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# Funding Conundrums: A Few Dos and Don'ts of Fundraising

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Where would a non-profit organization be without funding? Helping organizations expand outreach and influence constituencies the old adage rings true: Money makes the world – and non-profits – go 'round.

There are, however, a number of problems that can accompany non-profit fundraising. When funds are low, many organizations resort to chasing any type of funding – compromising (among many things) the mission and long-term sustainability. This desperation can also lead to poor donor-recipient fit as well as accepting ill-fitted constraints and restrictions attached to funding.

So how can non-profit organizations avoid these pitfalls?

- DO align funding with your mission, your vision, and determine what short- and long-term goals should be in lieu of them;
- DO exert confidence in the organization – don't chase any and every type of funding. Rather, stick to those sources that align with how you want your organization reflected;
- DO allow funding to further the organization's mission, rather than allowing funding to determine its mission;

- DO pay attention to ethical concerns. Keep fund-raising efforts honest at all times and don't use funds for anything other than exactly what you've told donors you'll use them for;
- DO keep the 2004 Public Utility Dist. No. 1 of Snohomish County, Washington v. Federal Emergency Management Agency case in mind: FEMA gave a grantee funding, but demanded those funds back when it was discovered that the grantee misappropriated those funds by using them for personal expenses. This case illustrates a very important point; in some instances donors have the right to take back funding after finding that grantees are using the money for purposes other than what donors have agreed to.
- DON'T accept funds without looking at what the donor's mission, vision, and short- or long-term goals consist of. Do they align with yours?
- DON'T put all of your eggs in one basket – diversify funding sources.
- DON'T ignore your grassroots constituency. This applies especially to grant funding. When the foundations are funding you, it's all too easy to focus on pleasing them– while losing focus of all the potential donors that your demographic may consist of.

Ultimately, just be honest. Be honest with yourself, with your non-profit organization, and most importantly, your donors. You'll find that many of the other concerns that can come up with funding will be a non-issue.

Further reading:

Social Velocity has an interesting article (written last December) on the 5 non-profit trends to watch in 2011 here:

<http://www.socialvelocity.net/2010/12/5-nonprofit-trends-to-watch-in-2011/>

Full Contact Philanthropy encourages non-profits to “fire bad donors” here:

<http://www.fullcontactphilanthropy.com/2010/11/firing-bad-donors/>

GuideStar asks how ethical your non-profit is here:

<http://www2.guidestar.org/rxa/news/articles/2004/how-ethical-is-your-nonprofit-organization.aspx?articleId=827>

The Federal Bar Association examines numerous grants law cases here:

<http://webcache.googleusercontent.com/search?q=cache:n9fawYbZeQOJ:www.ogc.doc.gov/documents/FBANGMARRecentCasesFeb102005.ppt+non+profit+funding+case+law&hl=en&gl=us>

Social Velocity explores various ways to diversify non-profit funding here:

<http://www.socialvelocity.net/tools/financing-not-fundraising-a-social-velocity-blog-series/>

The Foundation Group looks at various ways to get funding for your non-profit here:

<http://www.501c3.org/blog/how-to-get-funding-for-your-nonprofit-part-ii/>