



How Much of Your Revenue Should Come from Earned Income?

Q: What are some examples of earned-income ventures for nonprofits?

Can you briefly discuss the differences between arts organizations vs. human-service nonprofits regarding earned income? For example, arts groups generally charge admission for performances or exhibitions, while human-service organizations usually don't have that option. What percent of its revenue should each type of nonprofit derive from earned income? How should a nonprofit get started earning income?

A: Earned-income ventures can be large or small. They can involve the people you serve or not.

Some examples:

- A YMCA offers personal trainers in people's homes.
- A museum sets up a gift shop.
- A homeless shelter holds a car wash.
- An economic development agency runs a restaurant.

Arts organizations tend to have two large sources of earned income: ticket sales (for performing arts) and admission sales (for museums). Many human-service organizations get a large percentage of their funds from a government source. There really isn't a set percentage. Some organizations are more capable of fundraising, while others are more able to earn income. Some provide services that only the government will



Some nonprofits provide services that only the government will ever want to buy.

ever want to buy (residential care for the mentally ill, for example). Some do things that are very public, while others are more behind the scenes. It's impossible to come up with a fixed percentage that a certain type of nonprofit should derive from earned income. It depends far more on the individual organization than on the type of nonprofit it is.

To get started, look first at your mission. Review it with your board and staff, and make sure you all agree that a new service fits into the parameters of your mission. To decide whether to focus on earned income, and to plan such a venture, see *Are You Sitting on a Gold Mine? Fundraising Self-Assessment Guide* (www.snpo.org). For a sequence of steps to earned-income ventures, see articles in

the *Enterprise* category in the Society's Resource Center. The articles from Volumes 14-23 are available on-line at www.snpo.org/members, and articles prior to Volume 14 are available on CD-ROM at <http://www.snpo.org/resources/productcatalog.php>. ■

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