

Funding 101

What sources of funding are available to Faith-Based Organizations?

A glossary of financial tools that can help your organization grow and remain resilient



Bricks & Mortals Guidance Documents for FBOs

What sources of funding are available to Faith-Based Organizations?



Faith-Based Organizations can tap into a wide variety of funding resources to support your community, mission, and property.

Whether exploring grants, planning for emergencies, or looking into rental income opportunities, this glossary provides an accessible overview of the financial tools that can help your organization grow and remain resilient.

Please note that while many of the additional readings are focused on churches, the strategies can apply to any faith.

Annual Membership



Perhaps one of the most common forms of funding, Annual Membership is an annual financial contribution you receive from members of your faith-based organization.

The amount can vary greatly depending on the faith, denomination, local congregation, and individual circumstances. Many faith-based organizations have adopted online platforms to allow congregants to contribute their annual membership digitally.

Capital Funding



This is focused on large-scale property-related projects, such as expanding or renovating a building or constructing a new facility.

Capital Campaign



These are large-scale fundraising efforts, generally in the range of six-figures or above, with an express goal. Capital campaigns are usually for facility repair, renovation, or building a new space. Campaigns typically are phased and take place over a year or several years. Outside consultants can be brought in for planning and execution.

To learn more, read [“What Is a Capital Campaign? The Ultimate Guide.”](#)

Denominational Funding



Financial support offered by a religious denomination, or a larger religious organization, to its member congregations, ministries, and other affiliated entities. This funding can take various forms, including grants or other forms of financial assistance, and is typically used to support the denomination's overall mission and goals. Each denomination allocates funding differently, focusing on areas that align with the denomination's core values and priorities.

Emergency Funds



Considered a “financial safety net,” emergency funds are money set aside for anything unexpected, like a sudden repair or a natural disaster. Emergency funds can be a part of a larger reserve.

Houses of faith and other nonprofit organizations may be eligible for Federal Emergency Management Agency (FEMA) assistance to reimburse their costs for emergency protective measures, debris removal, and restoration of facilities damaged by severe storms, flooding, landslides, and mudslides.

If you need emergency funding following a natural disaster, please visit FEMA’s website: “[Public Assistance for Houses of Faith](#).”

Federal Funding



Funding to support social services provided by Not-For-Profit organizations. Faith-based organizations may not use direct government support to support “inherently religious” activities. To receive federal funding, a faith-based organization must have a separate charitable organization, a 501(c)(3) Not-For-Profit designation.

To learn more about Federal Funding Grants, please visit [Grants.gov](#)

To learn more about State and Local Grants, please visit the [New York State Office of Faith and Non-Profit Development Services](#)

Endowment



Invested funds in hopes of earning growth and preserving assets over time. This is a way for monetary donations to develop into long-term financial support.

Fundraising



This can be in-person events like auctions and bake sales, or online through platforms and social media. Platforms like GoFundMe and Kickstarter allow faith communities to share their needs with a broad audience, and donors can track the progress of their contributions in real time.

Fundraising can generate revenue and bring people together in fellowship and create opportunities for engagement while raising funds for maintenance, outreach, and/or operational expenses.



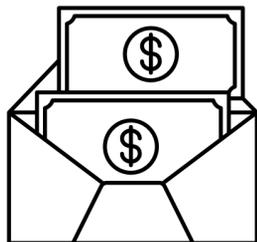
Governmental Funding



New York City Discretionary Funding: An appropriated sum of money in New York City's expense budget allocated to an eligible Not-For-Profit organization by the Council, a Member of the Council or Borough President. This funding allows certain elected officials to designate specific organizations to receive funding. Unlike competitively awarded Agency contracts, awarded discretionary funds contracts are for a single fiscal year.

To learn more about Discretionary Funding, read ["City Council Discretionary Funding"](#)

Grant Funding



A private organization or government entity that provides funds to a faith-based organization that does not need to be repaid. These can fund specific programs or general operations. Each grant has specific guidelines, objectives, and reporting requirements. Many grant funders require 501(c)(3) status for a house of faith to be eligible for funding.

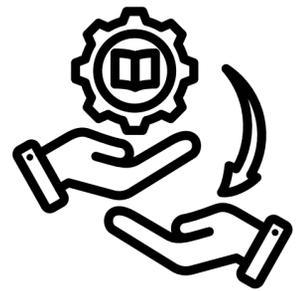
Need help looking for funding and creating the perfect grant application? Read our [Bricks and Mortals' Grants 101](#)

Individual Giving



This allows individuals to donate money to their place of worship, registered Not-For-Profits, mutual aid groups, and directly to people in need. Donations to these organizations are generally tax-deductible. Individual giving is distinct from Membership or Tithing.

Legacy Gifts



Also known as "planned giving," legacy gifts are donations allocated to an organization after a donor passes away. They can be a significant funding source for a faith-based organization and benefit the donors' family members and other beneficiaries with significant estate tax benefits.

Examples of legacy gifts include:

Bequests: A bequest is a gift made by a donor to your Not-For-Profit through their will; this can be cash, property, stocks, or a portion of their estate. This is the most common and often simplest type of legacy gift for donors to use.

Life Insurance: Donors can designate your organization as one of their life insurance policy beneficiaries. If a donor no longer needs the policy, they can donate the accumulated value to your nonprofit.

Retirement Fund: Donors can also designate a faith-based organization as one of the beneficiaries of their retirement assets (e.g., IRA, 401(k), or pension).

To learn more about Legacy Gifts, read ["Legacy Gifts: Taking Your Org's Strategy to New Heights"](#) (DonorSearch)

Program Grants



A program grant provides funding for a specific project or program that you offer. The funding is earmarked for a particular initiative with defined outcomes and a specific budget. The specifics and requirements are usually laid out in the grant descriptions.

Examples of this type of grant includes:

Community Support Grants: Grants to provide programs that support your local community, including food banks, homeless shelters, and after-school programs.

Disaster Relief Grants: Funding given to communities following natural disasters and to facilitate the rebuilding process.

Education Grants: Financial assistance to support, for example, scholarship programs, religious schools, and adult education projects.

State and Local Grants



Many states and local governments offer grants to support various community initiatives and non-profits, which may include faith-based organizations. These grants can be used for infrastructure improvements, community service programs, and educational initiatives.

Rental Income



Income generated by renting parts of your space, either for the short or long term. Houses of faith can leverage the underutilized portions of their property and buildings to fulfill a community need, such as a lack of space.

Revenue from rent can help diversify an organization's finances, however, organizations that rent their space may have to pay Unrelated Business Income Tax (UBIT) on the income they receive from the property rentals.

To learn more about UBIT requirements, read:

The IRS' guidance document "Tax on Unrelated Business Income of Exempt Organizations"

"Nonprofit Real Estate Development Projects—UBIT And Real Property Tax" (CBMS Law)

Reserve



Funding reserved for a faith-based organization during a crisis. This can be accessible in a bank account or liquid marketable securities that can be converted to cash.

It differs from an Emergency Fund because it is set aside for specific purposes such as, future expenses, debt repayment, or asset purchases.

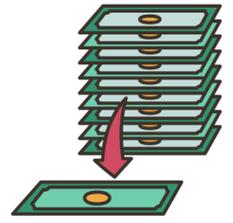


School Tuition



Income generated from the tuition for a faith-run school, camp, or school program.

Tithing



Donating a percentage of one's income or resources to religious institutions, charity projects, or community needs. Some faith-based organizations use a separate tithing platform on their online giving. Tithing is not considered taxable, as it is given to recognized religious or charity organizations, subject to specific conditions and limitations.

Questions? Get in touch at
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