

Purpose

The purpose of this project is to illustrate the financial challenges that non-profit organizations face. These issues requires CEOs, grant committees, program managers and upper management to focus its efforts towards overcoming each challenge. Non-profits face challenges in finding appropriate funding, applying for grants and budgeting funds on a grant cycle basis. It is important for non-profits to work towards financial sustainability because funders utilize that as a tool of measuring an organization's success. Non-profits are able to overcome these challenges by diversifying its funding resources, seeking grant consultant assistance and creating an accessible budget for the organization.

Research Question

What are the potential strategic recommendations non-profit CEOs, program managers and grant committees able to utilize to better approach these issues?

Funding Issue

Funding is crucial to a non-profit because without access to necessary funds, an organization ceases to operate. Although there are numerous funding opportunities available in the market, an organization must first adhere to the expectations and eligibility criteria of the grantor. Sample grant eligibility criteria include:

- Public service to a community in need in a particular area
- Display organizational success
- Ability to measure and record results of organization's impact on community
- Express the same vision, mission and strategy of the grantor

There has been a shift in donor expectation, as donors are becoming more sophisticated and are no longer giving for the sake of giving¹

Ideal Situation

1. Allow easier access non-profit organization funding
2. Eliminate the researching process of funds that an organization is eligible for
3. Develop a portal that will serve as a one-stop-shop for grants

Financial Issues Faced by Non-Profit Organizations in the U.S. in 2011

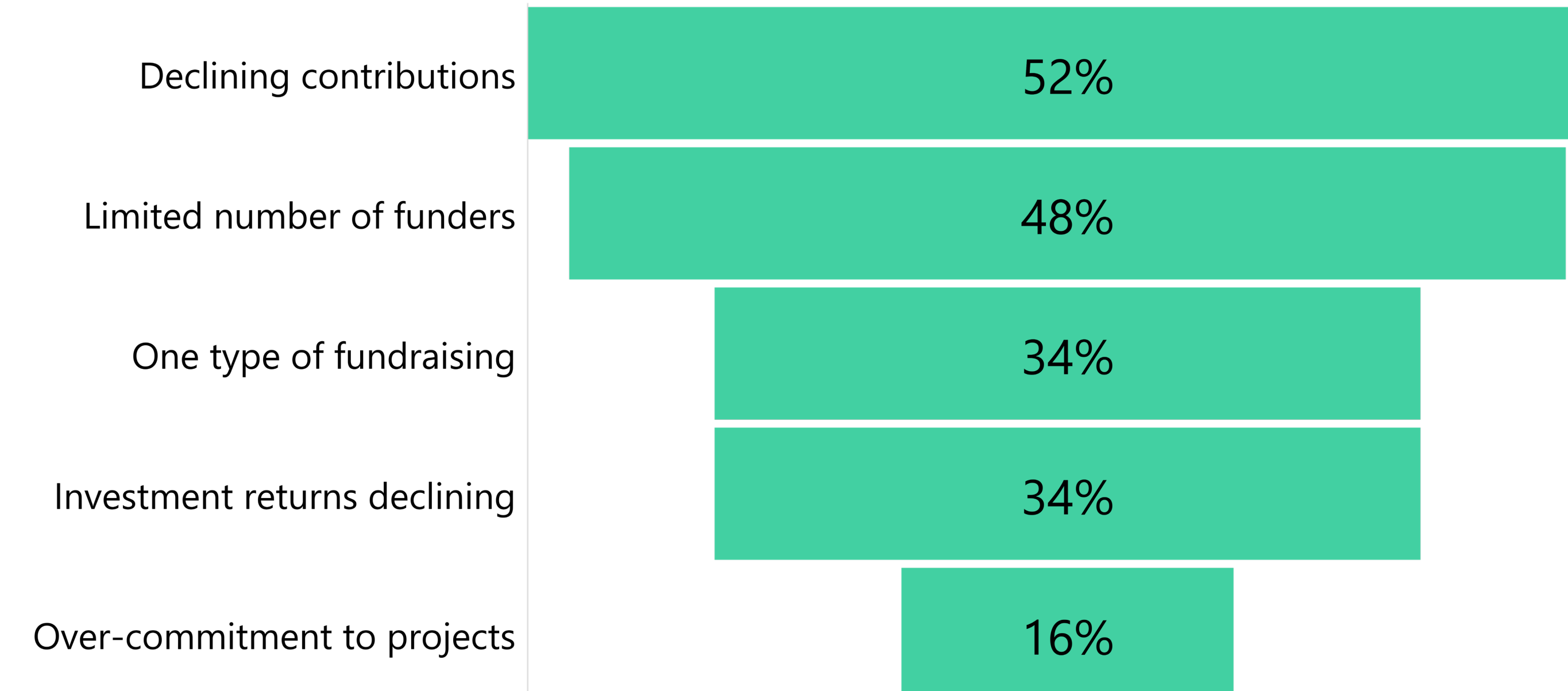


Chart 1. 34% of non-profits face over-reliance on one type of fundraising. By diversifying its fundraising methods, non-profits ensure a type of funding flow.

Diversifying Fundraising Methods

Organizations often rely heavily on one type of fundraising method and are stumped when those funds aren't available. **88% of non-profit organizations rely on corporate gifts and grants.** To prevent over-reliance, organizations must diversify its fundraising methods. Expanding an organization's fundraising methods will allow the organization to increase the possibility of receiving funds.

Fundraising Methods Used by Non-Profit Organizations in the U.S. in 2013

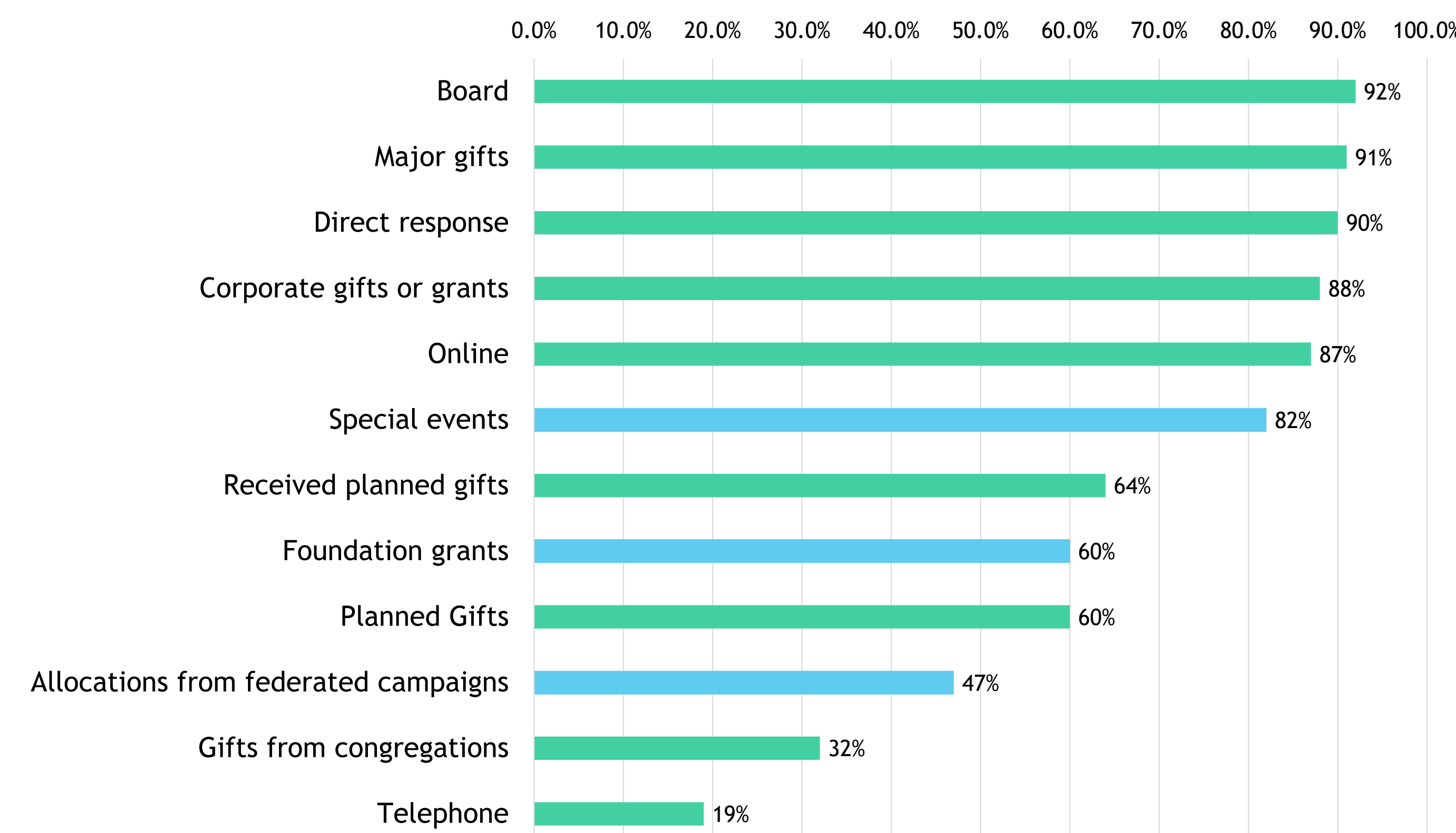


Chart 2. Special Events, Foundation Grants and Allocations from Federal Campaigns are highlighted to showcase the potential fundraising methods that organizations could utilize.

Successful Data Recording

Grantors are the determiners of how funds are distributed and which organizations will receive the funds. Funders are focused on programmatic outcomes as a major criteria for evaluating an organization's success¹.

- Develop a method to record key performance indicators
- Utilize software that will help record and exhibit results to grantors

Fluxx, a cloud-based platform, helps both grantors and grantees, develop its communication by building capacity, increasing visibility and improving collaboration in the giving relationship. Grantseeker, one of Fluxx's programs, serves as a one-stop hub for managing grants and sharing with funders the organization's impact².

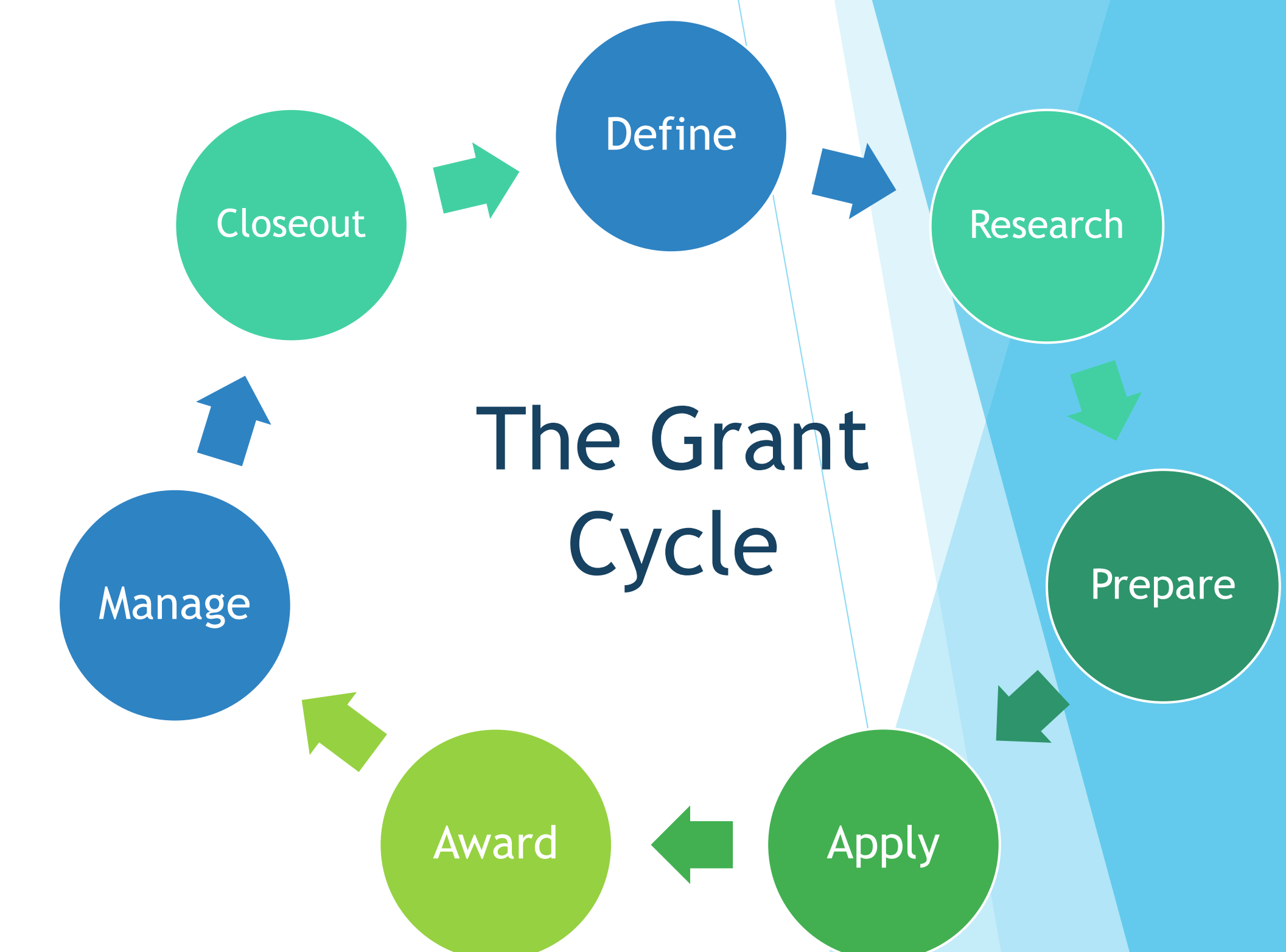


Chart 3. The Grant Cycle shows the process, from pre award to post award, of grants from the non-profit perspective. Fluxx incorporates this cycle into its software and serves as a portal for grant seeking.

Conclusion

Majority of non-profit organizations, both small and large, face financial issues. Finding the appropriate funding, writing and applying for grants and budgeting are the basic issues that non-profits face. If upper management is able to identify these issues, non-profits will be able to maintain its financial sustainability. As outlined, non-profits are able to overcome these basic issues through diversifying its funding methods, incorporating software with data collection, seeking assistance with grant consultants and maintaining a budget that is accessible for the entire organization.

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References

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