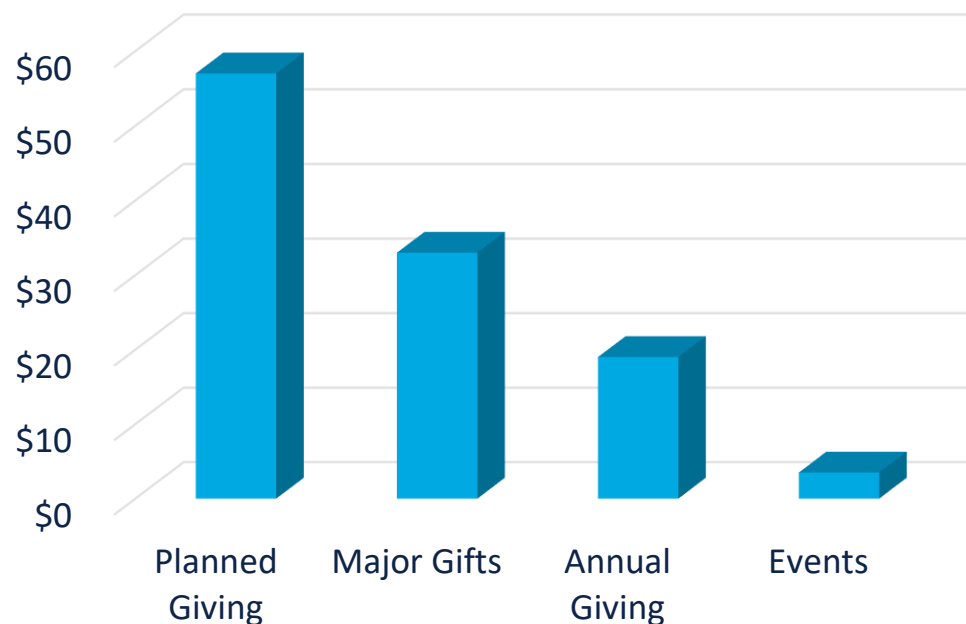
Philanthropy: A strategic and timely revenue stream

Why more organizations are turning to philanthropy – and why Major Gifts stand out

2023 contributions: \$557.16 billion by source of contributions (in billions for dollars – all figures are rounded)



Return on \$1 investment in development programs



Philanthropy—especially Major Gifts—offers strong potential for organizations looking to diversify and deepen revenue during uncertain times.



Major Gifts: High-return, high-value philanthropy

Making the case for strategic investment in Major Gifts

Major Gifts offer one of the highest returns of any fundraising activity

Gifts that are large and meaningful for your organization—not defined by a fixed dollar amount, but rather by impact.

A focused Major Gifts effort enables you to:

- Engage deeply with your most committed supporters
- Unlock transformative gifts to fund key priorities
- Build a sustainable pipeline of high-capacity donors

Without a Major Gifts strategy, organizations risk:

- Missing out on significant revenue
- Failing to steward long-term donor relationships
- Falling short on big-vision funding needs



“Major Gift Fundraising Made Simple: Your Guide to Building a High-Impact Program”

Major Gifts aren't just about big checks—they're about building big, lasting relationships

From vision to execution: Your major gifts roadmap

What it takes to build and sustain a high-impact program

Getting Started:

- Define your case, clean your data, engage your board, and assess your internal infrastructure
- Use strategy + data to identify promising prospects

Implementation Workflow:

- 1 Prospect Identification
- 2 Qualification
- 3 Strategy Development
- 4 Outreach & Cultivation
- 5 Solicitation
- 6 Stewardship
- 7 Rinse and Repeat

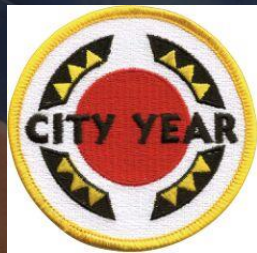
Strengthening Your Program:

- Leverage tech like Kindsight, Windfall, Gravyty, Version2.ai
- Add a Moves Management Advisor to drive progress
- Package initiatives into mini-campaigns
- Expand gift types: DAFs, Crypto, Planned Gifts
- Enhance board engagement and digital touchpoints

**It takes infrastructure,
intention, and
iteration—but a strong
Major Gifts program will
pay dividends for years.**



City Year raises \$78M a year in philanthropy.
How are they doing that and what are they hearing from donors now?



City Year's model is multi-impact and cost effective



Evidence of Impact

Helping Students Succeed in K-12 Education

- **Improved School Performance:** Schools partnering with City Year are 2-3x more likely to improve English and math and more likely to reduce chronic absenteeism.
- **Students Furthest From Opportunity Benefit the Most:** More time with City Year Student Success Coaches leads to greater social, emotional, and academic gains—especially for those furthest behind.
- **Increased Graduation Rates:** Schools that partner with City Year experience higher graduation rates; the longer a school partners with City Year, the greater the improvement.

Developing Young Leaders for Successful Careers

- **Pipeline of New Teachers:** 6,000 alumni teachers are more diverse, retained longer, and teach where the need is greatest:
 - 2X as many teachers of color and 5X as many Black male teachers as the national average
 - 86% teach 3+ years compared to less than 50% nationally
 - Nearly 50% are teaching in the nation's highest-need districts
- **Higher College Completion Rates:** 76% within four years vs. national average of 61% in eight years.
- **Propelling Careers:** 86% of alums say City Year prepared them for their careers; employers such as Deloitte have formal programs to recruit City Year alums.

Return on Investment

78%

More cost effective for schools to partner with City Year than single-point providers

\$25k

Average savings in replacement costs because City Year alum teachers stay longer.

1:\$292k

Each student who graduates **generates \$292,000 in societal benefits.**

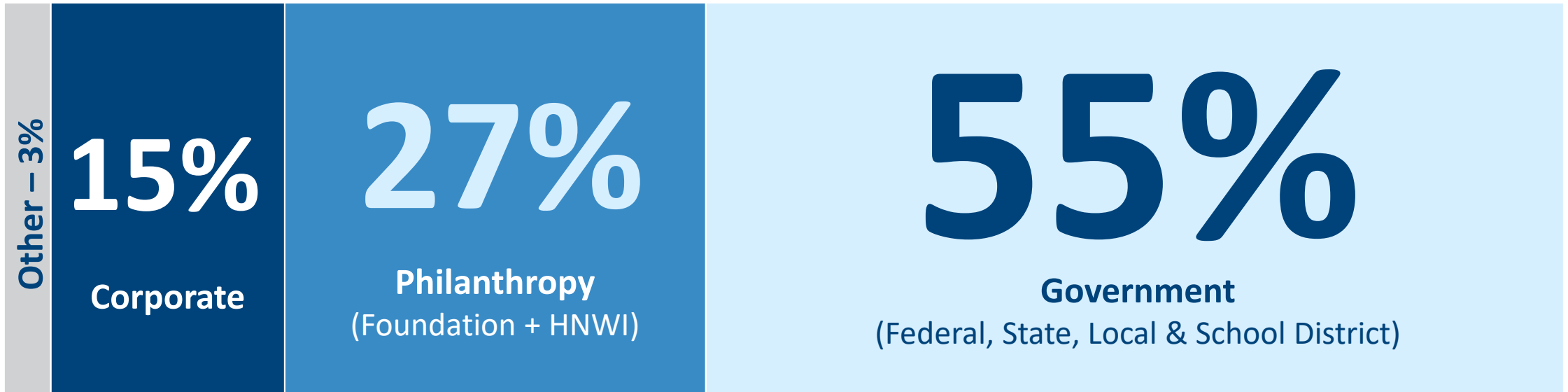
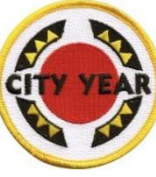
86%

Increase in student's **earning potential** when they graduate high school.

\$1=\$17

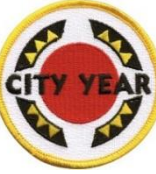
Every \$1 in federal taxes invested in AmeriCorps **returns \$17 to society.**

City Year's funding model is anchored in government funding and private revenue

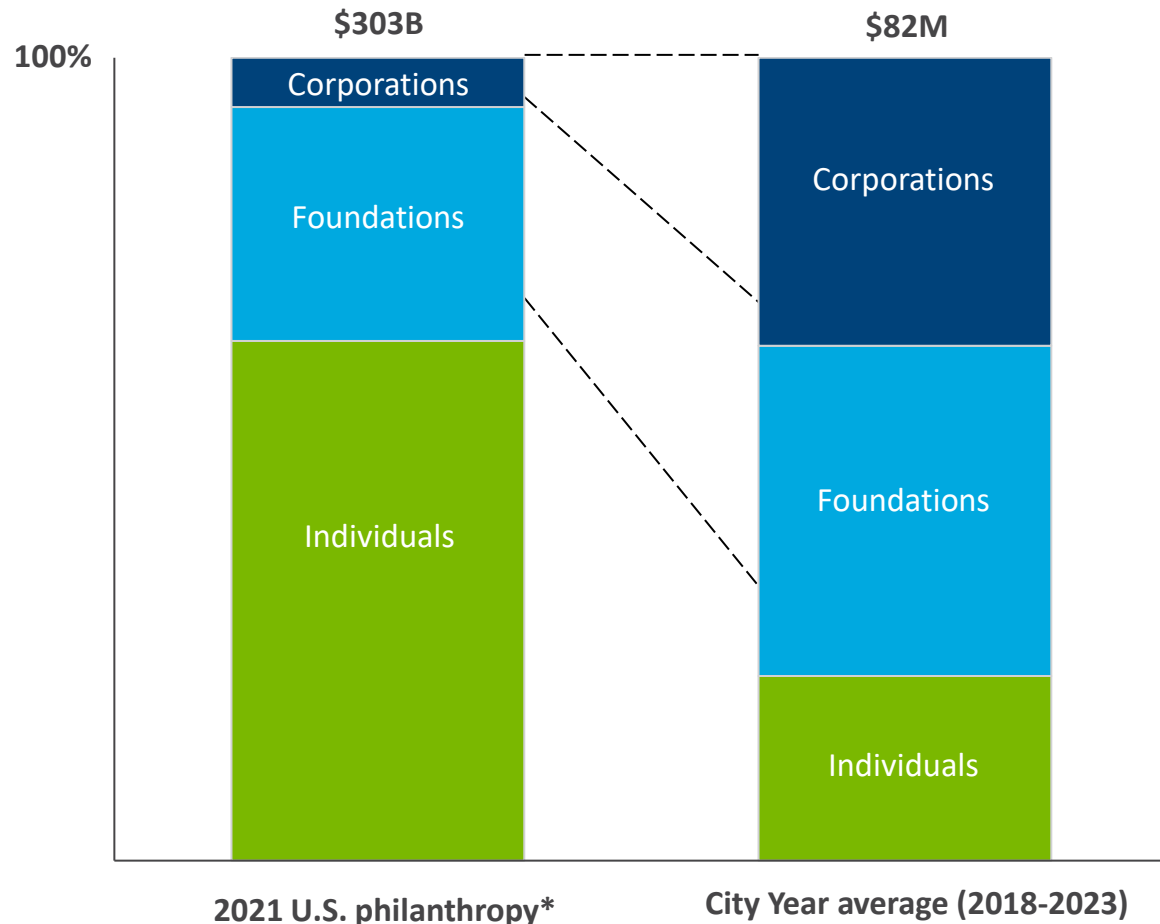


*City Year affiliates in the UK (London, Birmingham, and Manchester) and South Africa (Johannesburg) are separately incorporated and not included in City Year, Inc.'s financials. **After budget was complete, City Year received an additional \$2M in state funding not reflected in the financials above.

Within private revenue, City Year outperforms in fundraising from Corporations; Individual giving likely represents the biggest opportunity



City Year outperforms fundraising from Corporations



Why City Year is focusing on Individual Giving

UNTAPPED POTENTIAL: Individual giving is one of the largest sources of philanthropy in the US, while at City Year it accounts for just under 10%, leaving a significant opportunity to grow in this space.

DIVERSIFICATION OF REVENUE: Expanding individual giving strengthens financial resilience and reduces dependence on institutional funding.

SCALABILITY AND SUSTAINABILITY: Unlike one-time grants, individual giving—especially through major donor programs like Red Jacket Society—can grow year over year and build long-term sustainability.

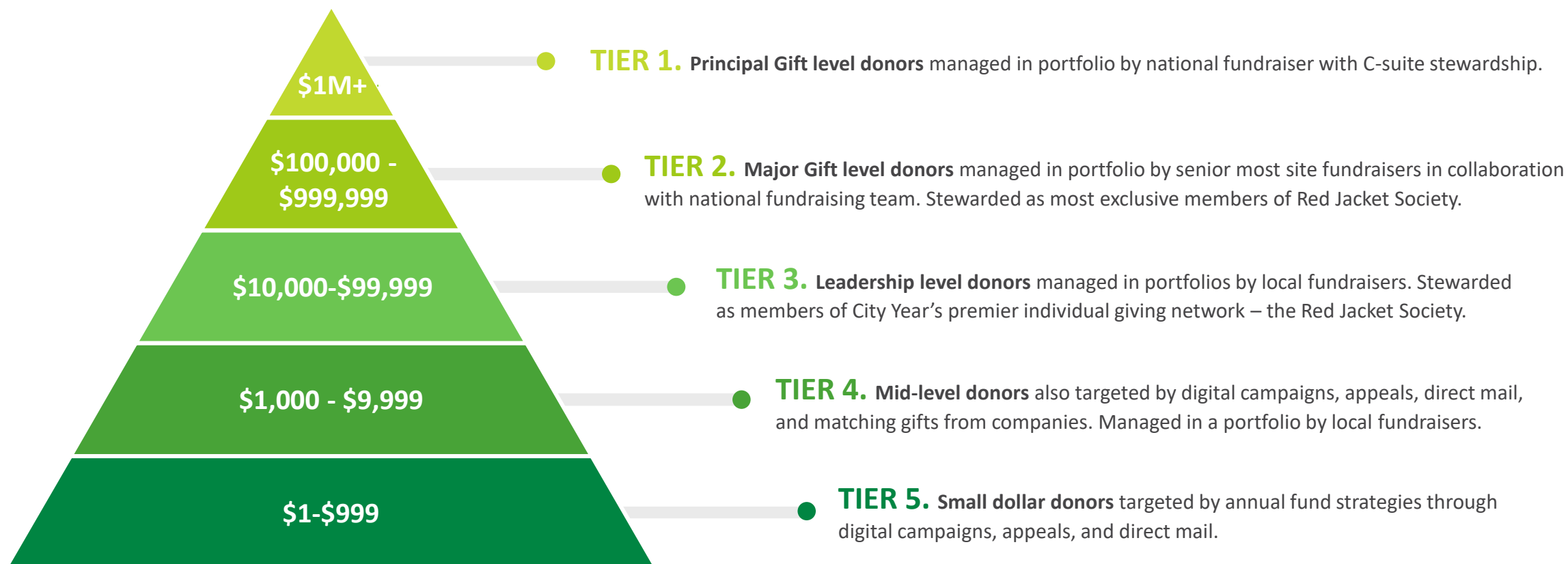
MISSION ALIGNMENT: Individuals who give to City Year are often deeply aligned on mission and values. They are more likely to become long-term champions, advocates, and connectors in their communities.

Sources: GivingUSA 2022, "[Where did the generosity come from?](#)"; Room40 Group, The Map of Opportunity, p. 14.

*40% of Individual giving is directed to religious institutions. This adjustment is applied to the GivingUSA total for Individual giving. The remaining religious contributions are assumed to be equally split between Corporations and Foundations and subtracted from those respective categories.

**CY Corporate Fundraising captures 0.16% of total corporate philanthropy, 0.04% of foundation philanthropy and 0.01% of individual philanthropy.

How City Year organizes its work with donor tiers



The Power and Promise of the Red Jacket Society (RJS)



ELEVATING LEADERSHIP GIVING: RJS is City Year’s recognition society for leadership donors who contribute \$10,000+ annually. It sets the standard for individual giving across our sites. There are four distinct giving levels within the Red Jacket Society (Bronze, Silver, Gold, Platinum) funding progressively higher levels of impact and increased donor benefits.

MULTI-YEAR EMPHASIS: RJS focuses on three-year commitments to increase sustainability and consistency year over year.

CATALYZING DEEPER ENGAGEMENT: RJS members are invited into a deeper relationship with City Year through exclusive events, behind-the-scenes access, and opportunities to connect with AmeriCorps members, alumni, and leadership.

DRIVING IMPACT: RJS contributions support our in-school service to students as well as recruitment, training, and development of AmeriCorps members. Supporting and sponsoring our AmeriCorps members is at the heart of RJS – creating meaningful connections between the Corps members and donors.

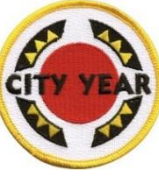
MORE THAN A DONATION: RJS members often describe their involvement as “transformational,” not just transactional. They feel part of something bigger than themselves. They care deeply about impact and love the community of champions the RJS network connects them to locally and nationally. This community plays a key role in advocating for our double bottom line (kids and Corps members) helping City Year reach new supporters.

PEER INFLUENCE: With over 200 members across the country, RJS is not just a giving society—it’s a movement . A growing, engaged RJS community helps normalize and inspire giving at higher levels—especially when peers share their own stories and motivations.

LEADERSHIP: Every site has a local Red Jacket Society volunteer chair focused on growing membership and multi-year gifts. Nationally, City Year has RJS co-chairs and is building an Executive Committee.



Looking ahead



STRATEGIC PRIORITY: Over the next several years, City Year is committed to significantly expanding individual giving—with Red Jacket Society at the heart of that strategy. Over the next five years, we hope to increase our total private revenue, with individual giving increasing from 10% to closer to 25%.

LOCAL EMPOWERMENT: Every site plays a critical role in identifying, cultivating, and stewarding individual donors who can grow into leadership donors

SHARED SUCCESS: By investing in relationships and prioritizing individual engagement, we are not only raising vital funds—we are building a national community committed to lasting change in our schools and society

Summary of key points

Three questions to consider

1

Are there ways to identify new funding opportunities within a revenue category where your organization is already finding success?

2

Does your organization have an emerging revenue category that could grow to 20-30% of total revenue over time?

3

How can your organization invest in getting better at raising revenue from your “major” and “minor” categories?

Approaches to developing a major gift’s program

Define your case, clean your data, engage your board, and assess your internal infrastructure.

Use strategy and data to identify promising prospects.

Define donor tiers and develop plans for how to steward relationships at each level. For donors at the highest level, explore strategies to build giving opportunities that are “transformational” not transactional, connected to meaningful elements of your organization’s mission and program, and that normalize / inspire giving at higher levels.

Nonprofit Funding Strategy Resources





Finding Your Nonprofit's Funding Strategy

By Ali Kelley, Naomi Serbet, Katrina Frei-Hermann, and Bradley Seeman

Collaborating to accelerate social impact

October 2024



Finding Your Funding Strategy: Benchmarking 101

By Ali Kelley, Naomi Serbet, Katrina Frei-Hermann, and Bradley Seeman

For nonprofits seeking an effective funding model, a helpful first step is benchmarking against similar organizations. This process combines quantitative assessments, such as comparing revenue mixes among peers, as well as qualitative, like identifying best practices and emerging trends. Benchmarking can provide a holistic view of the funding landscape, including clear paths to long-term sustainability.

Dependent on a nonprofit's specific needs and resources, the depth of benchmarking can vary from a basic review of a handful of similar organizations to a more comprehensive analysis involving a larger peer set. Please note that the process outlined here utilizes databases and tools relevant to US nonprofits; in other parts of the world, organizations may need to supplement their research with qualitative research methods, such as interviews, to account for regional differences and nuances.

These suggestions are based on Bridgespan's experience and research but should be taken as reference points rather than precise steps, and we would expect nonprofits to tailor their own approaches.

We have determined three key steps to benchmark funding models:



Define your peer set: Identify organizations with similar missions, scopes, and sizes to benchmark against.



Research peer sets funding models: Analyze peer organizations' revenue mixes and understand the assets and capabilities needed for that revenue mix.



Share findings with stakeholders: Communicate insights gathered from benchmarking to inform internal discussions and strategic decision-making processes on the funding model search.

Funding Categories at a Glance						
Government	Philanthropic Foundations	Corporations	High-Net-Worth Individuals	Foundations	Small Gifts (Volunteering, etc.)	Investment Income
Common Fundraising Mechanisms Federal, state, and local government grants Private foundations State and local funders often look for evidence of community support	Common Fundraising Mechanisms Demanded for a product or service Unmet needs in some cases, customer payment for a service comes from a third party such as Medicaid	Common Fundraising Mechanisms Create ties between the corporation's brand and a meaningful social cause Unmet needs in some cases, customer payment for a service comes from a third party such as Medicaid	Common Fundraising Mechanisms Build individual and/or family legacy Find meaning and joy in donating wealth to worthy causes Invest in a personal interest or passion Maximize tax benefits	Common Fundraising Mechanisms Invest in sectors and programs that align with the foundation's mission and strategy Active something distinctive over an extended timeline Maximize tax benefits	Common Fundraising Mechanisms Contribute to a well-known cause, often in response to social needs, emergencies, or natural disasters Respond to urgent needs, such as a natural disaster Maximize tax benefits	Common Fundraising Mechanisms Not applicable Invested returns on invested assets Original source of invested capital could be varied, often high-net-worth individuals
Potential Advantages Can provide predictable contracts over a defined period with potential to renew Most frequent, major source of funding for nonprofits, with 60% in annual revenue	Potential Advantages Customers paying for a service indicates that their value is high At times will provide access to additional services to customers or employees Potential for long-term funding Revenue increases as scale increases	Potential Advantages Often contribute to social goods, services, or products At times will provide access to additional services to customers or employees Potential for long-term funding Revenue increases as scale increases	Potential Advantages Can be reliable, at times with potential to make efficient decisions on large gifts May facilitate introductions to other donors Can be reliable, at times with potential to make efficient decisions on large gifts May facilitate introductions to other donors	Potential Advantages Program officers often have deep knowledge of social impact topics Foundations often have a long-term focus on one or more issues, creating a network effect Typically unrestricted funding Highly diversified, a multitude of investments with small amounts of funds to draw upon as needed	Potential Advantages Typically unrestricted funding Highly diversified, a multitude of investments with small amounts of funds to draw upon as needed Can experience high turnover in donors year to year Can experience high turnover in donors year to year	Potential Advantages Long-term source of funding If structured as a quadruplement or more, can be a source of funds to draw upon as needed Can be challenging to set aside capital relative to high returns, often requiring a large corpus for a 3% percent payout to cover a meaningful share of an annual budget
Potential Limitations Often restricted funding and may pay overhead rates Acquisition process and reporting requirements can be burdensome Payment often comes after service delivery	Potential Limitations Customers may not have the full cost of service Acquisition process and reporting requirements can be burdensome Potential regulatory risk and exposure Can require high-touch engagement from sales and delivery	Potential Limitations Often restricted funding and may pay overhead rates Acquisition process and reporting requirements can be burdensome Potential regulatory risk and exposure Can require high-touch engagement from sales and delivery	Potential Limitations Can be restricted, at times with potential to make efficient decisions on large gifts May facilitate introductions to other donors Can be challenging to set aside capital relative to high returns, often requiring a large corpus for a 3% percent payout to cover a meaningful share of an annual budget	Potential Limitations Can be challenging to set aside capital relative to high returns, often requiring a large corpus for a 3% percent payout to cover a meaningful share of an annual budget Can be challenging to set aside capital relative to high returns, often requiring a large corpus for a 3% percent payout to cover a meaningful share of an annual budget	Potential Limitations Can be challenging to set aside capital relative to high returns, often requiring a large corpus for a 3% percent payout to cover a meaningful share of an annual budget Can be challenging to set aside capital relative to high returns, often requiring a large corpus for a 3% percent payout to cover a meaningful share of an annual budget	Potential Limitations Can be challenging to set aside capital relative to high returns, often requiring a large corpus for a 3% percent payout to cover a meaningful share of an annual budget Can be challenging to set aside capital relative to high returns, often requiring a large corpus for a 3% percent payout to cover a meaningful share of an annual budget
Assets and Capabilities Lobbying/government relations Technical grant writing on RFPs and proposals Contracting Marketing and sales capacity Compliance and reporting	Assets and Capabilities Product development Pricing Marketing and sales capacity Compliance and reporting	Assets and Capabilities Board members with corporate connections Branding, marketing, and communications Employee volunteer opportunities Major gift prospecting and solicitation	Assets and Capabilities Connections to wealthy individuals Board of directors connected to fundraising and willing to make introductions Major gift prospecting and solicitation	Assets and Capabilities Technical grant writing Connections to program officers at foundations Marketing, evaluation, and reporting	Assets and Capabilities Strong brand awareness and widespread appeal Marketing such as digital advertisements and mail campaigns Payment infrastructure	Assets and Capabilities Investment committee to make spending decisions and monitor investments, which are often outsourced to a third party
Examples of "Natural Home(s)" Human services Behavioral health Charter schools	Examples of "Natural Home(s)" Housing and shelter Perinatal health Health Centers	Examples of "Natural Home(s)" Food insecurity Chronic health conditions Housing and shelter	Examples of "Natural Home(s)" Public and social benefit Civil rights, social action, and advocacy Medical research	Examples of "Natural Home(s)" Education International affairs Public and social benefit	Examples of "Natural Home(s)" Education International affairs Public and social benefit	Examples of "Natural Home(s)" Not applicable – emerging category

[Finding Your Nonprofit's Funding Strategy](#)

[Finding Your Funding Strategy: Benchmarking 101](#)

[Funding Categories At-A-Glance](#)

[A New Look at How US Nonprofits Get Really Big](#)

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Sharing research, insights, and practical tools is core to our theory of change



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Major articles & reports

1,000+

Short pieces & tools

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Bridgespan's Leadership Accelerator program offers four self-paced programs for leadership teams interested in addressing a specific strategy or management challenge. Programs range from 10-18 weeks in length.



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Achieving Strategic Clarity



Get clarity on your organization's impact goals and programs

Creating an Adaptive Plan



Create a dynamic plan to navigate uncertainty with confidence

Strengthening the Executive Team



Unlock your team's full potential

Investing in Future Leaders



Create a strategic and equitable approach for developing your talent

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