Diversified Funding Best Practices



Presenter:

Emily Peterson
Manager of Grants & Fund Management
WISCAP

Introduction

The goal of this workshop is to…

Agenda:

1. Ice Breaker Game
2. Build a Diversified Funding Strategy
3. Fundraising Infrastructure & Systems
4. Finding Private Funding Opportunities
5. Building Relationships with Funders
6. Making the Ask: Lead with Outcomes, Not Needs

Funding Fact or Fiction

For each statement, think fact or fiction

We can start getting private money from new

FICTION

FACT

budgets are struggling.

Funding Fact or Fiction Answers

- Diversifying funding is not necessary if our government funding is stable. FICTION
- We can wait until funding becomes uncertain before investing in private fundraising. FICTION
- CAP Agencies aren't a good fit for private funding. FICTION
- Organizations that invest in private fundraising are more financially resilient long-term. FACT
- All we need to do is apply for grants to get extra funding. FICTION
- A large development team is needed to raise private funds successfully. FICTION
- If we get a grant, our job is done until the next cycle. FICTION
- Board members should play a role in fundraising. FACT
- We can start getting private money from new donors within a month or so, so I don't need to worry about it until budgets are struggling. FICTION
- Strategy and relationships are more important than how the grant is written. FACT

Build a Diversified Funding Strategy



If one major funding source disappeared tomorrow, how many months could your organization continue operating?



Diversification reduces risk and strengthens long-term sustainability.

- Use caution about over-reliance on one funding source
- Government funding can be limiting and is more challenging to budget for
- Private funding fills critical gaps
- Each funding stream serves different role
- Strong organizations balance multiple revenue sources (like a portfolio)



Estimate your organizations current funding diversification using Section 2 Action Step.

Section 2 Worksheet Sample

1. Government Grants (public funding): 90%
2. Foundation/Corporate Giving (private funding): 4%
3. Individual Giving (including Board members): 1%
4. Other (events, earned revenue, etc.): 5%

What stands out to you?

Agency is heavily supported by restricted, government contracts. Lack of support from individuals, particularly board members.

Where is your biggest risk?

Overreliance on government funding.

Risk Aversion Best Practices for CAP Agencies

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Stool Analogy



Risk Aversion Best Practices for CAP Agencies

- Goal is no single funding source more than 30% of total revenue across the organization, if possible
- Maintain unrestricted funding equal to 3-6 months of operating expenses

Quality diversification for a Community Action Agency might look like:

1. Government Grants (public funding): 50-75%
2. Foundation/Corporate Giving (private funding): 10-20%
3. Individual Giving (including Board members): 5-15%
4. Other (events, earned revenue, etc.): 2-10%

Fun fact: Nationally, Americans direct nearly 70% of all charitable giving through individual donations.

Fundraising Infrastructure & Systems

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How much time does your team spend recreating the same information for proposals, reports, or funder requests?

Without systems, fundraising can be reactive and inconsistent.

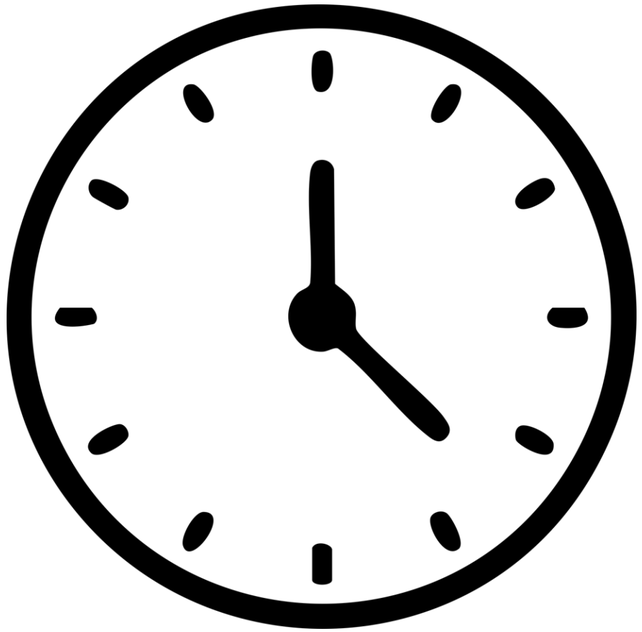
Internal alignment and effective software matters.

- Grant calendars and pipelines – built into management software
- Standardized language using grant or org funding glossary
- Internal alignment from administration to programs
  - Checks & balances
- Systems reduce duplication of work and save time!

Fundraising readiness self-assessment using Section 3 Action Step



Session Break



5 minutes

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Finding Private Funding Opportunities



Where have most of your past funding opportunities come from—and how intentional was the process?



Strong pipelines are built on purpose.

- Start with alignment of mission, location, and funding priorities
- Your strongest prospects are often already close to you
  - Existing funders
  - Board networks
  - Community partners
- Research tools are available:
  - Research platforms (Instrumentl; Candid; etc.)
  - Don’t forget direct outreach and conversation
- Consistency matters more than volume.

Finding Private Funding Opportunities

Searching for Private Funding Opportunities

Free

- Candid
- Google
- Public 990's – review a 990 together
- Grant Gopher
- AI Search
- Other Local Nonprofit Websites / Annual Reports / Impact Reports

Paid

- Instrumentl
- Candid Premium
- GrantStation
- GrantWatch



Identify 3 potential funding sources right now using Section 4 Action Step.

Building Relationships with Funders



When you are fundraising for your child's soccer team, who do you ask first?



Funding follows relationships…not just proposals.

- Strong relationships increase funding likelihood and size of donation
- Funders invest in people they trust to do the work and do it well
- Engagement should happen before, during, AND after funding, not just when you need money.
- Simple touchpoints matter (i.e. updates; newsletters; invitations; check-ins)
- Board members are critical to:
  - Open doors
  - Make introductions
  - Lend credibility
- Consistency builds trust—and trust leads to funding.



Relationships Mapping using Section 5 Action Step

Making the Ask: Lead with Outcomes, not Needs



Are you more willing to give to a cause if you feel like you are filling a gap or making an impact?



Funders invest in impact—not need.

- Need explains the problem—outcomes show the solution
- Strong asks are clear, specific and outcome-driven (think SMART)
- Funders want to know:
  - What will change?
  - For Whom?
  - How will you measure it?
- Avoid vague language
- Use data and stories together
  - Metrics build credibility
  - Stories make it memorable
- Confidence matters – you're offering an opportunity—not asking for a favor.



Rewrite the ask using Section 6 Action Step

Making the Ask: Lead with Outcomes, not Needs

A **SMART goal** is *specific, measurable, achievable, relevant, and time-bound*. For grant proposals, it helps to distinguish what the program does from what changes for participants.

Program Type	SMART Goal Example
Housing Stability	By December 31, 2027, assist 100 Milwaukee County residents with completing a rent assistance application.
Afterschool Activities	During the 2026-27 school year, hold 12 free evening activity sessions for students in grades 6-8, reaching at least 100 unduplicated students.
Transportation	During the 2027 calendar year, provide 1,500 rides to medical appointments for older adults, with at least 90% of surveyed riders reporting that the service helped them attend an appointment they otherwise might have missed.
Food Security	Between October 2026 and May 2027, provide weekend snack packs to at least 35 students at Lincoln Elementary School every week.

Question/Answer + Discussion



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