

EFFECTIVE STRATEGIES FOR MIDSIZED NONPROFIT HUMAN SERVICE
ORGANIZATIONS IN THE WASHINGTON D.C. METROPOLITAN AREA
TO MAINTAIN FINANCIAL SUSTAINABILITY

by

Ivy Beckham

Dissertation

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Doctor of Business Administration

Liberty University, School of Business

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Abstract

This qualitative multiple case study explored the perspectives of nonprofits on factors impacting and challenges associated with utilizing revenue diversification and structured spending in mid-sized nonprofit human service organizations (NHSO) in the Washington D.C. metropolitan area. The researcher conducted semi-structured one-on-one interviews with eight nonprofit officials in Washington, D.C., to gain insight into their perspectives on revenue and spending strategies. The researcher also used document review to compare and verify the information from the semi-structured interviews and add more nuances to what the interviews provided. The findings of the study demonstrated that NHSOs could implement revenue diversification and structured spending through community engagement, partnerships, and optimal resource utilization. The results also revealed that revenue and expense strategies allow nonprofit organizations (NPOs) to achieve financial stability and flexibility in terms of organizational viability. Moreover, the results unveil the need for financial independence is a substantial barrier for NHSOs to implement financial strategies. The study's findings proposed some practical recommendations to help nonprofits and financial advisors improve their services and avoid economic unsustainability.

Keywords: nonprofits, revenue diversification, structured spending, financial sustainability

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Dedication

I dedicate this dissertation to my parents and my daughter. First, to my parents, who have supported me, loved me unconditionally, and taught me essential family values. I want to thank you for always being there for me. Second, to my precious daughter Emily, who was so kind and understanding, I could not spend as much time with her because of this dissertation. Thank you for being so supportive and being my biggest cheerleader. I hope you are proud of mommy and recognize that hard work and persistence will help you accomplish your goals.

I also would like to dedicate this dissertation to people who are not native speakers and hesitate to take the initial steps to pursue their dreams. There is no perfect time, so take your first steps, work hard, and things will fall into place.

Finally, to the nonprofit community, thank you for making the community and the world a better place. Nonprofit organizations help bring people together, embrace community values, and improve the quality of life for many generations.

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Section 1: Foundation of the Study

The nonprofit sector, known as the third or independent sector after the public and private sectors, contributes substantially to the economy and social welfare (Alford, 2019). Nonprofit organizations (NPOs) are often efficient and dependable service providers of health, educational, and cultural programs to promote social engagement, address public problems, and build stronger communities (Anheier & Toepler, 2019). Over the past two decades, the nonprofit sector has grown markedly, resulting in increased competition for available funding and reduced resources (Lu et al., 2020). Consequently, sustainability has become integral to measuring organizational success (Sun et al., 2019). In studies focusing on nonprofit financial management, scholars have recognized modern challenges to organizational and economic sustainability (Zabolotnyy & Wasilewski, 2019). Nonprofits are sometimes pressured to grow and thrive but operate with limited resources and few guidelines (Liu & Kim, 2021). Although many studies discussed the importance of revenue diversification and structured spending for organizational survival, they do not explain how NPOs can utilize these financial structures to avoid economic unsustainability.

Therefore, this qualitative multiple case study explored how NPOs perceive and use diverse revenue portfolios and cost structures to secure organizational viability. The study also unveiled the existing barriers NPOs encounter in implementing financial strategies in their organizational strategic plans. The researcher conducted one-on-one semi-structured interviews with eight individuals in management positions in nonprofit human service organizations (NHSOs) in the Washington D.C. metropolitan area to better understand how NPOs use financial strategies to stay sustainable. In addition to the data collected from the interviews, the researcher also utilized the financial information from the annual tax returns, Forms 990s, of the

participating organizations to gain insights into the economic conditions of the organizations. The findings of this study emphasize the importance of diverse revenue streams and spending strategies and how NPOs can utilize them to improve their financial positions. Finally, the findings of the study suggest practical recommendations for NPOs and nonprofit financial service providers to help NPOs overcome barriers to implementing revenue diversification and structured spending to avoid economic unsustainability.

Background of the Problem

According to the National Center for Charitable Statistics (NCCS), 1.54 million nonprofit organizations were registered with the Internal Revenue Service (IRS) from 2006 to 2016, and two-thirds of these registered entities were public charities (NCCS Project Team, 2020). Public charities are tax-exempt under the internal code section 501(c)(3) and include organizations in arts, culture, humanities, education, health care, human services, and other qualified sectors. Further, these organizations can receive tax-deductible contributions under code section 170 (Internal Revenue Service, 2023a). Public charities reported \$2.04 trillion in revenues and \$1.94 trillion in expenses from 2006 to 2016 (NCCS Project Team, 2020). As such, the nonprofit sector is a significant contributor to local and national economies.

Furthermore, the human service sector comprises 35.2% of public charities (NCCS Project Team, 2020). Nonprofit human service organizations (NHSOs) were initially formed as locally-based social service agencies to help communities. Since then, NHSOs has grown substantially to provide access and opportunities to vulnerable individuals and families across underserved communities. However, numerous NHSOs struggle to survive, and many entities have to terminate their services because of management failures (Lee, 2017). Unlike for-profit entities, NPOs have historically faced financial challenges in accomplishing organizational goals

because they have relied heavily on unstable revenue streams, including donations from the general public and government grants (Berrett & Holliday, 2018). In addition, NHSOs have encountered substantial upfront financial investment in program services to meet funders' increased demand for quality improvement and program enhancement (Bunger et al., 2019). As a result, nonprofits have to make vital financial decisions to sustain their organization strategically with little guidance and limited resources (Mosley & Smith, 2018). Financial health and financial strategies are critical to NHSOs, but few studies have explored how NHSOs can manage financial resources effectively to secure economic sustainability (Lam & McDougale, 2016). Therefore, this qualitative study aimed to comprehend how NPOs perceive and utilize revenue diversification and structured spending to avoid economic unsustainability in the human service sector.

Problem Statement

The general problem to be addressed was that nonprofit organizations might not effectively use revenue diversification and structured spending strategies to achieve their organizational goals, resulting in nonprofit organizations' inability to use these financial strategies to foster sustainability. Some NPOs struggle to maintain sustainability and resiliency, especially during economic downturns. Not including revenue diversification and structured spending as possible financial strategies can contribute to those challenges around sustainability (Searing et al., 2021). As such, revenue and cost structures can significantly impact nonprofit financial stability and flexibility (Duquette, 2017). Moreover, many NPOs ignore the link between financial practices and organizational sustainability; therefore, how nonprofits use financial instruments can influence economic viability and mission accomplishment (Zietlow et al., 2018). Yet, few studies have focused on how NPOs can implement such strategies to foster

sustainability (Wei, 2021). A recent study found that commercial NPOs with more diversified revenue portfolios have a lower chance of dissolution (Lu et al., 2020). The specific problem to be addressed was the potential factors that impact how nonprofits use revenue diversification and structured spending and what potential barriers may exist to effectively use such financial strategies in midsized nonprofit human service organizations in the Washington D.C. metropolitan area. These nonprofit organizations need to be better understood, resulting in the potential lack of understanding about how nonprofits can use such financial strategies for economic sustainability.

Purpose Statement

The purpose of this qualitative multiple case study was to investigate the perspectives of NPOs regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in midsized nonprofit human service organizations in the Washington D.C. metropolitan area. This study analyzed NPOs within the human service sector regarding diverse revenue portfolios and cost structures to avoid economic unsustainability. The researcher sought to answer various research questions by exploring the perspectives of nonprofit officials who have worked in NHSOs about the role of revenue diversification and structured spending in terms of organizational viability. This study aimed to identify the potential barriers for NHSOs to include diverse revenue portfolios and cost structures in their organizational strategic plans. The study helped provide NHSOs with detailed information on their critical role in implementing revenue diversification and structured spending to enhance financial sustainability.

Research Questions

The research questions for the qualitative multiple case study were designed to explore the nonprofit perspectives on revenue diversification and structured spending in NHSOs. The questions focused on gathering information from nonprofits' experiences and financial reports of NHSOs to gain insight into nonprofit revenue structures and spending behaviors. The answers to the research questions helped reveal the barriers for NHSOs to include diverse revenue portfolios and cost structures in their organizational strategic plans. The specific problem to be addressed was understanding potential factors that impact how NHSOs use revenue diversification and structured spending and what potential barriers might exist in the effective use of such financial strategies in mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area. The research questions were developed to evaluate how NHSOs use and perceive the role of revenue diversification and structured spending to secure financial sustainability. Lastly, the study helped discover the challenges NHSOs have to incorporate revenue diversification and structured spending in organizational strategic plans. This qualitative multiple case study aimed to answer the following questions:

RQ1. How can nonprofit human service organizations utilize revenue diversification and structured spending to avoid economic unsustainability?

RQ2. How do nonprofit human service organizations perceive the role of revenue diversification and structured spending in terms of organizational viability?

RQ3. What barriers exist for nonprofit human service organizations to include revenue diversification and structured spending in their overall organizational strategic plans?

Answering these research questions helped the researcher accomplish the purpose of the study, which was to examine the impact of utilizing revenue diversification and structured

spending in midsize NHSOs in the Washington D.C. metropolitan area. The first research question analyzed how NHSOs use revenue diversification and structured spending to avoid economic unsustainability. Financial strategy is a common concept in the business world; however, many NPOs still do not take advantage of specific financial strategies to help their organizational financial stability, especially in the human service sector. NPOs can generate revenue from different sources and balance program service, administrative, and fundraising expenditures to secure the financial sustainability and improve organizational performance. The second research question evaluated how NHSOs perceive the role of revenue diversification and structured spending in organizational viability. Revenue structures and spending behaviors can substantially affect nonprofit financial stability, especially for midsize entities. Midsize NPOs are in the growth stage of the nonprofit lifecycle, which requires these entities to focus on formalizing organizational structure, policies, and processes to ensure organizational viability. Finally, the third question aimed to identify the challenges NPOs face, including revenue diversification and structured spending in their organizational strategic plans. The researcher investigated the financial situations and environment of midsize NHSOs in the Washington D.C. metropolitan area to understand the barriers nonprofits encounter to incorporating diverse revenue portfolios and cost structures in their plans.

Nature of the Study

The purpose of this qualitative multiple case study was to investigate the perspectives of NPOs regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in midsize nonprofit human service organizations in the Washington D.C. metropolitan area. NHSOs have faced increased pressure of commercialization for their survivability, such as revenue diversification and structure spending; however, only a

few NHSOs have diverse revenue portfolios and sufficient spending plans (Sevak & Baker, 2021). Therefore, the researcher focused on how NHSOs apply revenue diversification and structured spending to avoid financial volatility. The study sought to analyze nonprofit perspectives on diverse revenue portfolios and sufficient spending for organizational viability and growth. Moreover, the study aimed to unveil NHSOs' challenges to include revenue diversification and structured spending in their strategic plans.

Discussion of Research Paradigms

The research paradigm was pragmatism. Creswell (2016) defined a paradigm as personal beliefs or ideas that shape the field. Many people also refer to a paradigm as a worldview reflecting individuals' philosophical orientations and past research experiences (Creswell & Creswell, 2018). Four primary worldviews or research paradigms widely used in research communities include positivism, post-positivism, constructivism, and pragmatism. The quantitative research paradigm has been historically linked to positivism and post-positivism; in contrast, many qualitative researchers use paradigms such as constructivism and pragmatism (Robson & McCartan, 2016).

Firstly, positivism has been viewed as the standard philosophical view of natural science (Robson & McCartan, 2016). Paquette et al. (2017) explained that positivism is committed firmly to the predominance of data, including facts, direct experience, and observations. Positivists believe that science separates facts from values (Robson & McCartan, 2016). Positivism has been associated with quantitative research because it is based on mathematical models, statistics, and techniques (Paquette et al., 2017). This researcher did not choose positivism as the research paradigm of this study because every NPO tells a unique story and

faces a different reality. Therefore, there is no absolute reality to be ascertained through this study.

The second worldview that is often used in quantitative research is post-positivism. Unlike positivists, post-positivists accept that there is no absolute truth of knowledge, and evidence in research is imperfect and fallible because of the researcher's limitations (Creswell & Creswell, 2018; Robson & McCartan, 2016). As a result, researchers indicate a failure to reject the hypothesis instead of proving a hypothesis (Creswell & Creswell, 2018). The researcher rejected post-positivism as the research paradigm of this study because the researcher focused on the problem being studied rather than the view of reality. The problem the researcher sought to investigate was NHSOs' lack of utilizing revenue diversification and structured spending.

The constructivist approach, also referred to as the interpretive approach, posits that each individual has different views, and the role of the researcher is to explore these different views (Creswell, 2016). Constructivists seek to understand the complexity of views instead of narrowing them down to specific categories or groups (Creswell & Creswell, 2018). Constructivism has been strongly associated with qualitative research because it embraces open-ended questions to explore more about the study participants. However, the researcher eliminated constructivism as the research paradigm of this study. The researcher recognized that it was impossible to understand all nonprofit perspectives on the role of diverse revenue portfolios and cost structures to avoid economic unsustainability. Therefore, the researcher studied some NHSOs in the Washington D.C. metropolitan area, including interviewing nonprofit officials and performing data analysis to assess the impact of nonprofit financial structures on organizational viability.

Moreover, Creswell and Poth (2018) noted pragmatism focuses on the research outcomes, such as the actions, situations, and consequences of inquiry. For the pragmatic approach, the critical piece of the research is the problem being studied and the questions asked about the problem (Creswell & Poth, 2018). In addition, pragmatism indicates a concern for practical matters guided by practical experience (Robson & McCartan, 2016). The research conducted under pragmatism includes an admission that knowledge is viewed as both constructed and based on the reality of the world we experience and live in (Robson & McCartan, 2016). As an individual who helps NPOs with financial strategies and tax consulting, the researcher used collected data and knowledge in the nonprofit sector to best address the research problem and answer the research questions.

Discussion of Design

The study was conducted with a flexible design, specifically a multiple case study design. Abutabenjeh and Jaradat (2018) explained three influential works related to research design by Earl R. Babbie, Elizabethann O'Sullivan, and John W. Creswell. A research design is a plan that a researcher needs to determine what will be observed and analyzed, why, and how (Babbie, 2020). Additionally, a research design is a plan that guides decisions about when and how often to collect data, what data should be collected, and how to analyze it (O'Sullivan et al., 2017). The research design needs to allow the researcher to answer the research questions and be consistent with the purpose of the study. Furthermore, Creswell and Creswell (2018) defined a research design as a type of inquiry that provides specific direction for procedures in a research study. Three types of research designs include fixed, flexible, and mixed-methods or multi-strategy designs (Robson & McCartan, 2016).

Fixed Designs

First of all, a fixed design means the design of the study is fixed before the main stage of data collection occurs (Robson & McCartan, 2016). Fixed designs require researchers to specify in advance the variables included in the study and the exact procedures to be followed. More importantly, fixed designs are theory-driven and should be piloted (Robson & McCartan, 2016). As a result, fixed designs are often used to generate quantitative research. The researcher rejects a fixed design for this study because of two valid reasons. In a fixed design, the researcher must have a clear idea of the mechanism to be operated, know the outcomes, and how to analyze them. Fixed designs do not allow the researcher to change or adjust the selected approach or research questions.

Flexible Designs

Robson and McCartan (2016) described flexible designs as "a work in progress; therefore, they can adapt as the research evolves" (p. 146). The similarity between fixed designs and flexible designs is that the researcher must determine the purpose of the study and develop the research questions and data collection methods. However, in flexible designs, the researcher can change or clarify research questions as the research progresses. For this reason, many qualitative researchers use flexible designs for their studies. Therefore, the researcher chose a flexible design for this study so that the researcher could adjust the study as necessary.

Mixed-Methods Design

The third type of research is mixed-methods design. Mixed-methods designs mean using fixed and flexible design strategies in the same study (Robson & McCartan, 2016). First, researchers must know the difference between mixed-methods design and multiple-methods study. While mixed-methods design combines fixed and flexible designs in the same research

project, the multiple-methods study combines multiple qualitative or quantitative data collection methods. The mixed-methods design offers several benefits to the research project. For example, the convergence of quantitative and qualitative data improves the validity and reliability of findings (Creswell & Creswell, 2018). In addition, using two research designs helps deliver a complete picture of the research. On the other hand, mixed-methods designs are complex; therefore, the researchers need extensive knowledge of both flexible and fixed designs. Moreover, mixed-methods designs can be time-consuming because the researchers must perform quantitative and qualitative methods. Thus, the researcher eliminated mixed-methods designs for this study because of the complexities of the mixed-methods designs. Flexible designs comprise six primary methods: narrative, phenomenology, grounded theory, ethnography, and case study, including single case study and multiple case study (Creswell & Creswell, 2018).

Narrative Research Design

Narrative research focuses on exploring the life of an individual and sharing the individual's stories and experiences (Creswell & Poth, 2018). The narrative approach aims to show people's opinions about specific subjects. The narrative research design has some benefits. First, people enjoy telling stories; hence, the researcher can obtain research information easily. Secondly, the researcher can collect in-depth data because narratives offer several details about the research (Greenhalgh, 2016). On the other hand, narrative research has some disadvantages. The stories undergo many different layers of interpretation before being constructed as research data; consequently, the contents of an interview or the information the researcher reads in a published journal may reshape the actual events (Davis & Dwyer, 2017). More than that, the researcher and the participants may contribute to filtering life experiences to give them meaning, negatively affecting the research design's credibility. Based on the advantages and disadvantages

of narrative research design, the researcher rejected this research design because the researcher wanted to focus on the experiences of NHSOs with financial structures rather than the life experiences of their nonprofit officials.

Phenomenology Research Design

In contrast to narrative research design, a phenomenological study aims to investigate and understand commonalities in human experiences (Bloomberg & Volpe, 2019). In this research design, the researcher anticipates explaining the commonality share when experiencing a phenomenon, specifically focusing on individuals' experiences. For example, the phenomenon could be a disease or an experience that these individuals share, and the researcher collects data from them (Qutoshi, 2018). The significant benefit of phenomenology is that the research design does not use hypotheses because phenomenology seeks to find the truth about experiences through research without basing its argument on people's beliefs (Qutoshi, 2018). More importantly, through this research design, the researcher uses subjects and objects as they appear in the human consciousness instead of separating them. However, phenomenology has some challenges, especially for beginner researchers. First, the research design requires streamlined data collection by interviewing participants multiple times (Creswell & Poth, 2018). Also, phenomenology requires the researcher to have extensive knowledge of the design's philosophical assumptions and apply them in the study (Horrigan-Kelly et al., 2016). Based on the benefits and challenges of phenomenology, the researcher rejected the research design because the researcher did not seek the commonality nonprofits share in the human service sector. Instead, the researcher explored the different experiences NHSOs have with revenue diversification and structured spending.

Grounded Theory Research Design

The grounded theory study seeks to generate a theory associated with a specific situation (Robson & McCartan, 2016). The researchers need to puzzle pieces of information provided by participants to form a complete grounded theory. Researchers use this research design to develop new insights into an unknown phenomenon (Creswell & Poth, 2018; Matteucci & Gnoth, 2017). Qualitative researchers like using grounded theory because they can craft their categories instead of using the existing ones (Matteucci & Gnoth, 2017). Furthermore, this research design has some challenges. First, the researcher must create many theoretical ideas to develop the fundamental analytical theory. The researcher must understand that it is a systematic process because of the constant comparison of data (Chun et al., 2019; Matteucci & Gnoth, 2017). Collecting data for a short period of time does not allow researchers to thoroughly analyze the theoretical sampling. Secondly, the researcher must determine the capacity of data categories and subcategories, the number of theoretical details, and theoretical sampling (Chun et al., 2019; Matteucci & Gnoth, 2017). The researcher rejected the grounded theory research design because the researcher did not seek to form a theory to explain NHSOs utilizing diverse revenue portfolios and spending policies.

Ethnography Research Design

An ethnographic research study attempts to describe and interpret a culture-sharing group (Creswell & Poth, 2018). This qualitative research design requires the researcher to immerse in the participants' environment to understand their cultures, values, language, and beliefs (Arnout et al., 2020; Chun et al., 2019). The benefit of the research design is to provide an in-depth look at the participant's perspectives, behaviors, and situations they experience daily. However, ethnography also has some challenges for the researcher. First, the researcher must

understand the environment, behaviors, and participants' perspectives (Arnout et al., 2020). Secondly, ethnography can take up to a few years because the researcher needs to collect in-depth data and monitor regularly. Based on the characteristics of ethnography, the researcher rejected this research design because the researcher did not seek to explore the patterns people share in grounded theory research.

Case Study Research Design

The case study design is an in-depth exploration from multiple perspectives on a social phenomenon or multiple phenomena (Bloomberg & Volpe, 2019; Yin, 2018). There are six major resources to collect data: documentation, archival records, interviews, direct observation, participant observation, and physical artifacts (Bloomberg & Volpe, 2019; Ridder, 2017; Yin, 2018). Case study research design includes a single case study and multiple case studies. In the single case study design, the researcher identifies an issue, observes it, and focuses on the individual case in the problem (Harrison et al., 2017). The same approach applies to the multiple case study, but the researcher focuses on several issues. Creswell and Poth (2018) noted that the researcher must identify the appropriate method before implementing the case study research design. The case study design also has some challenges. First, the case selection presents a substantial challenge to the researcher because the case can be overly broad or narrow in scope, especially with a single case study design (Creswell & Poth, 2018). On the other hand, choosing the multiple case choice presents how many cases the researcher will handle, which is highly challenging to determine (Creswell & Poth, 2018).

For this research, the researcher chose a multiple case study design instead of a single case study design because the evidence from a multiple case study design was more aligned with the purpose of this study. Another reason for selecting multiple cases was to show different

perspectives on the problem being studied (Harrison et al., 2017). The multiple case approach requires the researcher to replicate all the procedures in all the cases. The replication logic for multiple case studies helped the researcher analyze how NHSOs use revenue diversification and structured spending. Yin (2018) explained that the design of multiple case studies follows an analogous logic, which allows the researcher to discover the similarities and differences among cases.

Discussion of Method

This study was conducted with a flexible design using qualitative methods; specifically, a multiple case study design was used. Creswell and Poth (2018) believed that qualitative research starts with assumptions and theoretical frameworks that inform the study of research problems addressing individuals or groups' meaning to a social or human problem. Qualitative research does not seek to measure anything; therefore, the assumption that an objective way to study a particular phenomenon does not apply (Dodgson, 2017). In quantitative research, decisions tend to be made before the study starts (Creswell & Creswell, 2018). On the other hand, in qualitative research, research questions are developed in an open-ended way so that investigators can explore and identify relevant factors (Creswell & Poth, 2018). While qualitative research stresses exploration, discovery, and description, quantitative research focuses on explaining the current conditions, investigating correlations, and studying cause-and-effect phenomena (Bloomberg & Volpe, 2019). In qualitative research, the fundamental belief is that there are many different views of reality, depending on one's perspective (Dodgson, 2017). Bloomberg and Volpe (2019) suggested that the qualitative research method is "suited to promoting a deep understanding of social setting or activity as viewed from the research participants' perspective" (p. 38). Therefore, the qualitative method was an appropriate approach for this study because the researcher

presented the views of NPOs instead of the researcher's view regarding utilizing financial structures and organizational viability in NHSOs.

The researcher rejected pursuing a quantitative method because the study was subjective and was not measurable. The scientific process, including observation, measurement, action, and evaluation, is the basis of all quantitative research methods (Dodgson, 2017). This study explored how NHSOs view and use diverse revenue portfolios and structured spending.

The researcher also rejected a mixed-methods approach for this study because of the quantitative portion of the method. First, the mixed-methods approach combines quantitative and qualitative methodologies to fully understand the problem (Bloomberg & Volpe, 2019). The benefit of the mixed-methods approach is that the results from one method can help inform the findings of the other. Secondly, the scope of convergence of the findings may raise questions or contradictions that require additional clarification (Bloomberg & Volpe, 2019). Besides qualitative analysis, the mixed-method approach also includes quantitative analysis, which requires the investigator to report the relationships among variables in a closed way (Creswell & Creswell, 2018). As a result, the mixed method would not enhance the analysis of NHSO perspectives on revenue diversification, structured spending, and financial sustainability.

Discussion of Triangulation

Qualitative researchers acknowledge that they bring their personal experiences, values, and perspectives to the research and share them with the readers (Fusch et al., 2018). As a result, qualitative researchers often face challenges with the concepts of validity and reliability; therefore, researchers apply the triangulation approach to mitigate their biases and ideologies that may influence the study results. Triangulation is a research method that uses multiple data-gathering techniques to better understand the phenomena being studied (Bloomberg & Volpe,

2019; Fusch et al., 2018; Renz et al., 2018). Thus, triangulation can help decrease the researcher's bias and increase the validity and reliability of the study (Denzin & Lincoln, 2017).

There are four types of triangulations: data triangulation, investigator triangulation, theory triangulation, and methodological triangulation (Bloomberg & Volpe, 2019; Denzin, 1978; Fusch et al., 2018; Renz et al., 2018). First, data triangulation includes three data points, people, time, and space, representing different data of the same event (Denzin, 2009; Fusch et al., 2018). Yin (2018) emphasized that the multiple data sources of the study should corroborate the same findings to have a convergence of evidence. Moreover, the researchers collect primary and secondary data sources over a period of time to enhance the analysis (Aarikka-Stenroos et al., 2017; Farquhar et al., 2020). Often confused with data triangulation, methodological triangulation can be within a method or between methods (Denzin, 1978; Fusch et al., 2018). Within-method triangulation is when the researcher uses multiple data collection methods in a qualitative case study. Between-method triangulation is when the researcher uses data from qualitative and quantitative techniques. Third, investigator triangulation is when two or more researchers collect and analyze data to explore the phenomenon (Farquhar et al., 2020; Fusch et al., 2018). Different interpretations of investigators from examining the same data help eliminate bias. Finally, theory triangulation is when the researcher applies two or more theories to interpret findings to facilitate a new theory or theory extension (Farquhar et al., 2020; Fusch et al., 2018). In this study, the researcher applied methodological triangulation by using multiple data collection techniques to enhance the collected data's reliability, validity, and depth. The researcher used the following qualitative data collection methods.

Semi-structured Interviews

Interviews are the most common qualitative data collection technique, especially in case study design (Bloomberg & Volpe, 2019). There are three types of interviews: structured, semi-structured, and unstructured. In this qualitative study, the researcher used the semi-structured interview method, in which the questions were somewhat structured to focus on exploring a specific topic. However, participants were still free to express their views (Dadzie et al., 2018). Therefore, the researcher conducted open-ended interviews to explore how NHSO officials view and use revenue diversification and structured spending to secure financial sustainability in an unbiased friendly manner to satisfy the needs of the researcher's line of inquiry (Yin, 2018).

Document Review

Documents can serve as another vital data source for qualitative research, especially in case study design. The benefits of documents are to verify the information from other data collection methods and provide substantial details of data collected from other methods (Yin, 2018). Additionally, documents can include internal written records of the organizations and archival records (Bloomberg & Volpe, 2019; Yin, 2018). Financial records of NPOs are available publicly on the Internal Revenue Service's (IRS) database and reliable public sources such as Guidestar, Charity Navigator, and ProPublica. Thus, the researcher downloaded information from these sources for data analysis. The researcher also reviewed organizational records from the case studies to thoroughly examine the problem being studied.

Summary of the Nature of the Study

The researcher investigated how NHSOs use diverse revenue portfolios and cost structures to avoid financial instability using a pragmatism research paradigm and a qualitative multiple case study approach. The replication logic of multiple case studies also helped the

researcher analyze how NHSOs perceive the role of revenue diversification and structured spending in organizational viability. Methodological triangulation helped the researcher reduce bias and enhance the reliability and validity of the findings. Finally, using the qualitative multiple case study method enabled the researcher to uncover the barriers for NHSOs to incorporate revenue diversification and structured spending in their organizational strategic plans.

Conceptual Framework

Many scholars view research as a process that includes activities unfolding over time. Every research study takes time, consideration, and modifications; therefore, it is essential to view research as a process with different stages that entail various tasks (Ghauri et al., 2020). A research framework is critical because it provides an internal structure that offers a starting point for observations, interview questions, and analysis (Jabareen, 2009). The theoretical and conceptual framework describes the research path and grounds it firmly in theoretical constructs (Adom et al., 2018). Collins and Stockton (2018) explained that using theory in qualitative approaches helps clarify the epistemological dispositions, identify the reason behind the methodological choices, build a theory resulting from research findings, and outline the study.

On the other hand, researchers choose the conceptual framework as a suitable structure to help explain the progress of the phenomenon to be studied (Adom et al., 2018). Using the conceptual framework supports researchers in redefining goals, developing research questions, determining methodological choices, recognizing potential threats to validity, and demonstrating the research's relevance (Collins & Stockton, 2018). In this study, the researcher used the conceptual framework to help build an internal structure for the study and assist the researcher in answering the research questions defined.

Every concept holds different components, defining the concept (Jabareen, 2009). Thus, the concepts that comprise a conceptual framework support one another and help develop the framework-specific philosophy. Furthermore, three vital accounting concepts constituted the research framework: revenue diversification, structured spending, and financial sustainability.

Nilsen (2015) defined theory as a set of analytical principles or statements designed to structure our observation, understanding, and explanation of the world. A good theory should explain how and why specific relationships lead to particular outcomes. This qualitative study focused on how NHSOs view and use revenue diversification and structured spending to avoid economic unsustainability based on the resource-based view theory.

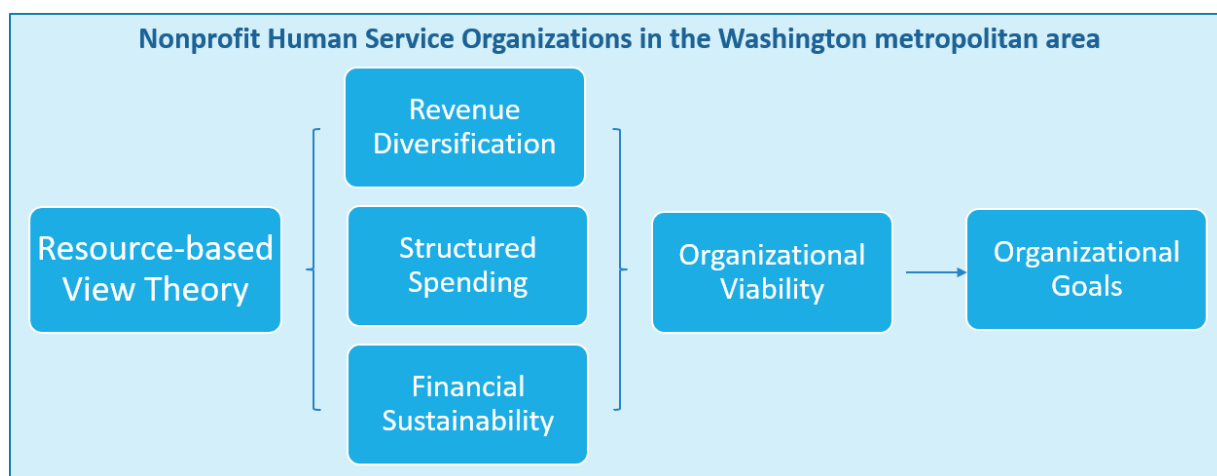


Figure 1. Relationships between concepts.

Concepts

Ghauri et al. (2020) described concepts as the building blocks of any theory or model because they direct what is captured. Concepts are the foundation of communication as they provide perspective and serve as components of theories. Three key accounting concepts constituted the research framework: revenue diversification, structured spending, and financial sustainability.

Revenue Diversification Concept

Daniel and Kim (2018) explained that the revenue diversification concept helps organizations expand their earned revenue streams to reduce economic unsustainability. The goal of diversification is to minimize the overall risk of a revenue portfolio (Qu, 2019). Government grants and public donations are often limited, restricted, and inconsistent; as a result, nonprofits struggle to maintain organizational financial stability (Lu et al., 2020). Additionally, NPOs avoid obtaining debt because the general public and donors may perceive that the NPOs use charitable contributions to pay off debts instead of carrying out the mission (Mitchell & Calabrese, 2019). As a result, many nonprofits use diverse revenue portfolios as a financial strategy to decrease the dependency on external funding and ensure financial stability (Kim, 2017). Therefore, generating revenue streams from different activities can give nonprofits the flexibility to reallocate financial resources to run programs and maintain organizational viability.

Structured Spending Concept

The structured spending concept refers to the ability to fund prioritized program services to carry out the mission and cover overhead costs to keep the organization operating efficiently (Zietlow et al., 2018). NPOs are under pressure to maximize program spending and minimize overhead costs to meet the requirements and restrictions of the received contributions (Charles et al., 2020). However, cutting overhead costs drives NPOs to a nonprofit starvation cycle and decreases managerial efficiency (Schubert & Boenigk, 2019). Conversely, applying appropriate overhead spending helps increase organizational efficiency and viability (Lu et al., 2020). Therefore, NPOs often need effective cost policies and practices to satisfy the grant requirements and secure financial sustainability. Furthermore, scholars suggest that NPOs should utilize both

revenue diversification and structured spending to strengthen organizational financial health (Shon et al., 2019).

Financial Sustainability Concept

Gajdová and Majdúchová (2018) posited that the financial sustainability concept reflects the ability of NPOs to take more control of their finances and be financially sustainable. The sustainability concept is the ultimate goal of the revenue diversification concept and structured spending concept. NPOs have the capacity and flexibility to adapt to environmental changes to remain financially sustainable (Lee, 2017). Many donative NPOs, including NHSOs, struggle to increase donation revenue streams; hence, they often experience high financial risk and vulnerability (Zietlow et al., 2018). Therefore, NPOs have recognized that, in addition to donations, revenue diversification and self-funding are critical determinants of financial sustainability (Ebenezer et al., 2020). Moreover, NPOs need cost structures to balance program services and administrative infrastructure spending to ensure organizational viability (Park & Matkin, 2020).

Theories

Ghauri et al. (2020) defined theory as a set of interrelated concepts that present a systematic view of specifying relationships to explain and predict a phenomenon. Theories can be used in quantitative, qualitative, and mixed-methods designs. In qualitative research, theories can help shape the problem studied and the questions asked (Creswell & Creswell, 2018). The researcher used the resource-based view theory in this qualitative study to explore how nonprofits perceive and utilize diverse revenue portfolios and cost structures.

Resource-based View Theory

Grant (1991) explained that resources and capabilities are primary sources of an organization's profitability, and they help the organization form its strategy. Resource-based view (RBV) theory allows the organization to explore the relationship among its resources, capabilities, competitive advantages, and profitability to utilize them to maximize profit (Grant, 1991). Barney (1991) stated that RBV theory evaluates the connections between the firm's internal characteristics and performance. RBV theory indicates how organizations can achieve a sustainable competitive advantage over their competitors (Filson et al., 2021). Midsized nonprofit organizations, especially in the human service sector, often have limited budgets to achieve organizational goals; therefore, NPOs must utilize all available resources within the firm. Barney (1991) grouped a firm's resources into three main categories: physical capital, human capital, and organizational capital. Nonprofits can apply RBV theory to form managerial and financial strategies to use organizational resources effectively and efficiently. RBV theory also addresses how NPOs can utilize revenue and cost structures to avoid economic unsustainability. Also, the financial sustainability concept is considered a critical element of RBV theory.

Actors

This qualitative study focused on nonprofit organizations within the human service sector in the Washington D.C. metropolitan area with experience in revenue diversification and structured spending. The human service sector is diverse because it includes several sub-sectors that provide many services to serve the local communities (Smith, 2017). For example, NHSOs offer social care to the elderly, nurture the youth, shelter the homeless, and strengthen the communities. Although NHSOs are critical in improving living conditions, building thriving neighborhoods, and connecting people, organizations face numerous challenges, such as a

competitive funding environment, limited budgets, and limited revenue streams. Therefore, NHSOs need more fundamental transformation, transparency, and collaboration to continue providing social services and accomplishing their missions. In this study, the researcher explored NHSOs through the lens of financial and nonprofit taxation perspectives to gain insight into the financial positions of these entities.

Constructs

Wymer (2017) stressed the importance of construct definitions in a study because they allow the reader to understand the constructs being studied and assess the content validity of scales used to measure the constructs. Additionally, constructs may have different definitions in different fields and areas; therefore, researchers should provide the specific meanings of constructs used in their studies.

Revenue Diversification

NPOs traditionally generate revenue streams primarily from governmental grants and public donations, especially in the human service sector. The reliance on limited financial sources can make NPOs vulnerable. Therefore, revenue diversification combines different revenue streams from government grants, contract services, individual and corporate donations, and investment income (Guan et al., 2021). Revenue diversification offers NPOs flexibility and reduces financial vulnerability and unsustainability (Hung & Hager, 2019). Many NPOs have turned to self-funding activities, such as providing services and selling products, to ensure financial stability and reduce their dependence on grants and contributions (Dadić & Ribarić, 2021).

Structured Spending

Many studies measure nonprofit managerial efficiency based on how nonprofits utilize financial resources to achieve organizational goals. Managerial efficiency emphasizes the importance of cost structures instead of expenditure minimization (Coupet & Berrett, 2019). NPOs must balance overhead spending without cutting back on programmatic support (Park & Matkin, 2020). Also, NPOs must have sustainable spending constraints to ensure that the entities spend the endowment funds appropriately (Campbell & Sigalov, 2022).

Financial Sustainability

Financial sustainability is when NPOs can secure their financial sources and continuously carry out their organizational missions (Gajdová & Majdúchová, 2018). Although NPOs are often exempt from federal income tax and not obligated to maximize profits for shareholders, they tend to sustain themselves only by generating revenue streams from some sources with high volatility (Ye & Gong, 2021). Additionally, nonprofits are increasingly pressured to prioritize programmatic spending over administrative spending, decreasing operational efficiency (Park & Matkin, 2020). However, financial sustainability requires a balance of revenue and costs (Bartle et al., 2021). Therefore, NPOs must identify and utilize the appropriate financial practices to improve their financial positions and performances (Osazefua Imhanzenobe, 2020).

Relationships Between Concepts, Theories, Actors, and Constructs

RBV theory provides external and internal financial strategies for NPOs. The theory recommends that NPOs utilize all available internal resources and capabilities to create a solid financial and management foundation to avoid economic unsustainability. The revenue diversification, structured spending, and financial sustainability concepts served as building blocks of the theory in this study. The revenue diversification concept emphasized balancing

revenue portfolios to reduce financial risks. The diversification concept highlighted the importance of carefully selecting suitable organizational revenue streams (Qu, 2019). Additionally, the structured spending concept focused on balancing overhead spending to help increase organizational efficiency and viability (Lu et al., 2020).

Furthermore, the financial sustainability concept focuses on the organization's revenue and expenditure structures. NPOs must balance revenues and costs to ensure organizational viability and improve performance. Self-funding activities by providing services or selling products is a practical approach for NPOs to be self-sustainable. Additionally, NPOs must have reasonable cost structures to operate program services effectively and cover critical overhead costs efficiently. These three constructs were critical to understanding the problem being studied. NHSOs were the key actors of this qualitative research because they play critical roles in nonprofit communities and the United States economy.

Summary of the Research Framework

This qualitative multiple case study incorporated revenue diversification and financial sustainability concepts based on RBV theory to explore NHSO perspectives on revenue and cost structures. NPOs must select suitable diverse revenue portfolios and structured spending to secure organizational stability and improve financial health. Revenue diversification requires nonprofits to choose appropriate self-funding activities to reduce dependency on government grants and general public donations. Also, nonprofits must have efficient cost structures to cover critical overhead expenditures without cutting program service activities. This research framework focused on how NHSOs can effectively utilize revenue diversification and structured spending to avoid economic unsustainability to achieve organizational goals.

Definition of Terms

Nonprofit Organization: A nonprofit organization is a private organization that provides services to benefit society without any profit motive (McHargue, 2003; Park et al., 2018). NPOs are organized under state law. For federal purposes, NPOs are considered tax-exempt under section 501(c)(3) of the Internal Revenue Code if they are organized and operated exclusively for exempt purposes such as charitable, religious, educational, and preventing cruelty to children and animals (Internal Revenue Service, 2023a).

Nonprofit Human Service Organization: A nonprofit human service organization is a nonprofit organization that primarily serves the socio-economic needs of local communities (Lee, 2017). NHSOs deliver direct assistance and services to underserved and vulnerable populations and address social problems to improve living conditions (Lu & Park, 2018).

Nonprofit Official: A nonprofit official is an individual who has substantial authority and assumes primary responsibility for organizational success (Kearns et al., 2015; Yue et al., 2021). Nonprofit officials oversee every aspect of the organization, including high-level strategic plans, organizational productivity, and daily operations (Norris-Tirrell et al., 2018).

Overhead Costs: Overhead costs comprise the expenses associated with administration and fundraising activities to support organizational operations and management (Lu et al., 2020). Some overhead spending is vital for NPOs to survive and thrive in the overall mission accomplishment (Charles et al., 2020).

Assumptions, Limitations, Delimitations

In research, assumptions, potential limitations, and delimitations are usually explicitly stated. In this qualitative study, the researcher recognized several assumptions and potential limitations and set delimitations to help ensure that the study was feasible.

Assumptions

Assumptions play a critical role in research because they are required to conduct the study (Simon & Goes, 2018). The first assumption of this study was that the participants in the study answered the interview questions honestly and openly, and the researcher assured the participants that confidentiality was preserved. Additionally, the researcher designed and delivered interview questions in a professional and approachable manner. Building trust and confidence with the interviewees encouraged them to share their experiences and perspectives on revenue diversification, structured spending, and financial sustainability.

Secondly, the researcher assumed that participants possessed a fundamental level of knowledge about nonprofit organizations and financial literacy. The researcher recruited participants with experience in nonprofit management. Moreover, the researcher reviewed the participants' organizations' governing documents and financial reports as part of triangulation. Comparing the information from the document review with the responses from the interviewees helped the researcher strengthen the study's validity by countering bias (Farquhar et al., 2020).

The third assumption was the accuracy of the information collected. The researcher assumed that the participants fully understood the interview questions, and the researcher also interpreted the responses correctly. Semi-structured interviews allow interviewers to clarify a participant's response to ensure credibility and confirmability (Johnson et al., 2020). If permitted, the researcher also recorded the interviews, carefully transcribed them, and sent the transcripts to participants for review and correction before coding and analysis. If a participant did not allow video recording, the researcher took field notes during the interview and sent the notes to the participant for review and correction. Finally, observing the participants during the interviews helped the researcher optimize the accuracy and interpretation of participants' responses.

Limitations

The limitations of a study are the potential weaknesses beyond the researcher's control, and they are often related to the selected research design and methodology (Theofanidis & Fountouki, 2018). The typical limitation of case studies is that the researchers need to consider alternative explanations (Simon & Goes, 2018). The researcher aimed to explore the nonprofit perspectives on the role of diverse revenue portfolios and cost structures in the human service sector in the Washington D.C. metropolitan area. However, nonprofits in other sectors or regions may experience revenue and cost structures differently.

The second limitation was that the research needed to achieve complete transferability of findings (Johnson et al., 2020). The time and research tool constraints provided the researcher with specific results, which might not be transferrable to other geographic or organizational contexts. Therefore, the researcher analyzed the financial information of NPOs that are tax-exempt under code section 501(c)(3) from 2016 to 2020 to gain insight into the overall revenue and cost structures of NPOs in the United States. The financial records of NPOs are available publicly on the IRS database and reliable public sources such as Guidestar, Charity Navigator, and ProPublica. Using financial data increased the validity and reliability of the study.

Delimitations

The delimitations are the attributes that arise from limitations in the scope of the study (Simon & Goes, 2018). Researchers consciously set boundaries and limits for their studies to be measurable and achievable (Theofanidis & Fountouki, 2018). While limitations are beyond the researcher's control, delimitations are the researcher's decisions. The first delimitation of this qualitative multiple case study was the research problem. NISOs have increasingly experienced many challenges, such as the lack of board involvement, volunteer recruitment, and employee

retention. However, the issues associated with leadership, human resources, or marketing were unrelated to the researcher's cognate and expertise; hence, the researcher did not have the required knowledge to achieve the study. Therefore, the researcher chose to explore nonprofit financial structures related to the researcher's cognate and profession. The research focused on nonprofits utilizing revenue diversification and structured spending to avoid economic unsustainability. Only a few studies have focused on how nonprofits substantially influence financial health and organizational performance (Wei, 2021). This study aimed to analyze the experiences of nonprofits within the human service sector in the national capital region regarding diverse revenue portfolios and cost structures to ensure organizational viability. Moreover, the researcher examined the barriers for NHSOs to include revenue diversification and structured spending in their organizational strategic plans.

The second delimitation was the study's geographic location, the Washington D.C. metropolitan area. Washington D.C. metropolitan area includes the District of Columbia and parts of Maryland and Virginia (Council of the District of Columbia, 2022). The national capital area is home to an estimated 12,367 NPOs, including 8,024 501(c)(3) public charities (Independent Sector, 2020). Consequently, the researcher chose the Washington D.C. metropolitan area because the financial situations of NPOs in the region reflect a major part of the nonprofit section in the United States. Additionally, due to the large population of NPOs in the national capital area, the researcher could access financial information more easily than in other metropolitan areas.

Significance of the Study

A substantial body of knowledge exists regarding nonprofit financial management. Still, studies have not discussed how nonprofits can utilize financial tools such as diverse revenue

portfolios and cost structures to secure organizational viability and align with their missions. Therefore, this study attempted to reduce the gap in the literature concerning nonprofit perspectives on financial structures and financial sustainability. Furthermore, this research benefited business practices, especially nonprofit financial practices, and related to the researcher's cognate and expertise.

Reduction of Gaps in the Literature

More studies have focused on nonprofit financial health over the last two decades because thousands of NPOs close annually due to economic unsustainability (Searing, 2018). Additionally, many researchers have discussed revenue diversification as the only approach to help NPOs secure financial stability. However, they need to explain more in-depth how nonprofits can utilize revenue diversification effectively to avoid economic vulnerability (Qu, 2019). Moreover, NPOs often face scrutiny for spending organizational resources on administrative and fundraising activities instead of program services because overhead spending does not contribute to management efficiency (Park & Matkin, 2020). Therefore, this qualitative multiple case study explored how NPOs utilize revenue diversification and structured spending to avoid economic unsustainability. Revenue diversification has advantages and disadvantages; as a result, nonprofits need to balance the revenue streams and align them with the organizational mission and vision. The researcher also analyzed the nonprofit cost structures and how NPOs use cost structures to increase management efficiency. Finally, the study unveiled NPOs' barriers to including diverse revenue portfolios and structured spending in their organizational strategic plans. The researcher attempted to reduce the gap in the literature regarding NPOs' utilization of revenue diversification and structured spending to ensure organizational viability.

Implications for Biblical Integration

Biblical values are vital in building relationships between people in different communities and interacting with the environment. In the academic world, biblical principles also substantially influence research honesty, integrity, and ethics. Proverbs 14:15 states, "The simple believeth every word: but the prudent man looketh well to his going" (*King James Bible*, 1769/2023). Christian worldview facilitates researchers to perform all necessary steps of the research process with honesty, integrity, and ethics to deliver valuable results and meaningful messages to fill the gap in the literature.

Conducting business research can be challenging, time-consuming, and fruitless; therefore, the need to integrate faith in the research process is crucial to researchers. 2 Corinthians 13:5 states, "Examine yourselves, whether ye be in the faith; prove your own selves. Know ye not your own selves, how that Jesus Christ is in you, except ye be reprobates" (*King James Bible*, 1769/2023). Business research is an academic test for the researcher as a scholar and a faith test. During gathering information, the researcher followed the requirements and guidance of the research committee to ensure the collected data's reliability and validity. During the interviews with participants, the researcher asked questions that helped the researcher gain insight into the problem identified in this study. The researcher did not manipulate the participants to control their answers. In Luke 6:31, the Bible teaches, "And as ye would that men should do to you, do ye also to them likewise" (*King James Bible*, 1769/2023). The researcher relied on the work of other scholars to conduct this study; therefore, the researcher delivered a reliable and meaningful study to the academic and business world. Finally, 1 Corinthians 10:31 states, "Whether therefore ye eat, or drink, or whatsoever ye do, do all to the glory of God" (*King James Bible*, 1769/2023). Biblical principles prove that humans are extraordinary because they

were created in God's image (Keller, 2014). Hence, as a creation of God, the researcher must conduct the business study with the highest standards of honesty, integrity, and responsibility.

This qualitative multiple case study explored the insights of NPOs utilizing revenue diversification and structured spending to avoid economic unsustainability. Getting participants who are nonprofit managers of NPOs was challenging and time-consuming; therefore, the researcher performed this step patiently, following research guidance and requirements. In Psalms 73:26, the Bible states, "My flesh and my heart faileth: but God is the strength of my heart, and my portion forever" (*King James Bible*, 1769/2023). The researcher understood that there would be fruitless moments during the study, such as participants not responding, rejection from the research chair, and countless revisions. These disappointing times were part of the research process, and they tested the resilience of the scholar. Faith in God helped the researcher overcome fruitless moments and continue the research process. Regardless of failures, rejections, and roadblocks, the researcher conducted the study with the highest standards. The researcher did not manipulate the answers of participants and did not modify financial data to control the results. Business research should be trustworthy and ethical.

Biblical concepts and work are inseparable in a Christian's life. As children of God, people perform work to benefit others, and the biblical principles enable people to achieve this and guide others in fulfilling their purpose. Business research should deliver reliable and valid information to contribute to the academic and business worlds. The researcher conducted the study following professional standards and biblical values. Philippians 4:13 states, "I can do all things through Christ which strengtheneth me" (*King James Bible*, 1769/2023). The faith in God encouraged and empowered the researcher to overcome fruitless moments to provide a complete, reliable and meaningful study.

Benefit to Business Practice and Relationship to Cognate

Hennessy (2020) discussed the three-failures theory, which includes the government, for-profit, and nonprofit sectors, to address the vital contributions of the nonprofit sector to the economy and society. Government and market failures create the demand and gap for NPOs, especially NHSOs, to step in to provide unmet needs (Cheng & Yang, 2019). Unfortunately, when government grants and public donations reduce, NHSOs struggle to continue fulfilling their mission and fall into the nonprofit starvation cycle (Schubert & Boenigk, 2019). Consequently, many NPOs cannot recover from financial distress, resulting in dissolution (Searing, 2018).

Therefore, understanding how nonprofits perceive and utilize financial structures can help overcome the financial crisis and secure economic stability. Many studies emphasize the importance of proverbs of nonprofit financial management, such as overhead minimization and revenue diversification. However, they must thoroughly explain these financial tools' advantages and disadvantages (Mitchell & Calabrese, 2019). Nonprofit financial management is not a one-size-fits-all, and nonprofits need to know suitable organizational structures. This qualitative multiple case study explored how nonprofits can use diverse revenue portfolios and cost structures to avoid economic unsustainability and enhance financial health. Furthermore, this qualitative study related directly to accounting, the researcher's specific field of study. The researcher has over 16 years of experience in nonprofit accounting and taxation to help NPOs comply with IRS filing requirements and achieve organizational goals. The researcher has devoted her career to providing financial advice to assist NPOs in staying true to their missions. Therefore, this study benefits the business practice and relates to the researcher's cognate and expertise.

Summary of the Significance of the Study

The purpose of a qualitative case study was to investigate a current phenomenon in-depth within a real-life context (Farquhar et al., 2020). Accordingly, this qualitative multiple case study explored nonprofits utilizing revenue diversification and structured spending to avoid economic unsustainability. In addition, the researcher attempted to reduce the gap in the literature regarding nonprofit perspectives on financial structures and organizational viability. Furthermore, NPOs are vital to the United States economy, and NISOs are the heart of the nonprofit sector. Therefore, this study benefits business practices and nonprofit financial practices. Finally, the researcher has devoted her career to providing financial and tax advice to NPOs to help them stay true to their missions and grow confidently. Thus, this study was not only related to the researcher's cognate and expertise, but it also reflected her passion for the nonprofit community.

A Review of the Professional and Academic Literature

The number of nonprofits has increased substantially in the past few decades (Bezboruah & Carpenter, 2020). NPOs generate annually billions of dollars in revenue for the domestic economy (NCCS Project Team, 2020). Additionally, NPOs are dependable service providers of health, educational, and cultural programs to promote social engagement, address public problems, and build stronger communities (Anheier & Toepler, 2019). Although the nonprofit sector provides substantial social benefits, many organizations struggle to survive because of financial unsustainability. Many NPOs traditionally rely heavily on government grants and public donations; however, these revenue streams have been limited and volatile, putting the organizations in financial vulnerability (Park & Matkin, 2020). The increased demand for the expansion of program services and quality improvement programs put significant pressure on the

organizational revenue and cost structures. In addition, the inflexibility of overhead spending decreases organizational efficiency and reduces the ability to deliver services to communities (Altamimi & Liu, 2021). As a result, nonprofits need financial strategies such as revenue diversification and structured spending to avoid economic unsustainability.

In the literature review, the researcher discussed the nature of nonprofit human service organizations and why the survival of the human service sector is critical to the nonprofit sector as a whole and the communities. Also, nonprofit officials are the decision-makers of NPOs; hence, they are responsible for organizational sustainability and growth. More importantly, the literature review examined the benefits and barriers of revenue diversification and structured spending concepts and how nonprofits should utilize these two financial strategies to maintain financial stability. Furthermore, the literature review explored the financial sustainability concept and its related theory, the resource-based view theory. Finally, the researcher presented some related studies regarding nonprofit financial strategies and anticipated themes from the study.

Business Practices

The public sector, for-profit industry, and nonprofit sector contribute to the United States' economic vitality and growth (Alford, 2019). These three distinct sectors with different structures and purposes are increasingly pressured to utilize unpredictable resources to respond to technology changes, new public expectations, and uncertainties (Bryson, 2018). Therefore, financial sustainability has become critical to every entity's financial health and success. Hence, the public sector, including federal, state, and local governments has focused on providing services and assistance to meet the public's needs. Studies showed that these expenditure levels negatively impact local governments' financial health; these organizations need tax revenue to prevent financial distress (Gardini & Grossi, 2018). As a result, the federal and state

governments need to have financial strategies to balance revenue and cost structures to secure economic sustainability. On the other hand, the for-profit industry faces different financial situations. For many businesses, sustainability means meeting short-term profit goals, maximizing long-term performance, and lowering the economic risk (Osazefua Imhanzenobe, 2020). Thus, businesses often implement sophisticated financial strategies, such as setting targets for costs and revenue to maximize earnings and maintain economic sustainability (Persaud, 2021).

In contrast to the for-profit sector, NPOs are driven by charitable missions instead of a profit motive (Hennessy, 2020). Therefore, nonprofits focus on programs and activities to address social problems and support local communities. Business managers often distribute excess earnings to shareholders, while nonprofit officials use the surplus to increase service capacity and improve service quality (Persaud, 2021). Unfortunately, many NPOs overly depend on external funds from federal and state governments, corporations, and individuals, making them more vulnerable and unsustainable (Omondi-Ochieng, 2019). Despite the substantial contributions to humanitarian activities, NPOs have several financial challenges. These challenges include low-income streams, increased competition, and limited resources, resulting in economic instability (Amagtome & Alnajjar, 2020). As a result, the nonprofit sector needs financial strategies to survive and grow like the public and private sectors.

However, many NPOs are donation-dependent entities and have low diverse revenue portfolios (Ebenezer et al., 2020). Besides the challenges of low cash flow, NPOs also struggle with spending structures. The organizations face scrutiny and criticism for overhead spending. Therefore, nonprofits focus on program services and minimize administrative and fundraising spending (Charles et al., 2020). Unfortunately, low overhead expenditure negatively impacts

organizational efficiency. As a result, nonprofits need to balance revenue and expense structures to maintain financial effectiveness and efficiency. Furthermore, a recent study addressed a high correlation between the low financial literacy of nonprofits and poor economic outcomes (Outa et al., 2021). Hence, how nonprofits implement revenue and expense structures influences organizational viability.

Many researchers have addressed the importance of financial sustainability and financial strategies to organizational success; however, the study of nonprofit financial management spans multiple fields, creating barriers for new researchers (Schatterman & Waymire, 2017). Therefore, this qualitative multiple case study explored how nonprofits utilize revenue diversification and structured spending to avoid economic sustainability. Nonprofits may gain insight into the role of diverse revenue portfolios and cost structures regarding organization viability.

The Problem

The number of NPOs, especially in the human service sector, has been growing significantly in the past two decades; however, scholars have noticed the negative impact on NPOs is short-lived (Human Services Joining Forces, 2018). There is a strong connection between the low financial literacy of nonprofits and weak financial performance (Outa et al., 2021). Research by many scholars indicates that NPOs lack the financial strategies for economic sustainability in these influential organizations (Amagtome & Alnajjar, 2020). The situation makes NPOs succumb to substantial financial challenges. While the private sectors focus on profit maximization for shareholders, nonprofits aim for mission accomplishment and society improvement (Persaud, 2021). As a result, nonprofits need to pay more attention to financial strategies such as revenue diversification and structured spending, resulting in

economic instability (Ebenezer et al., 2020). Therefore, Ali and Anwar (2021) assert that NPOs must have effective financial strategies to sustain their institutions economically.

Revenue diversification and structured spending as possible financial strategies can contribute to the challenges around sustainability (Searing et al., 2021). The revenue and cost structures of NPOs significantly differ from business entities. Shareholders' primary purpose in investing in for-profit companies is to receive a dividend payout (Husain et al., 2020). Therefore, the main goal of business managers is to use financial practices to maximize profits for investors. When a company has excess earnings, business managers distribute the surplus to shareholders and use the surplus to expand operations for future return on investment (Persaud, 2021). Moreover, for-profits are encouraged to try and run different business activities to generate diverse revenue streams.

On the other hand, the main revenue streams of many NPOs are from government grants and donations from the general public; hence, nonprofits face limited income streams and restrictions on spending (Charles et al., 2020). The significant growth of the nonprofit sector over the last two decades and the decrease in government funds make donative funds more challenging to secure (Levine Daniel & Kim, 2018). Besides, a nonprofit mission represents its public responsibility to address social problems and enhance the life quality of local communities (Hennessy, 2020). As a result, many nonprofits hesitate to generate revenue from other activities, such as selling products or services, because of the significant challenge of mission drift (Jones et al., 2021). The general public and potential donors may perceive NPOs as profit motives instead of mission-driven if NPOs focus on profit maximization (Hersberger-Langloh et al., 2021). Therefore, NPOs must achieve financial sustainability and mission accomplishments with restricted resources. Unfortunately, income constraints and resource

dependence cause thousands of NPOs to close due to these organizations not being able to stay financially sustainable (Lu et al., 2020).

In addition to limited income streams, nonprofits also face spending restrictions. Many NPOs rely on restricted grants for their operations, and grantmakers prefer offering services directly to mission-related programs instead of administrative and fundraising activities (Charles et al., 2020). Nonprofits face the pressure to maintain quality in their programs and services because of the metric used to assess their effectiveness (Bunger et al., 2019). For example, donors expect nonprofits to use the excess earnings to grow program service capacity and improve program quality (Persaud, 2021). Shon et al. (2019) asserted that funding restrictions put NPOs, especially NHSOs, in a significantly tight and compromising situation. Consequently, nonprofits utilize funds that could be used for their infrastructure improvement and operations to cover program costs that their funders fail to fully support (Olsson, 2020). Not controlling overhead spending leads many NPOs through a nonprofit starvation cycle (Tian et al., 2020).

As a result, many NPOs are financially vulnerable and forced to cease operations. A recent study showed that 30% of NHSOs have a deficit for at least three consecutive fiscal years, and roughly eight percent are financially insolvent (Morris et al., 2018). In addition, due to the increased number of NHSOs, decreased government funding, and public donations, an estimated 10% NHSOs were terminated (Human Services Joining Forces, 2018). Therefore, financial sustainability is the critical determinant of organizational viability and success. Hence, nonprofits must utilize financial strategies such as revenue diversification and structured spending to secure economic sustainability and fulfill public responsibilities.

Midsized Nonprofit Human Service Organizations

The size and scope of the nonprofit sector have expanded remarkably in the last few decades (Bezboruah & Carpenter, 2020). The nonprofit sector generates billions of dollars annually in revenue for the domestic economy. It also accounts for the third-largest workforce of any industry besides retail trade, accommodation, and food service in the United States (Salamon & Newhouse, 2019). NPOs are often efficient and dependable service providers of health, educational, and cultural programs to promote social engagement, address public problems, and build stronger communities (Anheier & Toepler, 2019). The nonprofit sector has more than 30 types of NPOs, which are majorly tax-exempt under section 501(c)(3), also referred to as public charities (McKeever, 2018). The human service sector accounts for one-third of all public charities (NCCS Project Team, 2020). NHSOs provide various services due to the diversity of their target groups, such as the elderly, children, youth, women, the disabled, working families, and underserved communities (Shin & Choi, 2019). Additionally, NHSOs employ an estimated 3.2 million people, representing over 2% of the national workforce (Human Services Joining Forces, 2018). Many scholars consider the human service sector the heart of the nonprofit sector because of its substantial direct contributions to enhancing life quality and transforming neighborhoods.

The IRS requires most NPOs to file one of three versions of an annual informational tax return, known as the Form 990 series, based on the financial activities of the NPOs at the end of the tax year (Internal Revenue Service, 2022a). For example, a NPO with gross receipts typically less than or equal to \$50,000 can file the simplest version of the Form 990 series, better known as Form 990-N (Internal Revenue Service, 2022b). In addition, NPOs with gross receipts less than \$200,000 and total assets less than \$500,000 can file Form 990-EZ. Finally, NPOs with

gross receipts greater or equal to \$200,000 or total assets greater or equal to \$500,000 must file the most extended version of the Form 990 series, Form 990. One unique characteristic of the Form 990 series is that the tax returns have no tax due, and they are informational and available for public disclosure (Internal Revenue Service, 2022b). Furthermore, Form 990 contains extensive information about organizational governance, management, and critical financial data. Therefore, scholars, charity watchdogs like Charity Navigator and CharityWatch, donors, and regulators often use financial information from Form 990 tax returns to gain insight into nonprofit financial performance and trends (Morris et al., 2018).

In this qualitative multiple case study, the researcher focused on mid-sized NPOs, especially NHSOs, with total assets from \$500,000 to \$10,000,000 for two main reasons:

1. NPOs within the asset size range of \$500,000 to \$10,000,000 must file the extended Form 990 annually, which provides the researcher with a complete picture of their financial performance and practices.
2. Many NPOs within that size and scope are in the growth stage of the nonprofit lifecycle; their governance and financial structures are more organized than the smaller NPOs but not sophisticated as large and well-established entities.

More importantly, according to the financial information retrieved from Form 990 returns of 501(c)(3) organizations for the tax year 2021 published by the Statistics of Income Division of the IRS, roughly 48% of charitable organizations fall into the range of asset size from \$500,000 to \$10,000,000 (Statistics of Income, 2022). Therefore, mid-sized NHSOs with total assets from \$500,000 to \$10,000,000 were the target population for this qualitative study.

Nonprofit Officials

Nonprofit officials are the center of organizations with substantial authority and crucial responsibility for organizational success. The IRS often refers to nonprofit officials as top management and financial officials. IRS defines a top management official as the president, chief executive officer (CEO), or executive director (ED) with the ultimate responsibility for implementing the decisions of the organization's board and overseeing the entity's operation (Internal Revenue Service, 2022b). The IRS also describes a top financial official, such as the treasurer or chief financial officer (CFO), as responsible for managing the organization's finances. Nonprofit officials often play the roles of both CEO and CFO of the organization, depending on the size and complexity of the organization's operations.

While business managers' main goal is profit maximization for shareholders in the for-profit sector, nonprofit officials are driven by the meaningful missions and visions of the organizations instead of a profit motive. The interview results from an earlier study indicated that NHSO officials are passionate about their work and contributions to the organizations because they want to make positive changes to the communities and do good things (Norris-Tirrell et al., 2018). Many NHSO officials have diverse backgrounds of education not related to nonprofit management but have years of nonprofit experience. Another study indicated that nonprofit officials could utilize skills that can quickly be taught, but some skills can only be acquired and learned through experience (Kearns et al., 2015). However, many NHSO officials only have experience in nonprofit programs and need more expertise in other critical areas such as finance, policy, and fundraising (Norris-Tirrell et al., 2018). As a result, many nonprofit officials do not utilize financial strategies such as revenue diversification and structured spending to avoid economic unsustainability. Research showed a positive correlation between the low financial

literacy of nonprofits and poor organizational and economic performance (Outa et al., 2021). As a result, nonprofit officials without financial backgrounds may overlook and not implement revenue and expense structures effectively and efficiently to secure organizational sustainability. Moreover, many NHSOs perceive financial performance measurement and management tools negatively because they are concerned that potentially poor results may discourage donors (Kim et al., 2019). However, nonprofit officials should take advantage of financial performance measurement to understand the current financial positions and utilize strategies to maintain organizational stability.

Like the for-profit sector, nonprofit officials must have a combination of technical, interpersonal, and conceptual skills to fulfill their complex obligations (Kearns et al., 2015). For example, NHSO officials need to have extensive knowledge of their fields and proficiency in the work and activities of their organizations. Proficiency refers to the partial efficiency of nonprofit officials in delivering their expected duties and functions to the organization. Leadership proficiency relates significantly to management and leadership skills (Outa et al., 2021). Management and leadership are different yet highly confusing terms that people interchange in different contexts. However, the two terms are different in their application to managerial efficiency. While management is vital to organizational success, leadership helps guide them to significant success (Kuchciak & Wiktorowicz, 2020). Managerial efficiency, therefore, seeks to ensure that organizations incorporate leadership in their management for organizational success. NPOs do not make profits, reducing their chances of infrastructural growth considerably. As such, they require highly skilled leaders to focus on their sustainability, especially in the financial sector. The managerial efficiency concept offers leadership and skills as fundamental concepts in management and organizational skills. According to Yang (2021), applying the

concept to NPOs, nonprofit officials must have adequate financial skills to run them effectively, ensuring they maintain quality in their service delivery and develop their infrastructure without the risk of collapse.

Revenue Diversification

Revenue diversification concept is consequential to the modern portfolio theory (MPT) forwarded by Markowitz in 1952 (Hawley & Lukomnik, 2018). MPT is a significant guide to investors on investments with significant returns. Qu (2019) asserted that there are no perfect investments. However, establishing a plan with high returns with low risks is a significant priority for modern investors. While this can appear straightforward in modern organizations, the strategy applied by the MPT only existed in the second half of the 20th century (Yilmaz, 2021). It was not until 1952 that Markowitz presented his dissertation on portfolio selection, which had significant theories that started affecting portfolio management. After presenting his dissertation, Markowitz's MPT became an important investment strategy for businesses and a portfolio management tool whose correct usage can create diverse and profitable investment portfolios (Yilmaz, 2021). Rather than focusing on individual asset risks, the theorist showed that a diversified portfolio has less volatility than the sum of its individual parts. While individual assets may be volatile, the volatility of the whole portfolio becomes low (Qu, 2019). Today, the fundamentals of this theory continue to ring true several years after Markowitz forwarded it.

MPT assumes that all investors seek to maximize their returns in the most extended term possible without engaging extreme levels of maximum risk. However, risks and rewards positively correlate in investments because low-risk investments have significantly low returns, and high-risk investments are associated with high returns (Qu, 2019). Nevertheless, only some people have the comfort of dealing with high risks. High-risk investments depend on an

investor's comfort with risk levels. The MPT offers diversification to solve this challenge (Leković, 2018). Diversification refers to the spread of investments across many asset classes. It is this ideology that led to the establishment of the diversification concept. With revenue diversification, other than making several investments, the investor ensures they have different sources of revenue. Investors can use it to diversify their portfolios to get high overall returns without involving high risks. Applying the investment theory also helps reduce volatility, especially when investors choose assets with a negative correlation. Therefore, the theory aims to create the most efficient portfolio possible.

However, NPOs focus primarily on mission accomplishment instead of return on investment. NPOs offer services and invest in programs that benefit the community; hence, they do not seek financial returns from their work (Qu, 2019). Nonprofit operations generate little revenue, yet they require much money to sustain them. More importantly, due to the increased living costs and inflation, NPOs have to get more incoming cash flow to cover the expenditure to run the same existing programs. Many nonprofits need to realize the impact of economic and external financial factors on their operational budgets, resulting in economic unsustainability (Zietlow et al., 2018). First, regulators and scholars often break down the nonprofit revenue structure into four categories: government grants, donations from the general public, program service revenues, and investment income (Lee et al., 2021). The IRS defines a charitable contribution as a voluntary cash or noncash transfer to a qualified organization without getting or expecting anything of equal value in exchange (Internal Revenue Service, 2022b). The IRS clarified that a qualified organization is "religious, charitable, educational, scientific, or literary in purpose or that works to prevent cruelty to children or animals," which is the definition of a 501(c)(3) organization (Internal Revenue Service, 2023b, p. 2). Corporations and

individuals may claim tax deductions for charitable contributions to 501(c)(3) organizations, and nonprofit organizations can use the donations to create social benefits. The government, for-profit, and nonprofit sectors work together to contribute to the U.S. economy and serve the communities.

The next common revenue stream is income from program services. While charitable contributions do not require the received organizations to deliver anything of equal value in return, program service revenues require nonprofits to provide services or products that benefit the payors to earn the payments (Internal Revenue Service, 2022b). It is critical to note that program services need to substantially further the organizational missions and not perform at the commercial level; otherwise, the activities create profit motives, which will be taxed at a corporate level and may result in the loss of tax exemption (Internal Revenue Service, 2021). In addition, because of nonprofits' nature and charitable missions, NPOs often provide services or products well below market rate but still have to cover all costs incurred (von Schnurbein & Fritz, 2017). As a result, nonprofits usually do not generate profits from program services to help organizations secure financial stability. Finally, investment income or passive income, such as royalty, rental income from non-debt-financed real property, and interest income from investment portfolios, are often excluded from federal taxation (Internal Revenue Service, 2022b). However, nonprofits need to take cautious steps to ensure that the investment income is a manageable revenue stream; otherwise, the general public may question NPOs' charitable purposes, resulting in losing tax-exempt status.

Unfortunately, the number of NPOs has increased significantly over the last two decades, but their revenues, particularly donative income, have remained flat (Levine Daniel & Kim, 2018). The limited number of donors and received contributions have led to increased

fundraising competition among NPOs (Fathalikhani et al., 2018). Government grants and public donations often are limited, restricted, and inconsistent; as a result, nonprofits struggle to maintain organizational financial stability (Lu et al., 2020). Additionally, NPOs avoid obtaining debt because the general public and donors may perceive that the NPOs use charitable contributions to pay off debts instead of carrying out the mission (Mitchell & Calabrese, 2019). Furthermore, NHSOs face the increased pressure of expanding program activities and improving program quality with limited resources (Ebenezer et al., 2020). As a result, thousands of NPOs are financially vulnerable and forced to cease operations (Searing, 2018). A recent study showed that 30% of NHSOs have a deficit for at least three consecutive fiscal years, and roughly eight percent are financially insolvent (Morris et al., 2018). An estimated 10% of NHSOs were terminated, and approximately 14% of NHSOs in Los Angeles dissolved (Human Services Joining Forces, 2018; Lu et al., 2020). More importantly, the human service sector's financial vulnerability substantially impacts the target clients, including the poor, the elderly, youth, women, and many more people in underserved communities.

Therefore, many scholars have suggested revenue diversification in the nonprofit sector (Liu & Kim, 2021). NPOs apply the revenue diversification concept to diversify their revenue sources, which reduces the risks of funds reduction in the event of one revenue source withdrawing from contributing to their course. Revenue diversification is a prudent revenue generation strategy for minimizing the volatility of revenue portfolios that nonprofits manage (Pembleton, 2018). As such, it is a significant possibility that NPOs consider the adequacy of some revenue sources and their instability in designing a revenue portfolio with charitable donations from people and institutions, grants, sales of goods and services, and service contracts. Nonprofits evaluate revenue sources' expected returns and financial risks or potential instability

when selecting revenue structures, paralleling government decision-making, and subscribing to MPT principles.

Revenue source diversification links to several indicators of reduced financial vulnerability in NPOs. First, revenue diversification correlates positively with financial health in NPOs, a factor displayed by more considerable net assets and higher operating margins. Second, Searing (2018) claimed that higher revenue diversification decreases the possibility of an organization cutting its program expenditure or losses in net assets in three years. Third, revenue concentration, the opposite strategy to revenue diversification, leads to insolvency risks and dramatic revenue decline (Searing, 2018). Therefore, revenue diversification has a significant possibility of decreasing revenue volatility and stabilizing the financial condition of NPOs. Mixed revenues also provide NPOs the financial flexibility so that NPOs can use the funds from commercialized income to enhance their innovative programs and the capacity to recruit and attach skilled workers without donor restrictions (Lee et al., 2021).

Furthermore, some scholars have even suggested that nonprofits could use mixed revenue streams to solve restricted donations and overhead spending. For example, government grants can incur high overhead costs to maintain grants, creating a financial burden for small to medium-sized NPOs (Liu & Kim, 2021). Nonprofits could use restricted grants for program services to carry out their missions and income generated from activities other than restricted donations to pay for overhead expenditures to maintain organizational efficiency (Tian et al., 2020). Finally, when nonprofits expand their revenue streams, they may discover new opportunities to collaborate with other organizations and gain community connections (Hung & Hager, 2019).

However, some scholars also have pointed out some disadvantages of revenue diversification. The first challenge of revenue diversification is that nonprofits must understand the revenue structure and organizational goals to utilize the financial strategy effectively. Nonprofits may generate revenue streams through activities that align with their missions, but some revenue streams may not be related to their programs or organizational goals (Levine Daniel & Kim, 2018). Moreover, selecting revenue-generating activities that do not fit the revenue structure may lead to costly outcomes and negatively impact the organization's financial health (Hersberger-Langloh et al., 2021). Some scholars have pointed out that adding additional income sources to the revenue structure may increase the risk of losing the existing revenue streams or organizational character (Hung & Hager, 2019). While for-profits often increase the number of revenue streams to minimize the risk of investment portfolios, nonprofits should choose a reasonable number of revenue-generating activities that align with their missions and organizational structures (Qu, 2019). Many studies observed that securing financial sustainability is independent of how diversified revenue streams are but on how the revenue streams are diversified (Liu & Kim, 2021).

The second barrier to implementing revenue diversification is mission drift, which is the pursuit of funding opportunities that require the NPO to do things inconsistent with their primary missions (Jones et al., 2021). Over the past few decades, the number of NPOs with commercialized revenue streams has increased substantially by 219% from 1982 to 2002 (Kerlin & Pollak, 2011; Lee et al., 2021). The rise in implementing mixed revenues concerns regulators, donors, and scholars. Transitioning from a traditional revenue structure to a commercialized one makes NPOs seem driven by a profit motive and move away from their charitable missions (Hersberger-Langloh et al., 2021). In addition, the general public and donors often perceive

revenue streams from sales of goods and services and service contracts as commercial-like activities. Powell et al. (2019) illustrated the adverse reaction of donors when a nonprofit applied a business approach to generate additional income. The donors do not perceive revenue diversification as the effort of nonprofits to stay sustainable and carry out their missions (Lee et al., 2021). Consequently, mission drift perception hurts the NPOs' public image and donation revenue stream.

Therefore, many scholars believe that NPOs need to understand the dynamics of various income sources because they are critical to organizational sustainability (Lee et al., 2021). First of all, selecting suitable revenue streams is vital to organizational success. Some new revenue streams may incur substantial overhead costs, such as new management systems and skilled workers (Hung & Hager, 2019). Also, it takes time for mixed revenue streams to start making profits; therefore, NPOs must patiently and attentively monitor different revenue-generating activities (Liu & Kim, 2021). Secondly, the size and composition of the revenue portfolio substantially influence the organization's financial stability (de Wit et al., 2020). A recent study observed that the correlation between non-donative and donative revenue streams is an inverted U-shaped pattern (Lee et al., 2021). For example, when a NPO starts adding new revenue streams, such as new program services, the new activities crowd charitable contributions. The new program service revenues help reduce dependency on donative incomes and allow the organization to invest in organizational infrastructure (von Schnurbein & Fritz, 2017). However, when non-donative revenue streams crowd out donative incomes, the NPO may face mission drift and goal displacement (Jones et al., 2021). As a result, NPOs need to control non-donative income streams to maintain self-sufficiency without losing financial support from government units and the general public.

Furthermore, some scholars remind NPOs that revenue diversification aims to reduce revenue volatility and maintain financial sustainability; however, NPOs still need revenue concentration to improve organizational growth (Denison et al., 2019). In addition, a recent study pointed out that revenue diversification and concentration are not substitutes for each other; they complement each other to help NPOs maintain financial stability and organizational growth (von Schnurbein & Fritz, 2017). Therefore, nonprofits should balance revenue diversification and concentration instead of eliminating one.

Structured Spending

The structured spending concept goes hand in hand with the revenue diversification concept because the organization's revenue structure directly affects spending behavior (Shon et al., 2019). The IRS, financial analysts, and nonprofits often categorize expenses into program services, management and general, and fundraising. The IRS defines program services as "the activities that further the organization's exempt purpose" (Internal Revenue Service, 2022b, p. 43). In other words, nonprofits spend funds on program services to do what they promise to do to carry out their charitable and educational missions. As a result, donors, charity watchdogs, and the general public view programmatic expenditures as performance efficiency, reflecting organizations' ability to turn inputs into outputs (Coupet & Berrett, 2019). Therefore, the more expenses nonprofits allocate to program services, the better their financial ratios and performance efficiency will be (Charity Navigator, n.d.). On the other hand, the management and general category includes expenses related to organizational infrastructures such as accounting, information technology, human resources, and other essential elements to help the organization deliver program services (Berrett, 2021). Finally, fundraising expenses are the "costs to solicit cash and noncash donations, including conducting fundraising campaigns and soliciting financial

support from other organizations, corporations, and individuals" (Internal Revenue Service, 2022b, p. 43). Scholars and financial analysts often combine management, general, and fundraising activities under overhead expenditures.

NPOs face many challenges with cost structures. The first challenge is increased demand from the general public for program expansion and quality improvement, but NPOs continue dealing with limited resources (Zhang et al., 2021). Many people, including nonprofit officials, need to realize that it costs NPOs more annually to cover the same programs and activities to carry out the mission because of the increased living costs and inflation (Zietlow et al., 2018). The scarcity of resources negatively impacts the human service sector because of the substantially increased demand for assistance from underserved communities. In a recent study survey, nonprofits, most in the human service sector, shared alarming numbers of lacking resources, such as an estimated 58% being understaffed, 55% lacking grants and donations, and 34% behind software and technologies (Clepper, 2020). Although NPOs face financial difficulties, they are expected to prioritize programmatic spending over administrative functions (Park & Matkin, 2020). As a result, nonprofits have to reduce overhead spending significantly, which leads to the next and perhaps the most challenging part of cost structures.

Secondly, misconceptions about overhead costs can cause mission-driven NPOs to have financial vulnerabilities. Overhead expenditures work against the managerial efficiency ratio. Overhead costs are non-programmatic expenses, including administrative and fundraising activities (Schubert & Boenigk, 2019). The managerial efficiency ratio measures the ability to turn inputs into outputs by using the ratio of overhead costs to total expenditures (Coupet & Berrett, 2019). As a result, the less the organization spends on its infrastructure, the more its financial and managerial efficiency seems. The general public, charity watchdogs such as

Charity Navigator and CharityWatch, and financial analysts often use the managerial efficiency ratio to measure the financial performance and efficiency of NPOs. Therefore, the public believes that nonprofits drive away donors if they spend limited funds on anything other than program services (Shon et al., 2019). For example, according to Charity Navigator's financial efficiency performance metrics, human service organizations spending more than 15% of their budgets on administrative costs or more than 20% on fundraising activities receive zero points (Charity Navigator, n.d.). For another example, CharityWatch considers a nonprofit organization highly efficient if it spends over 75% of its budget on program services and a cost-to-raise \$100 of \$25 or less (CharityWatch, n.d.). The ratings on charity watchdog websites like Charity Navigator and CharityWatch substantially influence the general public, especially donors. As a result, many NPOs reallocate overhead spending to programmatic expenses to maintain good scores for their financial efficiency to compete for donations (Tian et al., 2020).

However, scholars have pointed out that the financial efficiency ratios, including managerial efficiency, do not truly reflect nonprofit financial performance because the formula does not consider social systems and nonprofit functionality (Coupet, 2018). For example, overhead expenses such as getting new computers and hiring more staff help the nonprofit organization improve service quality and operational efficiency; however, these administrative expenses reduce the managerial efficiency ratio (Coupet & Berrett, 2019). Thus, the financial ratios do not account for the program outcomes (Mitchell & Calabrese, 2019). More importantly, the cost ratios cannot measure the profound impact of NPOs, especially NISOs, on the local communities and how their work and services have transformed people's lives.

Furthermore, donors perceive types of overhead costs differently. For example, a recent study observed that investing in organizational infrastructure and capacity can help nonprofits

increase their performance efficiency and program quality; however, investing in officials' salaries may hurt the public image of the organizations (Berrett, 2021). Another study pointed out that donors prefer nonprofits with an overhead-free donation option. However, if the option is unavailable, donors prefer donations to fundraising activities rather than salary-related expenses (Portillo & Stinn, 2018). Labor donation theory causes the misconception of nonprofit salaries and wages. Labor donation theory assumes that people who work for nonprofits are willing to accept lower salaries than market wages because they want to devote their time and talents to providing goods and services to help the communities (Preston, 1989). Nonprofit workers tend to choose social benefits over financial benefits, and the organizational missions help promote employee engagement and motivation (Chung & Gowan, 2020). For example, in a survey-based study, many nonprofit officials expressed their passion for helping underserved communities, although they came from different backgrounds (Norris-Tirrell et al., 2018). As a result, donors expect nonprofit employees to work for lower salaries, and donors tend to reduce their donations if nonprofit officials receive high salaries (Lubberts, 2019).

The misconception of nonprofit salaries negatively impacts organizational productivity and performance. Many nonprofits are understaffed because they struggle to offer competitive compensation packages to skilled workers (Meer, 2017). Although nonprofit employees are passionate about helping organizations carry out their charitable missions, they still need to receive reasonable compensation to motivate them to devote their time and talents to these entities. As a result, nonprofits need to be cautious about overhead expenditures, especially human resources, because donors perceive them differently.

Therefore, nonprofits need structured spending to balance programmatic and overhead expenditures. The structured spending concept refers to the ability to fund prioritized program

services to carry out the mission and cover overhead costs to keep the organization operating efficiently (Zietlow et al., 2018). Scholars have found that the correlation between overhead spending and financial sustainability is an inverted U-shape pattern (Park & Matkin, 2020). First, overhead spending is necessary to build and improve organizational infrastructure so the nonprofit can be well-equipped for mission success (Charles et al., 2020). NPOs need competitive compensation packages to recruit and retain talented employees (Lu et al., 2020). Experienced financial and managerial officials who understand the revenue and cost structures of the organizations can utilize all available resources to keep the organizations going and growing. In addition to recruiting and retaining skilled workers, nonprofits must recruit and retain volunteers. Volunteers are critical human resources for NHSOs because they are dedicated residents willing to devote their time to giving back to their communities. As a result, nonprofits need to engage their volunteers in activities that carry out the organizational missions and align with the volunteers' motivations and needs (Ilyas et al., 2020). Therefore, nonprofit cost structures must include the time and costs for volunteer engagement and management.

Another example, NHSOs need financial resources for effective marketing and fundraising activities. NHSOs often do not compete for clients but compete with others for public donations (Lee, 2021). Consequently, nonprofits must utilize in-house staff and volunteers and hire professional fundraisers to reach suitable prospective donors. Solicitations via mail, internet, email, phone, and in-person can be effective if NPOs reach out to the right group of prospective donors. NPOs can also organize fundraising events such as silent auctions and walkathons. On the other hand, mass mail and email solicitations without specific strategies may harm the organization's public image. Additionally, seeking monetary donations from volunteers may reduce their motivation and volunteerism spirit (Ilyas et al., 2020). Therefore, effective

marketing and fundraising activities are vital to NPOs because they need to invest money to generate more.

Moreover, overhead minimization leads NPOs to a nonprofit starvation cycle, hurting the ability of NPOs to fulfill their missions and leading to financial distress (Mitchell & Calabrese, 2019). The nonprofit starvation cycle refers to the stage where NPOs have to lower their overhead rates to meet the public's and donors' unrealistic expectations (Eckhart-Queenan et al., 2019). During the starvation cycle, NPOs cannot deliver their services effectively and efficiently because of understaffing and lacking resources.

Overspending administrative and fundraising expenditures increases the risk of financial distress and nonprofit dissolution (Lu et al., 2020). Although the financial efficiency ratios do not measure the program outcomes, they raise concerns regarding NPOs' spending behaviors. For example, NPOs may engage in risky activities, resulting in financial loss (Altamimi & Liu, 2021). NPOs may also mismanage the organizational resources for self-interest because of the environment of trust and lack of segregation of duties (Zietlow et al., 2018). Nevertheless, overspending overhead costs harms the organization's public image and pushes the organization to financial vulnerability.

Therefore, nonprofits need to determine the optimal level of overhead spending to maximize performance efficiency and maintain organizational sustainability and public image. In addition, nonprofits need to communicate with donors more effectively to explain why they spend what they spend and what they aim to achieve (Berrett, 2021). NPOs need to educate donors on the importance of investing in organizational infrastructure, including information technology and human resources (Portillo & Stinn, 2018). Additionally, nonprofits need to have a process for determining top management officials' key employees' compensation to promote

transparency and accountability (Lubberts, 2019). The IRS suggests that nonprofits perform a three-step process to determine the compensation of top management officials and key employees (Internal Revenue Service, 2022b). Firstly, the board should review and approve the compensation to ensure no conflict of interest regarding the compensation arrangement. Secondly, the NPOs should compare the officials' compensation with those in similar positions at comparable organizations to ensure that the officials are not overpaid or underpaid. Finally, NPOs should always document the process and the decisions regarding the compensation arrangement (Internal Revenue Service, 2022b). Moreover, NPOs should be more proactive in advising donors to focus on the efficiency that overhead spending contributes to the organization's program services and overall performance in addition to performance measurement (Tian et al., 2020).

Financial Sustainability

The last concept in this study was financial sustainability, the ultimate goal of the revenue diversification concept and structured spending concept. Industrial societies have been developing rapidly, creating a spillover that draws attention to sustainability. First, nonprofit financial sustainability refers to the ability to cover the costs in the foreseeable future (Amagtome & Alnajjar, 2020). Researchers and policymakers apply the sustainability concept to modern economic development and resource management challenges in a long-term approach (Beaton, 2019). The financial sustainability concept has been introduced in financial science following the approach. The efforts to establish the concept were made because of the substantial economic turmoil of the 21st century that destabilized the mainstream financial theories, motivating alternative strategies to principles of corporate and institutional financial management (Cynamon & Fazzari, 2017). Many NPOs that suffered economic challenges during the first

decade of the 21st century have applied the financial sustainability concept. However, charitable organizations have always experienced financial challenges, dating back to before this period. When the concept was introduced, it was noted that the lack of risk management strategies could not protect organizations from losses (Beaton, 2019). Therefore, risk management strategies should be a part of nonprofits' financial strategies.

Indeed, many NPOs face the ultimate challenge of providing adequate funds to run the organizational processes and support the mission. Revenue diversification and structured spending are effective financial strategies, but nonprofits need to understand the roles of the two practices to implement them successfully. As previously mentioned in revenue diversification, some scholars suggest that nonprofits can use restricted grants for program services to carry out their missions and generate income from activities other than restricted donations to pay for overhead expenditures to maintain organizational efficiency (Tian et al., 2020). A recent study found that nonprofits are less likely to spend funds from donations or program service revenues on administrative activities if donations or program service revenues are the primary sources of income streams (Shon et al., 2019). On the other hand, the same study found that nonprofits are more likely to increase overhead spending and decrease programmatic expenses when utilizing revenue diversification. Although the findings showed that diverse revenue streams could help cover overhead costs, the study also demonstrated reduced programmatic spending.

Therefore, scholars have pointed out some critical reminders for nonprofits. First, nonprofits should not assume that donors ignore the high overhead rates, although the organizations do not use the received donations to cover overhead costs (Tian et al., 2020). Secondly, using funds other than donations to pay for organizational infrastructure may impact the current unrealistic expectations of donors concerning overhead costs (Charles et al., 2020).

Finally, donors already perceive non-programmatic expenditures as inefficiency; hence, using revenue streams such as rental income to cover overhead costs may understate the importance of overhead expenditures.

In addition to reasonable overhead spending, nonprofits must also determine the appropriate operating reserve size to ensure financial sustainability (Sloan et al., 2016).

Nonprofits hesitate to keep a large number of operating reserves because donors may perceive the organizations as too wealthy, reducing future donations (Calabrese, 2018). Secondly, revenue accumulation may violate the lean concept, giving donors the perception that the organizations are operating ineffectively (Mitchell & Calabrese, 2019). More importantly, many government grants and public donations contain restrictions on time and purpose (Zietlow et al., 2018).

However, operating reserves are critical to cover the costs in the foreseeable future to maintain organizational viability. Therefore, a recent study recommended that nonprofits have operating reserves for financial stability during economic downturns (Calabrese, 2018).

Also, according to Ilyas et al. (2020), financial sustainability has various components, including community engagement, dependency awareness and analysis, leadership financial oversight, effective and timely financial reporting, and rigor in organizational programs.

Community engagement is vital to NPOs, especially in the human service sector, because the primary mission of nonprofit human service organizations is to provide critical services and assistance to individuals and families in need of them (Human Services Joining Forces, 2018). In addition, community engagement promotes formal and informal collaborations between the organization and the community to address social issues and improve the long-term well-being of the neighborhood (Woronkiewicz, 2018). Some older adults may need help with food assistance

but do not know where to get help. As a result, NHSOs need to reach out to their local communities to promote their services.

More importantly, NHSOs must listen to the concerns and feedback of the community so that the organizations can adjust and improve program services to meet their needs. Neglecting the community's input can negatively impact the program outcomes and mission accomplishments (Mullenbach et al., 2019). Furthermore, community outreach programs help nonprofits build larger networks and more connections (Hung & Hager, 2019). Nonprofits can expose more opportunities to collaborate with other organizations and potential donors. Additionally, connecting with the local communities helps promote the nonprofit public image and reputation. Therefore, addressing the community's needs and building meaningful relationships allows organizations to further their missions and improve economic sustainability. Additionally, dependency awareness and analysis can help an organization understand its dependency on revenue sources to strengthen its revenue sustainability (Omondi-Ochieng, 2019). NPOs that depend on single revenue sources have a significant fiscal health risk and are highly vulnerable to financial crises in the event of fund withdrawal by that revenue source. However, organizations with several revenue streams can also suffer financial challenges (von Schnurbein & Fritz, 2017). One study highlighted how a NPO generated substantial commercial revenue for a few years, resulting in losing its tax-exempt status (Suykens et al., 2019). Therefore, NPOs need consistent dependency awareness and analysis of revenue sources to ensure they stay intact and do not lose funding support or fall into the pitfall of revenue diversification.

Finally, many nonprofit scholars emphasize the importance of transparency, effective communication, and accountability in the nonprofit sector (Charles et al., 2020). For example, a survey-based experiment observed that donors chose the organization with lower overhead costs

when given a choice between two organizations. However, after the donors received information related to the purpose of overhead spending, such as improving organizational capacity, more donors chose the organization with higher overhead costs (Qu & Levine Daniel, 2021a). In another study, the researchers presented donors the information on some organizations, including financial reports and specific purposes and uses of donations (Qu & Levine Daniel, 2021b). The study results showed that nonprofits with specific donation information had a higher perceived impact than those with general donation information; hence, they received more donations. The second part of the same study asked donors to choose between two organizations with different overhead ratios (Qu & Levine Daniel, 2021b). When overhead ratios became the primary factor, the donors preferred the organization with a lower overhead ratio. The study findings illustrated that donors make their decisions based on financial evaluations and other factors such as the purposes and usage of donations. Donors who receive mainly spending information can decide based on overhead levels. However, if donors receive more information regarding the impact of their contributions on organizational infrastructure and mission accomplishment, donors can make their decisions based on the impact levels.

As a result, the perceptions and expectations of donors can change if nonprofits communicate and inform the donors upfront of the need for mixed revenue streams and overhead spending (Tian et al., 2020). In addition, the donors can receive information about the donation recipients from different sources such as the media, charity watchdogs, and regulatory agencies; hence, nonprofits must provide specific details on donations and spend proactively. Furthermore, forming a long-term relationship with donors helps nonprofits secure financial resources and open them to many collaboration opportunities in the future.

Resource-Based View Theory

The primary theory in this qualitative multiple case study was resource-based view (RBV) theory. According to this theory, resources and organizational capacity address the organization's profitability and help formulate organizational strategy (Grant, 1991). The RBV theory is a significant factor that allows organizations to understand the associations between their resources, abilities, competitive advantage, and profitability to use all it has in terms of resources for profit maximization. RBV assists organizations in evaluating the connections between the firm's internal characteristics and performance (Barney, 1991). RBV theory indicates how organizations can achieve a sustainable competitive advantage over their competitors (Filson et al., 2021). Greve (2021) observed that organizational resources are significantly scarce, but nonprofits must optimally utilize them to maximize profits and other returns. Barney (1991) grouped a firm's resources into three main categories: physical capital, human capital, and organizational capital. Nonprofits can apply RBV theory to form managerial and financial strategies to use organizational resources effectively and efficiently.

In addition, RBV theory plays a critical role in the nonprofit sector. The theory substantially influences strategic management along with Porter's five forces (Davis & DeWitt, 2021). The RBV theory emphasizes organizational resources' unique and long-lasting competitive advantages (Jabbour et al., 2019). The need for more organizational resources reduces the capacity and flexibility of NPOs to carry out their missions and ensure financial stability (Ebenezer et al., 2020). Nonprofits may overlook the sustainable benefits of all their available internal and external resources. For example, while cash is a vital organizational resource, other tangible resources like organizational infrastructure are also vital to organizational productivity. When doing an organizational analysis, cash is rarely considered a

strategic resource. According to Cho and Linderman (2020), a strategic resource is a valuable asset that is rare, difficult to imitate, and impossible to substitute. In NPOs, strategic resources can be the social technology and the innovation culture that the organizations use to deliver their services to their clients. The resources must be unique to the organization to prevent other organizations from using them. Strategic resources give an organization a significant competitive advantage. Nonprofits must exploit their strategic resources to give their organizations a competitive advantage, especially in financial sustainability (Allen, 2020).

The RBV theory demonstrates why economic unsustainability in NPOs is affected by the lack of financial strategies. Employees, including the officials, are part of the organizational resources (Barney, 1991). Many employees in NPOs are hired because of their proficiency in various disciplines, even though they do not understand the working and operations of nonprofit finance (Cheng, 2019). Similarly, nonprofit officials lack financial strategies because their leadership positions are attributed to theoretical organizational leadership proficiency but not nonprofit finance knowledge. Applying the RBV theory, nonprofit officials must become an organizational resource with substantial knowledge of nonprofit finance (Cheng, 2019). Hence, having nonprofit officials with no financial strategies implies that the organizations can suffer economic unsustainability. As a result, to utilize the RBV theory, nonprofit officials should explore and gain knowledge of nonprofit financial management to help the organizations strengthen their financial health. When nonprofit officials in the human service sector understand nonprofit financial management, they become a vital organizational resource. Cho and Linderman (2020) labeled this strategic resource an organizational competitive advantage. While other organizations use strategic resources for organizational profitability, McDougall et al.

(2019) asserted that NPOs apply this theory to gain a strategic competitive advantage in economic sustainability.

Furthermore, the RBV theory emphasizes an inside-out organizational resources analysis because it considers an organization a collection of various resources. RBV theory states that the differences in organizations appear in terms of those resources and how they combine them; hence, the organization stipulates that the organizational analysis starts from within (Ramon-Jeronimo et al., 2019). Therefore, according to RBV theory, the analysis of economic unsustainability must start from within the organization by considering its resources. Nonprofits must create managerial and financial strategies to use organizational resources efficiently and effectively for financial sustainability (Allen, 2020). The argument indicates that the competitive advantage of NPOs will stem from their internal resources, including human capital, instead of external factors like donor funding. RBV theory also addresses how nonprofits can utilize revenue and cost structures to avoid economic unsustainability. Also, the financial sustainability concept is considered a critical element of resource-based view theory.

Constructs

This qualitative study's constructs included revenue diversification, structured spending, and financial sustainability. The first construct in the framework was revenue diversification. According to Kim (2017), revenue diversification is significant in addressing an organization's financial stability. It becomes highly relevant in competition, increased regulation, and strained finances in the nonprofit sector. NPOs face increased expenses to carry out their missions, while government grants and public donations have become more limited, resulting in financial instability (Zietlow et al., 2018). Therefore, revenue diversification comes in handy to mitigate the challenge of financial strain for these institutions. Revenue diversification is addressed by

modern portfolio theory, which provides a lens for considering an optimal mix of revenue streams (Hung & Hager, 2019). While for-profit companies know who the shareholders and owners are, the grantors and donors are the stakeholders of nonprofit organizations. When many people or organizations contribute to a charitable organization, they present several problems. For example, some donors may have different interests that contradict other grantmakers, donors, and even the grantee – the nonprofit organization.

Consequently, conflicts of interest hold back the progress of the NPO. However, researchers say that there is security in numbers. Diversifying revenue sources guarantees financial security for NPOs, where withdrawing one source does not jeopardize the organization's financial health (Hung & Hager, 2019). Moreover, revenue diversification allows organizations a potential income increase and organizational infrastructure growth (Liu & Kim, 2021).

Structured spending was a vital construct in this study because it emphasizes the importance of nonprofits' spending behaviors. The general public, donors, and charity watchdogs such as Charity Navigator and CharityWatch often perceive overhead spending as inefficient (Charles et al., 2020). Nonprofits are pressured to prioritize programmatic expenditures over organizational infrastructure to maintain the public image and compete for donations (Park & Matkin, 2020). However, overhead spending is essential for NPOs, especially in the human services sector, because administrative expenditures give nonprofits the human, capital, and organizational resources to deliver goods and services to people in need (Altamimi & Liu, 2021). Therefore, overhead minimization hurts the nonprofit's financial health and negatively impacts its ability to carry out its missions (Mitchell & Calabrese, 2019).

Additionally, many scholars agree that overspending on administrative and fundraising activities is as harmful to organizational sustainability as cutting overhead costs (Lu et al., 2020). Overfunding organizational infrastructure does not increase performance efficiency and effectiveness; it leads the organization to financial instability. Excess overhead costs unveil the nonprofits' lack of financial management and practices, raising questions concerning resource mismanagement and accountability (Altamimi & Liu, 2021). Therefore, structured spending requires nonprofits to understand the organizational structure and financial management to balance overhead spending to support the infrastructure and carry out the missions (Lu et al., 2020).

Finally, financial sustainability was the fundamental construct of this study because it is the key determinant of organizational success (Ebenezer et al., 2020). First of all, nonprofits need to evaluate the revenue and cost structures of the organizations to understand the potential risks that may result in economic unsustainability. For example, a nonprofit study showed that many NPOs often price their project-based grants, services, and products below the market prices to avoid appealing as a profit motive (Eckhart-Queenan et al., 2019). The same study also revealed that administrative costs included in the project-based grants are flat rates; therefore, NPOs often have to cover any additional incurred expenses. As a result, the pricing and overhead cost policies diminish the organizational financial health (Eckhart-Queenan et al., 2019). Therefore, nonprofits need to evaluate and update financial policies and practices to ensure the economic sustainability of the organizations.

Furthermore, some scholars recommend that nonprofits utilize revenue diversification and structured spending to reduce the dependency on single-income sources. These sources include government grants and donations that can increase spending flexibility. Nonprofits can

also use revenue from sources other than donations to cover overhead costs (Shon et al., 2019). This recommendation is practical but does not resolve the misconceptions of mission drift and overhead spending from donors. Therefore, nonprofits should inform the donors upfront of the need for mixed revenue streams and overhead spending (Tian et al., 2020). Building a long-term relationship with donors can help nonprofits increase trust and confidence in the donors and secure financial resources in the future.

Related Studies

The general public often overlooks the competitiveness in the nonprofit sector because the organizations are mission-driven, and the need for their services has increased over the years. However, nonprofits, especially donative organizations, do not compete for clients; they compete for limited government grants and donations from corporations and individuals (Lee, 2021). Harrison and Thornton (2021) explored the competition in the nonprofit donor market. The authors explained that while for-profit companies use pricing and outputs to gain market shares, nonprofits cannot use their services and product to compete for contributions. The research compared the differences in the number of nonprofits entering the donation markets for 10 nonprofit industries in specific locations. Surprisingly, the study findings were consistent regarding the competitive donor markets in the 10 subsectors (Harrison & Thornton, 2021). The results showed that it could take as few as four nonprofits in the specific market to exhaust competitive pressures fully. Competitive markets force companies to lower product prices and increase product quality in the full-profit sector. Nonprofits also face the same pressures in competitive donor markets; hence, the organizations must reduce unessential costs and organizational slack within the markets. Therefore, the authors pointed out that competitiveness in nonprofit donor markets is necessary for organizations to utilize their resources more

effectively and efficiently (Harrison & Thornton, 2021). More importantly, nonprofit competitiveness is as challenging as the for-profit sector; thus, nonprofits need financial strategies to use their scarce resources efficiently.

Also, the increased body of literature focuses on financial sustainability in the nonprofit sector because nonprofits face new challenges as they navigate a competitive environment. Searing (2018) observed that the question of the financial sustainability of nonprofit organizations has been highly prevalent for several years. The author demonstrated that researchers use financial profit ratios to analyze whether NPOs will become financially vulnerable. The study unveiled that NPOs suffer significant economic challenges; however, they could recover from financial disruptions more quickly than from insolvency. The author explored the subject of revenue concentration and established that organizations with concentrated revenue sources are highly vulnerable to financial risks. On the other hand, less concentrated organizations can recover quickly from financial disruptions and gain significant solvency. Therefore, nonprofits should apply financial strategies to safeguard organizational financial resources. The author recommended that nonprofit organizations adopt the management strategies of for-profit organizations. The advent of social enterprises that exist to make profits creates the possibility of intensifying this approach (Searing, 2018).

In addition to financial challenges, NPOs face newness and small business liabilities (Searing, 2018). Young and small nonprofit organizations tend to suffer financial distress and the risk of dissolution. Therefore, nonprofits must establish the causes of the problems and address them effectively. Furthermore, different financial challenges in these organizations have different solutions, and nonprofits must explore them. The study recommended that NPOs seek risk-averse strategies instead of pursuing risky investments. The author concluded the study by

emphasizing the importance of financial strategies for NPOs to reduce financial distress and avoid termination.

The following study explored the critical factors of nonprofit management and the influence of nonprofit officials' past experiences regarding success or failure. Ceptureanu et al. (2018) conducted a study in Romania to establish organizational sustainability perception in the nonprofit sector. They discovered that sustainability had become a question of significant concern in both the for-profit and nonprofit sectors in the last decade. Unlike the for-profit sector, nonprofit is mission-driven, making financial performance measurement difficult and complex. Also, NPOs face scrutiny for performing too well, making economic sustainability challenging for nonprofit officials. A study examined 81 managers and board members in the Romanian nonprofit sector, establishing that Romanian NPOs are highly concerned about the accountability of these organizations. The authors revealed various perspectives with different sustainability dimensions.

Nonprofit officials who have experienced failures recognize the importance of effective financial practices and business models, such as the intentionality of subsidies, transparent performance accountability, and long-term strategic planning (Ceptureanu et al., 2018). On the other hand, the study found that nonprofit officials who have not experienced failure focus on short-term strategic planning, organizational operations, and human resources. Therefore, while short-term plans and day-to-day operations are necessary, nonprofits need effective financial strategies, suitable business models, long-term goals, and financial transparency to secure economic sustainability and accomplish their missions.

Additionally, Hunter and Decker-Pierce (2021) conducted a study to investigate the effectiveness of the competencies of nonprofit officials in human service organizations. The

study asserted that current officials in the human service sector, including directors, board chairs, and senior managers, have significantly different expectations of the skills required for the competencies and characteristics of future nonprofit officials. In the study, the researchers asked current nonprofit officials to describe the competencies and traits a future nonprofit official must have. Their responses indicated that future nonprofit officials would require different skills than current officials, especially the need for strategic planning, organizational management, and leadership (Hunter & Decker-Pierce, 2021). NHSO executives face some distinct challenges that executives in other NPOs may not have. For example, the increased demand for social services and societal expectations requires NHSO officials to have proficient financial and management skills to carry out organizational missions and maintain stability. NHSO officials are responsible for producing both financial and social returns.

Also, the study demonstrated that many nonprofit officials do not have to make arrangements for succession planning, making the succeeding officials lack the strategic planning and financial management skills to run the nonprofit organizations. However, the study's bottom line was that nonprofit organizational officials must be competent and have practical leadership skills that involve financial strategies to help their organizations succeed. It demonstrated that the old hiring strategy could be ineffective in this endeavor, proposing the application of in-job learning so that the current officials train prospective officials on how to operate the organizations and utilize financial strategies (Hunter & Decker-Pierce, 2021).

Furthermore, Sevak and Baker (2021) examined the resource availability and financial challenges of nonprofit human service organizations in the United States. The authors recognized that the number of NHSOs has increased over the past two decades to provide services for the well-being of families and underserved communities. However, the financial challenges in the

human service sector negatively impact organizational performance and mission achievement. The study used available financial information from the National Center for Charitable Statistics and the IRS website to investigate the effects of need-resource indicators on the density dynamics of NHSOs.

The research results showed that NHSOs face increased pressure to be self-sufficient because of the changes in resource environment and requirements (Sevak & Baker, 2021). In addition, the study found that most NHSOs rely heavily on government grants and donations, although they sought commercialized activities to increase revenue streams. Moreover, the authors pointed out that many NHSOs are located in financially healthy locations. Therefore, the study suggested that the government should support and engage in the operations of NHSOs since the human service sector depends on government grants. Secondly, the government and the public should allow NHSOs to use different financial strategies to achieve self-sufficiency (Sevak & Baker, 2021).

Anticipated and Discovered Themes

Anticipated Themes

This literature review produced various significant themes associated with the study. This study sought to establish effective strategies for mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area to maintain financial sustainability. However, the exploration of this subject led to other important themes.

Lack of Human Resources. The lack of human resources, especially with a financial background, was more likely to hinder nonprofits from implementing revenue diversification and structured spending. Human resources refer to the organization's human capital carrying out the essential operating activities to help it accomplish its goals (Johansen & Sowa, 2019). Human

capital, financial, and strategic resources are vital to nonprofit organizations (Oliveira et al., 2021). The increased demand for the expansion of programs and improvement of service quality increases the need and dependence on nonprofit employees (AbouAssi et al., 2022). However, a recent study showed that 58% of NPOs were understaffed (Te, 2020). As a result, NPOs struggle to deliver services and products to underserved communities because of the lack of human resources. Finding adequate employees to implement financial practices is more challenging for nonprofits. Furthermore, many nonprofits have extensive experience in the nonprofit sector but need to learn about financial management (Norris-Tirrell et al., 2018). Therefore, nonprofits can only utilize mixed revenue streams and cost structures effectively with the support from employees with financial backgrounds.

Risks and Costs of Revenue Diversification. The second anticipated theme was that the risks and costs of revenue diversification discourage nonprofits from utilizing the financial strategy. Revenue diversification is defined as nonprofits' strategy to spread potential risks across funding sources (Liu & Kim, 2021). A substantial body of literature emphasizes the importance of mixed revenue streams to reduce economic vulnerability; however, implementing the financial strategy can be challenging and costly. Some scholars pointed out that donative incomes incurred fewer overhead costs than revenue streams from other sources (Mitchell & Calabrese, 2019). Additionally, selecting revenue-generating activities that do not fit the revenue structure may lead to costly outcomes and negatively impact the organization's financial health (Hersberger-Langloh et al., 2021). For example, nonprofits may allocate resources to investment portfolios to earn interest income, but investment portfolios have high financial volatility. Therefore, the risks of revenue diversification discourage nonprofits from implementing the strategy.

The Complexity of Budgeting in the Human Service Sector. The third anticipated theme was that the complexity of budgeting in the human service sector makes implementing structured spending more difficult. NHSOs often prepare annual budgets for the upcoming fiscal year, including earmarked donations and allocations of resources to primary program services (Keshvari Fard et al., 2021). However, public donations have become volatile; hence, NHSOs remain heavily dependent on federal and state grants (Searing et al., 2021). Furthermore, many NPOs often set the prices for their project-based grants and sell products and services below the market prices to avoid appealing as a profit motive (Eckhart-Queenan et al., 2019). Also, the administrative costs included in the project-based grants are flat rates; therefore, NPOs often have to cover any additional incurred expenses which are not initially included in the fiscal budgets. Therefore, structured spending is an effective strategy to help nonprofits balance organizational expenditures; however, unpredictable cash flows may reduce the strategy's effectiveness.

The Importance of Program Services. The fourth anticipated theme in this study was the importance of program services because they are the primary activities for nonprofit organizations to carry out their missions. Regulators, charity watchdogs, and donors often use program outcomes as performance evaluations and accountability because these indicators show how nonprofits operate and utilize their resources (Yang & Northcott, 2019). Although NPOs often prioritize program budgets, cutting overhead costs threatens the quality and quantity of program services (Kim, 2017). Therefore, financial strategies are critical to NPOs because they help improve the program services and grow organizational infrastructure. In addition, NPOs need to utilize program service expenses to be self-sustainable and maximize the social benefits (Persaud, 2021). Furthermore, a recent study suggested that charity monitors focus on different

dimensions of program outcomes to capture a more comprehensive picture of the organization's activities and impacts, including program outcomes, community impacts, and media engagements (Altamimi & Liu, 2021). Finally, nonprofits must improve their program planning and design processes to reflect the changes in the environments, financial situations, and community needs (Persaud, 2021).

Community Engagement. The final anticipated theme was community engagement because the human sector dedicates all its resources to delivering services and products directly to underserved communities. A recent study showed that approximately 210,000 NHSOs serve millions of Americans (Human Services Joining Forces, 2018). NHSO employees find their work meaningful and rewarding because they help their neighbors and improve the living quality of their communities (Ilyas et al., 2020). Community engagement is the key to recruiting and retaining these employees because many nonprofits highlight their passion for serving the communities and people in need (Norris-Tirrell et al., 2018). Community engagement also helps nonprofits connect with potential donors and improve the public image of the organization. Therefore, community engagement has become a vital theme in this study because it contributes to the economic sustainability of NPOs in the human service sector (Ilyas et al., 2020). Engaging people and understanding their needs supports fiscal health for organizational and economic sustainability. It helps nonprofits understand the community's changing needs and adjust their service and program structure.

Discovered Themes

Conducting this qualitative study allowed the researcher to discover six major themes addressing the three research questions. In addition, some discovered themes shared similar viewpoints with the anticipated themes mentioned above.

Community Engagement. Community engagement is one of the core activities of NHSOs because the human service sector focuses on serving community members and improving their life quality (Schmid, 2013). Community engagement allows nonprofits to gain connections, support, and collaborate with local government agencies, businesses, other organizations, and community leaders that share the same missions (Woronkiewicz, 2018). Therefore, nonprofits can generate additional revenue streams through community engagement. For example, NPOs can promote each other's fundraising events, share their stories, inform people about their programs and services, and recruit volunteers. Furthermore, NPOs can build trust and confidence with community members, especially their target groups, through community outreach activities (Agency for Toxic Substances and Disease Registry, 2011). Hence, NPOs can positively impact their clients and accomplish their goals. Community engagement was also one of the anticipated themes of this study because of its critical role in the human service sector.

Partnerships. A partnership is a common and effective approach for NHSOs with limited resources to gain support, generate more income, and stay cost-effective (Kim & Peng, 2018). Some typical partnerships are collaborations between government agencies and NPOs, inter-organizational collaborations, and partnerships between businesses and NPOs. First, partnerships between government agencies and NHSOs allow the agencies to delegate social responsibility programs to NHSOs. The organizations can receive the much-needed funding to deliver their services to underserved communities (Peng et al., 2020). Second, collaborations among NPOs play a vital role in organizational survival because these NPOs often share the same missions and serve the same target groups of clients (Zeimers et al., 2019). They can help promote and support each other's programs, services, and fundraising events while sharing

resources such as space and volunteers. Finally, partnerships between businesses and NPOs help the organizations get financial support, donate supplies and recruit volunteers. Through these initiatives, businesses can improve their public image (Agency for Toxic Substances and Disease Registry, 2011). Therefore, partnerships enable NPOs with limited resources to effectively generate diverse revenue streams and utilize structured spending to secure financial sustainability.

Optimal Resource Utilization. NPOs must strategically utilize all available resources to establish strong financial positions to avoid economic unsustainability (Ilyas et al., 2020). First, NPOs need to evaluate and take advantage of organizational resources and capacity to maximize their benefits to stay sustainable (Ceptureanu et al., 2018). For example, NPOs can use shared workspaces or remote offices to reduce operating costs while still maintaining productivity. Second, NPOs should utilize private donations and support from other organizations and community members to reduce the reliance on government grants to avoid financial vulnerabilities (Hoang & Lee, 2022). Furthermore, volunteers are vital to NPOs because they often join the social causes of nonprofits to make a difference in the community without asking for any monetary or personal gains in return (Ilyas et al., 2020). Therefore, NPOs need to focus on volunteer recruitment and retention by building trust, enhancing satisfaction, and providing a friendly environment to the volunteers. Hence, NPOs need to utilize all resources wisely to be financially stable.

Financial Stability. Revenue diversification and structured spending allow NPOs to create financial stability (Chang et al., 2018). NPOs can strategically combine government and non-government resources to develop strong financial positions and improve their program and service quality. It is worth noting that every revenue has its risks and benefits; therefore, NPOs

need to implement financial strategies wisely based on their organizational structures, cultures, missions, and target groups (Levine Daniel & Kim, 2018). Moreover, financial stability is the ultimate goal for NPOs because government agencies, donors, community members, and their target groups rely on these organizations to carry out programs and services to address social issues (Lu et al., 2020).

Financial Flexibility. Besides financial stability, diverse revenue streams and spending strategies allow NPOs to adjust their spending behaviors to navigate environmental changes, increased demand for community services, and resource competition (Shon et al., 2019). Diverse revenue streams allow nonprofits to use increased income sources to offset the declined ones to overcome financial crises and stay sustainable (Hung & Hager, 2019). Furthermore, financial strategies, including volunteer engagement, management, and partnerships, can help NPOs reduce uncertainty and continue the stream of the needed supplies and resources to deliver sustainable services (Ilyas et al., 2020). Therefore, revenue diversification and spending strategy allow nonprofits to have the flexibility to control their program and overhead expenditures proactively.

Lack of Financial Independence. Lack of financial independence has been one of the primary barriers for many nonprofits to implement revenue strategies such as revenue diversification to improve financial health and economic sustainability (Lu et al., 2019). The lack of financial independence comprises four sub-themes: increased community needs, lack of flexibility, donation dependency, and lack of funding and resources. The pressure to meet the increased demand for human services negatively impacts the ability of nonprofits to serve the communities (Hutton et al., 2021). As a result, NPOs struggle to get enough funding to run their current programs and services to meet the increased community needs. Additionally, the

need for more flexibility in organizational structure challenges NPOs to apply diverse revenue streams and structured spending to their strategic plans. Selecting revenue-generating activities that do not fit the revenue structure may lead to costly outcomes and negatively impact the organization's financial health (Hersberger-Langloh et al., 2021). Moreover, donation dependency can influence NPOs' utilization of resources (Shon et al., 2019). Hence, NPOs hesitate to take on additional activities to produce income or invest in organizational infrastructure. Finally, the lack of funding and resources negatively impacts NPOs' financial management and viability (Ebenezer et al., 2020). Generating a new revenue stream or implementing cost structures requires funding and resources; thus, the new activities may remove the financial and human resources from other existing programs and services. Therefore, the lack of financial independence causes NPOs to struggle with the funding and resources to implement revenue and expense strategies.

Summary of the Literature Review

The literature review served as a foundation for this qualitative multiple case study. The review explained the nature of the nonprofit sector and its vital role in the United States economy. The literature also addressed the financial challenges that threaten the financial stability and survival of NPOs. The scarcity of financial resources makes nonprofits struggle to carry out their organizational missions and cover the costs. Although nonprofit financial strategies and sustainability have gained more attention from scholars, only a few studies discuss revenue diversification and structured spending practices in the human service sector. Therefore, the review emphasized the critical roles of revenue diversification, structured spending, and financial sustainability regarding organizational viability. Revenue diversification is an effective financial practice to reduce revenue volatility and avoid economic unsustainability. In addition,

structured spending balances overhead expenditures to ensure nonprofits maintain efficiency without compromising programmatic activities.

Furthermore, the review pointed out that RVB theory is vital to organizational success. Although organizational resources are significantly scarce, nonprofits must utilize them optimally to maximize their revenue streams (Greve, 2021). Also, the review presented some related studies from other scholars who explored nonprofit financial management and shared anticipated and discovered themes from the study.

Summary of Section 1 and Transition

This qualitative multiple case study investigated the perspectives of nonprofits on factors impacting and challenges associated with utilizing revenue diversification and structured spending in mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area. First, this study analyzed the experiences of nonprofits within the human service sector regarding mixed revenue streams and cost structures to avoid economic unsustainability. The researcher aimed to reduce the gap in the literature by exploring the perspectives of nonprofit officials who have worked in NHSOs on the role of revenue diversification and structured spending in terms of organizational viability. Finally, this study sought to identify the barriers for NHSOs to include diverse revenue portfolios and cost structures in their organizational strategic plans.

The researcher conducted a study based on RVB theory and three critical concepts: revenue diversification, structured spending, and financial sustainability. Additionally, the researcher discussed this study's assumptions, limitations, and delimitations to uncover how the researcher mitigated the risks to ensure the validity and reliability of the collected information. Finally, the literature review emphasized the importance of nonprofits utilizing revenue

diversification and structured spending concerning organizational viability. The study helped provide NHSOs with detailed information on their critical role in implementing mixed revenue streams and cost structures to enhance financial sustainability.

Section 2: The Project

Qualitative studies typically consist of many critical elements: a research paradigm, ethical considerations, an appropriate methodological approach, a clear sampling strategy, data collection procedures, and data analysis techniques (Creswell & Poth, 2018). In short, conducting a qualitative multiple case study requires the researcher to have detailed plans and appropriate techniques to address the research questions and fulfill the purpose of the study. Therefore, in Section 2, the researcher addressed how the study was conducted ethically and rigorously:

1. The researcher discussed the role of the researcher in this study and what actions the researcher has taken to avoid biases.
2. The researcher provided an in-depth discussion about the research methodology and why the researcher believed the selected research design and method were appropriate for this study.
3. The researcher explained the criteria for research participants, population, and sampling. The researcher discussed a detailed data collection plan, data analysis process, and what actions the researcher took to ensure the reliability and validity of the study were presented.

Purpose Statement

The purpose of this qualitative multiple case study was to investigate the perspectives of NPOs regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area. This study analyzed the experiences of NPO officials within the human service sector regarding diverse revenue portfolios and cost structures to avoid

economic unsustainability. The researcher sought to answer various research questions by exploring the perspectives of nonprofit officials who have worked in NHSOs on the role of revenue diversification and structured spending in terms of organizational viability. This study aimed to identify the potential barriers for NHSOs to include diverse revenue portfolios and cost structures in their organizational strategic plans. The study helped provide NHSOs with detailed information on their critical role in implementing revenue diversification and structured spending to enhance financial sustainability.

Role of the Researcher

Qualitative research is often used to explore the perspectives of the target population (Creswell, 2016). In this study, the researcher strived to describe the meaning of the findings from the research participants' perspectives and interpret the collected data from financial reports. Unlike quantitative researchers, who may be detached and distant from the data, qualitative researchers are typically involved and close to the data (Ghauri et al., 2020). For example, the researcher conducted semi-structured interviews with nonprofit officials to gain insight into their perspectives on revenue diversification and structured spending. Therefore, the role of the researcher in a qualitative study is to act as a research instrument for recording observations, interpreting and communicating findings, and reporting the results (Morgan, 2014). In other words, the qualitative researcher is part of the study and one of the most influential factors because the study starts and ends with the researcher. More importantly, the researcher's experience and knowledge can impact what the researcher observes and brings into the study and what the researcher can observe (Bloomberg & Volpe, 2019).

The researcher's positionality is critical because it can substantially influence the research process. Positionality refers to both the researcher's worldview and the position the researcher

has chosen to adopt within the study (Holmes, 2020). Researchers develop worldviews based on their discipline orientations, research communities, supervisors and mentors, and past research experiences (Creswell & Creswell, 2018). For example, a researcher's political view, religion, gender, race, geographical location, and social status shape the individual's beliefs and values. As a result, when the researcher brings personal values and beliefs into the study, they can significantly influence the study process and outcomes. In addition, the researcher's worldview may affect how the researcher uses the language, asks questions, analyzes the data, and reports the results (Mason-Bish, 2019). Therefore, qualitative researchers are encouraged to use bracketing to mitigate inherent bias.

Bracketing does not have a uniform definition, which is an advantage and disadvantage of this method (Tufford & Newman, 2012). The lack of a standard bracketing procedure allows researchers to approach this method differently. On the other hand, the lack of a clear definition increases the bracketing process complexity. For example, Partridge (2021) defined bracketing as "a method used in research to check the experience of the researchers" (p. 88). On the other hand, Vagle (2018) believed bracketing includes opening one's mind and changing one's perspective; hence, the researcher needs to practice over time and receive others' feedback and inputs. Generally, bracketing helps researchers reduce bias and personal views from the studies. Many researchers have practiced bracketing as a universal habit without identifying the practice (Weatherford & Maitra, 2019). As a result, many scholars believe that qualitative researchers should focus on approaching bracketing appropriately instead of figuring out how bracketing should be understood (Emiliussen et al., 2021).

Bracketing may be accomplished using three tools: writing memos, interviews with an outside source, and reflexive journals (Tufford & Newman, 2012). First, qualitative researchers

can write memos throughout the data collection and analysis process to reflect the researcher's engagement with the data (Cutcliffe, 2003). The memos help researchers discover their feelings and preconceptions regarding the research process. The second possible tool is interviewing a colleague or research associate not involved in the study (Tufford & Newman, 2012). The interviews with an outside source provide researcher support and increase the researcher's clarity and capacity to understand the studied problem. Finally, reflexivity is the most common tool used for bracketing. Reflexivity is the process that helps the researchers seek to recognize, analyze and understand how their positionality can impact the research process (Bloomberg & Volpe, 2019). Researchers need to start reflexive journaling before identifying the research question and throughout the research process (Holmes, 2020). The reflexive journal is a self-reflection and self-evaluation of the researcher's positionality (Mason-Bish, 2019).

In this qualitative study, the researcher's positionality was an outsider, and the researcher applied the reflexivity method for bracketing. Being an insider or outsider determines whether an individual is an actual insider or outsider of the particular culture being studied (Holmes, 2020). For example, this qualitative study aimed to explore the perspectives of nonprofit human service organizations in the Washington D.C. metropolitan area. Therefore, the researcher was an insider because she is a nonprofit human service organization member. However, the researcher would be an outsider if the researcher were not a nonprofit human service organization member. The researcher had extensive knowledge of nonprofit accounting and taxation. As a result, the researcher had some prior knowledge of the group being studied. The reflexive journal helped the researcher detach from the culture and remove bias from the research process. For example, the researcher started writing the reflexive journal before the research process to identify the research problem the researcher wanted to explore. Consequently, the researcher discovered that

only a few studies addressed the problem. Additionally, the researcher wrote the journal throughout the research process to reflect the researcher's perspective and experience and help the researcher focus on the research questions, problem, and purpose. The researcher recruited participants for semi-structured interviews. The researcher ensured no business or supervisory relationship between the researcher and the participants to avoid the perception of coercion or conflict of interest. Furthermore, throughout the data collection and analysis, the researcher acknowledged that the researcher needed to use nonprofit accounting and taxation knowledge to describe the meaning of findings and interpretations of financial data. Therefore, the researcher needed to practice bracketing effectively to self-reflect and self-evaluate the researcher's perspective to remove bias throughout the research process.

Research Methodology

The research design, research method, and triangulation methods helped guide the researcher through the research process. The research design was a plan that the researcher needed to determine what was observed and analyzed, why, and how (Babbie, 2020). The qualitative method helped the researcher explore others' perspectives (Creswell, 2016). Finally, the triangulation methods helped the researcher mitigate biases and increase the reliability and validity of the study.

Discussion of Flexible Design

Research design selection is a critical step for researchers because the research design is a plan for conducting the study (Bloomberg & Volpe, 2019). There are three significant research design concepts, including the works of Babbie (2020), O'Sullivan et al. (2017), and Creswell and Creswell (2018). These three approaches shared similarities and differences regarding the research design factors and process. First, the authors suggested that the researchers select the

design based on the purpose of the study, the availability of the resources to the researchers, and the researchers' abilities and skills (Babbie, 2020; Creswell & Creswell, 2018; O'Sullivan et al., 2017). In addition, Creswell and Creswell (2018) emphasized the influence of philosophical worldviews on selecting research design because the researchers' backgrounds and beliefs affect how they perform their studies.

Furthermore, Babbie (2020) explained that research design involves nine steps, from choosing the purpose of the research to analysis and application. On the other hand, O'Sullivan et al. (2017) believed that research design focuses on when and how to collect data and, more specifically, what data to collect. Conversely, instead of breaking down the research design into small steps, Creswell and Creswell (2018) introduced three essential components of a framework for research: philosophical worldviews, strategies of inquiry, and research methods. In this study, the research applied Creswell and Creswell's (2018) approach in selecting the research design because the process promoted the interconnection of philosophical worldviews, strategies of inquiry, and research methods.

Three different types of research designs include fixed designs, flexible designs, and mixed-methods designs or multi-strategy designs. A fixed design means there is no flexibility before the main stage of data collection occurs (Robson & McCartan, 2016). Fixed designs require researchers to specify the variables included in the study and the exact procedures to be followed in advance. More importantly, fixed designs seek to generalize results from research samples to larger populations, while flexible designs explain the transferability of findings to other similar contexts (Bloomberg & Volpe, 2019). An example of generalizability is that the researchers can apply the study results from a representative sample to a broader population or different types of situations (Smith, 2018). As a result, fixed designs are often used in

quantitative research. The researcher did not select a fixed design for this study for several reasons:

1. The fixed designs require the researcher to have a clear idea of the mechanism to be operated, know the outcomes, and analyze them.
2. Fixed designs do not allow the researcher to change or adjust the selected approach or research questions.
3. This study did not aim for generalization but rather focused on the specific impacts and challenges of utilizing revenue diversification and structured spending in the narrow context of mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area.
4. Since the researcher did not aim for generalizability, the fixed design was unsuitable for this study.

In addition, Robson and McCartan (2016) described flexible designs as "a work in progress; therefore, they can adapt as the research evolves" (p. 146). Unlike fixed designs, flexible designs allow the researcher to change or clarify research questions as the research progresses because it is impossible to know when the observations become analytic insights (Morgan, 2014). For this reason, many qualitative researchers use flexible designs for their studies. The researcher chose a flexible design for this study so that the researcher could adjust the study as necessary. Additionally, this study aimed to explore the perspectives of NPOs regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending, not testing and verifying a specific theory. The flexible design focuses on discovery and exploration; therefore, it was appropriate for this study.

Finally, the third type of research is a mixed-methods design. Mixed-methods designs mean using fixed and flexible design strategies in the same study (Robson & McCartan, 2016). The mixed-methods design helps deliver a complete picture of the research, and the convergence of quantitative and qualitative data improves the validity and reliability of findings (Creswell & Creswell, 2018). However, the mixed-methods design has yet to establish traditions like fixed designs or flexible designs; therefore, researchers may face challenges in convincing others of the appropriateness of choosing a mix-method design (Morgan, 2014). Additionally, mixed-methods designs are complex; therefore, the researchers need extensive knowledge of flexible and fixed designs. Moreover, mixed-methods designs can be time-consuming because the researchers must perform quantitative and qualitative methods. Thus, the researcher eliminated mixed-methods designs for this study because of the complexities of the mixed-methods designs.

Discussion of Qualitative Method

This study was conducted using a qualitative flexible design; specifically, a multiple case study design. In business studies, researchers need to decide the scope and characteristics of the study unit, criteria such as the size, revenue, and specific industrial sector, and, more importantly, the researchers need to choose the type of data collection and analysis method (Ghauri et al., 2020). There are three major research methods for data collection and analysis: qualitative, quantitative, and mixed methods (Abutabenjeh & Jaradat, 2018). Quantitative methods are sometimes perceived as being more structured and scientific than qualitative methods (Ghauri et al., 2020). However, both quantitative and qualitative methods have their strengths and weaknesses; hence, researchers should choose the appropriate research methods that best fit their research problems and purposes (Bloomberg & Volpe, 2019). More

importantly, researchers should not modify their research problems to fit the research approaches but rather choose the best approach suited for the research problems.

Qualitative researchers typically adopt an insider view and are close to the data, while quantitative researchers often adopt an outsider view and are distant from the data (Morgan, 2014). Qualitative methods tend to emphasize meanings and interpretation; however, quantitative methods often emphasize things that can be measured (Ghauri et al., 2020). Also, in qualitative research, research questions are developed in an open-ended way so that investigators can explore and identify relevant factors (Creswell & Poth, 2018). On the other hand, quantitative methods usually identify variables, make predictions, and find evidence to support or reject hypotheses (Bloomberg & Volpe, 2019). Moreover, qualitative methods are oriented to discovery and exploration, while quantitative methods are oriented to cause and effect (Morgan, 2014). This study explored the perspectives of NHSOs regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending; the researcher did not seek evidence to support or reject hypotheses. Therefore, a qualitative approach was appropriate for this study.

More importantly, in qualitative research, the fundamental belief is that there are many different views of reality, depending on one's perspective (Dodgson, 2017). Bloomberg and Volpe (2019) suggested that the qualitative research method is "suited to promoting a deep understanding of social setting or activity as viewed from the research participants' perspective" (p. 38). Therefore, the qualitative method was an appropriate approach for this study because the researcher wanted to gather rich data on the perspectives and experiences of nonprofits regarding utilizing financial structures and organizational viability in NHSOs. The results from quantitative research do not depend on beliefs (Morgan, 2014). The number of observations in a study can be

low, which allows the researcher to analyze those observations in-depth (Ghauri et al., 2020). Quantitative methods cannot deliver detailed descriptions for each observation because of the numerous observations. As a result, the quantitative research method was unsuitable for this research problem and purpose.

Moreover, the researcher also rejected a mixed-methods approach for this study because of the quantitative portion of this method. First, the mixed-methods approach combines the strengths of quantitative and qualitative methodologies, such as open-ended interviews, participant observations, surveys, and experimental interventions (Morgan, 2014). The benefit of the mixed-methods approach is that the results from one method can help inform the findings of the other. Secondly, the scope of convergence of the findings may raise questions or contradictions that require additional clarification (Bloomberg & Volpe, 2019). However, the mixed-methods approach requires the researcher to have extensive knowledge of quantitative and qualitative methods to identify the appropriate strengths that correspond to the purposes of the study (Morgan, 2014). Furthermore, in addition to qualitative analysis, the mixed-method approach includes quantitative analysis, which involves the researcher reporting the relationships among variables in a closed way (Creswell & Creswell, 2018). As a result, the analysis of NHSO perspectives regarding revenue diversification, structured spending, and financial sustainability would not enhance the mixed method.

There are different qualitative methods to collect and analyze data: narrative, phenomenology, grounded theory, ethnography, and case study, including single case study and multiple case study (Creswell & Creswell, 2018). For this research, the researcher chose a multiple case study design because the evidence from a multiple case study design was more aligned with the purpose of this study. The case study design is an in-depth exploration of

multiple cases of a social phenomenon or multiple phenomena (Bloomberg & Volpe, 2019; Yin, 2018). In business studies, the case study method is practical when the researcher cannot study the research problem outside its natural setting and variables cannot quantify (Ghauri et al., 2020). Quantifying the variables in this qualitative study is challenging because the researcher needs to consider numerous variables, making the survey and experimental methods unsuitable. Additionally, multiple case study allows the researcher to analyze within and across the cases to unveil the patterns, themes, and concepts to understand the meaning of the findings (Yin, 2018).

There are six major resources to collect data: documentation, archival records, interviews, direct observation, participant observation, and physical artifacts (Bloomberg & Volpe, 2019; Ridder, 2017; Yin, 2018). In this qualitative study, the researcher performed semi-structured interviews with nonprofit officials of NHSOs to explore their perspectives on financial strategies and economic sustainability. The information collected from semi-structured interviews helped the researcher discover the barriers, challenges, and strategies NHSOs have encountered to secure organizational viability. In addition, the researcher analyzed the governing documents to gain insight into the overall revenue and cost structures of the NHSOs. Governing documents such as Form 990 annual tax returns show how the strategies are formalized and communicated in writing.

In addition, the case study research design includes a single case study and multiple case study. In the single case study design, the researcher identifies an issue, observes it, and focuses on the individual case in the problem (Harrison et al., 2017). The same approach applies to multiple case studies, but the researcher focuses on several cases. Before implementing the case study research design, the researchers must identify the appropriate method (Ghauri et al., 2020). The researcher chose multiple case study design to show different perspectives on the problem

being studied (Harrison et al., 2017). Although the number of case studies was low compared to the numerous observations in quantitative methods, the researcher provided an in-depth exploration from multiple perspectives on the role of revenue diversification and structured spending in NHSOs. Additionally, the multiple case approach involves much replication because the researcher must replicate all the procedures in all the cases. The replication logic for multiple case studies helped the researcher analyze how NHSOs use financial strategies. Yin (2018) explained that the design of multiple case studies follows an analogous logic, which allows the researcher to discover the similarities and differences among cases.

Furthermore, the researcher did not select narrative, phenomenology, grounded theory, and ethnography because they were inappropriate for the research problem and its purpose. Narrative research focuses on exploring an individual's life and sharing the individual's stories and experiences (Creswell & Poth, 2018). The researcher rejected this research design because this study focused on the experiences of NHSOs with financial structures rather than the life experiences of their nonprofit officials. Secondly, a phenomenological study aims to investigate and understand commonalities in lived human experiences (Bloomberg & Volpe, 2019). Again, the researcher rejected the research design because the researcher did not seek the commonality nonprofits share in the human service sector. Instead, the researcher explored the different experiences NHSOs have with revenue diversification and structured spending. Thirdly, the grounded theory study seeks to generate a theory associated with a specific situation (Robson & McCartan, 2016). As a result, the researcher rejected the grounded theory research design because the researcher did not seek to form a theory to explain NHSOs utilizing diverse revenue portfolios and spending policies. Finally, an ethnographic research study attempts to describe and interpret a culture-sharing group (Creswell & Poth, 2018). Therefore, the researcher rejected this

research design because the researcher did not seek to explore the patterns of culture that a group of people shares.

Discussion of Methods for Triangulation

Qualitative research and its value have contributed substantially to academic research. Qualitative research addresses the questions of what, how, and why, so scholars can gain a deeper understanding of social settings or activities from participants' perspectives (Bloomberg & Volpe, 2019). However, qualitative researchers face challenges in getting their works published and recognized because their research methods do not provide significant details, and their studies do not offer enough credibility to convince reviewers and publishers (Lemon & Hayes, 2020). As a result, many qualitative researchers have applied the triangulation concept to mitigate their biases and ideologies that may influence the study results. Triangulation is a research method that uses multiple data-gathering techniques to better understand the phenomena being studied (Bloomberg & Volpe, 2019; Fusch et al., 2018; Renz et al., 2018). In addition, triangulation provides corroboration for initial findings and extended knowledge about the problem being studied (Natow, 2020). Thus, triangulation can help decrease the researcher's bias and increase the validity and reliability of the study (Denzin & Lincoln, 2017).

There are four types of triangulations: data triangulation, investigator triangulation, theory triangulation, and methodological triangulation (Bloomberg & Volpe, 2019; Denzin, 1978; Fusch et al., 2018; Renz et al., 2018). First, data triangulation includes three data points, people, time, and space, representing different data of the same event (Denzin, 2009; Fusch et al., 2018). Yin (2018) emphasized that the multiple data sources of the study should corroborate the same findings to have a convergence of evidence. Additionally, the researchers collect primary and secondary data sources over a period of time to enhance the analysis (Aarikka-

Stenroos et al., 2017; Farquhar et al., 2020). Data triangulation requires the researcher to interview nonprofit officials in different geographic regions or conduct the interviews at different periods in time (Natow, 2020). However, this qualitative study focused on nonprofit human service organizations in the Washington D.C. metropolitan area; hence, the researcher could not interview nonprofit officials in other metropolitan areas. Moreover, due to time constraints, the researcher could not conduct interviews with the same nonprofit officials at different periods of time.

Second, investigator triangulation is when two or more researchers collect and analyze data to explore the phenomenon (Farquhar et al., 2020). Different interpretations of investigators from examining the same data help eliminate bias. Investigator triangulation did not apply to this study because this dissertation was done alone with one research; therefore, the researcher rejected this approach (Bloomberg & Volpe, 2019). Third, theory triangulation is when the researcher applies two or more theories to interpret findings to facilitate a new theory or theory extension (Farquhar et al., 2020). This approach did not help the researcher gather information most appropriately and meaningfully because the researcher did not aim to view data through alternative or contradictory theories (Fusch et al., 2018).

Finally, methodological triangulation can be within or between methods (Denzin, 1978; Flick, 2018). Within-method triangulation is when the researcher uses multiple data collection methods in a qualitative case study. Between-method triangulation is when the researcher uses data from qualitative and quantitative techniques. In this qualitative study, the researcher used methodological triangulation by using multiple data collection techniques to enhance the reliability, validity, and depth of the collected data. There is a misconception when it comes to utilizing multiple data collection methods. Some researchers may assume they need to use one

method to collect data and another to analyze the collected data (Flick, 2018). However, within-method triangulation means using multiple qualitative data collection techniques to gather information, such as interviews and documents (Natow, 2020). Therefore, the researcher used semi-structured interviews and document review as two qualitative data collection methods.

Semi-structured Interview

The interview has become one of the primary data collection techniques in qualitative research because it helps gather rich and thick descriptions (Bloomberg & Volpe, 2019). There are three types of interviews: structured, semi-structured, and unstructured. First, an interview is the most common qualitative data collection technique (Yin, 2018). The unstructured interview imposes minimal restraints on the questions and is more conversation-like between the interviewer and the interviewee (Chauhan, 2019). As a result, the interviewer can gain a deep understanding of the interviewee's perspective. Additionally, a recent study pointed out that the unstructured interview is not truly unstructured, and the designs vary from highly structured to highly unstructured (Bihu, 2020). However, the unstructured interview requires the interviewer to be highly skilled and cautious because the interviewer needs to fully understand the research problem and its goals (Ghauri et al., 2020). Moreover, the interviewer's background may influence the interpretations of the unstructured interview.

On the other hand, a structured interview involves standardizing the interview process by generating pre-designed questionnaires and developing a uniform scoring procedure for all interviewees (Zhang et al., 2018). The advantage of the structured interview is the interviewer's consistent behavior (Ghauri et al., 2020). As a result, the structured interview has high predictive validity and consistency but low flexibility because the interview emphasizes fixed response

categories and systematic sampling. Therefore, structured interviews fit easily into fixed design studies instead of flexible design studies (Robson & McCartan, 2016).

Finally, a semi-structured interview includes questions that are somewhat structured to focus on exploring a specific topic, but participants still have the freedom to express their views (Dadzie et al., 2018). Like the unstructured interview, the semi-structured interview also utilizes open-ended questions to explore the interviewee's position without constrained answers (Ghauri et al., 2020). The semi-structured interview best fits flexible design studies (Robson & McCartan, 2016). Therefore, the researcher applied the semi-structured interview method to collect information from participants for this qualitative study because of its benefits. The semi-structured interview allowed the researcher control over the line of questions to ensure that the answers addressed the research questions (Creswell, 2016). The researcher examined each interview question for clarity, simplicity, answerability, and comfortability (Bihu, 2020). Secondly, the researcher used open-ended questions to explore how NHSO officials view and use revenue diversification and structured spending to secure financial sustainability in an unbiased friendly manner to satisfy the needs of the researcher's line of inquiry (Yin, 2018). During the interview, the role of the researcher was a learner, not just the expert on nonprofit financial management, gaining insight into the participants' perspectives on financial strategies. Also, the researcher asked follow-up questions to clarify the participants' responses and gain more insights into the topics being discussed.

Furthermore, the researcher conducted the interviews via Zoom videoconferencing following a semi-structured interview guide (see Appendix E) for collecting and recording data. Then the researcher used Otter, a secure online application, to transcribe the audio interview recordings into word documents. Next, the researcher reviewed and edited the audio transcript

from Otter to ensure the transcript's accuracy. The researcher only recorded the interviews with the permission of the participants. If a participant did not permit video recording, the researcher took notes during the interview using the field notes template (see Appendix F). The researcher reviewed and updated the field notes right after the interview to capture all critical information from the participant. More importantly, the researcher sent the transcripts or the notes to the participants for review and correction to ensure the transcripts or the notes reflect the participants' perspectives appropriately.

Document Review

The researcher also used document review as another vital data source for qualitative research, especially in case study design. The benefits of documents were to verify the information from other data collection methods and provide substantial details of data collected from other methods (Yin, 2018). Additionally, documents could include internal written records of the organizations and archival records (Bloomberg & Volpe, 2019; Yin, 2018). For example, financial records and Form 990 annual tax returns of NPOs are available publicly on the IRS database and reliable public sources such as Guidestar, Charity Navigator, and ProPublica; thus, the researcher downloaded information from these sources for data analysis. More importantly, the researcher used the organizational financial details of the interviewees to verify and compare the information collected from the interviews to explore the role of revenue diversification and structured spending in organizations. The researcher also reviewed organizational records from the case studies to thoroughly examine the problem being studied. Using collected data from the semi-structured interviews and document review helped the researcher mitigate biases and increase the reliability and validity of the study.

Summary of Research Methodology

Qualitative research allows the researcher to be a research instrument of the study to explore others' perspectives. The flexible design lets the researcher change or clarify research questions as the research progresses because it is difficult to know when the observations become analytic insights (Morgan, 2014). In addition, applying the qualitative method helped the researcher gather rich data on the perspectives and experiences of nonprofits regarding utilizing financial structures and organizational viability in NISOs. The researcher chose multiple case study design to show different perspectives on the problem being studied (Harrison et al., 2017). Furthermore, the researcher used within-method triangulation, and the two data collection techniques were semi-structured interviews and document review. Utilizing methods for triangulation helped the researcher mitigate biases and increase the reliability and validity of the study.

Participants

Participants are vital to qualitative research because they help shed light on the problem being studied (Creswell & Poth, 2018). This qualitative study aimed to explore the perspectives of NPOs regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area. The participants do not have to be the most important individuals in the organizations; instead, the participants should be the right persons from the organizations (Ghauri et al., 2020). For example, board directors of a nonprofit organization often have voting rights and make governance decisions regarding the organizational structure, culture, and visions (Internal Revenue Service, 2022b). However, the top financial and management officials, such as the treasurer, chief financial officer, executive director, and chief

executive officer, are the individuals who have the ultimate responsibility for managing the organization's finances and operations (Internal Revenue Service, 2022b). Nonprofit officials are the ones who carry out the management and financial decisions and oversee the operational activities of the organizations. More importantly, nonprofit officials choose the financial practices that best fit the mission's organizational structures. Therefore, the study participants were individuals who must be 25 or older with at least five years of experience in nonprofit management. The study participants currently worked in nonprofit financial or managerial positions and had at least one year of service with midsized nonprofit human service organizations in the Washington D.C. metropolitan area.

In addition, the participants' years of experience in nonprofit management and their ages played critical parts in the selection criteria. The participants needed to be 25 or older and work in a nonprofit environment for a few years to demonstrate knowledge of nonprofit management. Moreover, participants with different years of experience in nonprofit management may perceive the role of financial strategies and economic sustainability differently; hence, the researcher aimed to explore different viewpoints of NPOs concerning financial practices and organizational viability. The researcher set the minimum years of experience as five because five years was a reasonable time for individuals to be exposed to nonprofit management and different financial situations. Furthermore, the researcher asked the participants about their years of experience in nonprofit management, years with the current organizations, and years in their current positions as part of the opening questions in the semi-structured interviews. The collected information from opening questions served as a potential indicator of the nonprofit's future actions based on the experience of the financial or management official at the time. This study focused on midsized nonprofit human service organizations with total assets from \$500,000 to \$10,000,000.

NPOs within the range of asset sizes of \$500,000 to \$10,000,000 must file the long Form 990 annually, which provided the researcher with a complete picture of their financial performance and practices. Many NPOs within the study area's size and scope are in the growth stage of the nonprofit lifecycle; their governance and financial structures are more organized than the small NPOs but not as sophisticated as large and well-established entities. Furthermore, roughly 48% of charitable organizations fall into the range of asset sizes of \$500,000 to \$10,000,000 (Statistics of Income, 2022). Therefore, midsized NHSOs with total assets from \$500,000 to \$10,000,000 were the focus population of this qualitative study.

Finally, participants' demographics are often part of qualitative data collection criteria (Creswell, 2016). In this qualitative study, demographic characteristics such as gender, race, ethnicity, and family status were not factors to be considered for participant selection criteria. The four demographic characteristics critical to this study were age, years of experience, occupation, and geographical location. The participants needed to be 25 or older with at least five years of experience in nonprofit management. They currently worked in nonprofit financial or managerial positions and had at least one year of service with midsized NHSOs within the Washington D.C. metropolitan area.

Furthermore, research questions for the qualitative multiple case study were designed to explore the nonprofit perspectives on revenue diversification and structured spending in midsized NHSOs in the Washington D.C. metropolitan area. As a result, interviewing participants who worked in nonprofit management in midsized NHSOs in the Washington D.C. region helped address the research questions and accomplish the purpose of the study. The researcher conducted semi-structured interviews with the participants, using open-ended

questions, and performed a document review of participants' financial reports to gain insight into nonprofit revenue structure and spending behaviors.

Population and Sampling

The researcher discussed the critical role of population and sample size in this qualitative study. In any research, the researcher's goal is not limited to the selected samples; instead, the researcher aims to apply the study's findings to a larger population or a similar population with similar settings. Therefore, the researcher explained why the chosen population was appropriate and important for the body of knowledge and the nonprofit sector. In addition, the researcher discussed the sampling method and strategies and their significant contributions to the data collection and analysis. Finally, the researcher described how the researcher chose the sample size to reach saturation.

Discussion of Population

In any data collection method, it is vital to decide the target population for this study because it needs to include the organizations, individuals, or elements that will be represented in the study (Ghauri et al., 2020). The researchers also need to consider several factors that may impact the population selection, including the accessibility and time available for the study. In quantitative research, the researchers' goal often is to apply the understanding of the well-defined samples to larger groups and a broader range of settings because quantitative research focuses on generalizability (Morgan, 2014). A quantitative researcher uses a survey design to test and verify whether there is a correlation between the lack of financial assistance and college dropouts in four-year universities in Maryland. Then, the quantitative researcher tries to apply the findings from the selected samples to college dropouts in the United States. Quantitative research attempts to form general and broad statements from selected samples (Carminati, 2018).

However, it is not feasible to generalize the findings from qualitative research, which requires in-depth exploration from different perspectives on social phenomena (Yin, 2018). Qualitative research analyzes data collected from interviews, participant observations, archival data, and document reviews to understand the themes, patterns, and issues. Thematic analysis is for purposes of the rich and thick description of the case to understand its complexity instead of statistically generalizing beyond the case (Bloomberg & Volpe, 2019). As a result, qualitative research faces challenges of applicability of the findings from the specific contexts. Lincoln and Guba (1986) came up with a set of criteria that parallel the criteria of the conventional paradigm, which consist of internal validity, external validity, reliability, and objectivity (Flick, 2007). The parallel criteria of trustworthiness include credibility, dependability, confirmability, and transferability, which correspond to generalizability (Lincoln & Guba, 1986). Unlike generalizability which refers to the extent to which a sample statistic applies to the larger population and its different settings, transferability does not presume the global effect exists in the first place (De Leeuw et al., 2022). In a qualitative case study research, transferability refers to "how and in what ways understanding and knowledge can be applied in other similar contexts, settings, and conditions" (Bloomberg & Volpe, 2019, p. 51).

Therefore, in this qualitative multiple case study, the population referred to contexts where the findings may be transferable. The population of this study comprised midsized nonprofit human service organizations in metropolitan areas in the United States. The human service sector is considered the heart of the nonprofit sector for its substantial direct contributions to enhancing life quality and transforming neighborhoods. The human service sector accounts for one-third of all public charities (NCCS Project Team, 2020). Additionally, NHSOs employed an estimated 3.2 million people, representing over two percent of the national

workforce (Human Services Joining Forces, 2018). Secondly, NHSOs included in the population were midsized, with total assets from \$500,000 to \$10,000,000. The researcher chose the range of asset sizes from \$500,000 to \$10,000,000 because nonprofits with this range must file the long Form 990 annually, which provided the researcher with a complete picture of their financial performance and practices. More importantly, approximately 48% of nonprofits fall into the selected asset size range (Statistics of Income, 2022). Therefore, the researcher attempted to analyze the findings from nonprofit perspectives on utilizing revenue diversification and structured spending in midsized NHSOs in the Washington D.C. metropolitan area to generate themes, patterns, or issues that can be applied to other midsized NHSOs in other metropolitan areas in the country. The researcher planned to address the issue of transferability by providing thick and rich descriptions to develop a detailed understanding of holistic systems with potential applications in similar contexts and settings (Bloomberg & Volpe, 2019).

Discussion of Sampling

Sampling is a critical, complex, and challenging part of any research. Quantitative research often aims for larger samples selected randomly to generalize confidently from the samples to the broader populations (Patton, 2015). On the other hand, qualitative research, especially multiple case study design, aims for in-depth exploration from multiple perspectives on the thickness and complexity of the problem being studied (Bloomberg & Volpe, 2019). As a result, qualitative research often focuses on a few purposely and carefully chosen cases to understand them in-depth (Morgan, 2014). In addition, qualitative researchers must focus on two primary principles in selecting a sampling method, appropriateness and adequacy (Luciani et al., 2019). The researcher must decide the number and choice of cases to be studied based on the research purpose and research questions to ensure adequacy (Ghauri et al., 2020). Secondly,

many scholars advise that qualitative research uses purposeful sampling to achieve appropriateness (Creswell & Poth, 2018).

Sampling Method

Patton (2015) defined purposeful sampling as selecting information-rich cases that can help inform the researcher about the central importance of the study. Therefore, in this qualitative multiple case study, the researcher used purposeful sampling to select cases that provide thick and rich data to address the research questions and inform the research problem. In addition, the purposeful sampling concept has some commonly used sampling strategies, such as critical cases, convenience cases, criterion cases, and snowball case selection (Creswell & Poth, 2018). For example, a critical case helps the researcher gain insight into specific information about a problem. In contrast, convenience cases allow the researcher access to participants and collect data easily but reduce credibility. Finally, the snowball case strategy in which the researcher seeks out potential participants by recommendations from other participants, and criterion cases are the ones that meet the pre-decided criteria (Bloomberg & Volpe, 2019).

In this qualitative study, the researcher used criterion and snowball case strategies to purposefully select information-rich cases. First, the researcher worked with the National Organization for Human Services (NOHS) to distribute recruitment letters. NOHS is a nonprofit representing human service practitioners, educators, students, and future human service professionals. It supports all human service professionals who assist individuals and communities in functioning effectively (National Organization for Human Services, 2023). Most members of NOHS are nonprofit human service organizations in the United States. The researcher was a student member of NOHS; however, the researcher was not associated with any members or had a business relationship with any organization members that might raise a

conflict of interest. Upon approval from Liberty University's Institutional Review Board (IRB), once the NOHS approved the research study application, the organization distributed the recruitment letter and consent form via email to its members. The recruitment letter (see Appendix A) included participant criteria, a brief description of research procedures, and how to participate. Participants, 25 years of age or older with at least five years of experience in nonprofit management, currently worked in nonprofit financial or managerial positions, and had at least one year of service with mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area. These individuals were eligible to participate in this research. Additionally, the consent form (see Appendix B) explained more about the research and its procedures, such as the research procedures, direct and indirect benefits from the study, and the protection of personal information. Furthermore, the researcher also posted a recruitment flyer (see Appendix C) on NOHS's Facebook page and other Facebook groups for nonprofits to recruit participants for the study. The researcher turned off the comment sections of the posts to ensure the confidentiality of potential participants. Finally, many NHSOs were in the Washington D.C. metropolitan region; hence, the researcher asked participants to refer other NHSO officials who had nonprofit management experience within the same region.

In addition to semi-structured interviews, the researcher conducted a document review to enhance data quality. Document review was a major data collection technique because the researcher gained insight into the organization's financial position and compared the information from semi-structured interviews and the data presented on the financial statements. Form 990 annual tax returns were the primary documents to collect data because the tax returns contain the organization's financial information, policies, and programmatic activities. First, the researcher examined the financial situations of the chosen NHSOs for the past five years by analyzing

financial information from Form 990 tax returns. The researcher retrieved Form 990 tax returns from the IRS website because they are public documents. Secondly, the researcher reviewed organizational procedures, policies, and program descriptions of the chosen NHSOs to explore how the organizations generate revenues and utilize resources to carry out their missions.

Document review provided the researcher with rich and thick data to understand the impacts and challenges of implementing financial strategies to avoid economic unsustainability in the human service sector.

Sample Size

Like the sampling method, the research problem, its purpose, and the type of qualitative design determine the sample size (Creswell, 2016). Yin (2018) suggested that conducting multiple case studies is like doing multiple experiments, not multiple respondents in a survey. In other words, a qualitative multiple case study follows replication logic, not sampling logic like quantitative research. For example, quantitative researchers presume that the findings from the samples surveyed reflect the whole population and different settings. However, qualitative researchers use replication logic to explore and develop a theory that may be applicable in similar settings. The selected case studies may attempt to replicate an initial experiment, build upon or seek to complement the first experiment (Robson & McCartan, 2016). Therefore, qualitative researchers must carefully select case studies that predict similar or contrasting results to strengthen the original finding.

Furthermore, the number of cases in a qualitative multiple case study depends on the certainty the researcher aims to have about the study findings (Yin, 2018). For example, the researcher can choose two to three cases for replication if the problem being studied is straightforward. On the other hand, the researcher can choose six cases or more if the researcher

desires a high level of certainty (Yin, 2018). Over the past few decades, many researchers have used data saturation to estimate and assess qualitative sample sizes (Guest et al., 2020). The concept of data saturation refers to information redundancy, which is the point the researcher does not collect any new information, themes, or codes from the collected data (Braun & Clarke, 2021). However, it is not practical for the researcher to keep conducting interviews until the researcher reaches saturation. Fortunately, some scholars have examined the qualitative sample sizes that reach thematic saturation, using a base size of four interviews, run length, and new information threshold. They observed that the researcher might reach saturation after six interviews (Guest et al., 2020). They also found that the longer the interview runs, the more interviews the researcher needs to conduct to reach saturation. In addition, some researchers suggested that selecting four or five cases in a study is sufficient to help researchers discover the themes of the cases and perform cross-case theme analysis (Creswell & Poth, 2018).

In this qualitative multiple case study, the researcher had a sample size of eight cases for some valid reasons. First of all, many qualitative scholars emphasize that conducting five to six cases in a study produces critical information for thematic analysis, and the researcher does not gain new information after six cases (Guest et al., 2020). Additionally, Creswell and Poth (2018) expressed that they would not recommend conducting more than four or five case studies in a single case study research. As a result, a sample size of six cases can be an appropriate choice for a multiply case study. However, the human service sector is a substantial group of the nonprofit segment; hence, the researcher chose eight cases to allow the recognition of new information. The researcher believed that the sample size of eight cases helped provide rich and thick information regarding nonprofit financial strategies and economic sustainability. The chosen sample size helped the researcher reach saturation.

Saturation

Furthermore, the researcher sought to achieve thematic saturation to maintain and enhance the reliability and validity of the study. First, thematic saturation is when further observations and analysis do not reveal new themes (Lowe et al., 2018). The concept of data saturation is not a one-size-fits-all because it depends on the purpose of the study, the research questions, and what the researcher wants to achieve. More importantly, the researcher should not assume that one has reached data saturation because one has exhausted the resources (Fusch & Ness, 2015). For this qualitative multiple case study, data saturation was more about the depth and richness of the data collected than the number of case studies. Therefore, the researcher developed and structured the open-ended interview questions so that the researcher asked all participants the same questions to achieve data saturation. If the researcher asked different participants different interview questions, the researcher would not be able to achieve data saturation. Semi-structured interviews allowed the researcher to include somewhat structured questions to focus on exploring nonprofit financial strategies, but participants were still free to express their views (Dadzie et al., 2018). Moreover, the researcher selected nonprofit organizations with different financial situations, missions, and years of operation to ensure that the researcher could collect various information to enhance data saturation. Finally, the researcher chose a sample size of eight cases, slightly more cases than the recommended number of many scholars, to allow the recognition of any new information.

Summary of Population and Sampling

Yin (2018) emphasized that conducting a qualitative multiple case study requires extensive resources and time; hence, the researcher must perform the research carefully. Indeed, the researcher used purposeful sampling to select cases that provide thick and rich data to

address the research questions and achieve the research purpose, using the criterion case and snowball case strategies. The chosen sampling strategies allowed the researcher to recruit participants with criteria that align with the research goals. In addition, the researcher conducted semi-structured interviews and document reviews to gather information for thematic analysis. Furthermore, the researcher chose a sample size of eight cases to recognize new information and reach data saturation. The population of this study comprised mid-sized nonprofit human service organizations in metropolitan areas in the United States. The researcher's goal was to generate themes from the findings of this study that could be applied to other mid-sized NISOs in other metropolitan areas in the country.

Data Collection & Organization

Data collection and organization were the last two critical steps of the data collection circle. First, the researcher needed to decide how the researcher would collect, store, organize, and manage the data effectively and securely. The data collection plan included methods and instruments to help the researcher gather rich and deep data to address the research questions and accomplish the research purpose. Additionally, the researcher needed to have a solid data organization plan to protect the personal information of participants and store all collected data and files efficiently and securely.

Data Collection Plan

One of the advantages of data collection in qualitative research is that it is unstructured and flexible; hence, researchers can apply different data collection methods to gather rich and deep data for their studies (Moser & Korstjens, 2018). Qualitative scholars have classified forms of data into four basic categories: interviews, observation, documents, and audiovisual materials (Creswell & Poth, 2018). Technological advancement also offers qualitative researchers the

flexibility of remote data collection, such as internet-based data collection using videoconferencing applications for online interviews and surveys (Lobe et al., 2020). However, since qualitative data collection is unstructured and flexible, the researchers must select appropriate methods to align with the research questions. In this qualitative multiple case study, the researcher collected rich and thick data utilizing semi-structured interviews and documents.

Semi-structured Interviews

The interview is central to collecting rich and deep data in this qualitative multiple case study. It helped the researcher understand how nonprofit organizations utilize revenue diversification and structured spending to avoid economic unsustainability. Historically, interviews in qualitative studies were face-to-face in a physical location; however, many researchers started conducting interviews virtually using technologies such as web-based, email, and chat room platforms (Fritz & Vandermause, 2018). In this qualitative study, the researcher conducted semi-structured one-on-one interviews utilizing the Zoom videoconferencing application.

The researcher chose to interview participants via a web-based platform for valid reasons. First, using a web-based platform for online interviews gave the researcher and the participants the flexibility to schedule the interviews. Participants of the qualitative study were individuals who worked in nonprofit financial or managerial positions for midsized NHSOs; hence, they often had busy work schedules with back-to-back meetings and conferences. As a result, in-person interviews were not convenient for the participants' work schedules. In addition, the Washington D.C. metropolitan area was recovering from the COVID-19 pandemic; the participants felt more comfortable and safer having online interviews instead of the traditional face-to-face interaction method. Moreover, online interviewing created a comfortable

environment for participants to encourage them to share their perspectives regarding using financial strategies in NHSOs and economic sustainability (Creswell & Poth, 2018). Finally, the web-based platform allowed the researcher to efficiently and effectively record and transcript the interviews if the participants permitted. If a participant did not give permission for audio recording, the web-based platform still could help the researcher carry out the online interview professionally by making eye contact with the participant and typing notes during the interview.

On behalf of the researcher, the National Organization for Human Services distributed the recruitment letter (see Appendix A) and informed consent form (see Appendix B) to all its members, including NHSOs and human service professionals. The researcher also posted the recruitment flyer (see Appendix C) on her personal Facebook account and Facebook pages dedicated to nonprofit organizations with the permission of the page administrators. The researcher turned off the comment sections of the posts to ensure the confidentiality of potential participants. When a prospective participant contacted the researcher, the researcher requested the participant to complete a pre-interview questionnaire (see Appendix D) to ensure that the individual met the participant selection criteria. The eligible participants for this study were 25 years or older with at least five years of experience in nonprofit management, currently working in nonprofit financial or managerial positions, and having at least one year of service with midsized NHSOs in the Washington D.C. metropolitan area. This study focused on midsized nonprofits with total assets from \$500,000 to \$10,000,000.

Twelve individuals volunteered for the research study. However, three of these individuals did not meet the selection criteria because their organizations' assets did not fall within the \$500,000 and \$10,000,000. In addition, two more qualified participants did not respond to the researcher's interview scheduling request via email. As a result, the researcher

reposted the recruitment flyer (see Appendix C) on the same Facebook pages and extended the recruitment period to have an additional eligible participant to meet the sample size to reach data saturation.

Once the researcher identified a purposeful sample for the qualitative study, the researcher emailed the participants informed consent forms (see Appendix B) for review and signature. The researcher also explained the interview process and how the participants' personal information and responses would be confidential and protected in the email. The researcher also sent the participants the links to the scheduled interviews three business days in advance so that the participants had time to set up and test the Zoom application. Zoom allows the participants to log in to online meetings using different devices such as laptops, desktops, tablets, and mobile phones without a Zoom account (Lobe et al., 2020). Furthermore, the researcher communicated with the participants a day before the scheduled interviews to ensure that the participants knew how to log in to Zoom meetings and set up the microphone. Finally, Zoom videoconferencing allows the researcher to set a password to control the entrance to a Zoom meeting. Only the researcher and participant of the specific interview can enter the Zoom meeting (Lobe et al., 2020).

Next, the researcher collected signed informed consent forms on the interview dates and then conducted interviews following the semi-structured interview guide (see Appendix E) and using a field note template (see Appendix F). Semi-structured in-depth interviews allowed the researcher to have a list of topics that the researcher wanted to discuss, get responses from participants, and have the flexibility to follow up with probes and questions to gain insights into the topics (Robson & McCartan, 2016).

At the beginning of the online interviews, the researcher asked opening questions as icebreakers to create a comfortable environment for the participants. The opening questions helped the researcher collect essential information about the participants, such as years of experience in nonprofit management, current organizations, current positions, and years in the current positions. The collected information from icebreakers served as a potential indicator of a nonprofit's future actions based on the experience of financial or management officials at the time. During the online interviews, the researcher asked participants open-ended questions, which served as sub questions to address the primary research questions of the study (Creswell & Poth, 2018). In addition, the researcher picked commonly used words to phrase the questions instead of technical language so that the participants could fully understand them. The researcher also actively listened using body language such as eye contact, nods, and smiles to encourage the participants to share their perspectives comfortably.

Many scholars pointed out that follow-up questions are as vital as core questions in semi-structured interviews because the follow-up questions help encourage participants to discuss further to give the researcher more details about the interview topics (DeJonckheere & Vaughn, 2019). Therefore, the researcher used follow-up questions included in the semi-structured interview guide and unplanned follow-up questions which arose during the interviews. One of the primary goals of a semi-structured interview was to encourage the participants to share their experiences and perspectives on the interview topics (DeJonckheere & Vaughn, 2019). The researcher aimed to identify the barriers, challenges, and how to effectively implement revenue diversification and structured spending to avoid economic unsustainability in the human service sector. The researcher also recorded the interviews with the participants' permission, using Zoom

recording during interviews with the consent of the participants. The researcher took field notes of the observations and key points (see Appendix F).

After the interviews, the researcher performed member checking to maintain the validity and credibility of the collected data. Member checking is a procedure that allows the participants to confirm or deny the correction of the transcripts (Candela, 2019). Member checking adds trustworthiness to the collected data and the qualitative study, and the process also helps build trust and confidence in the participants. The researcher used Otter, a secure online application, to transcribe the audio interview recordings into word documents. Next, the researcher reviewed the transcripts and sent them to participants for review and comment. Once the participants approved the transcripts, the researcher uploaded the transcripts to NVivo for data analysis.

The follow-up interview allows the researcher and participant to reflect on what was discussed in the first interview and gain new insights (Holter et al., 2019). Although the follow-up interviews might help the researcher enhance the validity, the researcher did not conduct follow-up interviews. The participants of this qualitative study were nonprofit officials; hence, they often had hectic work schedules. Consequently, follow-up interviews were likely not convenient for the participants.

Document Review

Document review was another primary data collection method the researcher used to gather rich and deep data for this study. Form 990 annual tax returns were a critical source of information for this qualitative study because they captured the organization's most recent organizational and financial activities. NPOs also completed and filed Form 990 tax returns with the IRS according to the IRS instructions and the Department of Treasury's regulations; hence, data collected from Form 990 tax returns had high reliability and credibility. The researcher

downloaded annual tax returns Form 990 for the fiscal year (FY) 2016 to 2020 directly from the IRS's website. More importantly, the researcher used the data from the documents to compare and confirm the information from semi-structured interviews to achieve triangulation (Bloomberg & Volpe, 2019). Furthermore, the document review helped the researcher add more nuances to what the interviews provided.

Instruments

Conducting in-depth interviews can be challenging because it requires a skilled and cautious interviewer (Ghauri et al., 2020). The interviewer must know how to converse with the interviewee to gather information to address the research questions and fulfill the study's purpose. As a result, many scholars suggest that researchers prepare interview protocols or guides before the interviews (Creswell & Poth, 2018). An interview guide is a list of topics a researcher plans to cover in the interview, including the questions under each topic that the researcher seeks to answer (Bird, 2016). In this qualitative study, the researcher created a semi-structured interview guide to help the researcher maintain good dynamics with the participants and gather rich and deep data to address research questions (see Appendix E). The semi-structured interview guide included a list of four opening questions which served as icebreakers, nine guiding open-ended questions that served as research sub questions in the study, and possible follow-up questions dependent on the interviewees' responses. The researcher also phrased the interview questions in a friendly manner and avoided leading language and jargon.

First, the nine core interview questions were research sub questions to explore different aspects of utilizing financial strategies in the nonprofit human service sector (Creswell, 2016). For example, the first research question focused on how NHSOs can utilize revenue diversification and structured spending to avoid economic unsustainability. The participants'

responses to core interview questions one, two, five, and six answered research question one about how NHSOs employ revenue and spending strategies to avoid economic unsustainability. Also, the follow-up questions of the same core interview questions unveiled the impacts and challenges of the sources of funding and cost structures on nonprofits. The researcher adjusted the follow-up questions by repeating the participants' words. In addition, the same responses from participants also helped enhance the answers to research questions two and three. For another example, research question three explored the barriers NHSOs face to including revenue diversification and structured spending in their organizational strategic plans. Interview questions three and seven addressed research question three regarding the difficulties NHSOs face in pursuing diverse revenue streams and structured spending. In addition, the follow-up questions of interview questions three and seven explored what actions the NHSOs need to take to incorporate financial strategies into the organization's operations.

Furthermore, research question two aimed to gain insight into how NHSOs perceive the role of revenue diversification and structured spending in terms of organizational viability. Interview questions four and eight answered research question two, by discovering how important revenue and spending strategies are for NHSOs regarding organizational sustainability. Finally, interview question nine played a critical role in the interview because it encouraged the participant to share additional details related to three research questions and potentially new information regarding nonprofit financial strategies that the participants thought the researcher should know. Participants' responses to all nine guiding interview questions and the possible follow-up questions allowed the researcher to gather rich and deep data to address the primary research questions and fulfill the purpose of the study.

Also, the researcher used only qualitative instruments, such as surveys and archival data, to collect data for this study for a few reasons. First, many qualitative researchers use surveys, a common quantitative data collection method, as an adjunct to other qualitative data collection methods, such as semi-structured interviews (Ghauri et al., 2020). Surveys often have standardized questions where the researchers confidently know the participants' different responses. In addition, qualitative researchers can have open-ended questions in their surveys to explore participants' perspectives on specific topics. However, these attempts can be ineffective and inefficient because of the level of writing required from participants to allow for truly deep and rich data gathering (Robson & McCartan, 2016). As a result, surveys cannot give qualitative researchers rich and deep data as semi-structured interviews; hence, the researcher did not choose surveys as an instrument in this study.

Finally, archival data such as the United States census and other public statistical data are often used as secondary data analysis in conjunction with other data sources in developing a case study (Yin, 2018). The limitation of archival records is that they benefit some specific case studies but may not add critical value to others. In this qualitative study, the researcher used document review as the primary data source in addition to semi-structured interviews instead of archival records. The researcher used Form 990 annual tax returns to verify the collected data from the semi-structured interviews. Also, the document review, such as Form 990 tax returns, worked as an independent and reliable data source to help the researcher investigate the revenue and cost structures of the selected NHSOs. As a result, archival records were ineffective and inefficient for this qualitative study.

Data Organization Plan

Data organization is as important as data collection because data organization is the first step of the data analysis spiral (Creswell & Poth, 2018). First of all, data collection and organization raise some ethical concerns because the collected data contains participants' personal information and their organizations' sensitive information. Therefore, the researcher must establish safeguards for the privacy, anonymity, and confidentiality of the collected data and the participants (Bloomberg & Volpe, 2019). Before the semi-structured interviews, the researcher assigned pseudonyms P1, P2, P3, P4, P5, P6, P7, and P8 to eight participants and used pseudonyms throughout the study, including folders storing data, journals, documents, audio recordings, and transcripts from the interviews. Using pseudonyms instead of participants' and organizations' names helped the researcher avoid including identifiable information in the analysis process (Creswell & Poth, 2018). For the participant's organizations, the researcher used pseudonyms NPO1 to NPO8. Additionally, all software, applications, and laptops used in this qualitative study had password protection. They used multi-factor authentication to ensure the researcher was the only person accessing the collected data. Finally, the researcher stored printed documents securely in locked drawers in the researcher's home office.

Data management and organization contributed substantially to the efficiency and effectiveness of the data analysis. First, the researcher used Microsoft Office applications such as Word, Excel, Outlook, and PowerPoint to store and display collected data. The researcher created a folder for each participant and two subfolders to store organizational documents, interview transcripts, field notes, and related documents. The names of the folders and files were labeled with the participants' pseudonyms. In addition, the researcher used NVivo software to store, organize, and analyze collected data. NVivo is one of the most well-known qualitative

analysis software, which served as a primary tool for the data analysis process in this qualitative study. The software also offered password protection for data security. Furthermore, all files and data of the study were saved automatically to OneDrive, the secure cloud storage of Microsoft, as backup storage. Finally, the researcher will retain all files and collected data, except interview recordings, for at least five years and possibly longer with password protection. The researcher will store the interview recordings for three years and then delete them.

Summary of Data Collection & Organization

Data collection and organization were the last steps of the data collection cycle and the first steps of the data analysis process; hence, the researcher needed to make appropriate decisions about the data collection methods and storage. In this qualitative study, the researcher conducted semi-structured interviews and a document review to gather rich and deep data to answer the research questions. The semi-structured interview method allows the questions to be structured to focus on exploring a specific topic, but participants still have the freedom to express their views (Dadzie et al., 2018). The researcher also developed a semi-structured interview guide that served as an instrument to help the researcher accomplish the interview goals, collecting as many details about the study topics as possible (DeJonckheere & Vaughn, 2019). In addition, the researcher also developed a data organization plan to ensure the collected data are secure and managed. The researcher assigned a pseudonym to each participant and used pseudonyms instead of the participants' names throughout the study.

The researcher also set up password protection and multi-factor authentication for all the study's applications, software, and devices. Moreover, the researcher used NVivo software to store, manage, and analyze the collected data effectively and securely. NVivo software was an all-encompassing data management system that allowed the researcher to import and store files

in one place (Mortelmans, 2019). Finally, the researcher backed up all files of this study to secure OneDrive cloud storage to protect data from damage and loss.

Data Analysis

Qualitative data analysis attempts to summarize the collected data from different sources reliably and accurately (Bloomberg & Volpe, 2019). The data analysis includes preparing and organizing collected data, reducing data into patterns by coding, and then representing the data and the findings in tables, graphs, or diagrams (Creswell & Poth, 2018). In this analysis section, the researcher discussed in-depth emergent ideas, coding themes, interpretations, data representation, and analysis for triangulation.

Emergent Ideas

Data are the carrier of information, and the researcher is the primary instrument of the qualitative study to collect, interpret and bring out the data's meaning (Ghauri et al., 2020). Therefore, after organizing interview transcripts, field notes, and Forms 990 in the NVivo software, the researcher started examining each piece of collected data to attempt to make sense of the data as a whole (Bloomberg & Volpe, 2019). Reading, memoing, and reflection were the primary activities the researcher repeatedly performed at this stage of the analysis process to explore the mass of collected data (Creswell & Poth, 2018). First, the researcher read the field notes and interview transcripts, listened to the interview recordings, and wrote memos about what the researcher observed and learned from the data. Secondly, the researcher read and compared Form 990 tax returns with the collected data from the transcripts and field notes to find the key concepts and ideas. Moreover, the researcher answered questions such as "what is this about? What seems to be emerging?" (Bloomberg & Volpe, 2019, p. 237). The purpose of initial reading, memoing, and reflection was to immerse the researcher into the data to explore and gain

an overall sense of the data. Finally, Creswell and Poth emphasized that researchers need to have a system for memo organization, so the memos will not get unwieldy and unstructured (2018).

As a result, the researcher sorted memos based on the unit of text linked to the memos.

Furthermore, some researchers decide on the codes or emergent categories before the research. However, using a priori codes can limit the data analysis to the preexisting codes instead of exploring new ideas and concepts (Creswell & Poth, 2018). The purpose of this qualitative multiple case study was to investigate the perspectives of NPOs regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in midsize NPOs in the Washington D.C. metropolitan area. Therefore, the researcher did not develop a priori codes so that the researcher had the flexibility and freedom to explore and reflect on participants' perspectives regarding nonprofit financial strategies. The codes emerged from the transcripts and document review, capturing emergent ideas. Finally, in addition to writing memos about emergent ideas, the researcher continued reflexive journaling as part of bracketing to self-reflect and self-evaluate the researcher's positionality.

Coding Themes

Creswell and Poth addressed that the coding process is central to qualitative study because the researchers build detailed descriptions, apply codes, and develop themes for the studies (2018). A code can be a word or short phrase that assigns a summative and evocative attribute to a portion of data (Saldaña, 2021). Therefore, coding involves examining portions of the data, such as from the interview transcripts and documents, and labeling it with a word or a short phrase to summarize its content (Skjott Linneberg & Korsgaard, 2019). Coding is a data reduction tool because it helps focus, simplify, and abstract the mass of collected data to create meaning (Ghauri et al., 2020). However, the coding process is challenging and time-consuming

for qualitative researchers, especially when they manually code a substantial amount of data. As a result, computer-assisted qualitative data analysis software (CAQDAS) has been an effective tool to help qualitative researchers to perform data analysis (Dalkin et al., 2021).

In this qualitative study, the researcher used NVivo, a form of CAQDAS, to manage, code, and analyze collected data. NVivo's coding tool was more than just a text-labeling process; the tool also identified the identities and units of participants, pictures, and media files to help make comparisons later (Mortelmans, 2019). The researcher had two cycles of coding processes. The first cycle focused on analysis, taking the mass-collected data into small categories of information; in contrast, the second cycle emphasized synthesis, which put things into new groups (Saldaña & Omasta, 2021). During the first coding cycle, the researcher did attribute coding, one of the grammatical coding methods. Attribute coding was appropriate for this qualitative multiple case study because this method was for studies with multiple participants and several forms of data such as interview transcripts, field notes, and documents (Saldaña, 2021). In addition, the researcher used attribute codes to summarize segments of data collected from interview transcripts, field notes, and documents (Skjott Linneberg & Korsgaard, 2019). NVivo software maintained and linked attribute codes with the data, so the researcher could easily query and compare the first and second cycles of coded data (Saldaña, 2021).

During the second coding cycle, the researcher used pattern coding to group the summaries from the first cycle into a smaller number of categories, themes, or concepts (Saldaña, 2021). Pattern coding was appropriate for the second coding cycle because it helped lay the groundwork for cross-case analysis by identifying common themes and concepts (Miles et al., 2020). Cross-case synthesis is the critical analytic technique for qualitative multiple case studies (Yin, 2018). First, the researcher analyzed the themes for each case and then examined

them across different cases (Creswell & Creswell, 2018). The patterns and themes were formed when the codes were clustered together according to similarity and regularity (Skjott Linneberg & Korsgaard, 2019). Next, the researcher analyzed the relationships between the themes (Robson & McCartan, 2016). Finally, the researcher mapped the themes and concepts against the research questions and developed conclusions.

Interpretations

After coding and transforming the raw data into themes, the researcher developed and assessed interpretations of the themes and concepts. First, the researcher explored within and across the themes to understand what was meaningful in the data (Robson & McCartan, 2016). The researcher also used the codes and themes to understand how the findings align with previous literature developed by others (Creswell & Poth, 2018). In addition, the researcher discussed and assessed the findings, such as the unexpected information the researcher found during the data analysis process. Furthermore, the researcher discussed the personal view of the findings, limitations, and implications for practitioners and future scholar-practitioners (Creswell & Creswell, 2018). Finally, the researcher discussed how practitioners, scholars, and nonprofit organizations could use the findings from this qualitative study to gain insight into the role of revenue diversification and structured spending in terms of financial sustainability.

Data Representation

The final step of the data analysis process is to display the data and the findings in tables, graphs, or diagrams (Robson & McCartan, 2016). Representing and visualizing data were important because the researcher showed the connections among codes and themes and how they aligned with the research questions. The researcher used the narrative passage to discuss the findings, the themes, and interconnecting themes (Creswell & Creswell, 2018). In addition, the

researcher also used charts, tables, and word clouds from NVivo to present the maps of codes to themes and themes to research questions.

Analysis for Triangulation

Triangulation provides corroboration for initial findings and extended knowledge about the problem being studied (Natow, 2020). The researcher used a document review to complement the semi-structured interviews (Creswell & Poth, 2018). The information collected from the document review helped support the information collected from the semi-structured interviews. If there was a discrepancy between the collected data from the document review and semi-structured interviews, the researcher would investigate further to determine the inaccuracies. In addition, the researcher also employed member checking to enhance the accuracy of the interview transcripts and field notes. The researcher sent the participants the interview transcripts and field notes for review and correction to ensure that the researcher represented what the participants shared in the interviews accurately (Creswell & Creswell, 2018).

Summary of Data Analysis

Qualitative data analysis challenges researchers to explore every possible aspect of the collected data to determine the patterns and themes. In the first cycle, the researcher used attribute coding to take the mass-collected data into small categories of information and then used pattern coding to put things into new groups in the second cycle (Saldaña & Omasta, 2021). The researcher used NVivo, a data analysis software, throughout the analysis process to help manage, code, analyze the collected data, and determine themes. Furthermore, the researcher explored within and across the themes to understand what was meaningful in the data (Robson &

McCartan, 2016). Finally, the researcher used narrative, charts, tables, and word clouds to represent the findings from the collected data.

Reliability and Validity

Quantitative methods emphasize things that can be measured and are more structured and scientific than qualitative methods (Ghauri et al., 2020). Therefore, people can evaluate whether the quantitative studies are reliable and valid. However, qualitative studies are about exploring, discovering, and interpreting the phenomena; hence, qualitative researchers often face challenges in representing their studies as reliable and valid (Sadik, 2019). As a result, qualitative researchers apply different research strategies to check the reliability and validity of their studies. In this qualitative study, the researcher used several approaches to enhance the ability to assess the accuracy and trustworthiness of the findings.

Reliability

Reliability assesses the consistency of the study's results over time, often cited as a strength of quantitative methods (Hayashi et al., 2019). If the findings are reliable, two quantitative researchers studying the same phenomena should have comparable results (Bloomberg & Volpe, 2019). On the other hand, the reliability of findings from qualitative studies depends on how well the researchers support their exploration and interpretation of the phenomena. As a result, qualitative researchers use alternative terminology to reflect the nature and the distinction of qualitative studies. Lincoln and Guba (1986) developed a set of criteria collectively labeled trustworthiness that translates the conventional criteria of internal validity, external validity, reliability, and objectivity to credibility, dependability, confirmability, and transferability (Flick, 2007). In this qualitative study, the researcher used Lincoln and Guba's (1986) criteria to evaluate the study's trustworthiness.

Credibility

Credibility examines whether the researcher interprets the participants' perspectives accurately (Bloomberg & Volpe, 2019). In this qualitative study, credibility assessed whether the researcher considered and explained all the complexities involved in the study and addressed the complicated patterns and themes. The researcher applied different strategies throughout the research process to support the study. The researcher employed within-method triangulation to help decrease bias and enhance the study's credibility (Denzin & Lincoln, 2017). The researcher used the information from the document review to compare and verify the information from semi-structured interviews to ensure that the interpretations were valid. In addition to triangulation, the researcher clarified the biases the researcher brought to the study upfront (Bloomberg & Volpe, 2019). The researcher also continued monitoring personal perspectives throughout the research process.

Transferability

In quantitative research, the researcher's goal often is to apply the understanding of the well-defined samples to larger groups and a broader range of settings because quantitative research focuses on generalizability (Morgan, 2014). However, qualitative research focuses on in-depth exploration from different perspectives on social phenomena; hence, generalizability is a limitation of qualitative research (Yin, 2018). Therefore, Lincoln and Guba suggested using transferability to correspond to generalizability (1986). Transferability does not concern whether the study includes a representative sample; instead, it focuses on “how well the study has made it possible for the readers to decide whether similar processes will be at work in their own settings and communities by understanding in-depth how they occur at the research site” (Bloomberg & Volpe, 2019, p. 205). As a result, in this qualitative multiple case study, the researcher used

purposeful sampling to select cases that provide thick and rich data to address the research questions and inform the research problem (Patton, 2015). Additionally, the researcher used rich and thick descriptions to convey the findings, and these in-depth descriptions helped make the results more realistic and understandable to the readers (Creswell & Creswell, 2018).

Dependability

Dependability refers to the stability and consistency of data over time (Bloomberg & Volpe, 2019). Therefore, the researcher must ensure the research process is clearly documented, logical, and traceable to achieve dependability. The researcher included detailed explanations and in-depth discussions on collecting and analyzing the data. Additionally, the researcher maintained an audit trail and kept clear records of notes, memos, interview transcripts, and other documents to be available for review by other researchers (Sadik, 2019). Furthermore, the researcher developed a viable research design for this study and used two qualitative methods, semi-structured interviews and a document review, to collect data to address the research questions and fulfill the purpose of the study.

Confirmability

Confirmability concerns whether the findings and interpretations of the study are derived from the collected data (Bloomberg & Volpe, 2019). In this qualitative study, the researcher used reflexive journaling to reduce personal bias and viewpoints from the study. In addition, triangulation played a critical role in this research because it helped the researcher minimize bias and increase the study's trustworthiness. Finally, throughout the research process, the researcher explained in-depth the appropriateness of research methods, data collection, and data analysis to enhance transparency and demonstrate confirmability.

Validity

In qualitative research, validity is the technique to assess whether the researcher's findings are accurate through the eyes of the researcher, the participants, and the readers (Creswell & Creswell, 2018; Creswell & Miller, 2000). Validity is a quantitative term referring to a single truth (Sadik, 2019). However, there is no single truth in qualitative research because the fundamental belief is that there are many different views of reality, depending on one's perspective (Dodgson, 2017). Therefore, qualitative researchers have to use multiple validity strategies to evaluate the accuracy of the study's findings. In this qualitative study, the researcher used bracketing, triangulation, saturation, member checking, and thick and rich descriptions to assess whether the interpretations were appropriate.

Bracketing

Bracketing helped clarify the bias the researcher brought to the study (Creswell & Creswell, 2018). The researcher reflected on how the researcher's background and experiences shaped the interpretation, making the study more valid (Creswell, 2016). Self-reflection creates an open and honest attitude that will resonate well with readers (Bloomberg & Volpe, 2019). Moreover, the researcher continued monitoring personal subjective perspectives throughout the research process.

Triangulation

The researcher used semi-structured interviews and document reviews as primary data collection techniques in this qualitative study. The researcher compared and verified data sources from interview transcripts and document reviews. If the patterns and themes were formed based on converging different data sources, the researcher could claim that the process adds to the study's validity (Creswell & Creswell, 2018).

Saturation

Reaching the point of saturation when there is no new information about the phenomena being studied is another way to add to the validity of the findings (FitzPatrick, 2019). The researcher developed and structured the open-ended interview questions so that the researcher asked all participants the same questions to achieve data saturation (Fusch & Ness, 2015). In addition, the researcher selected nonprofit organizations with different financial situations, missions, and years of operation to ensure that the researcher collected various information to enhance data saturation.

Member Checking

Member checking was another effective way to check the validity of the study. Therefore, the researcher sent the participants the themes of the study and asked participants to verify whether the themes represented what the participants shared during the semi-structured interviews (Creswell & Poth, 2018). In addition, member checking allowed the participants to get involved and contribute to the study (Creswell & Poth, 2018).

Thick and Rich Description

Throughout the study, the researcher used thick and rich descriptions to share a complete and understandable picture of the participants, findings, and other experiences with the readers and reviewers (Bloomberg & Volpe, 2019). In addition, detailed descriptions enabled readers and reviewers to make connections between their personal experiences and the experiences of the study (FitzPatrick, 2019).

Bracketing

In this qualitative study, the researcher strived to describe the meaning of the findings from the research participants' perspectives, interpret the collected data from financial

statements, and report the findings. Therefore, the researcher was the primary research instrument of this study and the most influential factor. As a result, practicing bracketing was critical to maintaining the reliability and validity of the study. The researcher engaged in reflexivity throughout the research process to recognize, understand, and monitor the biases that the researcher brought to the study (Bloomberg & Volpe, 2019). In addition, the researcher disclosed an understanding of the background, biases, and personal perspectives so that the readers understood the researcher's position in conducting the study (Creswell & Creswell, 2018). Furthermore, the researcher employed member checking to ensure that the researcher's personal subjective perspectives did not influence the interpretation of the findings. The researcher asked participants to review and verify the accuracy of the interview transcripts, the findings, and whether the researcher correctly represented what the participants shared during the interviews (Creswell & Poth, 2018).

Summary of Reliability and Validity

Reliability and validity are critical elements that provide the quality of the research (Hayashi et al., 2019). Therefore, the researcher employed different research strategies to check the accuracy of the findings and whether the researcher's approach was consistent across different researchers and various projects (Creswell & Creswell, 2018). First, the researcher used Lincoln and Guba's criteria to check whether the approach was reliable. The criteria included credibility, transferability, dependability, and conformability (1986). The researcher utilized research strategies such as reflexivity, member checking, triangulation, purposeful sampling, and thick descriptions to ensure that the research process and the findings met the criteria. Secondly, validity was the technique to assess whether the researcher's findings were accurate through the eyes of the researcher, the participants, and the readers (Creswell & Creswell, 2018; Creswell &

Miller, 2000). The researcher applied bracketing, triangulation, saturation, member checking, and thick and rich descriptions to assess whether the interpretations were appropriate. Finally, bracketing let the researcher recognize and understand the biases and personal perspectives the researcher brought to the study. The researcher used reflexive journaling to document and monitor personal viewpoints throughout the research process (Bloomberg & Volpe, 2019). In addition, the researcher also disclosed an understanding of the subjective perspectives so that readers understood the researcher's position in the study. Finally, the researcher used member checking to mitigate the biases.

Summary of Section 2 and Transition

This qualitative multiple case study explored the nonprofit perspectives on revenue diversification and structured spending in the human service sector within the Washington D.C. metropolitan area. Section 2 allowed the researcher to provide an in-depth discussion on how the researcher conducted the study to satisfy the research purpose. First, the researcher's positionality in this study was an outsider investigating the nonprofit perspective on financial strategies and economic sustainability. The researcher also applied the reflexivity method for bracketing to recognize and monitor the personal subjective viewpoints and biases the researcher brings to the study. In addition, the researcher chose a flexible design, multiple case study through the qualitative research method. The selected research design and method allowed the researcher to carry out the study and make adjustments as the research process developed. Next, the researcher identified the target population to enhance the transferability of the study and the selection of sampling method and sample size to achieve saturation and increase the study's validity.

Furthermore, the researcher discussed using semi-structured interviews and a document review to collect rich and thick data to answer the research questions. Semi-structured interviews

helped the researcher identify the barriers, challenges, and strategies NHSOs use to avoid economic unsustainability. The researcher developed a semi-structured interview guide to help the researcher maintain good dynamics with the participants and gather rich and deep data to address research questions. In addition, during the document analysis, the researcher looked at how the financial strategies were formalized and communicated in writing in the organizational documents. The researcher also used document review to compare and verify the information from the semi-structured interviews and add more nuances to what the interviews provided. Moreover, the researcher used NVivo, one of the leading qualitative data analysis software, to manage, organize, code, and analyze the collected data. NVivo also helped the researcher develop and assess interpretations of the themes and concepts. The researcher explored within and across the themes to understand what was meaningful in the data (Robson & McCartan, 2016). Next, the researcher displayed the findings in narrative, tabular charts, and word clouds using NVivo software. Finally, the researcher employed different research strategies to check the accuracy of the findings and whether the researcher's approach was consistent across different researchers and various projects (Creswell & Creswell, 2018).

In Section 3, the researcher presented the study's findings, including themes discovered, interpretation of the themes, data visualization, and the relationship of the findings. The researcher also provided an in-depth discussion of how the findings address the research questions and how the findings relate to anticipated themes and unanticipated themes. In addition, the researcher explained the application of the findings to professional practice, such as how the findings can improve current business practices and potential application strategies. Finally, the researcher suggested recommendations for future studies and reflected on how conducting this study helped the researcher grow personally, professionally, and spiritually.

Section 3: Application to Professional Practice and Implications for Change

In this section, the researcher presents an overview of the study, the presentation of the findings, their application to professional practice, recommendations for further study, and reflections. In the following sections, the researcher unveiled themes discovered, interpreted themes, and presented data visualization. The researcher also examined the relationships between the findings and the research questions, conceptual framework, anticipated themes, the literature in the field, and the problem. In addition, the researcher discussed what the findings contribute to how public charities and nonprofit financial service providers operate and what actions public charities and financial advisors should take to improve their operations to be more impactful and efficient. Furthermore, the researcher explained how the study's findings contributed to the nonprofit financial management field by reducing the gap in the current literature and providing recommendations for future studies. Finally, the researcher shared how the study allowed the researcher to reflect, learn and grow personally, professionally, and spiritually.

Overview of the Study

This qualitative multiple case study explored the existing barriers that midsized NHSOs in the Washington D.C. metropolitan area encounter when implementing revenue diversification and structured spending. Moreover, the researcher examined how such organizations can utilize these financial strategies to avoid economic unsustainability. First, the researcher used a pre-interview questionnaire as a screening method to ensure the volunteers were eligible for the study. The researcher then conducted semi-structured interviews with eight participants via Zoom videoconferencing, following the interview guide and using a field note template. Subsequently, the researcher employed member checking to ensure the accuracy of the interview transcripts. The researcher also downloaded annual tax returns, Forms 990, from the IRS'

website for document review. Finally, the researcher employed a two-cycle coding process to identify the themes of the study using NVivo software.

Presentation of the Findings

The purpose of this qualitative multiple case study is to investigate the perspectives of NPOs regarding the factors that impact utilizing revenue diversification and structured spending, as well as the associated challenges, in midsize NPOs in the Washington D.C. metropolitan area. The researcher conducted semi-structured one-on-one interviews with eight nonprofit officials in Washington, D.C. to gain insight into their perspectives on revenue and spending strategies. In the following sections, the researcher shared the themes discovered, interpreted the themes, and presented data visualization. Subsequently, the researcher examined how the study's findings related to the research questions, conceptual framework, anticipated themes, literature, and the problem.

Themes Discovered

The researcher used a two-cycle coding process to identify themes within the data. The first cycle focused on analysis, organizing the collected data into small categories of information (Saldaña & Omasta, 2021). The researcher created a folder called Initial Codes in NVivo and added new codes to the folder as the researcher reviewed the interview transcripts and documents. The second cycle emphasized synthesis, which organized the objects into new groups (Saldaña & Omasta, 2021). The researcher created another folder called Themes and merged the codes with similar concepts from the first cycle into new codes. This led the researcher to compile a list of six themes that address three research questions of this qualitative multiple case study. Table 1 identifies the six themes according to the research questions.

Table 1*Discovered Themes According to the Research Questions*

Research Question	Theme
RQ1. How can NHSOs utilize revenue diversification and structured spending to avoid economic unsustainability?	Community Engagement Partnerships Optimal Resource Utilization
RQ2. How do NHSOs perceive the role of revenue diversification and structured spending in terms of organizational viability?	Financial Stability Financial Flexibility
RQ3. What barriers exist for NHSOs to include revenue diversification and structured spending in their overall organizational strategic plans?	Lack of Financial Independence

RQ1 Themes: How to use Revenue Diversification and Structured Spending

RQ1 Theme 1: Community Engagement

Community engagement is the most distinctive characteristic of nonprofits in the human service sector compared to other groups. This is due to NHSOs primarily focusing on marginal and disadvantaged populations by being attentive to the current community needs and adjusting their programs and services effectively to change and improve the environments for their clients (Schmid, 2013). The findings suggest that community engagement, especially in the human service sector, is a high-impact and low-cost approach for NPOs to learn more about the increased community needs, seek funding and connect with businesses and other organizations with the same passions and missions. For example, study participants P5 and P6 emphasized that

NHSOs need to be active members of the community to understand the needs of their clients so that the organizations can positively impact and transform people's lives. This perspective suggests that NHSOs often act as intermediaries for government agencies, donors, and their clients through community engagement. NHSOs represent their clients to voice their needs, motives, and desires to government agencies, donors, businesses, nonprofits, and community members, and their community engagement enables them to do so.

RQ1 Theme 2: Partnerships

Partnerships are vital for nonprofits, particularly in the human service sector, as formal or informal collaborations help NHSOs with limited human and financial capacity to address social problems and deliver services effectively (Kim & Peng, 2018). There was a consensus among interview participants that collaborations helped them overcome the financial crisis, obtain much-needed funding to run their programs, and positively impact the target groups and community. The findings unveil that establishing long-term partnerships with federal and local government agencies enables NHSOs to gain financial support and expand their programs and services. For instance, P4 and P5 noted that working closely with D.C. agencies helps organizations improve their financial positions and sustain their services. Furthermore, results show that collaborations with other nonprofits, local businesses, and community leaders with a common mission give NHSOs access to significant financial and human resources, especially during a crisis such as the COVID-19 pandemic. NPO6 and NPO8 partnered with local churches, schools, and academic experts to provide educational programs to students from low-income families to improve their academic performance and quality of life. As a result, organizations can accomplish their goals and stay sustainable. Therefore, a partnership is one of the major themes of the findings.

RQ1 Theme 3: Optimal Resource Utilization

NHSOs with limited capacity should identify and utilize resource attributes such as physical, human, and organizational capital to deliver programs and services (Brown et al., 2016). The findings suggest that to be financially stable, utilizing all available internal and external resources is a practical approach for NHSOs, including all participating NPOs. The findings revealed that nonprofits strategically use their internal resources, including financial and human capital, to stay sustainable and cost-effective. For example, P3 explained that NPO3 combines public and private funds to ensure financial stability for its programs. NPO3 also encourages employees to take on tasks aligned with their skills and passions to keep them motivated.

Although internal resources can be limited, external resources, including partnerships and volunteers, are unlimited, high-impact, and low-cost. Participants commonly noted that they partner with federal and local government agencies, other nonprofit organizations, businesses, and community leaders to obtain funding, recruit volunteers, and meet the increased needs of the target groups and community. For example, P4 and P6 emphasized the importance of volunteers to nonprofits, especially the human service sector, as they donate their time, skills, and talents to help the organizations free of charge. They also help promote the organization's activities. Furthermore, P7 added that volunteers could help nonprofits save on labor costs and low overhead expenses. Therefore, NHSOs should utilize all available resources optimally to maximize their benefits and get crucial support to avoid economic unsustainability.

RQ2 Themes: Financial Strategies and Organizational Viability

RQ2 Theme 1: Financial Stability

Revenue diversification and an appropriate level of overhead spending help nonprofits improve their program performances and financial stability (Kim, 2017). Revenue and expense strategies are vital to NHSOs; however, they are not a one-size-fits-all but depend on the organization's circumstances. The interview participants recognized that revenue diversification and structured spending help them create financial stability. Still, each participant defined and implemented revenue and expense strategies differently to align with their organizational structures and missions. For example, P1 explained that rather than relying on a few major donors, NPO1 implemented revenue diversification by generating donations from various sources, including domestic and foreign corporations, nonprofits, the government, and individuals. As a result, NPO1 improved its financial health and stayed sustainable. Similarly, P4 shared that although NPO4 received substantial support from government and non-government entities, the organization still performed services such as consulting, workshops, and training to generate additional income. NHSOs may view and implement revenue diversification and structured spending differently, but they all aim to achieve the same goal, financial stability.

RQ2 Theme 2: Financial Flexibility

Revenue diversification and spending structure influence nonprofits' allocation of program and overhead expenditures (Shon et al., 2019). Revenue and spending structures allow nonprofits to invest more in their organizational infrastructures in addition to operating programs and services. All study participants noted that revenue diversification and structured spending enable them to have the flexibility to run their programs and services effectively and take control of overhead expenditures. For example, NPO2's spending strategy was to be cost-effective. The

organization thus moved to a remote office environment to reduce monthly fixed costs such as rent and utility and give employees flexible and convenient work schedules. As a result, the organization's productivity and efficiency increased significantly. Structured spending also allows NPO2 to take control of administrative and fundraising expenses.

For another example, revenue and spending strategies help NPO1 maximize the support and benefits it receives from the community to stay sustainable. NPO1 works closely with its network of supporters, local businesses, and community leaders to get much-needed financial and human resources to run its programs and services effectively without spending substantial money. Moreover, NPO1 negotiates with its long-time vendors to continue receiving quality services at discounted rates. Evidence from the research findings suggested that revenue diversification and spending strategy allow nonprofits to have the flexibility to control their program and overhead expenditures proactively.

RQ3 Theme: Barriers to Revenue Diversification and Structured Spending

RQ3 Theme 1: Lack of Financial Independence

Lack of financial independence has been one of the primary barriers for many nonprofits to implement revenue strategies such as revenue diversification to improve financial health and economic sustainability (Lu et al., 2019). Similarly, the research findings suggested that revenue diversification and structured spending benefit nonprofits, but it takes time for NPOs with limited resources. During the interviews, participants commonly recognized the critical role of diverse revenue streams and spending strategies regarding their organizational viability; however, they have also encountered barriers to implementing revenue and spending strategies into their organizational strategic plans.

The central theme from the interviews and document review was the lack of financial independence, consisting of four sub-themes: increased community needs, lack of flexibility, donation dependency, and lack of funding and resources. First, a nonprofit must allocate specific financial and human resources to fund a new program or service to generate additional income (Hung & Hager, 2019). Unfortunately, the research findings suggest that many NPOs struggle to get enough funding to run their current programs and services to meet the increased community needs. Secondly, the findings also reveal that the lack of flexibility reduces the chances for nonprofits to have diverse revenue streams and structured spending. For example, NPO5's funding depends on government agencies, which will only provide financial support if NPO5 shows positive outcomes from its program services. As a result, NPO5 cannot invest in new activities to generate more revenue or organizational infrastructure. Thirdly, the study findings show that donation dependency is a typical challenge nonprofits face when implementing revenue diversification and structured spending. NPO1 and NPO2 rely on donations from government agencies and the general public; therefore, they hesitate to take on additional activities to produce income. Finally, the findings unveiled that nonprofits lack the funding and resources to engage in diverse revenue streams. To illustrate, NPO2 has four full-time and two part-time employees to run the organization's program and fundraising activities. As a result, the organization is often understaffed.

The sub-themes illustrate how the lack of financial independence is the most challenging barrier that NPSOs face when implementing revenue diversification and structured spending in their strategic organizational plans. Research findings highlight how NPSOs must work within their limited capacity and resources to apply revenue and expense strategies to improve their financial health. Therefore, utilizing the three approaches mentioned in RQ1 themes allows

NHSOs to overcome barriers to implementing diverse revenue streams and structured spending to avoid economic unsustainability.

Interpretation of the Themes

Interpreting the themes in qualitative research is the process that helps the researcher move from the codes and the themes to the larger meaning of the data and then link these interpretations with other researchers' and scholars' studies (Creswell & Poth, 2018). Interpreting the themes also allows the researcher to discuss the relationship between the themes and the research questions. In the sections that follow, the researcher engaged in the interpretation of each theme for each of the research questions.

RQ1 Themes: How to use Revenue Diversification and Structured Spending

RQ1 Theme 1: Community Engagement

Community engagement is a critical component of the core cultures and structures of nonprofit human service organizations due to organizations' focus on delivering human services and addressing social concerns on behalf of government agencies, other organizations, and individuals (Young, 2017). For example, through community engagement, NPO1 works with companies and individuals who want to help children and connects them to local organizations and communities worldwide that are helping children access education and healthcare. Therefore, community engagement allows NPO1 to gain support from prospect donors and positively impact its target group to accomplish its mission.

The goals of community engagement are to build trust, enlist new resources and allies, create better communication, improve life quality, and develop lasting collaborations (Agency for Toxic Substances and Disease Registry, 2011). Therefore, the same report pointed out that many nonprofits, including all participants in this qualitative study, embrace community

engagement because the process allows nonprofits to build trust in the community, recruit potential donors and volunteers, and form long-lasting partnerships and collaborations. First, community engagement is a practical approach to recruiting local volunteers and prospective donors. P2, P6, and P7 shared that the organizations have expanded their supporting networks through community engagement and received significant support from community groups, community leaders, small businesses, local organizations, and volunteers. Many scholars agreed with the participants that engaging community members in donating and volunteering activities allows nonprofits to increase financial and human support and promote the organization's programs and services (Shier et al., 2014). Donors and volunteers feel like they are part of the community when they support community-based nonprofits, and the nonprofits also prove that they are the trusted partners of the community (Forbes Nonprofit Council, 2017).

Furthermore, community engagement helps promote collaborations and partnerships of nonprofits, foundations, and businesses that share the same passions and missions (Woronkiewicz, 2018). All eight participants emphasize how community engagement helps them to connect with government agencies, local businesses, other nonprofits, and community members that share the same passions and missions. Partnerships and collaborations among different groups, nonprofits, and businesses help all members address community issues effectively, develop long-term initiatives and build strong networks (Shier et al., 2014). Community engagement allows nonprofits to get financial and human support to carry out their mission-related programs and services. The approach also helps NPOs generate revenues from different sources to establish financial stability and give NPOs access to resources to maintain their productivity. Therefore, community engagement is one of the approaches for nonprofits to utilize diverse revenue streams and structured spending to secure financial sustainability.

RQ1 Theme 2: Partnerships

Nonprofit human service organizations have increasingly provided a social safety net and delivered quality and effective programs and services through their partnerships and collaborations with other groups and organizations (Atouba & Shumate, 2020). First, NHSOs have served buffering roles for government agencies for many decades. Ni et al. (2022) explained, "buffering occurs when government agencies position nonprofits as buffers vis-à-vis communities so the agencies can minimize direct contact with these communities" (p. 3). Local governments are responsible for providing human services to NHSOs, so many NHSOs serve as the primary providers of social and human services to their clients (Schmid, 2013). Therefore, NHSOs must collaborate with government agencies to effectively carry out social and human services.

Seven out of eight participating NPOs in this qualitative study have built successful partnerships with local government agencies. For example, NPO4 has worked closely with D.C. government agencies on creating and developing programs and services their clients need to transform their lives and become self-sufficient. Hence, NPO4 has consistently received grants from the city to create new and innovative programs and help the organization sustain its services. Similarly, P7 shared during the interview that the D.C. government has been the greatest supporter of the organization from the beginning. The city provided grants and facilities for the organization to start housing programs for homeless women and their families. The long-term partnership between NPO7 and the D.C. government has allowed the organization to stay financially sustainable and continue providing social and human services to its clients.

Besides working with federal and local government agencies, NHSOs often collaborate with other nonprofits, businesses, and community leaders to support and promote each other's

programs and services to serve the community. Many organizational scholars note that inter-organizational partnerships "provide more innovative solutions to complex problems, create higher quality programs, reduce duplication of efforts and positively impact both the collaborating organizations and the community they serve" (Atouba & Shumate, 2020, p. 302). Participants in this qualitative study commonly shared the same perspectives as such scholars.

When the researcher asked the participants how their organizations utilized revenue diversification and structured spending to avoid economic unsustainability, they all said that financial support from partnerships with other organizations and businesses helped them rely less on government grants and efficiently carry out their programs and services. For example, P3 said that the organization shares its stories and promotes its programs to corporations and foundations to encourage them to partner with the organization. To illustrate, when a corporation sponsors NPO3's program, the organization displays the business name and link to the website, includes it in the annual report, and gives a shoutout on its social media accounts which are visible to more than 3,500 businesses and individuals.

Partnerships also help nonprofits recruit volunteers and promote their fundraising events effectively. NPO2 hosts an annual gala to raise scholarship funds for its clients. During the COVID-19 pandemic, NPO2 had to switch from an in-person event to an online platform. Due to its long-term partnerships with many businesses, nonprofits, and community leaders, the outcomes of the online fundraising event were successful, and the organization raised more than \$100,000 to fund its scholarship program. These findings reinforce those of another study that showed that when NISOs create collaborations and partnerships, they can accomplish higher efficiency and service quality levels and cut back on resources (Schmid, 2013). Therefore, the

effectiveness of partnerships helps nonprofits utilize revenue and expense strategies to stay financially sustainable.

RQ1 Theme 3: Optimal Resource Utilization

Unlike for-profit entities, which generate revenues through business transactions and distribute profits to their owners, nonprofit human service organizations receive donations from government agencies, businesses, community members, and operations and then deliver social and human services to their clients (Ilyas et al., 2020). Hence, the donors, partners, and clients hold NHSOs accountable for using funding and resources effectively and efficiently to deliver quality services. As a result, NHSOs need revenue and expense strategies to utilize all available resources to stay sustainable and carry out their missions. Importantly, each revenue stream has its advantages and challenges, and nonprofits have no one-size-fits-all revenue strategy.

Nonprofits need to understand their organizational financing to maximize the benefits of diverse revenue streams (Johnson et al., 2020). During the interview, P3 shared that NPO3 strategically combines public and private funds to ensure financial stability for its programs. Thus, NPO3 can leverage government and non-government grants to create a strong financial position and grow its programs to meet community needs better. A recent study showed that many NPOs apply the same approach as NPO3 to reduce their dependency on government grants and strengthen their financial capacity (Hoang & Lee, 2022). According to the study, private charitable donations have become vital funding sources for nonprofits in addition to traditional government grants.

In 2020 report from the Giving USA Foundation, a well-established organization focused on nonprofit research and best practices revealed that charitable donations nonprofits received from individuals, foundations, and requests increased significantly (Giving USA, 2021). In

addition, the report pointed out that NHSOs experienced substantial financial support from non-governmental donors. Six participants of this qualitative study said that getting donations from different sources is how they implement revenue diversification to avoid economic unsustainability.

In addition to non-government grants, volunteers are essential to NHSOs. P1, P3, P4, P5, P6, P7, and P8 expressed gratitude to all their volunteers because they donated thousands of service hours and skills to help NHSOs carry out programs and services successfully. For example, NPO3 received roughly 3,600 hours of services from more than 300 volunteers in 2020. In addition, NPO8's programs and services are operated by volunteers because the organization does not have employees. Many studies and reports prove that volunteers are critical resources to NHSOs. According to the Nonprofit Sector in Brief 2019 report, approximately 64.4 million Americans volunteered at least once in 2017, and the number of volunteers has increased yearly (NCCS Project Team, 2020). The same report also pointed out that most volunteers spent their time on social and human services. Another recent study emphasized the critical role of volunteers in the financial sustainability of NPOs. The study explained that volunteers often join the social causes of nonprofits to make a difference in the community without asking for any monetary or personal gains in return (Ilyas et al., 2020).

Evidence suggests nonprofits should recruit, listen to, and treat volunteers respectfully to enhance their satisfaction and build long-term partnerships. P3 shared that the organization offers a variety of volunteer opportunities for community members, such as preparing and serving a meal, leading an employment workshop, or hosting an event or donation drive. NPO4 also provides opportunities for volunteers and organizations to get involved in ways that best align with the organization's values and goals while meeting clients' needs. An individualized and

flexible volunteer program encourages people of different ages with different talents to join NPO7 to serve the clients. NPO7 has people that used to be in its housing programs and now serve on its board. They also have volunteers to help the organization run its programs and workshops to give back to the community and the organization. Therefore, sustained volunteering and continuous financial support allow nonprofits to accomplish their missions and stay financially sustainable.

RQ2 Themes: Financial Strategies and Organizational Viability

RQ2 Theme 1: Financial Stability

Using revenue and expense strategies to enhance financial stability is the ultimate goal of the nonprofit sector. All participants in this study recognized the role of diverse revenue streams and structured spending to help their organizations improve financial positions and create financial stability. For example, P5 shared that the organization had no revenue or expense strategy six years ago. NPO5 faced a difficult financial crisis in 2016 because of the changes in policy and the transition from one administration to another. As a result, the organization's funds decreased drastically, and it had to cut back all its overhead spending to continue running its programs and services at a limited capacity. NPO5 realized that the organization needed reorganization and effective financial strategies to avoid termination. Therefore, the organization contacted federal and state agencies to share its stories and mission to seek financial support. The organization also contacted community leaders, businesses, and other nonprofits with the same mission and vision to form partnerships and collaborations. The generous federal, state, and community financial support helped NPO5 overcome the COVID-19 pandemic and expand its program services. NPO5's Forms 990 from the fiscal year 2016 to the fiscal year 2020 showed

that the organization generated more revenue and allocated more resources to administrative activities annually to invest in its organizational infrastructure (see Figure 4).

Many scholars believe that establishing and maintaining multiple funding streams like NPO5 and other participants in this study is an effective revenue strategy for many nonprofits to achieve financial stability. A recent study pointed out a positive correlation between implementing a revenue diversification strategy and an organization's financial stability (Chang et al., 2018). However, the same study also reminded nonprofits to monitor each revenue stream's performance and impact because each has risks. In addition, another study suggested that effective revenue strategies benefit both the public and nonprofit sectors. The study explained that government agencies rely on nonprofits to deliver programs and services to community members, especially the vulnerable population (Lu et al., 2019). Therefore, appropriate revenue strategies can help nonprofits improve their financial positions to survive, grow, and help government agencies enhance public trust.

RQ2 Theme 2: Financial Flexibility

The study participants acknowledged another significant benefit of revenue diversification and structured spending, the flexibility to adjust their spending behaviors to navigate environmental changes, increased demand for community services, and resource competition (Shon et al., 2019). The study findings suggest that revenue and expense strategies work together strategically to allow organizations to take control of their budgets and spending. For instance, NPO3 and NPO4 receive funding from different groups, including government agencies, other organizations, local businesses, and community members. As a result, financial resources are a mixture of restricted and unrestricted funding, which gives NPO3 and NPO4 more flexibility in allocating resources to deliver programs and services effectively. Many

nonprofit scholars shared the same observation regarding revenue diversification and flexibility. Diverse revenue streams allow nonprofits to use increased income sources to offset the ones that declined to overcome financial crises and stay sustainable (Hung & Hager, 2019). Hung and Hager (2019) also noted that revenue diversification helps nonprofits reduce resource constraints that force organizations to allocate resources according to the major donors' terms and conditions. Therefore, NHSOs need to have key control of their resources to meet the increased community needs and address social issues instead of performing services that the donors instruct.

In addition to revenue diversification, spending strategy plays a critical role in organizational viability and enables NHSOs the flexibility to allocate resources strategically. Partnerships with government agencies and local businesses helped promote NPO3, NPO4, and NPO6's programs, services, and fundraising events. Therefore, organizations can keep their overhead expenditures as low as possible while effectively running and promoting their programs and services. More than that, recruiting volunteers and encouraging local businesses to contribute pro bono services and supplies are practical approaches for NHSOs to carry out their missions and invest in their organizational infrastructures. A recent study emphasized that financial strategies, including volunteer engagement, management, and partnerships, can help NPOs reduce uncertainty and continue the stream of the needed supplies and resources to deliver sustainable services (Ilyas et al., 2020). Hence, structured spending allows NHSOs, including the participating organizations with limited resources, the flexibility to operate and expand their services and manage overhead expenditures.

RQ3 Theme: Barriers to Revenue Diversification and Structured Spending

RQ3 Theme 1: Lack of Financial Independence

Financial strategies such as revenue diversification and structured spending have been known for their effectiveness among nonprofit organizations; however, NPOs struggle to implement these strategies in their organizational strategic plans because of the lack of financial independence. The lack of financial independence reflects the following barriers: increased community needs, lack of flexibility, donation dependency, and lack of funding and resources. First, many nonprofits in the human service sector have faced a substantial increase in demand for critical services for many years, especially during a crisis such as the COVID-19 pandemic. For example, P3 shared that the organization has witnessed drastically increased domestic violence cases, including homelessness and unemployment, due to the pandemic. Most of the impacted individuals were women and children. Unfortunately, NPO3, with limited capacity and resources, could not take in all clients who came to the place. As a result, NPO3 cannot add additional revenue streams such as a fee-for-service structure like some scholars recommended.

Many nonprofit studies expressed concerns regarding NHSOs and the increased community needs. The pressure to meet the increased demand for human services negatively impacts the ability of nonprofits to serve the communities (Hutton et al., 2021). The same study also raised an interesting observation that when a natural disaster or crisis damaged the community, it had the same effect on local NHSOs. Nonprofits, including their employees, were also the victims of the crisis. As a result, nonprofits need help to implement revenue and expense strategies.

Secondly, the lack of flexibility in the organizational structure challenges NPOs to diversify their revenue streams and carry out structured spending. NHSOs act as intermediates

for government agencies and donors to deliver human and social services to vulnerable communities. Hence, the organizational structure of NHSOs is restricted to receiving resources from supporters and then delivering the resources in the form of services and programs to a target group. The structure of NHSOs is not intended to add more revenue streams or implement new spending strategies. For example, NPO1 acts as an intermediary to help connect organizations and individuals that share the same passions to help children access education and healthcare. As a result, NPO1 struggles to apply revenue diversification and structured spending into its organizational strategic plan. Nonprofit scholars pointed out that many NHSOs, like the participating organizations, face similar constraints which limit their ability to meet the increased needs of the community and the ability to overcome revenue stream disruptions (Lam & McDougale, 2016).

Thirdly, as mentioned above, NHSOs serve as intermediates for government agencies to directly provide critical services to meet the social and human needs in the community; thus, funding from government agencies is the primary source of revenue for many NHSOs. A recent study showed that roughly 48% of funding NHSOs receive were from government agencies (Johnson et al., 2020). As a result, donation dependency is a substantial barrier for NHSOs to implement revenue diversification and structured spending. The study participants, such as P1, P2, and P3, expressed their concerns regarding their dependency on government grants. In addition, another study pointed out the disadvantages of government funding that NHSOs face, such as late payments, a lot of required paperwork and reports, and unstable grants (Park & Mosley, 2017). Furthermore, government grants and donations from major donors are often competitive and restrictive; therefore, NHSOs cannot apply financial strategies simply to their operations (Johnson et al., 2020).

Finally, a lack of funding and resources reduces the opportunity for NHSOs to implement diverse revenue streams and spending strategies into their organizational plans. Many scholars clarified that pursuing revenue diversification is not simply adding new revenue streams (Qu, 2019). Thus, NPOs need to invest and manage the additional revenue sources; hence, the new activities may remove the financial and human resources from other existing programs and services. The study participants noted such challenges when the researcher asked them about barriers around applying revenue and expense strategies. For example, all participating organizations were understaffed with limited resources, so adding new activities to generate revenue can negatively impact the efficiency of the existing services by straining their limited resources.

Moreover, every revenue stream comes with risks and requires specific skills to develop and manage (Hung & Hager, 2019). The organization needs a professional fundraiser to run a new program, but its staff does not have experience organizing fundraising events and all the administrative work that comes with it. Therefore, NHSOs must be cautious before adding new revenue streams to their operations.

The lack of financial independence, which consists of increased community needs, lack of flexibility, donation dependency, and lack of funding and resources, is a major challenge for NHSOs in pursuing diverse revenue streams and spending strategies. Therefore, NHSOs need to consider the organizational structures, the availability of funding and resources, and the missions they want to achieve before implementing revenue and expense strategies.

Representation and Visualization of the Data

In this section, the researcher used tables, graphs, and word clouds generated by NVivo software to establish the picture of data patterns (Creswell & Poth, 2018). The section is

organized in the following manner. First, the demographic characteristics of study participants and their organizations were presented, and this section was followed by visualizations that support findings as they relate to RQ1. The third section presented findings for RQ2, and finally, the fourth section displayed visual evidence supporting RQ3.

Demographic Characteristics

Tables 2 and 3 provided the demographic characteristics of study participants and their organizations. Table 2 presents information about individual participants, including the assigned pseudonyms, identification of years of age, years of experience in nonprofit management, years at their current organization, their current position, and years in their current position. Table 3, by contrast, presents information about each participant's NPO, including the type of NPO, sector, designation of having assets from \$500,000 to \$10 million, and location. All the participating organizations were nonprofit human service organizations in Washington, D.C.

Table 2

Demographic Characteristics of Study Participants

Participant's Assigned Pseudonym	25 Years of Age or Older	Years of Experience in Nonprofit Management	Years with the Current NPO	Current Position	Years in Position
P1	Yes	9	6	Finance Manager	2
P2	Yes	19	3	Program Director	3
P3	Yes	30+	28	Chief Executive Officer	28
P4	Yes	20+	10	Executive Director	10
P5	Yes	20+	11	Executive Director	11
P6	Yes	20+	8	Supervisor	8
P7	Yes	10+	6	Program Director	6
P8	Yes	30+	28	Executive Director	28

Table 3*Demographic Characteristics of Participating in NPOs*

Participating NPO's Assigned Pseudonym	Type of NPO	Nonprofit Sector	Total Assets From \$500,000 to \$10,000,000	Location
NPO1	501(c)(3)	Human Service	Yes	Washington, D.C.
NPO2	501(c)(3)	Human Service	Yes	Washington, D.C.
NPO3	501(c)(3)	Human Service	Yes	Washington, D.C.
NPO4	501(c)(3)	Human Service	Yes	Washington, D.C.
NPO5	501(c)(3)	Human Service	Yes	Washington, D.C.
NPO6	501(c)(3)	Human Service	Yes	Washington, D.C.
NPO7	501(c)(3)	Human Service	Yes	Washington, D.C.
NPO8	501(c)(3)	Human Service	Yes	Washington, D.C.

RQ1 Themes: How to use Revenue Diversification and Structured Spending

Table 4 shows how the researcher merged the codes with similar concepts into three major themes that addressed RQ1.

Table 4

The Merger of Codes with Similar Concepts into Themes Related to RQ1

Code	Frequency	Theme
RS1 – Community Outreach	7	Community Outreach
RS2 – Share Stories	3	
RS5 – Effective Communications	1	
ES7 – Community Outreach	5	
RS3 – Partnerships	19	Partnerships
RS4 – Collaborations	14	
ES5 – Partnerships	11	
ES8 – Collaborations	8	
RS6 – Potential New Revenue in the Future	2	Optimal Resource Utilization
RS7 – Utilizing All Funding Sources	3	
ES1 – Pro Bono Services	10	
ES2 – Cost Effectiveness	8	
ES3 – Utilizing All Resources	15	
ES4 – Donated Goods	8	
ES6 – Flexibility	2	

RQ1 Theme 1: Community Engagement

Figure 2 shows the word cloud produced by NVivo software using words coded to community engagement. The word cloud illustrates the words such as community, government,

members recognized the organization's passion and dedication to improving the quality of life in the area.

Community engagement is about receiving support from the community and giving back to the community. P6 explained more about the organization's community outreach program, "in our community outreach program, we provide support and empower the community through education, healthcare, and job training workshops." P6 also emphasized that NHSOs need to be a part of the community to understand the needs of their target groups so that they can take impactful actions to transform the community. Likewise, P8 explained that the organization recognized the need for high-quality childcare and a supportive educational environment in the community through community engagement. As a result, the organization utilizes all its resources to provide the community with a high-quality and safe educational environment.

Furthermore, community engagement allows NHSOs to know and gain support from other organizations, foundations, and community leaders. P5 pointed out that community engagement helped the organization connect with other government agencies and nonprofits that shared the same mission and helped promote each other's programs and services to expand the networks. Finally, P2 reminded NHSOs should communicate effectively with their donors, partners, and community members about the impacts and accomplishments to build the trust and confidence in community members and donors that the organizations used the funds for mission-related activities.

Forms 990 from the fiscal year 2016 to the fiscal year 2020 of NPO1, NPO2, NPO6, NPO7, and NPO8 also suggested the theme of community engagement. In Part III of Form 990, NPOs discuss their program service accomplishments during the reporting tax year. For example, in Part III of Forms 990 of NPO1, the organization detailed its achievements through the

community outreach program every year. Likewise, NPO2's Form 990 discussed how it gained recognition and support through its network from the fiscal year 2016 to the fiscal year 2020. NPO6 provided the number of students and community members it supported and details of its activities during the year through a community outreach program in Form 990 from 2016 to 2020. Specifically, NPO6 showed that the organization provided school supplies to more than 10,000 students and gave nutrition packages to more than 50,000 community members during the year through its community outreach program in 2020. Finally, NPO7 and NPO8 shared the positive impact of their works on the local communities in Part III of Form 990, such as providing employment opportunities, job training workshops, and mentoring programs to their residents.

The data showed that community engagement is an effective strategy for NHSOs to gain financial and human support and expand their networks with other organizations and agencies that share the same missions. Additionally, community engagement allows NHSOs to understand the needs and demands of the community so that the organizations can allocate their resources appropriately to deliver services to the target group.

RQ1 Theme 2: Partnerships

Partnerships are critical for the participating organizations to generate more revenue streams and apply spending strategies effectively to stay sustainable and serve the community. For example, P4 explained that the organization has partnered with D.C. government agencies, community-based organizations, and private foundations to provide supplies, essential tools, and temporary homes to the target groups, including homeless women and families. P4 pointed out that working closely with D.C. agencies allows the organization to show the agencies its efforts to help homeless and unemployed women and their families. As a result, the agencies provide

substantial support from the government. The participant continued, "We proactively work with D.C. agencies to get the support we need to run our programs." NPO5's Form 990, Part VIII, Statement of Revenue, showed a consistent increase in government and non-government grants from the fiscal year 2016 to the fiscal year 2020 (see Figure 4). During the pandemic, 2019 and 2020, NPO5 received tremendous financial support from federal and state agencies.

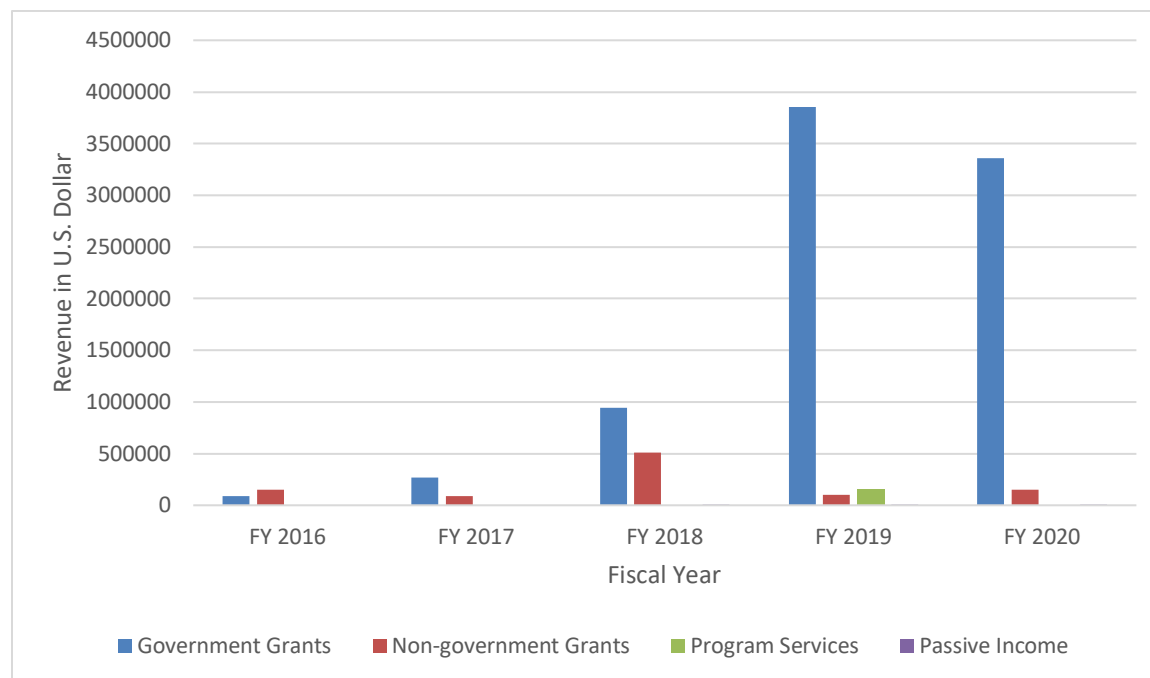


Figure 4. Funding sources NPO5 received from FY 2016 to FY 2020.

In addition, P6 said that the organization collaborates with local churches, schools, small businesses, and other nonprofits to provide educational programs to children from low-income families. P6 pointed out that it was challenging for the organization initially because it needed to figure out how to effectively coordinate with government agencies, schools, and community members to provide young students assistance to ensure no one was left out. P6 explained, "The partnerships and collaborations help our programs and services tremendously." For example, the organization's high-quality afterschool and summer programs are a significant resource for district youth to help young people become more engaged in learning. NPO6's Form 990 from

2016 to 2020 showed that NPO6's revenue primarily came from non-government grants instead of government grants like NPO5 (see Figure 5). NPO6's Form 990 demonstrated that partnerships with non-governmental entities such as schools and other nonprofits are as crucial as with government agencies.

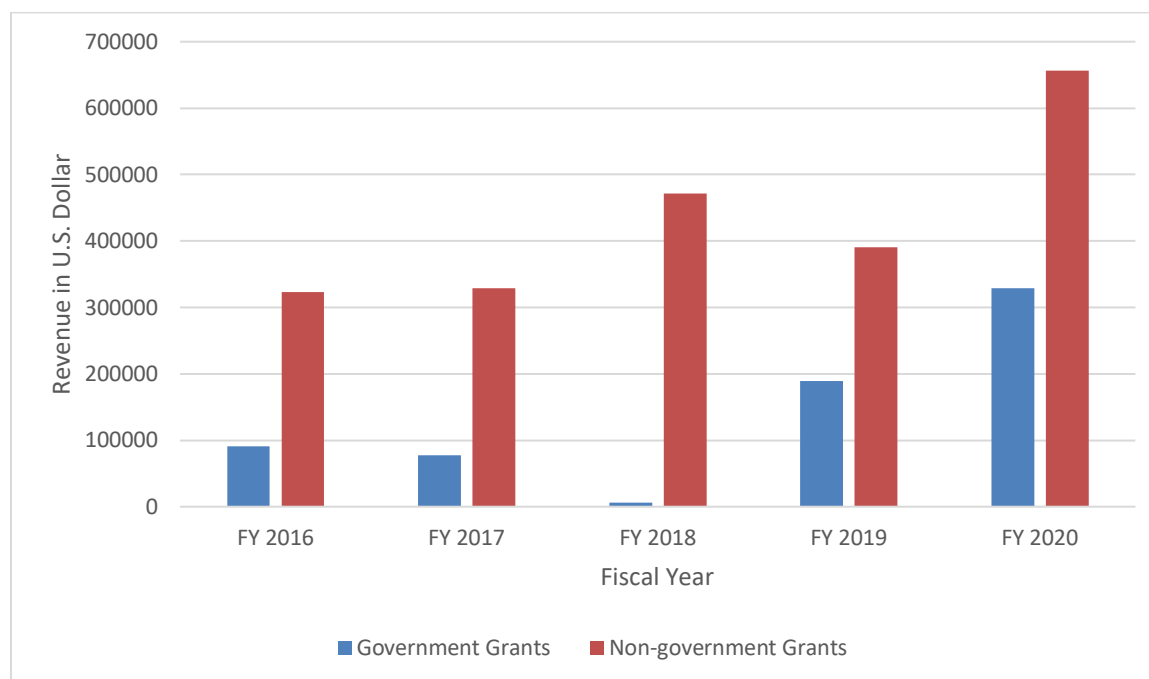


Figure 5. Funding sources NPO6 received from FY 2016 to FY 2020.

Finally, P8 added that partnering with academic experts such as local universities and colleges helps enrich the curriculum of the organization's educational programs and improve the students' performances. P8 stated, "Our programs and services are making a difference in the community. Over 10,000 children and their families have benefited from the dedicated efforts of our learning center and organization." Partnerships and collaborations help nonprofits stay financially sustainable and accomplish their goals.

Partnerships come in different types, including inter-organizational collaborations, government-nonprofit collaborations, and business-nonprofit collaborations, and they provide short-term and long-term benefits to NHSOs. NHSOs can develop stable financial support from

the partnerships and coordinate with their partners to address human and social issues in the community.

RQ1 Theme 3: Optimal Resource Utilization

The data collected from the interviews and Form 990 showed that participating NPOs utilize internal and external resources to secure economic positions as part of their financial strategies. For example, P3 explained that NPO3 strategically combined public and private funds to ensure financial stability for its programs. As a result, NPO3 can leverage government and non-government grants to create a strong financial position and grow its programs to meet community needs better. NPO3's Form 990 from 2016 to 2020 also showed a great balance between government and non-government grants (see Figure 6). During a financial crisis such as the COVID-19 pandemic in 2019, NPO3 managed to generate sufficient funding sources to continue providing programs and services to homeless and unemployed women and their families. NPO3's financial data demonstrated that the organization created a solid financial position to remain sustainable and overcome the crisis.

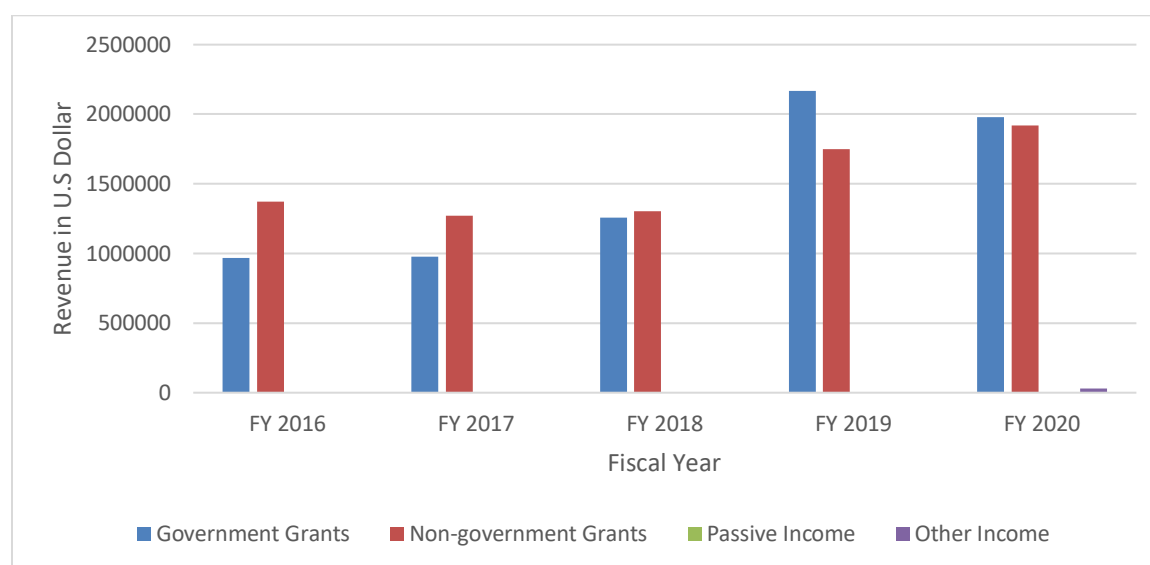


Figure 6. Funding sources NPO3 received from FY 2016 to FY 2020.

P3 expressed that NPO3 has more than 50 full-time employees to run day-to-day operations to ensure the organization spends the money wisely and effectively. NPO3 recognizes its employees' abilities and capabilities and allows them to take on tasks aligned with their skills and passion. P3 added, "People choose to work for a nonprofit because the nonprofit shares the same passion and beliefs. So, when the nonprofit lets employees work on programs or services close to their hearts, they will give 100% effort to the tasks." P2, the program director of NHSO in Washington, D.C., explained that NPO2 was not cost-effective initially because they still needed to learn and figure out how to run a nonprofit as they went. However, P2 said, "Later on, when we got more familiar with our activities, we could operate efficiently with fewer resources. As a result, we cut back administrative expenses such as rent, office expenses, and information technology fees." NPO2's Form 990 showed that total overhead expenses decreased significantly from 50% of total expenses in 2016 to 22% in the fiscal year 2020.

P4 shared that NPO4 works with the D.C. government, other nonprofits, and businesses so that NPO4 can be the go-to resource for vulnerable women and their families. Interestingly, P4 expressed that financial support is vital to its clients and their families to rebuild their lives; however, they also need to learn essential skills to get stable jobs to be self-sufficient. Thus, community leaders and business leaders volunteer their time to host job training workshops to help clients mitigate the barriers to obtaining and maintaining employment. Therefore, volunteers are important external resources to nonprofits, especially the human service sector, because they donate their time, skills, and talents to help the organizations free of charge, and they also help promote the organization's activities. P4 explained that community partners and volunteers help NPO4 run fundraising events such as food drives and toy drives and donate clothes and supplies to families in the community. P4 added, "Because of our community

Moreover, volunteers can help nonprofits save on labor costs and low overhead expenses. P3 said that many community members provide in-kind items such as goods, venue space, and pro bono professional services and volunteer their time to help the organization. For example, NPO3 received approximately 3,600 hours of services from more than 300 volunteers in 2020, and the value of these volunteer services was more than \$270,000. In addition, the volunteers help prepare and serve meals, lead employment workshops, and host fundraising events. P3 emphasized that volunteers are part of the family, and NPO3 cannot accomplish its goals without the volunteer team. Finally, NPO7 expressed, "Volunteers also help promote our programs and host donation drives and fundraising events. So, our fundraising expenses remain eight percent or less of our total costs." Besides the volunteer team, NPO7 receives generously contributed rent from one of its landlords to save more than \$500,000 on rent expenses annually. NPO7's Form 990 from the fiscal year 2016 to the fiscal year 2020 showed that the organization only spent a small portion of its resources on overhead, including administrative and fundraising expenses (see Figure 8).

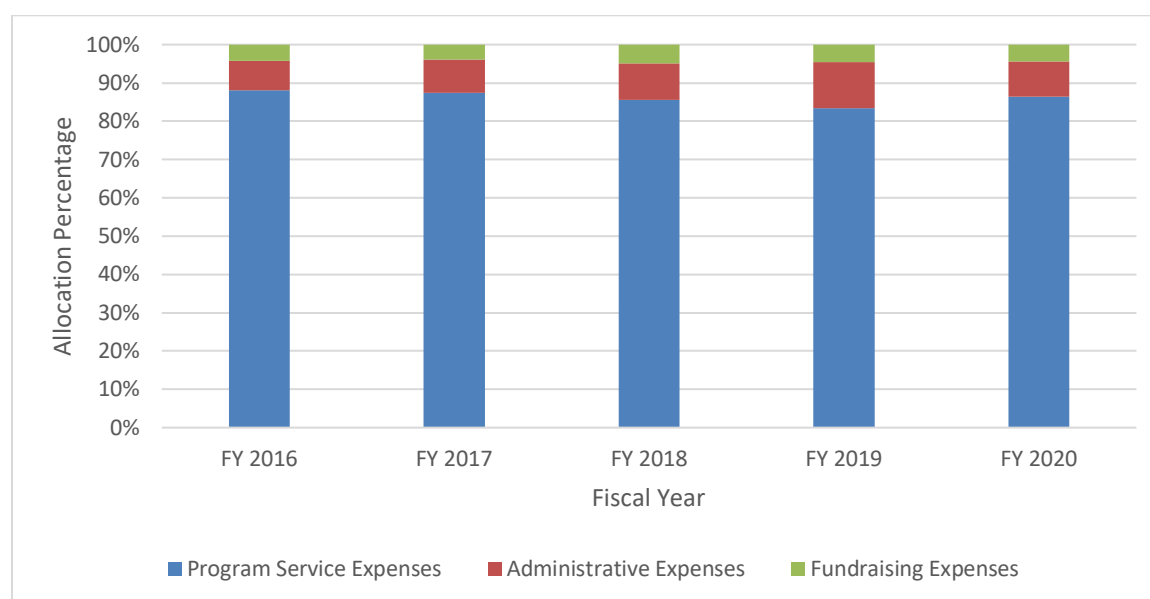


Figure 8. NPO7's allocation of resources from FY 2016 to FY 2020.

RQ2 Themes: Financial Strategies and Organizational Viability

Table 5 shows how the researcher merged the codes with similar concepts into three major themes that address RQ2.

Table 5

The Merger of Codes with Similar Concepts into Themes Related to RQ2

Code	Frequency	Theme
RP1 – Diverse Donation Sources	4	Financial Stability
RP2 – Partnerships	3	
RP3 – Effective Communications	3	
RP4 – Long-term Partnerships	3	
RP5 – Strong and Growing Networks	2	
RP6 – Reduction of Donation Dependency	3	
EP1 – Spending Flexibility	3	Financial Flexibility
EP2 – Operating Flexibility	1	
EP3 – Proactively Controlling Budget	1	
EP4 – Utilizing All Resources	1	
EP5 – Mission Accomplishments	5	
EP6 – Meet Community Needs	6	
EP7 – Cost Effectiveness	6	

RQ2 Theme 1: Financial Stability

When the researcher asked the participants how important it was for their organizations to have diverse funding sources and structured spending, they all responded that revenue and

expense strategies were vital. For example, P1 said, "We've tried to get donations from various sources, including domestic and foreign corporations, nonprofits, government, and individuals, instead of relying on a few major donors. Therefore, getting donations from various sources is important to our organization." NPO1's mission is to promote educational opportunities and rights for children, so having the necessary financial sources helps the organization continue providing learning programs, essential supplies, and nutrition packages. NPO1's Form 990 showed that the organization receives substantial financial support from non-government entities, including businesses, nonprofits, foundations, and community individuals. The remaining revenue streams are from government grants and investment income.

P3 shared the same perspective on diverse revenue streams as P1. P3 explained that government grants are approximately 50% of total revenue, so the remaining 50% relies on corporations, foundations, and individuals in the community. NPO3 strategically pairs government and non-government grants to create a stable financial position to stay sustainable and grow (see Figure 6). More importantly, P3 stressed that the organization could not get through the COVID-19 pandemic and positively impact vulnerable people without volunteer team support. The donations from small businesses and individuals decreased during the pandemic because they also struggled to survive. Fortunately, NPO3 received tremendous support from more than 300 volunteers who donated thousands of hours, food, and supplies to help the organization. Therefore, getting support from different groups allows NPO3 to be sustainable.

The generous federal, state, and community financial support helped NPO5 overcome the COVID-19 pandemic and expand its program services. NPO5's Form 990 from 2016 to 2020

showed that the organization generated more revenue and allocated more resources to administrative activities annually to invest in its organizational infrastructure (see Figure 9).

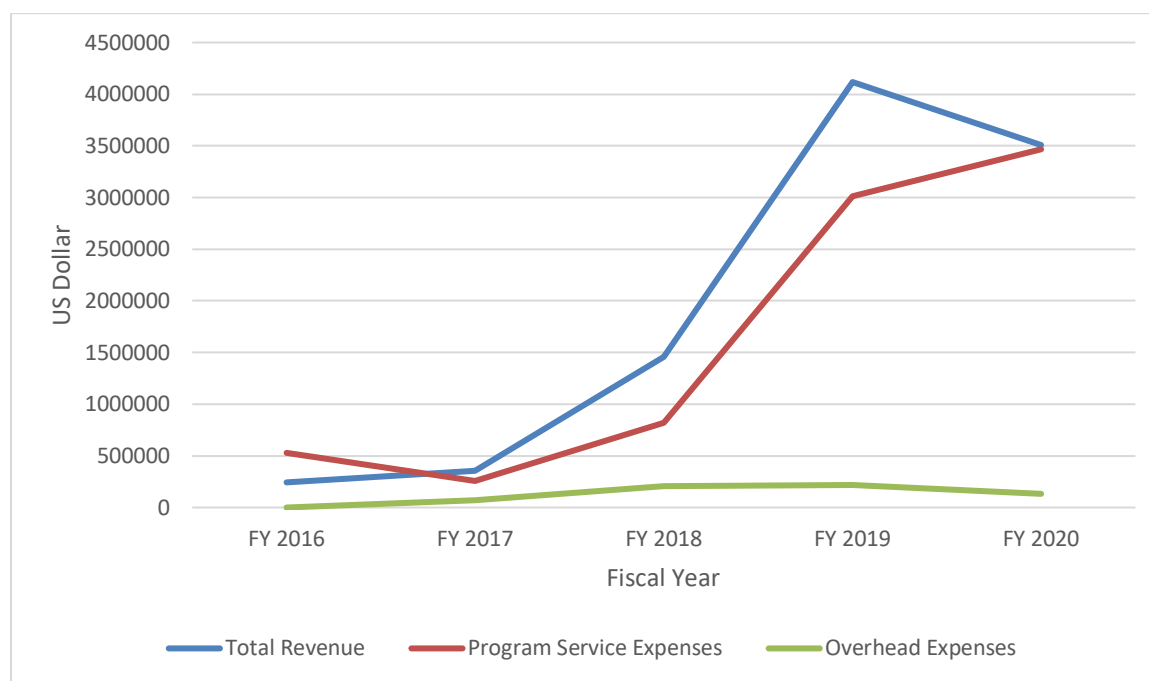


Figure 9. NPO5's funding sources and allocation of resources from FY 2016 to FY 2020.

In addition, P7 pointed out, "I think it is essential to have different sources of revenue to ensure that we can continue providing programs and services to the women who rely on us." NPO7 has eight programs, each designed to meet the specific needs of women and their families at different stages of their lives. As a result, getting the much-needed funding helps NPO7 continue assisting its clients. P7 explained that the organization receives financial support from generous donors such as D.C. government agencies, foundations, corporate partners, organizations, and individuals in the community. NPO7 also recruits volunteers interested in small acts to help show the homeless and unemployed women and their families that the community cares about them. P7 described that some funding sources are greater than others, but they all are essential to keep the organization going. For example, although NPO7's investment portfolio had a modest start with a couple of hundred dollars, the portfolio grew to more than

\$20,000 in 2020. In addition, NPO7's Form 990 showed that most of the organization's revenue streams were from government and non-government grants. However, the organization still tries to generate revenue streams from different sources to secure its financial position.

P4 also agreed that diverse funding sources are necessary because of the increased community needs. The organization needs more funding to reduce domestic violence incidents and homelessness in the community. P4 explained, "Our clients depend on us, so we need to be resilient and resourceful to help them." NPO4's Form 990 presented four revenue streams: government grants, non-government grants, program services, and investment income (see Figure 10). NPO4 gave a great example of how revenue diversification can help stabilize the organization's financial position. Although NPO4 receives substantial support from government and non-government entities, the organization still performs services such as consulting, workshops, and training to generate additional income. NPO4 also continues to work on its investment portfolio to receive passive income.

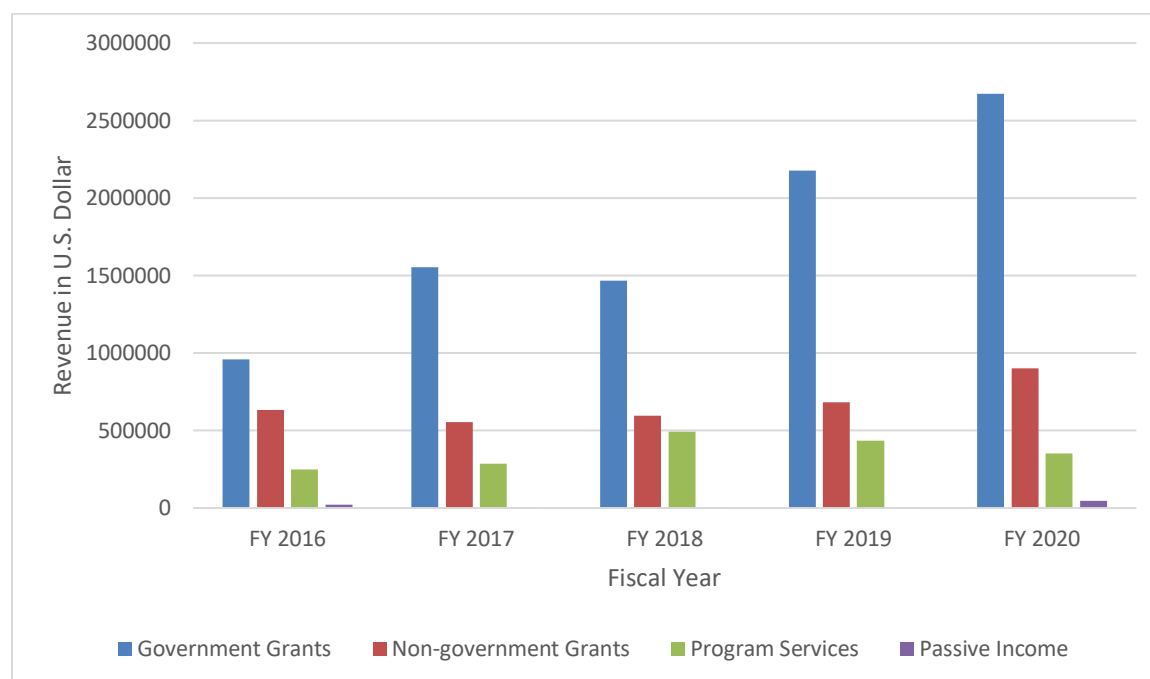


Figure 10. Funding sources NPO4 received from FY 2016 to FY 2020.

RQ2 Theme 2: Financial Flexibility

NHSOs may define and implement revenue diversification and structured spending differently, but they aim to achieve financial stability to continue serving the community. All participants expressed how revenue and spending strategies allow them to have the flexibility to run their programs and services effectively and take control of overhead expenditures. NPO2's spending strategy was to be cost-effective. P2 explained that the organization invested in infrastructure initially to ensure it had the appropriate resources to run the organization. Later, when the organization became more familiar with its activities, it could operate efficiently with fewer resources. For another example, NPO2's employees started working remotely and using shared office space for meetings because the team could collaborate and communicate effectively using document coloration tools and instant messenger. As a result, NPO2 cut back administrative expenses such as rent, office expenses, and information technology fees. P2 said, "Spending strategy gives us flexibility when a crisis happens." During the lockdown of COVID-19, the organization continued operating its program services effectively. NPO2 also quickly moved its meetings to a virtual platform and utilized social media to promote the values of Asian American community. In addition, structured spending allowed NPO2 to take control of administrative and fundraising expenses. NPO2's Form 990 demonstrated that the organization had reduced its overhead expenditures significantly from 2016 to 2020, especially monthly fixed costs such as rent, office expenses, and technology. The organization has also allocated more resources to programs and services over the past five years (see Figure 11).

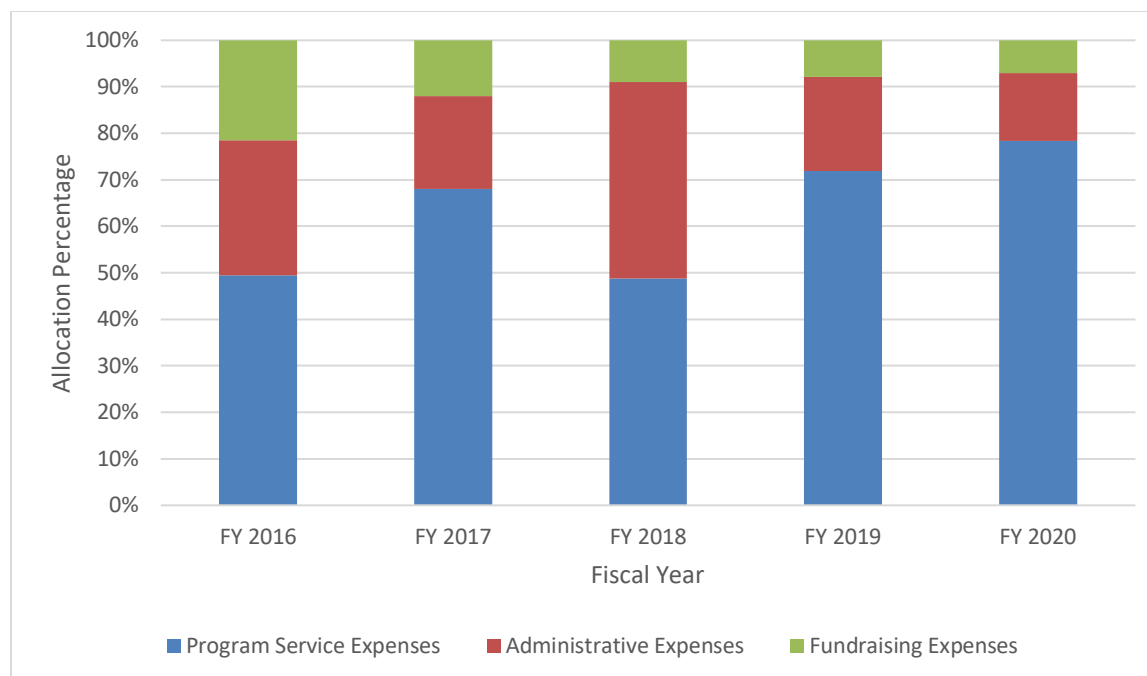


Figure 11. NPO2's allocation of resources from FY 2016 to FY 2020.

Structure spending helps NPO1 maximize the support and benefits it receives from the community to stay sustainable. NPO1 works closely with its network of supporters, local businesses, and community leaders to get much-needed resources to run the organization without spending much money. P1 said, "We utilize pro bono services from local business partners, such as legal and consulting services, to save costs." In return, the business partners can enhance their public image by providing a local nonprofit with their services. NPO1 also works with their long-time vendors for discounted fees. As a result, NPO1 can keep the overhead spending by 25% or less compared to the total expenditure to ensure the organization has sufficient funds to help local organizations provide essential services to children and young people (see Figure 12). More than that, NPO1's Form 990 showed that when the COVID-19 pandemic happened, the organization received roughly only 60% of its regular financial support. However, because of structured spending, NPO1 was able to continue providing financial support to other small nonprofits and effectively run its programs and services.

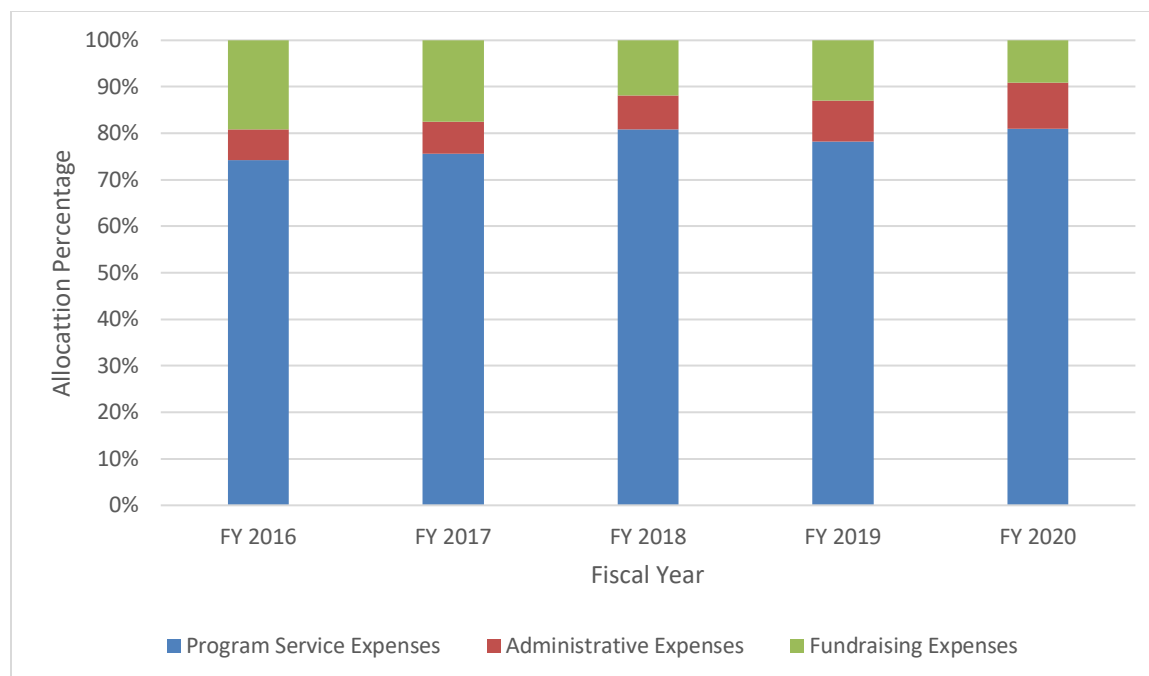


Figure 12. NPO1's allocation of resources from FY 2016 to FY 2020.

NPO3 shared a similar spending strategy with NPO1. P3 said, "Our partnerships with corporations and foundations help us keep our administrative and fundraising costs at 20% of the total expenses. They provide financial support, in-kind support, marketing, workplace giving, pro bono professional services, and community promotion." In addition, the volunteers help prepare and serve meals, lead employment workshops, and host fundraising events. Local businesses and foundations sponsor NPO3's fundraising activities, such as quarterly fundraising events and an annual gala. As a result, NPO3 can continue to run its programs and fundraising events successfully. When the COVID-19 pandemic happened, many nonprofits struggled to get assistance. NPO3 received approximately 3,600 hours of services from more than 300 volunteers, and the value of these volunteer services was more than \$270,000 during the crisis. Saving on labor costs helped NPO3 allocate more resources to programs and services.

Similarly, P4 revealed that besides the financial support from the community, the organization also received valuable pro bono services from business partners and sponsors. As a

result, the organization could launch its virtual services to be more accessible to its clients, especially during the pandemic. P4 added, "Because of our community partners and donations from companies and individuals, we successfully launched new initiatives to help our women ease the transitions." More importantly, P4 shared that structure spending allowed NPO4 to have the flexibility to adjust its allocation of resources to meet the increased needs of the community. NPO4's Form 990 highlighted that the organization spent approximately 80% of its resources on programs and services, 15% on administration, and 5% on fundraising.

Furthermore, structured spending plays a critical role in NPO6's organizational viability. P6 explained, "Because of our partnership with government agencies, schools, churches, and community and faith-based organizations, we can keep our overhead as low as possible." NPO6 does not have employees, so volunteers help run the programs and workshops. As a result, the organization needs an effective spending strategy to avoid financial unsustainability. P4 stated that the organization expanded its network and built strong partnerships with government agencies, schools, and community leaders. Furthermore, volunteers have increased significantly from 50 to roughly 250 within the last five years. The organization also receives more donations and supplies from the community to help continue operating and expanding the programs and services. More importantly, the students in the programs now become mentors and even instructors to help other students. P6 added, "The entire organization is like a big family. We help each out and share everything we have." During the COVID-19 pandemic, NPO6 switched from in-person classes to online platforms. P6 said that because of the encouragement and support from the volunteer team, most of the children continued with the programs via online platforms. NPO6's Form 990 showed impressive results from the spending strategy (see Figure

13). The organization allocated most of its resources to programs and services from 2016 to 2020, and the pandemic did not impact its operations.

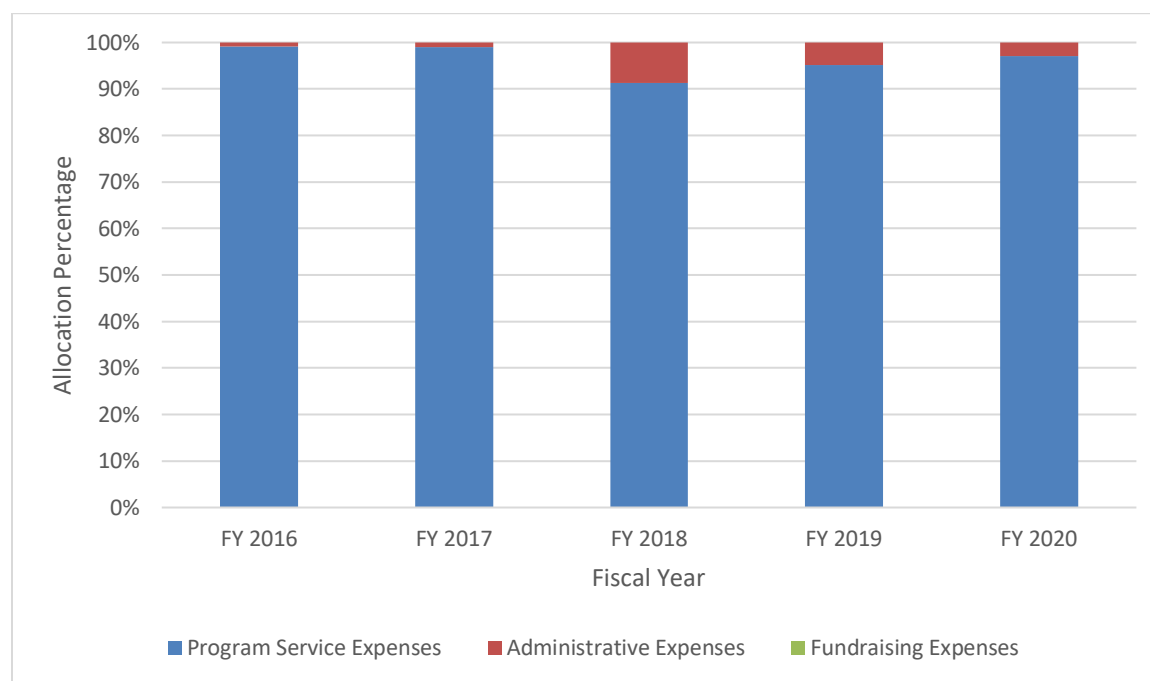


Figure 13. NPO6's allocation of resources from FY 2016 to FY 2020.

Diverse revenue streams and spending strategies enable NHSOs to take control of their resources and cost structures, delivering critical services to meet the increased community needs while keeping the administrative and general costs as low as possible.

RQ3 Theme: Barriers to Revenue Diversification and Structured Spending

Table 6 shows how the researcher merged the codes with similar concepts into three major themes that address RQ3.

Table 6*The Merger of Codes with Similar Concepts into Themes Related to RQ3*

Code	Frequency	Minor Theme
B1 – Donation Dependency	18	Donation Dependency
B2 – Financial Crisis Struggles	13	
B3 – New Revenue Streams	8	
B4 – Lack of Skilled Workers	8	Lack of Funding and Resources
B5 – Lack of Funding and Resources	24	
B6 – Increased Community Needs	23	Increased Community Needs
B2 – Financial Crisis Struggles	13	
B7 – Limited Capacity and Networks	5	
B2 – Financial Crisis Struggles	13	Lack of Flexibility
B3 – New Revenue Streams	8	
B7 – Limited Capacity and Networks	5	
B8 – Overhead Minimization	3	

RQ3 Theme 1: Lack of Financial Independence

Lack of financial independence is the primary barrier the participating NPOs face in pursuing revenue diversification and structured spending. The central theme from the interviews and document review is the lack of financial independence, consisting of four minor themes: increased community needs, lack of flexibility, donation dependency, and lack of funding and resources. Regarding the increase in demand for human and social services, P3 pointed out the organization needs funds to address the increased community needs, such as the lack of

affordable housing, rising domestic violence cases, and the ongoing economic impacts of the pandemic on the community. NPO3 relies roughly 50% on government funds; the remaining funding sources are from corporations, foundations, individuals, and families in the community. The public funds have not increased in the last five years, but the community needs have increased significantly. For example, NPO3 expanded its capacity by opening a new housing program in 2019; however, the COVID-19 pandemic made people's lives, especially women, more challenging. As the COVID-19 pandemic has continued to impact the community, women like those the organization serves have been among the most vulnerable. As a result, more people reach out to NPO3 for help, but the organization has limited resources to take in more clients. P4 echoed the same concern regarding the significantly increased community needs. P4 expressed that the increased community needs and crises like the COVID-19 pandemic made it challenging for the organization to provide short-term and long-term support to its clients. Therefore, the increased community needs have reduced the available funds for new activities to generate additional income and pressured nonprofits to allocate more available resources to programs and services instead of infrastructure.

Secondly, the lack of flexibility reduces the chances for nonprofits to have diverse revenue streams and structured spending. NPO5 is in a unique situation when the organization's funding depends on the effectiveness of its delivery of services to the clients and its achievements. P5 explained that the organization receives generous support from federal agencies through partnerships. The federal agencies evaluate the organization's program impact every year and rate the organization based on the effectiveness of its delivery of services to the clients and meeting the goals set by the agencies. Therefore, NPO5 sets goals for its clients and may terminate clients who do not show evidence of adequate progress. By holding the clients

accountable, the organization can improve the effectiveness of its services and the positive impact on clients. As a result, NPO5 can also maintain financial support from government agencies. However, the approach also means that NPO5 has to minimize overhead spending to allocate all its available resources to operate programs and services effectively to qualify for government grants. Consequently, NPO5 does not have the flexibility to implement structured spending into its organizational strategic plan. NPO5 also cannot fund new activities easily to generate additional income because all its funds are from government agencies to serve specific programs.

P1 revealed that NPO1 acts as an intermediary to help companies and individuals who want to help children and connect them to local organizations and communities around the world. This initiative is helping children have access to education and healthcare. Therefore, it is difficult for the organization as an intermediary to create new programs to generate revenue. The organization also has no flexibility to control its cost structures because it has to allocate as many resources as possible to its programs and services to meet donors' expectations and accomplish the organizational goals. NPO1's goal is to promote partnerships and connect community leaders to help fund and coach small local organizations so that they can positively impact the children and youth in their communities.

Furthermore, donation dependency is typically a challenge nonprofits face when implementing revenue diversification and structured spending. P1 said NPO1 relies on partnerships with generous supporters. During the pandemic, businesses, including the organization's partners, struggled with the lockdown and the financial crisis. As a result, NPO1's donations declined significantly. After the pandemic, NPO1 started seeing its donations return to the pre-pandemic level. Therefore, a crisis like COVID-19 substantially impacts the

organization's financial position. NPO1's Form 990 reflects P1's concern regarding donation dependency (see Figure 14). The organization's total revenues in the fiscal year 2019 declined significantly, and fortunately, its revenues recovered in the fiscal year 2020.

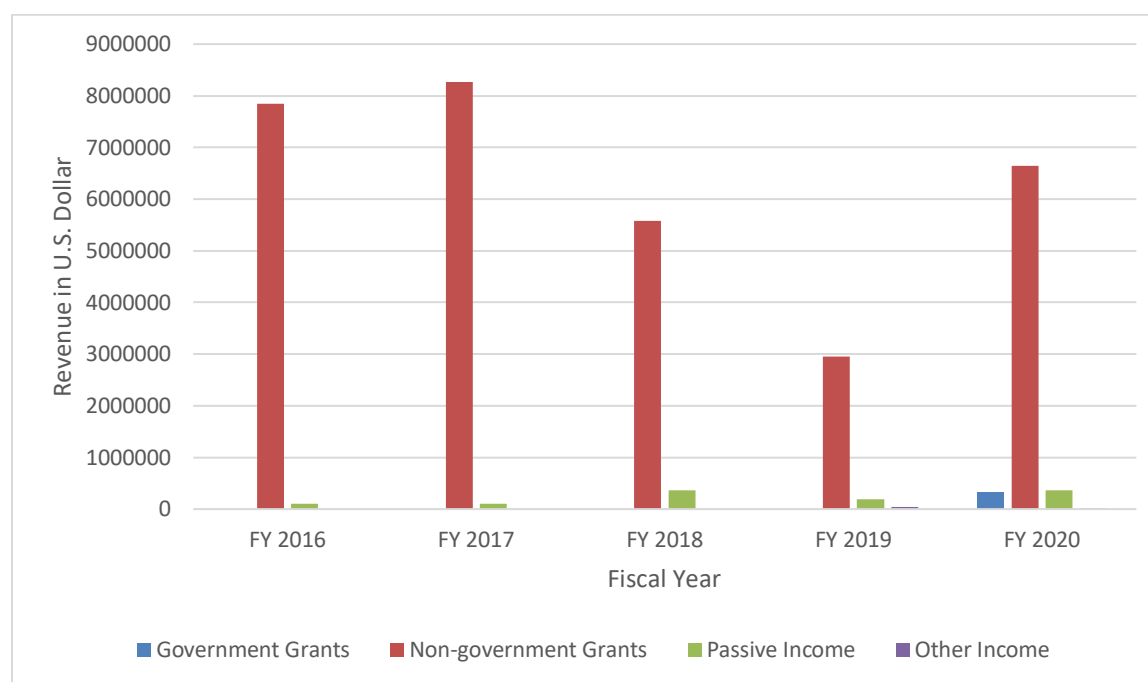


Figure 14. Funding sources NPO1 received from FY 2016 to FY 2020.

NPO2 also relied on membership dues and donations from fundraising events and businesses to help the organization promote the values and impact of Asian American community through coloration and leadership development. Therefore, the organization needs to spend the funds on program services to meet the expectations of its members and donors. Although NPO2 does not have a lot of donations with donor restrictions, the organization does not want to risk its public image and upset its members and donors. As a result, NPO2 cuts back on administrative and fundraising expenses to ensure the organization has enough money to run its programs effectively.

In addition, P3 expressed concern regarding the volunteer team that the organization does not know how many people will volunteer. For example, in 2020, NPO3 had a large team of

more than 300 volunteers, but in 2021, the volunteer team had only 130 volunteers. As a result, the organization had to modify some programs based on the number of volunteers signed up. However, the organization looks forward to welcoming more on-site and remote volunteers. NPO7 shared similar challenges with NPO3 because NPO7 also relied on donations and generous support from volunteers. P7 explained that the volunteers spend significant time helping the organization with its programs and workshops. However, NPO7 has yet to determine how many volunteers it will get in the next fiscal year, so there are some workshops, skill training programs, and activities that NPO7 is unsure whether the organization has the resources to host.

Finally, nonprofits lack the funding and resources to engage in diverse revenue streams. For example, P2 explained, "As a program director, I have to take on the responsibilities and duties of a chief operating officer and financial officer because we are too small to hire people for these two positions." Therefore, adding a new program to pursue diverse revenue streams is not feasible for NPO2. P6 shared the same challenge with P2 regarding needing more funding and resources. P6 said that running the programs all year round and supporting nonprofits in other countries require substantial financial and human resources. NPO6 has no employees; community and faith-based leaders help run all programs and services. NPO6 also relied on donations, in-kind services and supplies, and community volunteers. As a result, the organization needs more resources to fund new activities to generate additional income. According to NPO6's Form 990, the organization has no employees or independent contractors. The organization spends most of its resources on programs and services.

Furthermore, NPO8 needs financial support and resources from the D.C. government and businesses in the city to provide these programs to respond to the increased community needs.

The organization's impact on the lives of children and families serves as a model for early childhood learning, despite the challenges of the current center. The organization's main center is in an old building with limited windows, poor indoor air quality, and other physical deficiencies that are proven to negatively impact children's learning and emotional and mental health. Fortunately, the staff and leadership still excel in providing a nurturing environment that overcomes physical, technological, and other deficiencies. Therefore, the organization hopes to have sufficient funding and resources to operate in a new and better facility to provide a better environment for their children and staff. More than that, the organization recognizes the increased community needs to provide quality care and support for children. Hence, the organization hopes to have more sources of support to expand its programs to include more children in the community. NPO8's Form 990 demonstrated that the organization allocates most of its resources to programs and services such as childcare programs, training, and workshops (see Figure 15).

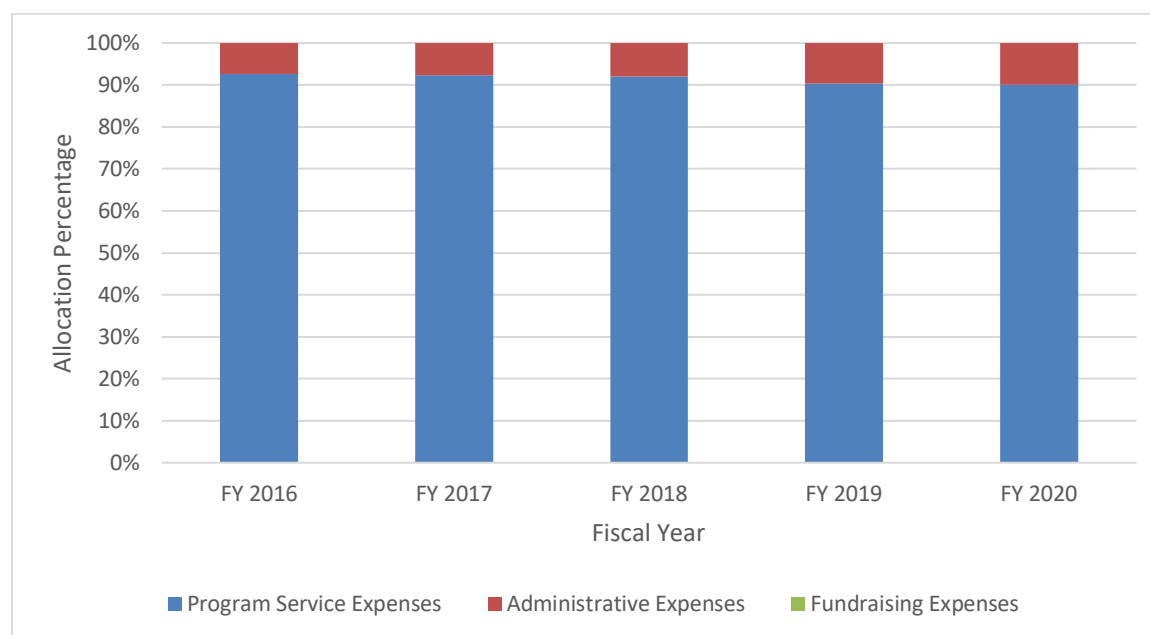


Figure 15. NPO8's allocation of resources from FY 2016 to FY 2020.

The lack of financial independence, flexibility, funding, resources, and donation dependency, have negatively impacted NHSOs pursuing revenue diversification and structured spending in their organizational strategic plans. Therefore, NHSOs have to strategically select and implement the appropriate revenue streams and spending strategies that align with their organizational structures, missions, and the needs of their target groups.

Relationship of the Findings

In this section, the researcher examined the relationships between the findings and the research questions, conceptual framework, anticipated themes, the literature in the field, and the problem.

The Research Questions

The research questions helped narrow down the purpose statement of the study into specific questions so that the researcher could seek the answers through the data collection and analysis process (Creswell & Poth, 2018). Hence, the ultimate goal of the data analysis was to determine whether the findings addressed each research question.

Research Question 1. The first research question asked, "How can NHSOs utilize revenue diversification and structured spending to avoid economic unsustainability?" The findings suggested that NHSOs can apply diverse revenue streams and spending strategies through community engagement, partnerships, and optimal resource utilization to avoid being financially unsustainable. The findings revealed that community engagement is a high-impact and low-cost approach for NPOs, especially those within the human service sector. This approach assisted NPOs in learning more about community needs, seek funding, and connect with businesses and other organizations with the same passions and missions. Through community engagement, NHSOs can share their stories with other businesses and organizations

to gain support, recruit volunteers, and promote their programs and services. Attracting diverse revenue resources from local groups in the community through engagement efforts helps NHSOs reduce their dependency on government grants.

In addition, the findings indicated that community engagement is a practical approach to building trust and creating long-time relationships with community members, especially the target groups. Spending time with people in vulnerable areas allows NHSOs, including the participants in this study, to develop and implement structured spending to address social issues effectively. Therefore, community engagement is vital for nonprofits to implement financial strategies to stay sustainable.

Secondly, the findings showed that partnerships are essential for NHSOs to generate revenues from different sources and stay cost-effective. Partnerships with government agencies provide NHSOs with the funding needed to deliver social services to vulnerable populations, enabling government agencies to allocate responsibility to nonprofits to address social issues. In addition, the study participants shared that nonprofit organizations have worked closely with government agencies to create and develop programs to meet the increase in demand for critical services. As a result, through partnerships with government agencies, nonprofits can receive previously unavailable grants. Furthermore, collaborations with other nonprofits, businesses, and community leaders help NHSOs gain support and promote each other's programs and services to serve the community. More importantly, partnerships with other organizations with the same missions and visions allow NHSOs to impact the target groups positively and rely less on government grants. Finally, partnerships help NHSOs operate more efficiently while keeping overhead costs low.

The findings of the study also demonstrated that NHSOs need to utilize all internal and external resources to avoid financial unsustainability. For example, nonprofits can combine revenue from different sources to create solid financial positions. Additionally, NPOs can encourage employees to work on programs and services that align with their passions to improve their productivity and efficiency. Furthermore, NHSOs must proactively connect and collaborate with government agencies and other businesses to build long-term financial support. Finally, volunteers are critical resources for NHSOs because they offer their time and skills to make a difference in the community without asking for any benefit. Hence, volunteers help NHSOs with limited resources achieve their missions.

Therefore, these responses addressed the first research question on how NHSOs can utilize revenue diversification and structured spending to avoid economic unsustainability. This study concludes that NPOs could use these financial strategies to stay sustainable through community engagement, partnerships, and optimal resource utilization.

Research Question 2. The second research question stated, "How do NHSOs perceive the role of revenue diversification and structured spending in terms of organizational viability?" The findings suggested that nonprofits recognize diverse revenue streams and spending strategies to help them achieve financial stability and flexibility. Revenue diversification and structured spending enable NHSOs to stay financially stable. For example, generating revenue from different sources allows NHSOs to reduce their dependency on a few major donors, such as government grants, which also help nonprofits avoid financial vulnerabilities. In addition, an effective spending strategy enables nonprofits to keep administrative costs low while operating their programs and services efficiently. Hence, when a crisis like the COVID-19 pandemic happens, NPOs can survive and continue providing supplies and delivering services to the target

groups. Therefore, having revenue diversification and structured spending allows NHSOs to establish financial stability.

Secondly, the findings show that diverse revenue sources and spending strategies give NHSOs the flexibility to manage their resources to navigate environmental changes and crises such as the COVID-19 pandemic. For example, government funding and donations from large donors often come with restrictions. Thus, diverse revenue sources, including restricted and unrestricted donations, give NHSOs the flexibility to allocate resources to critical programs and services to meet the increased needs of vulnerable populations and invest in organizational infrastructure.

Furthermore, structured spending allows NHSOs to stay cost-effective and take control of administrative and fundraising expenses. To illustrate, many NHSOs, including the study participants, have moved to remote office environments to reduce monthly fixed costs such as rent and utility and give employees flexible and convenient work schedules. As a result, the organization's productivity and efficiency have increased significantly. Hence, revenue and expense strategies allow NHSOs to allocate their resources effectively and efficiently. Therefore, the findings of this study addressed the second research question, demonstrating that NHSOs believe revenue diversification and structured spending help them establish financial stability and flexibility regarding organizational viability.

Research Question 3. The third research question asked, "What barriers exist for NHSOs to include revenue diversification and structured spending in their organizational strategic plans?" The findings presented above suggest that the lack of financial independence challenges NHSOs to pursue diverse revenue streams and spending strategies. The lack of financial independence is the central theme, consisting of four minor themes: increased

community needs, lack of flexibility, donation dependency, and lack of funding and resources. The findings showed that NHSOs struggle to meet the substantial increase in demand for critical services with limited resources. A crisis like the COVID-19 pandemic highlighted the situation of families in vulnerable areas. Hence, many strategic plans did not prioritize generating additional revenue streams or investing in organizational infrastructure.

The findings revealed that the lack of flexibility reduces the chances for nonprofits to have diverse revenue streams and structured spending. NHSOs act as intermediaries to provide services to target groups on behalf of government agencies and donors. Also, the organizational structure of NHSOs is not intended to engage in new activities for income or fund administrative and fundraising activities. As a result, NHSOs do not have the flexibility to implement revenue diversification and structured spending into their organizational strategic plan.

The findings also indicated that donation dependency creates constraints for NHSOs pursuing diverse revenue streams and spending strategies. Many NHSOs rely on financial support from government agencies and large corporations. However, government grants and donations from major donors often have restrictions and conditions that control how NHSOs can spend their funds. Therefore, it is challenging for NHSOs to invest in new activities to generate more income or organizational infrastructure.

Finally, the findings suggested that NHSOs often lack the funding and resources to engage in diverse revenue streams or invest in administrative activities. Generating additional revenue streams can be costly and risky; as a result, many NPOs do not want to risk their limited resources to invest in new activities. Furthermore, lack of funding and resources limit NHSOs from investing in their organization infrastructure, such as offering competitive compensation packages to recruit and retain talented workers. As a result, NHSOs struggle to implement

revenue and expense strategies into their operational plans. The study's findings addressed all three research questions by providing insights into how NHSOs view and utilize revenue diversification and structured spending to avoid economic unsustainability and the barriers for NHSOs to include revenue and expense strategies in their overall organizational strategic plans.

The Conceptual Framework

The conceptual framework allows researchers to redefine goals, develop research questions, determine methodological choices, recognize potential threats to validity, and demonstrate the research's relevance (Collins & Stockton, 2018). In this section, the researcher discussed the relationship between the study's findings and each element of the conceptual framework.

Concepts

Three essential accounting concepts are foundational to the research framework of this study: revenue diversification, structured spending, and financial sustainability. The revenue diversification concept aims to help NPOs generate revenue from different resources to reduce economic unsustainability (Levine Daniel & Kim, 2018). Many nonprofits use diverse revenue portfolios as a financial strategy to decrease the dependency on external funding and ensure financial stability (Kim, 2017). The study's findings demonstrated that the revenue diversification concept helps NPOs reduce their dependency on government grants and a few large donations. In addition, NPOs use diverse revenue streams strategically to create strong financial positions and stay sustainable. The findings also reveal that generating revenue streams from different activities can allow nonprofits to reallocate financial resources to run programs and maintain organizational viability.

The structured spending concept refers to the ability to fund prioritized program services to carry out the mission and cover overhead costs to keep the organization operating efficiently (Zietlow et al., 2018). NPOs often need effective cost policies and practices to satisfy the grant requirements and secure financial sustainability. The findings presented above suggest that the structured spending concept gives NPOs the flexibility to manage their resources to deliver essential services to target groups without decreasing organizational efficiency. Also, the findings indicated that the structured spending concept enables NPOs to accomplish their missions and invest in organizational infrastructure by utilizing all internal and external resources. Volunteers, pro bono services, and donated supplies from businesses, organizations, and community leaders help NPOs keep their administrative and fundraising costs low while positively impacting the community.

Finally, the financial sustainability concept reflects the ability of NPOs to take more control of their finances and be financially sustainable (Gajdová & Majdúchová, 2018). NPOs have the capacity and flexibility to adapt to environmental changes to remain financially sustainable (Lee, 2017). The findings revealed that implementing revenue diversification and structured spending helps NPO achieve financial sustainability. Interview findings showed that NPOs believe diverse revenue streams and spending strategies allow organizations to establish financial stability and flexibility. Therefore, the findings of the study aligned with three key concepts that comprise the research framework, and NPOs can apply these concepts to avoid economic unsustainability.

Theory. Resource-based view theory (RBV) allows the researcher to explore the relationship among an organization's resources, capabilities, competitive advantages, and profitability to utilize its available resources to maximize profit (Grant, 1991). NPOs, especially

in the human service sector, often have limited budgets to achieve organizational goals; therefore, NPOs must utilize all available resources within the organizations. The findings of the study related to RBV theory through one of the major themes identified: optimal resource utilization. The findings suggested that NHSOs must use all internal and external resources to get financial and human support to avoid economic unsustainability. NHSOs can use internal resources to create solid financial positions and coordinate with employees to improve productivity and efficiency. Also, NHSOs can partner with government agencies and other organizations to get financial and human support, especially volunteers, so the organizations can effectively deliver services to the community without sacrificing efficiency. Therefore, the findings aligned with RBV theory regarding optimal resource utilization.

Actors. The actors of this qualitative study were nonprofit organizational officials within the human service sector in the Washington D.C. metropolitan area with experience in revenue diversification and structured spending. The findings suggest that NHSOs in the Washington D.C. area often act as intermediaries to deliver services to meet the increased community needs on behalf of government agencies and donors. However, although NHSOs help transform the lives of vulnerable populations in the community, the lack of financial independence limits how organizations can implement revenue diversification and structured spending. The findings unveiled that NHSOs can apply revenue and spending strategies through community engagement, partnerships, and optimal resource utilization to secure financial sustainability.

Constructs. The constructs of this study were revenue diversification, structured spending, and financial sustainability. In the conceptual framework, revenue diversification combines different revenue streams, from government grants, contract services, individual and corporate donations, and investment income (Guan et al., 2021). The study's findings revealed

that every NHSO may have identified and implemented diverse revenue streams differently, depending on their missions and resources.

Revenue diversification is not a one-size-fits-all approach; service may generate income for one organization but become a net loss for another entity. Therefore, NHSOs should evaluate their resources and missions to apply diverse revenue streams effectively. The findings suggested the same approach to structured spending. In the conceptual framework, structure spending balances overhead spending without cutting back on programmatic support (Park & Matkin, 2020).

The findings demonstrated that structured spending is about the flexibility the NHSOs have to allocate resources that work best for the organization without sacrificing efficiency or substantial influence from donors. As a result, NHSOs should apply the appropriate cost structures to maximize the effectiveness of programs and services while maintaining much-needed overhead spending. Finally, according to the conceptual framework, financial sustainability is a condition where NPOs can secure their financial sources and continuously carry out their organizational missions (Gajdová & Majdúchová, 2018). The findings aligned with this definition, and financial sustainability is the ultimate goal for NHSOs.

Anticipated Themes

The researcher identified five anticipated themes at the beginning of the study, including lack of human resources, risks and costs of revenue diversification, the complexity of budgeting in the human service sector, the importance of program services, and community engagement. The researcher examined whether the findings relate to the anticipated themes.

Lack of Human Resources

The researcher initially believed that lacking human resources, especially a financial background, is more likely to be a barrier to nonprofits implementing revenue diversification and structured spending. However, the findings show that the lack of funding and resources, including human resources, constrain NHSOs from pursuing diverse revenue streams and spending strategies. The organizations must allocate funds to generate additional revenue streams and assign employees with the required skills and knowledge to manage the new activities. NHSOs are often understaffed, thus, making employees take on more tasks that will negatively impact the productivity and efficiency of the existing programs. Therefore, the researcher would replace this theme with the lack of funding and resources, one of the four minor themes under the lack of financial independence, to reflect the barrier that NHSOs encounter in implementing revenue and spending strategies.

Risks and Costs of Revenue Diversification

The second anticipated theme was that the risks and costs of revenue diversification would discourage nonprofits from utilizing the financial strategy. The findings indicated that every revenue stream has advantages and disadvantages. Hence, NHSOs should identify and choose the activities that align with their missions and resources to help provide services to their target groups. This anticipated theme accurately pointed out that the risks and costs of revenue diversification may discourage NHSOs from pursuing revenue and spending strategies. However, the findings show that the actual reason that constrains NHSOs from implementing financial strategy is the need for more funding and resources, including the risks and costs of diverse revenue streams. Therefore, the researcher would replace this theme with the lack of

funding and resources under the central theme, the lack of financial independence, to give a complete picture of the challenge NHSOs face in applying financial strategies.

The Complexity of Budgeting in the Human Service Sector

The third theme was that the complexity of budgeting in the human service sector makes implementing structured spending more difficult. The researcher initially believed that developing a spending strategy requires substantial administrative work and skilled employees with a financial management background, which may reduce the benefits of the strategy. However, the findings revealed that the need for more flexibility in the organizational structure challenges NPOs to diversify their revenue streams and carry out structured spending.

As intermediates, NHSOs do not have the flexibility to control their cost structures because they need to allocate as many resources as possible to their programs and services to meet donors' expectations and accomplish the organizational goals. Therefore, although the complexity of budgeting may discourage some NPOs, the lack of flexibility in the organizational structure of NHSOs is a barrier the entities face in pursuing diverse revenue streams and structured spending. As a result, the researcher replaced this theme with the need for more flexibility, one of the four minor themes under the lack of financial independence.

The Importance of Program Services

The fourth anticipated theme in this study was the importance of program services because regulators, charity watchdogs, and donors often use program outcomes as indicators to show how nonprofits operate and utilize their resources (Yang & Northcott, 2019). The findings showed that program outcomes are essential to some NHSOs as government agencies annually evaluate the organization's program impact. These ratings are based on the effectiveness of its delivery of services to the clients and meeting the goals set by the government agencies.

However, the theme discovered was the lack of flexibility in the organizational structure of NHSOs instead of the importance of program services. For some nonprofits, such as NPO5, their funding depends on the effectiveness of their delivery of services to the clients and their achievements. Therefore, they need more flexibility to generate new revenue streams or allocate resources to organization infrastructure.

Community Engagement

The final anticipated theme was community engagement because the human sector dedicates all its resources to delivering services and products directly to underserved communities. The findings suggested that community engagement is a high-impact and low-cost approach for NPOs, especially in the human service sector. Community engagement helps NPOs to learn more about the increased community needs, seek funding, and connect with businesses and other organizations with the same passions and missions. Through community engagement, NHSOs can connect and gain support from local businesses and community leaders, including recruiting volunteers and receiving donated supplies and services. Furthermore, community engagement is an effective way for NHSOs to build trust in the community, especially with their target groups. As a result, NHSOs can utilize revenue and spending strategies through community engagement to avoid economic unsustainability. Community engagement was one of the major themes of this study.

The Literature

The literature review examined the benefits and barriers of revenue diversification and structured spending concepts and how nonprofits should utilize these two financial strategies to maintain financial stability. The literature review also explored the financial sustainability

concept. The researcher discussed how the findings related to the literature review, focusing on similarities and differences.

Revenue Diversification

The literature review discussed the advantages and disadvantages of revenue diversification. The literature review suggested that NPOs apply the revenue diversification concept to diversify their revenue sources which can reduce the risks of funds reduction in the event of one revenue source withdrawing from contributing to their course. Pembleton (2018) suggested that NPOs utilize revenue diversification as a prudent revenue generation strategy for minimizing the volatility of revenue portfolios that nonprofits manage. In fact, three themes related to the first research question, which emphasized how diverse revenue streams can help NPOs reduce dependency on government grants and a few income sources. These themes aligned with Pembleton's (2018) study.

Additionally, Lee et al. (2021) suggested that mixed revenues also provide NPOs the financial flexibility so that NPOs can use the funds from commercialized income to enhance their innovative programs. Mixed revenues can influence the capacity to recruit and attach skilled workers without donor restrictions. The findings indicated the same benefit with revenue diversification, which allows NPOs the flexibility to manage resources to operate programs and services effectively while investing in organizational infrastructure. Furthermore, some scholars have even suggested that nonprofits could use mixed revenue streams to solve restricted donations and overhead spending. For example, Hung and Hager (2019) believed that implementing revenue diversification can give NPOs new opportunities to collaborate with other organizations and gain community connections. The findings revealed the similar effect of

diverse revenue streams and partnerships. Furthermore, NPOs can also generate additional revenue streams through community engagement and partnerships.

The literature review also pointed out some disadvantages of revenue diversification. The first challenge of revenue diversification is that nonprofits must understand the revenue structure and organizational goals to utilize the financial strategy effectively. Levine Daniel and Kim (2018) explained that nonprofits might generate revenue streams through activities that align with their missions. However, some revenue streams may be outside their programs or organizational goals. The present study's findings suggest that NPOs face similar barriers in pursuit of revenue diversification. The lack of flexibility in the organizational structure challenges NPOs to diversify their revenue streams and carry out structured spending.

In addition, Liu and Kim observed that securing financial sustainability does not depend on how diversified revenue streams are but on how the revenue streams are diversified (2021). The findings also indicated that NPOs should identify and implement revenue diversification based on their missions, resources, and the needs of their target groups. For many participants in this study, diverse revenue streams mean getting financial support from different groups instead of relying on government grants. The literature review and the findings share many similarities regarding the advantages and disadvantages of revenue diversification.

Structured Spending

The literature review discussed the challenges of cost structures and the benefits of implementing structured spending in organizational strategic plans. The literature review pointed out that NPOs are pressured to meet the increased needs of the community while operating with limited resources (Zhang et al., 2021). The findings also revealed one of four barriers that NPOs encounter in implementing revenue and spending strategies is increased community

needs. For example, NPO3 has witnessed drastically increased domestic violence cases, homelessness, and unemployment in vulnerable communities due to the pandemic. Most of the impacted individuals were women and children. Unfortunately, NPO3, with limited capacity and resources, could only take in some clients that came for assistance.

Moreover, Shon et al. (2019) explained that the public believes nonprofits drive away donors if they spend limited funds on anything other than program services. The minor theme, the lack of flexibility, also mentioned the restriction NISOs face regarding overhead spending, which aligned with Shon et al.'s (2019) study. NPO5's funding depends on the effectiveness of its delivery of services to the clients and its achievements. The federal agencies evaluate the organization's program impact every year and rate the organization based on the effectiveness of its delivery of services to the clients and meeting the goals set by the federal agencies.

Moreover, many scholars stated that misconceptions about nonprofit salaries negatively impact organizational productivity and performance. Meer (2017) stressed that many nonprofits are understaffed because they struggle to offer competitive compensation packages to skilled workers. The findings address the same challenges while discussing the major theme, the lack of financial independence, related to research question 3. The lack of flexibility, donation dependency, and the lack of funding and resources limit NISOs from investing in organizational infrastructure, including recruiting and retaining skilled employees.

Berrett (2021) observed that investing in organizational infrastructure and capacity can help nonprofits increase their performance efficiency and program quality; however, investing in officials' salaries may hurt the public image of the organizations. The findings show that the salaries of nonprofit officers at midsized NISOs are not the primary concerns of government agencies and large donors because their salaries are not substantial, and many officers are

volunteers. As a result, Berrett's (2021) study may apply to larger NPOs instead of midsized NPOs.

Regarding implementing structured spending, the literature review emphasized that volunteers are critical human resources for NPOs because they are dedicated local residents willing to devote their time to giving back to their communities. Ilyas et al. (2020) suggested that NPOs must engage their volunteers in activities that carry out the organizational missions and align with their motivations and needs. The findings also illustrated the importance of volunteers. The findings revealed that volunteers are essential external resources to nonprofits, especially the human service sector, because they donate their time, skills, and talents to help the organizations free of charge. They also help promote the organization's activities.

The literature review and the study findings have similarities regarding the barriers NPOs face in implementing structured spending and the benefits of structured spending. Many scholars expressed the challenges of nonprofit officers' compensation. NPOs may upset their donors and hurt the public image if their officers receive high compensation. However, the study did not find that the salaries of nonprofit officers at midsized NPOs were too high to raise concerns about their public image. The officers of participating NPOs receive reasonable compensation; some even volunteer their time to help the organizations. Therefore, the concerns about labor costs may apply to larger organizations.

Financial Sustainability

The literature review discussed how NPOs could utilize revenue diversification and structured spending to achieve financial sustainability. Shon et al. (2019) pointed out that nonprofits are more likely to increase overhead spending and decrease programmatic expenses when utilizing revenue diversification. The findings also suggested that diverse revenue streams

and spending strategies allow NPOs to allocate resources to invest in organizational infrastructure. The literature review and the study reminded NPOs to apply revenue and spending strategies appropriately so that the organizations would be able to maintain the productivity and effectiveness of existing programs and services.

In addition, the literature review stated that community engagement is important to financial sustainability. Woronkiewicz (2018) believed that community engagement promotes formal and informal collaborations between the organization and the community to address social issues and improve the long-term well-being of the neighborhood. Community engagement was one of the three major themes associated with the first research question, which aligns with Woronkiewicz's (2018) study. The findings suggest that many nonprofits, including all participants in this qualitative study, embrace community engagement. Leveraging community engagement allows nonprofits to build trust in the community, recruit potential donors and volunteers, and form long-lasting partnerships and collaborations.

Furthermore, the literature review recommended that NPOs need consistent dependency awareness and analysis of revenue sources to ensure they do not lose funding support or fall into the pitfall of revenue diversification. Although the recommendation is not one of the major themes of the study, the study highlighted that NPOs should identify and implement revenue and expense strategies based on their missions, resources, and the needs of target groups. The literature review discussed financial sustainability on a broader view while the study focused on midsize NPOs in metropolitan areas such as Washington D.C. Therefore, some of the discussion points in the literature review did not apply to midsize organizations in the study.

The Problem

The specific problem being studied was the factors that impact how nonprofits use revenue diversification and structured spending and what potential barriers may exist in the effective use of such financial strategies in mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area. These factors are currently poorly understood, resulting in a lack of understanding about how nonprofits can use such financial strategies for economic sustainability. The literature review identified and discussed the problem being studied. NPOs encounter different challenges in implementing diverse revenue streams and spending strategies. Many NPOs rely on government grants and a few large donations; hence, nonprofits face limited income streams and restrictions on spending (Charles et al., 2020). NPOs also face increased competition for funding sources and decreased government grants, making nonprofits struggle to secure sufficient funds (Levine Daniel & Kim, 2018). Furthermore, nonprofits hesitate to generate revenue from other activities, such as selling products or services, because of the significant challenge of mission drift (Jones et al., 2021). As a result, many NPOs are financially vulnerable and forced to cease operations.

The findings of the study provide some insights into the problem being studied and suggestions on how the problem can be solved. The study's findings confirm the barriers that exist for NPOs to include revenue diversification and structured spending in their overall organizational strategic plans. The challenges were the themes associated with the third research question: increased community needs, lack of flexibility, donation dependency, and lack of funding and resources, which aligned with the literature in the field. The only difference between the literature and the study was mission drift. Participants have not faced the challenge of mission drift because of the size and mission of the organizations. These NPOs are mid-sized

nonprofits that devote their time and resources to help reduce homelessness, improve children's academic performances, and transform community living environments. Therefore, they do not have any substantial fee-for-services that generate large incomes.

The findings helped provide an in-depth discussion about challenges that NPOs, especially in the human service sector, encounter in applying financial strategies to avoid economic unsustainability. Nevertheless, more importantly, all four barriers were minor themes that constituted one major theme, the lack of financial independence. If nonprofits have financial freedom and more control over their resources, they can expand their program activities and invest in organizational infrastructure to avoid economic unsustainability. Funding from government agencies and large donors often comes with many restrictions and administrative work, giving NPOs little flexibility in allocating their resources. NPOs should be held accountable for their spending behaviors but also need appropriate flexibility to use their resources.

In addition, many nonprofit scholars suggest different ways NPOs can utilize revenue diversification and structured spending to secure economic sustainability and fulfill public responsibilities. As previously discussed in the relationships with the literature review section, the literature in the field and the study believe that NPOs can utilize revenue and spending strategies through community engagement, partnerships, and optimal resource utilization. The findings provided insight into how NPOs with limited resources can use financial strategies to avoid financial vulnerabilities. NISOs often act as intermediaries for government agencies, donors, and their clients through community engagement and partnerships. NISOs represent their clients to voice their needs, motives, and desires to government agencies, donors, businesses, nonprofits, and community members. Therefore, NISOs should work closely with

the government and community to build trust, enlist new resources and allies, create better communication, improve life quality, and develop lasting collaborations (Agency for Toxic Substances and Disease Registry, 2011).

The findings of this study helped confirm the barriers NHSOs face in pursuing financial strategies to avoid economic unsustainability and how to overcome these challenges. However, more importantly, this study contributed to the field by providing in-depth information on the root causes of the problem, which is the lack of financial independence. The study also provided insights into how NHSOs with limited resources can overcome the barrier and effectively implement diverse revenue streams and spending strategies.

Summary of the Findings

The findings of this study helped confirm barriers that the literature in the field believes NHSOs face in implementing financial strategies. The barriers included increased community needs, lack of flexibility, donation dependency, and lack of funding and resources. In addition, the findings also narrow how the barriers impact midsize NHSOs. Nonprofits of different sizes may experience different challenges when utilizing diverse revenue streams and spending strategies. More importantly, the findings provide insight into the root cause of the problem, which is the lack of financial independence. If NHSOs have more financial freedom and control over their resources, they can apply financial strategies effectively to secure economic sustainability.

Furthermore, the findings suggested that NHSOs can implement revenue diversification and structured spending through community engagement, partnerships, and optimal resource utilization, which aligns with the literature in the field. The findings also demonstrated how midsize NHSOs with limited resources can use financial strategies to avoid economic

unsustainability. NHSOs should proactively work with government agencies and the community to deliver social services effectively while maintaining the efficiency of organizational infrastructure.

Therefore, the findings accomplished the purpose of the research, which was to explore the perspectives of NPO officials regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area. In addition, the findings contributed to the in-depth discussion on the challenges mid-sized NHSOs face in utilizing financial strategies and how to overcome these challenges.

Finally, the findings included six themes that addressed the research questions. Themes one, two, and three responded to the first research question regarding how NHSOs can utilize revenue diversification and structured spending to avoid economic unsustainability. Themes one and two reflected how NHSOs view the role of revenue diversification and structured spending in terms of organizational viability. Finally, theme one, consisting of four minor themes, revealed the barriers for NHSOs to include revenue diversification and structured spending in their overall organizational strategic plans. Overall, this study's findings provided insights into nonprofit financial strategies in the human service sector and how nonprofits with limited resources can use revenue diversification and structured spending to avoid economic unsustainability.

Application to Professional Practice

The findings of this study are meaningful and beneficial when the target audience can use the information generated by the study to improve operations and services. The results presented above meet these criteria. The study provides insightful information for NPOs and nonprofit

financial service providers that will enable them to improve their practices and work together to help NPOs avoid economic unsustainability. The following section discusses how the findings can influence how public charities and nonprofit financial service providers operate and what actions public charities and financial advisors should take to improve their operations to be more impactful and efficient.

Improving General Business Practice

This study offered NPOs practical recommendations that can improve their overall business practices. The findings offer practical recommendations for public charities to improve their financial positions by utilizing financial strategies such as revenue diversification and structured spending. Moreover, the study also gives nonprofit financial service providers insights into financial situations that many NPO clients have faced so that the providers can deliver more effective services to support their clients. These implications for public charities and nonprofit financial service providers are elaborated on below.

Public Charities

This study showed how NPOs with limited resources could improve their application of diverse revenue streams and spending strategies to avoid economic unsustainability. The findings identified the challenges that NPOs encounter in implementing financial strategies, such as revenue diversification and structured spending, including increased community needs, lack of flexibility, donation dependency, and lack of funding and resources. NPOs must acknowledge the existing barriers due to the need for financial independence to apply appropriate strategies to overcome the challenges. According to Urban Institute's Nonprofit Trends and Impacts 2021 report, in 2017, 53% of public charities' total revenue was from donations (Faulk et al., 2021). The same report pointed out that 37% of public charities experienced a substantial decrease in

funding in 2020 compared to the previous five years. Hence, NPOs must take action to improve their financial health; otherwise, they may be vulnerable.

This study also emphasized the critical role of revenue diversification and structured spending in organizational viability. The findings unveiled that revenue and spending strategies allow NPOs to establish financial stability and flexibility. NPOs can create solid financial positions and gain more control over their resources by using financial strategies. Moreover, excluding revenue diversification and structured spending as possible financial strategies can contribute to the challenges around NPOs' sustainability (Searing et al., 2021). Unfortunately, nonprofits need to pay more attention to financial strategies such as revenue diversification and structured spending, which ultimately can result in the organization's economic instability (Ebenezer et al., 2020). NPOs' recognition of the benefits and impacts of financial strategies is paramount to their longevity.

This study further recommends that NPOs may generate more revenue streams and gain financial flexibility through community engagement, partnerships, and optimal resource utilization. Such suggested approaches are low-cost but high-impact, thus enabling NPOs with limited resources to apply them effectively. Many NPOs, including those participating in the study, gain support, recruit volunteers and promote their programs and services through community engagement. Additionally, formal and informal collaborations with government agencies, other organizations, and community leaders allow NPOs to effectively carry out social and human services without sacrificing organizational productivity and efficiency. This study also suggested that NPOs utilize all internal and external resources to avoid economic unsustainability and improve financial health. All the approaches recommended by this study's findings can help NPOs build long-term relationships with government agencies, local

businesses, and their target groups to remain financially sustainable and positively impact the community.

Nonprofit Financial Service Providers

This study highlighted how nonprofit financial service providers could improve their advisory services by providing insights into nonprofit financial management. This included the challenges NPOs face in applying revenue diversification and structured spending and how organizations can overcome such adversity. For instance, nonprofit accountants and tax advisors with extensive experience in accounting and taxation can sufficiently guide NPO clients on how to record journal entries appropriately to the general ledger or disclose information on the annual tax return Form 990 following the IRS instructions. Findings indicate, however, that financial advisors are still the outsiders of the NPOs and often do not fully understand the financial pressure and struggles NPOs face as they seek to deliver social services that meet increased community needs. The findings thus revealed the existing barriers NPOs encounter in implementing financial strategies to service providers and how the providers can detect economic instability by reviewing the financial statements or the annual tax return Form 990. This study can provide nonprofit accountants and tax advisors with an insider's perspective that will enable them to provide more practical and effective recommendations to help their clients.

In addition, this study stresses the importance of diverse revenue streams and spending strategies to NPOs that will enable financial advisors to encourage and work with NPO clients to create economic stability and flexibility. As previously mentioned, many NPOs still overlook the critical role of financial strategies, resulting in the organization's financial vulnerability.

Financial advisors can thus improve their services and support their NPO clients by explaining

the essential role of economic strategies in organizational viability. Service providers exist to serve clients in need—the survival of the NPOs is as critical as the survival of the providers.

Finally, the study lays out different approaches that nonprofit accountants and tax advisors can recommend to NPO clients, such as community engagement, partnerships, and optimal resource utilization, to utilize revenue diversification and structured spending to avoid economic unsustainability. For example, a NPO client faces financial vulnerabilities because of limited resources and the increased needs of the community, and the financial advisor may simply remind the NPO client to be cautious with their financial situation. However, the findings suggested that the financial advisor should recommend that NPOs seeking financial support reach out to government agencies directly, share their stories with other organizations and community leaders, and recruit volunteers with the same mission. Taking a step further to assist struggling NPO clients help financial advisors improve their services and build long-term relationships with the clients.

Potential Application Strategies

The findings of the study convey some adaptable strategies that public charities, especially the human service sector, can use to effectively apply revenue diversification and structured spending to avoid economic unsustainability and improve their financial health. The study also recommends how nonprofit financial service providers can help NPO clients implement financial strategies to stay sustainable and grow.

Public Charities

This study proposed that public charities can develop diverse revenue sources and spending strategies through community engagement, partnerships, and optimal resource utilization. Community engagement is a high-impact and low-cost approach for NPOs, especially

the human service sector, to learn more about the increased community needs, seek funding and connect with businesses and other organizations with the same passions and missions. NPOs can attend gathering events in the community, such as cultural festivals, fundraising events, community clean-up events, and renovations, such as painting the school's walls or fixing furniture for the local churches. Community gathering events allow NPOs to gain insight into the urgent needs of community members and the types of services that can help address social issues effectively so that NPOs can adjust their spending strategies to allocate resources appropriately. NPOs should use social media to share their stories, promote programs and services, and expand their networks. A recent study showed that social media lets NPOs with limited resources engage with more audiences, including donors, their target groups, and other organizations that share the same missions (Young, 2017). More importantly, community engagement allows NPOs to build trust with the community members, especially their target groups, and enhance long-term partnerships with these community leaders. Through community outreach, nonprofit workers can encourage students from low-income families to join free afterschool educational programs to improve their academic performances and receive mentorships. As a result, the NPO can positively impact its target group and improve the community's quality of life. As a result, NPOs can implement financial strategies through community engagement.

The findings also suggested that NPOs can generate more revenue streams and develop appropriate spending strategies through partnerships. Formal and informal collaborations with government agencies, local businesses, and other organizations help NPOs increase support from different sources and effectively deliver services while maintaining productivity. Collaborations with other organizations that share the same missions or target groups allow NPOs to promote and increase the impacts of each other's programs and services and stay cost-effective. A NPO

that provides job training and educational programs can team up with a NPO that offers affordable housing programs because they often help the same target group. The target group usually consists of low-income families, unemployed, and homeless people in the community. Partnerships with local businesses help NPOs recruit volunteers and receive services at discounted rates or even pro bono services for their clients. A NPO can also partner with a local home improvement supply store to renovate old and damaged houses for low-income families. As a result, the NPO can provide its clients with safe and comfortable homes, and the supply store can enhance its public image. More importantly, giving back to the community helps bring people with different backgrounds and skill sets together and makes them feel rewarded. Finally, partnerships with federal and local government agencies provide NPOs with much needed financial support to stay sustainable and carry out their services. NPOs should proactively communicate with government agencies regarding the increased needs of the community and share their stories. Government agencies may not know the urgency and demand for specific programs and services. As a result, NPOs can coordinate with the agencies to deliver critical services and supplies to the vulnerable population. Therefore, NPOs should develop and embrace partnerships to help the organizations generate more revenue streams and operate efficiently.

Moreover, NPOs should utilize all internal and external resources to gain support and improve organizational effectiveness and efficiency. NPOs can lower operating costs and increase productivity by using shared office space and giving employees flexible work schedules. For example, at affordable prices, many shared workplace companies offer business addresses, private mailboxes, phone assistance services, meeting rooms, and work areas to NPOs and small businesses. The tenants can also access Wi-Fi, printers, and many convenient services. As a result, NPOs can significantly reduce overhead costs without harming productivity.

Secondly, NPOs can utilize different revenue streams to create financial stability and flexibility. A NPO can allocate some unrestricted donations and income from an investment portfolio to organizational infrastructure, including getting new computers and providing better compensation packages to employees. However, nonprofits should be more proactive in advising donors to focus on the efficiency that overhead spending contributes to the organization's program services and overall performance in addition to performance measurement (Tian et al., 2020). Finally, NPOs should focus on volunteer recruitment and retention because volunteers devote their time and skills with free will to accomplish the social cause. NPOs need to provide volunteers with essential support and guidance to make them feel like they are a part of the organization, not just outsiders, making them feel motivated and appreciated. Therefore, NPOs can apply financial strategies successfully by utilizing all available resources. The suggested approaches can help NPOs with limited resources utilize financial strategies to stay sustainable. Still, NPOs must select and modify the appropriate strategies to reflect the organizational cultures, structures, and missions.

Nonprofit Financial Service Providers

This study findings help nonprofit financial advisors adjust and improve their services to support NPO clients more effectively. Evidence suggests that nonprofit financial advisors should try to detect signs of financial vulnerabilities in NPO clients' financial reports to assist clients in improving their financial health. This approach, in turn, may bring more consulting opportunities for accounting firms. To illustrate, during the tax preparation process for a NPO client, a tax advisor may notice a substantial decrease in contributions or a significant reduction of current assets and an increase in current liabilities. In this event, the tax advisor should meet with the client to check the financial situation. If the NPO client faces financial difficulties, the tax

advisor can give appropriate recommendations, such as generating more revenue streams by collaborating with local businesses or recruiting volunteers to lower operating costs. The tax advisor can also offer consulting services if the client needs hands-on assistance. Financial advisors must go above and beyond the engaged services to build trust and confidence in NPO clients. This was evident by the research findings, which suggested that NPO clients do not care what financial advisors can do for them until they know how much the financial advisors care about their financial position and organization viability.

The study further allows nonprofit financial advisors to provide clients with more practical recommendations and impactful consultations. Financial strategies like revenue diversification and structured spending have been around for a long time; however, the existing barriers mentioned above challenge NPOs with implementing financial strategies. Financial advisors who fail to acknowledge existing barriers for NPO clients may suggest their clients invest in publicly traded securities or sell some products to generate new incomes. Although the suggestion may work for some NPOs, many small to medium-sized organizations with limited resources need more capacity and flexibility for investment portfolios and merchandise sales, rendering the financial advice moot.

An alternative approach is for the financial advisor to look into the NPO client's organizational structure, culture, mission, and target group to determine the appropriate approach to utilize financial strategies to avoid economic unsustainability. A NPO client's mission is to promote environmental education in the community, especially for children and young people. Hence, the financial advisor can recommend that the organization contact the U.S. Environmental Protection Agency for funding and collaboration. The organization can also partner with local schools to provide educational programs and field trips for kids to explore the

local landscape and learn how they can participate in environmental protection. As a result, the NPO can gain support and connections and positively impact the community environment.

Nonprofit accounting firms can also provide outsourcing services to help NPO clients manage their operations efficiently and lower overhead spending. According to a recent nonprofit report, many NPOs use shared service utilities to handle human resources (HR), information technology (IT), and financial services to reduce operating costs (Morris et al., 2018). Most NPOs are small and medium with limited financial and human resources, and the employees often take on several tasks to run the organizations. As a result, they need a dedicated team of skilled employees for each process, such as HR, IT, and accounting. Delegating certain services to third-party providers allows NPOs to receive quality services at affordable prices. Therefore, nonprofit accounting firms should consider offering payroll processing, management, and bookkeeping services in addition to traditional services such as audit, tax, and consulting. However, the firms must follow the Financial Accounting Standards Board and the American Institute of Certified Public Accounts to avoid conflict of interest. For example, if a firm provides a bookkeeping service to a NPO client, the firm cannot provide an audit service to the same client. Accounting outsourcing services benefit from NPOs and nonprofit financial providers.

The discussions above illustrate how the present study helps nonprofit financial advisors improve their services by proactively assisting their clients and providing insightful recommendations to help them stay financially sustainable. In addition, financial accounting firms can offer additional services to help NPOs with limited resources maintain productivity and reduce operating costs. Furthermore, financial advisors can build trust and long-term relationships with their clients through their expertise and impactful customer service. More

importantly, it is fulfilling for nonprofit financial advisors to be part of their clients' journeys and help them grow.

Summary of Application to Professional Practice

The findings of the study deliver practical benefits to public charities and nonprofit financial service providers by providing feasible recommendations on how NPOs and their service providers can enhance their services to help each other grow. Public charities with limited resources can use financial strategies to stay sustainable through community engagement activities, collaborations with other groups, and utilizing all their resources. The recommendations from this study can help NPOs improve their financial health, enhance their public image and increase the impact of their services without increasing overhead spending. The study also suggests how nonprofit financial advisors can meaningfully help clients through the financial review process, proactive communication, and additional outsourcing services. Nonprofit financial advisors exist to provide services to help nonprofit clients solve their problems so that the clients can focus on their missions. Therefore, nonprofit accounting firms must understand their clients' existing barriers and the feasible and affordable approaches to help them implement financial strategies to establish stability.

Recommendations for Further Study

The findings of the study contributed to the nonprofit financial management field by reducing the gap in the current literature. First, the findings support many nonprofit studies regarding revenue diversification and structured spending. For example, in a recent study, Liu and Kim (2021) suggested that during revenue diversification, NPOs should focus on income sources based on their programs, services, and organizational structures to maximize the benefits of revenue streams. The NPOs participating in this qualitative study echoed the same concept,

noting revenue generation from different groups of donors and partners that share the same missions and passions, including government grants, local businesses, other organizations, schools, churches, and community leaders. As a result, the revenue streams maximize the benefits of programs and services and help NPOs to be financially stable. Each revenue stream has benefits and risks; therefore, NPOs should concentrate on revenue streams based on their organizational structures, cultures, missions, and target groups. Revenue diversification is not about the number of revenue streams a NPO can generate, but it is about how the NPO identifies and diversifies its income sources (Liu & Kim, 2021).

The findings of this qualitative study show that the participating NPOs use financial strategies to establish economic flexibility to invest in organizational infrastructure. The organizations recognize that they cannot take in more clients if they do not invest in facilities and attract more skilled employees. One of the participating organizations used a portion of its funds to buy a new building to provide a temporary home for the clients in housing programs. As a result, the organization's efficiency declined significantly based on the financial ratios. However, the efficiency measurement did not reflect the long-term benefits the new facility would bring to the housing programs, especially the homeless women and families who waited for a long time to have a home. Therefore, diverse revenue streams and structured spending help NPOs have financial flexibility instead of producing impressive financial ratios.

Limitations

Despite the practical benefits and theoretical strengths of this qualitative study, it is worth noting that it has some limitations. First, the study focuses on nonprofit human service organizations, which are community-based entities; thus, these organizations can gain connections and support from the community. However, public charities in other sectors, such as

art and culture, may face challenges in getting help from local businesses and communities. Second, the participating organizations in this study are midsized nonprofits with total assets from \$500,000 to \$10,000,000; hence, the challenges they encounter and how they utilize financial strategies may differ between small-sized and large-sized organizations. For example, none of the participating organizations has faced mission drift in implementing revenue diversification because they have not generated any revenue stream that was commercial-like in activity. However, as they grow, they may add commercial-like business activities, such as operating a hotel or restaurant, which can present different challenges. Third, although the researcher identified the study as reaching data saturation with the sample size of eight case studies, due to the identification of similar responses while conducting interviews and reviewing documents, an increase in sample size may unveil some interesting details about NHSOs and financial sustainability. Thus, there is room for the study to be expanded upon and improved to address existing limitations in the future.

Recommendations for Further Study

Even with the limitations mentioned above, this qualitative multiple case study provides vital insights into the existing barriers NHSOs encounter to implementing financial strategies and how they can effectively apply them to avoid economic unsustainability. In addition, the study opens avenues for future research to help NPOs, and nonprofit financial service providers understand better how they can utilize financial strategies such as revenue diversification and structured spending to stay sustainable. Researchers can apply the same approach from this study to nonprofit organizations in different sectors and sizes to explore what challenges these NPOs face and how they can use financial strategies to avoid economic unsustainability. Likewise, researchers can also investigate the types of revenue streams that benefit NPOs the most and how

they can diversify income sources to maximize the benefits of revenue diversification. Finally, researchers can explore the cost structures of NPOs to determine the optimal point where NPOs can carry out programs and services while maintaining organizational efficiency.

Reflections

Engaging in the development and execution of the present study has enabled the researcher to learn and grow both personally and professionally. The following section displays the researcher's reflections on how this study has helped them become a better person and a more dedicated nonprofit tax advisor. The researcher also reflected on the relationships between the findings of this study and the Bible.

Personal & Professional Growth

Conducting research is a unique experience, and the researcher has grown personally and professionally throughout the research process. Throughout this study, the researcher has become a more attentive listener, largely due to the experience of conducting interviews with study participants. During the semi-structured interviews, the researcher was a learner and listener to encourage participants to share as much information as possible. As a result, the researcher learned to become an active listener who utilizes verbal and nonverbal techniques to encourage the speaker to open up and speak. Being an active listener helps the researcher become more approachable and get to know more about colleagues, clients, and other people.

Second, the researcher learned to embrace a growth mindset instead of a fixed mindset. A recent study explained that students with a fixed mindset view intelligence as unchanging, while students with a growth mindset believe that intelligence can change through failures and learning processes (Rhew et al., 2018). In the past, the researcher did not believe that the researcher could pursue a doctorate and conduct a qualitative multiple case study because of limitations in

research and writing experience. However, throughout this process, the researcher recognized that a positive learning attitude and an open mind helped the researcher overcome the lack of experience. No one was born with extensive knowledge of research or accounting; these are skills learned over time with effort. Therefore, the researcher became more eager to learn new things to improve nonprofit taxation and accounting knowledge.

Third, the researcher has also grown by learning that hard work and persistence are the keys to accomplishing any goal. Conducting research is a challenging and time-consuming process that may have fruitless results. The researcher faced many obstacles throughout the research process due to the lack of research and data analysis experience. Fortunately, the researcher spent time reading books and seeking guidance to gain much-needed knowledge to conduct and complete the research instead of giving up on the journey. Therefore, the researcher recognized that failure is not the opposite of success; failure is a step closer to success. Also, the researcher learned that a supportive team is needed to accomplish a study or anything in life. At the beginning of the study, the researcher pridefully tried to figure out everything without asking for help from the supervisor, mentor, and other researchers. As a result, the researcher wasted much time and effort pursuing fruitless outcomes. Luckily, the researcher evolved and began seeking help from the supervisor and other program members to get constructive feedback and valuable advice. As a result, the researcher got back on track and finished the study.

Moreover, as a nonprofit tax advisor, the study allowed the researcher to understand how to serve nonprofit clients better. The researcher became more attentive and proactive with the nonprofit clients. In the past, the researcher approached the client as an outsider and solely performed services listed in the engagement. However, the study gave the researcher insights into what challenges NPOs face and the organizational structures. Hence, the researcher paid

more attention to signs of financial vulnerability during the tax preparation process, so the researcher proactively communicated with the clients regarding their financial conditions. The researcher also asked better questions while discussing tax returns or financial reports with NPO clients to understand more about the client's financial situations. Moreover, the researcher added more services, including filing annual reports for some specific states, to help reduce accounting burdens for NPO clients. Finally, the study motivated the researcher to take training courses to learn more about nonprofit financial management to serve NPO clients better. Ultimately, the study helped transform the researcher into a thoughtful, humble, and hard-working person who will continue learning to produce fruitful results in the nonprofit financial management field and give back to the community.

Biblical Perspective

The Bible is continually relevant to our world as it teaches us compassion, selflessness, and care for others, including those in the community. This study about the human service sector and financial strategies relate to and integrates brilliantly with a Christian worldview. This section discussed key ways the present study integrates with Christian biblical teachings.

The study identified the existing barriers NHSOs encounter in implementing financial strategies not to discourage NHSOs from achieving their goals; instead, to present how these organizations can determine appropriate approaches to overcome these challenges. Galatians 6:9 states, "And let us not be weary in well doing: for in due season we shall reap, if we faint not" (*King James Bible*, 1769/2023). The lack of financial independence constrains NHSOs from effectively delivering programs and services to meet the increased needs of their target groups.

NHSOs should feel encouraged, however, as they can utilize financial strategies to avoid economic unsustainability through community engagement, partnerships, and optimal resource

utilization. Proverbs 16:3 states, "Commit thy works unto the LORD, and thy thoughts shall be established" (*King James Bible*, 1769/2023). If NHSOs have faith in God, devote their work to God, and strategically use financial strategies to improve their financial health to continue serving the community, they will receive fruitful results.

The three approaches that NHSOs can use to implement financial strategies to avoid economic unsustainability include community engagement, partnerships, optimal resource utilization, and supporting a biblical perspective. To illustrate, Acts 4:32 emphasizes, "And the multitude of them that believed were of one heart and of one soul: neither said any of them that ought of the things which he possessed was his own; but they had all things common" (*King James Bible*, 1769/2023). The Bible reminds individuals to share what they have and help each other because everyone is the same. The scriptures call for humanity to love and care for one another and be willing to share. Study results and biblical teachings suggest that the community should come together to support each other to overcome hardships. Government agencies and donors should support NHSOs so that they can turn around and help vulnerable populations.

NHSOs must utilize all their resources to assist in meeting the increased needs of the community, supporting the message of Galatians 6:2, which says, "Bear ye one another's burdens, and so fulfill the law of Christ" (*King James Bible*, 1769/2023). NHSOs do not operate for profit motives; instead, they devote their time, skills, and resources to improve the community environment and transform the lives of low-income families. Helping others is a great response to God's calling. Keller (2014) explained that a calling is when a person does things to help people in need instead of doing things for themselves. The same interpretation can apply to donors, local businesses, and volunteers, who provide financial support, time, skills, pro bono services, and supplies to help NHSOs carry out their missions to meet the increased needs

of the community. The generosity, love, and care of people and businesses in the community are great examples of vocations.

Nonprofit financial service providers should proactively help their clients establish financial stability so that the clients can continue providing services to vulnerable populations. Colossians 3:23-24 teaches, "And whatsoever ye do, do it heartily, as to the Lord, and not unto men; Knowing that of the Lord ye shall receive the reward of the inheritance: for ye serve the Lord Christ" (*King James Bible*, 1769/2023). Therefore, a financial advisor should go above and beyond to help a NPO client improve their economic situation as if God is the One he is serving. In addition, the Bible reminds nonprofit financial advisors always serve their clients with the highest standards of diligence, integrity, and fairness. Proverbs 28:6 says, "Better is the poor that walketh in his uprightness, than he that is perverse in his ways, though he be rich" (*King James Bible*, 1769/2023). Hence, financial advisors need to follow the guidance from the Financial Accounting Standards Board and the American Institute of Certified Public Accountants to deliver services ethically and appropriately.

Summary of Reflections

Conducting this qualitative multiple case study allowed the researcher to grow personally and professionally. The researcher learned two essential skills: critical thinking and active listening. The skills helped the researcher become more approachable to people, make better decisions, and improve work performance. Second, the researcher learned that hard work and persistence are the vital keys to success. The researcher faced many challenges throughout the research process but overcame the obstacles to complete the study because of hard work and persistence. Also, as a nonprofit tax advisor, the researcher learned to improve the services and effectively communicate with the clients to serve them better. Furthermore, the study encouraged

the researcher to take more nonprofit financial management courses to gain more knowledge in this field. Finally, it was rewarding to find the relationships between the themes of the study and the scriptures. The researcher had the opportunity to discuss the study's key findings with a Christian worldview. When nonprofits, businesses, community members, and even financial advisors work to benefit others rather than themselves, they are doing God's work through their vocation.

Summary of Section 3

Section 3 delivered several vital parts of this qualitative multiple case study: the presentation of the findings, application to professional practice, recommendations for further study, and reflections. First, the researcher presented six major themes to address the three research questions. The findings demonstrated that NHSOs could implement revenue diversification and structured spending through community engagement, partnerships, and optimal resource utilization. The study's findings also revealed that revenue and expense strategies allow NPOs to achieve financial stability and flexibility in terms of organizational viability. More importantly, the study's results unveiled the lack of financial independence is a substantial barrier for NHSOs to implement financial strategies. The lack of financial independence includes increased community needs, lack of flexibility, donation dependency, and lack of funding and resources. As a result, NPOs struggle to utilize financial strategies in their organizational strategic plans.

Based on the findings, the researcher suggested recommendations for public charities and nonprofit financial service providers to apply to their daily operations. For example, public charities should attend community events to gain connections and support, and build trust in the community, especially their target groups. Community engagement is essential for NPOs to

achieve their missions and stay sustainable. Acknowledging the barriers NPOs experience to implementing financial strategies allows financial advisors to provide more practical suggestions to nonprofit clients, so they can effectively establish stability. Therefore, the findings of this study proposed several adaptable strategies for both public charities and nonprofit financial service providers.

In addition, the study's findings contribute to the current literature and have some limitations. First, the findings contribute to the nonprofit financial management field by reducing the gap in the current literature. The results of the study support many other nonprofit studies regarding diverse revenue streams and spending strategies by providing vital evidence to emphasize the importance of financial strategies for NPOs to secure economic sustainability. Second, the study had some limitations, such as the type and size of NPOs, and the number of case studies included in the research. This qualitative study focused on NPOs in the human service sector and the significant barriers to utilizing revenue diversification and structured spending. One major barrier was the lack of financial independence. However, NPOs in other sectors like health, art, and culture may need help implementing financial strategies. Therefore, the findings of this study may only reflect some public charities. Nevertheless, despite the limitations mentioned, this study provided vital insights into the existing barriers NPOs encounter to implementing financial strategies and how they can effectively apply them to avoid economic sustainability. Moreover, the findings of the study open avenues for further research to help NPOs, and financial service providers better understand how they can utilize financial strategies such as revenue diversification and structured spending to stay sustainable.

Finally, Section 3 concluded with the researcher's reflections on how this study helped the researcher grow personally, professionally, and spiritually. The researcher learned to become

an attentive listener, embrace the growth mindset, and believe that hard work and persistence will lead to success. The researcher also became a more proactive and thoughtful financial advisor willing to go above and beyond to help nonprofit clients with their financial situations while following the Financial Accounting Standards Board and the American Institute of Certified Public Accountants. More importantly, the study's findings embrace God's calling and encourage people, including public charities and financial advisors, to do God's work through their vocation by using their skills, talents, and resources to help others. Section 3 showed the fruitful results of this research and how the study positively impacts public charities, nonprofit financial advisors, and the current literature.

Summary and Study Conclusions

This qualitative multiple case study explored the perspectives of nonprofits on factors and challenges associated with utilizing revenue diversification and structured spending in mid-sized nonprofit human service organizations in the Washington D.C. metropolitan area. The researcher chose a qualitative, flexible, multiple case study because the research design and method provided flexibility to carry out the study and make adjustments as the research process went on. The study was also based on resource-view-based theory and three critical concepts: revenue diversification, structured spending, and financial sustainability. The researcher conducted semi-structured one-on-one interviews with eight nonprofit officials in Washington, D.C., to gain insight into their perspectives on revenue and spending strategies. The researcher also used document review to compare and verify the information from the semi-structured interviews and add more nuances to what the interviews provided. During the data analysis process, the researcher used a two-cycle coding process to compile a list of six themes that addressed the three research questions of this qualitative multiple case study.

The findings show that NHSOs can implement revenue diversification and structured spending through community engagement, partnerships, and optimal resource utilization. The results also revealed that revenue and expense strategies allow NPOs to achieve financial stability and flexibility in terms of organizational viability. Moreover, the study's results unveiled that the lack of financial independence is a substantial barrier for NHSOs to implement financial strategies. The lack of financial independence includes increased community needs, lack of flexibility, donation dependency, and lack of funding and resources. As a result, NPOs struggle to utilize financial strategies in their organizational strategic plans.

The researcher believes that the findings of the study provide practical recommendations for public charities and nonprofit financial service providers to improve their programs and services to help nonprofits implement financial strategies to secure economic sustainability. Finally, despite some limitations, the results of the study can help reduce the gap in the current literature and also open avenues for further investigation to help NPOs and financial service providers better understand how they can utilize financial strategies to stay sustainable.

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Appendix A: Recruitment Letter

June 16, 2022

Dear Administrator:

As a graduate student in the School of Business at Liberty University, I am conducting a project as part of the requirements for a Doctor of Business Administration degree. My project's title is Effective Strategies for Midsized Nonprofit Human Service Organizations in the Washington D.C. Metropolitan Area to Maintain Financial Sustainability. The purpose of my project is to explore the perspectives of nonprofit organizations regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in midsized nonprofit human service organizations (NHSOs) in the Washington D.C. metropolitan area. In addition, this study aims to identify the barriers for NHSOs to include diverse revenue portfolios and cost structures in their organizational strategic plans. I am writing to invite eligible participants to join my study.

Participants must be 25 years of age or older with at least five years of experience in nonprofit management, currently work in nonprofit financial or managerial positions, and have at least one year of service with midsized nonprofit human service organizations in the Washington D.C. metropolitan area. For the purpose of this study, midsized nonprofits are organizations with total assets from \$500,000 to \$10,000,000.

Participants, if willing, will be asked to participate in a web-based interview. It should take approximately 30 minutes to an hour to complete the interview. The interview will be recorded audibly if permitted. The interview transcripts or notes will be emailed to participants within 3-4 days of the interviews. Participants will be asked to confirm the accuracy of the transcript or notes, or the participants can return the corrected transcript or notes to me by email within 1-2 days of receipt. It should take approximately 15 to 30 minutes to review the transcript or notes. Names and other identifying information will be requested as part of this study, but the information will remain confidential. If you would like to participate, please contact me at [REDACTED] for more information.

A consent document is attached to this letter. The consent document contains additional information about my project. If you choose to participate, you will need to sign the consent document and return it to me prior to or at the time of the interview.

Sincerely,

Ivy Beckham
Doctoral Student at Liberty University
Email Address: [REDACTED]

Appendix B: Informed Consent

Title of the Project: Effective Strategies for Nonprofits to Maintain Financial Sustainability

Principal Investigator: Ivy Beckham, Doctoral Student, School of Business, Liberty University

Invitation to be Part of a Project Study

You are invited to participate in a project study. To participate, you must be 25 years of age or older with at least five years of experience in nonprofit management, currently work in a nonprofit financial or managerial position, and have at least one year of service with a mid-sized nonprofit human service organization in the Washington D.C. metropolitan area. For the purpose of this study, mid-sized nonprofits are organizations with total assets from \$500,000 to \$10,000,000. Taking part in this project is voluntary.

Please take time to read this entire form and ask questions before deciding whether to take part in this project.

What is the study about and why is it being done?

The purpose of the study is to explore the perspectives of nonprofit organizations regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in mid-sized nonprofit human service organizations (NHSOs) in the Washington metropolitan area. In addition, this study aims to identify the barriers for NHSOs to include diverse revenue portfolios and cost structures in their organizational strategic plans.

What will happen if you take part in this study?

If you agree to be in this study, I will ask you to do the following things:

1. Participate in a semi-structured, web-based interview, which should take approximately 30 minutes to an hour. The interview will be recorded audibly using videoconferencing technology if permitted. If you do not approve of the audio recording, I will take notes during the interview. Your name and other identifying information will be kept confidential, and the findings will not disclose your identity.
2. Review your interview transcript/notes. The interview transcripts/notes will be emailed to you within 3-4 days of the interviews to confirm the accuracy of the transcript/notes or to return the corrected transcript/notes to me by email within 1-2 days of receipt. It should take approximately 15 to 30 minutes to complete the transcript/notes review.

How could you or others benefit from this study?

Participants should not expect to receive a direct benefit from taking part in this study.

Benefits to society include an addition to the body of literature by exploring the role of nonprofit human service organizations in implementing revenue diversification and structured spending to secure financial sustainability.

What risks might you experience from being in this study?

The risks involved in this study are minimal, which means they are equal to the risks you would encounter in everyday life.

How will personal information be protected?

The records of this study will be kept private. Project records will be stored securely, and only the researcher will have access to the records.

- Participant responses will be kept confidential through the use of pseudonyms. Interviews will be conducted in a location where others will not easily overhear the conversation.
- Data will be stored on a password-locked computer and may be used in future presentations. After three years, all electronic records will be deleted.
- Interviews will be recorded if permitted and transcribed. Recordings will be stored on a password-locked computer for three years and then erased. Only the researcher will have access to these recordings.

Is study participation voluntary?

Participation in this study is voluntary. Your decision on whether or not to participate will not affect your current or future relations with Liberty University. If you decide to participate, you are free to not answer any question or withdraw at any time without affecting those relationships.

What should you do if you decide to withdraw from the study?

If you choose to withdraw from the study, please contact the researcher at the email address/phone number included in the next paragraph. Should you choose to withdraw, data collected from you will be destroyed immediately and will not be included in this study.

Whom do you contact if you have questions or concerns about the study?

The researcher conducting this study is Ivy Beckham. You may ask any questions you have now. If you have questions later, **you are encouraged** to contact her at [REDACTED]. You may also contact the researcher's faculty sponsor, Dr. Yongli Luo, at [REDACTED].

Whom do you contact if you have questions about your rights as a project participant?

If you have any questions or concerns regarding this study and would like to talk to someone other than the researcher, **you are encouraged** to contact the Institutional Review Board, 1971 University Blvd., Green Hall Ste. 2845, Lynchburg, VA 24515 or email at irb@liberty.edu.

Disclaimer: The Institutional Review Board (IRB) is tasked with ensuring that human subjects research will be conducted in an ethical manner as defined and required by federal regulations. The topics covered and viewpoints expressed or alluded to by student and faculty researchers are those of the researchers and do not necessarily reflect the official policies or positions of Liberty University.

Your Consent

By signing this document, you are agreeing to be in this study. Make sure you understand what the study is about before you sign. You will be given a copy of this document for your records. The researcher will keep a copy with the study records. If you have any questions about the study after you sign this document, you can contact the study team using the information provided above.

I have read and understood the above information. I have asked questions and have received answers. I consent to participate in the study.

☐ The researcher has my permission to audio-record me as part of my participation in this study.

Printed Subject Name

Signature & Date

Appendix C: Recruitment Flyer

Research Participants Needed

Explore Effective Strategies for Nonprofits to Maintain Financial Sustainability

Can revenue and expense structures help nonprofits secure financial stability?

This study explores the role of revenue diversification and structured spending in mid-sized nonprofit human service

Why Participate?

- Help other nonprofits better understand financial strategies and organizational viability.
- Contribute valuable information that may help nonprofits maintain financial sustainability.
- 30-60 minute web-based interview.
- 100% confidential.

Who Can Participate?

- 25 years of age or older
- 5+ years of experience in nonprofit management
- 1+ years with mid-sized (\$500,000 to \$10,000,000 of total assets) nonprofit human service organizations in the Greater Washington D.C. metropolitan area.
- Currently work in nonprofit financial or managerial positions

Interested? Please contact me at [REDACTED]

Meet the Student:

My name is Ivy Beckham, and I am a doctoral student at Liberty University. I am conducting a project as part of the requirements for a Doctor of Business Administration degree. My project's title is *Effective Strategies for Midsized Nonprofit Human Service Organizations in the Washington D.C. Metropolitan Area to Maintain Financial Sustainability*.

Liberty University IRB – 1971 University Blvd., Green Hall 2845, Lynchburg, VA 24515

Appendix D: Pre-interview Questionnaire

Dear Respondents,

Thank you so much for contacting me regarding my research study. Please complete the questionnaire below. Your answers are 100% confidential.

1. What is your age?

a. ☐ 18 – 24

b. ☐ 25 – 44

c. ☐ 45 – 64

d. ☐ 65+

2. How many years of experience do you have in nonprofit management?

a. ☐ 0 – 4

b. ☐ 5 – 10

c. ☐ 11 – 15

d. ☐ 16 – 20

e. ☐ 21+

3. How long have you been with your organization?

a. ☐ Less than a year

b. ☐ 1 – 5

c. ☐ 6 – 10

d. ☐ 11 – 15

e. ☐ 16+

4. Are you currently working in a nonprofit financial or management position?

- a. ☐ Yes
 - b. ☐ No
5. Do your organization's total assets fall between \$500,000 and \$10,000,000?
- a. ☐ Yes
 - b. ☐ No
6. Is your organization located in the Greater Washington DC metropolitan area?
- a. ☐ Yes
 - b. ☐ No

Thank you for completing the pre-interview questionnaire. Please return the completed questionnaire to me via email at [REDACTED].

Thank you for your time and willingness to participate!

Appendix E: Semi-structured Interview Guide

Introduction

The researcher will introduce herself and briefly explain the purpose of the study. This qualitative multiple case study aims to explore the perspectives of NPOs regarding factors impacting and challenges associated with utilizing revenue diversification and structured spending in mid-sized nonprofit human service organizations in the Washington, District of Columbia (D.C.) metropolitan area. Next, the researcher will collect a signed copy of the consent form if the participant does not email the signed form prior to the interview. Additionally, the researcher will briefly talk about the interview, including the overall process, the number of questions, estimated time, and permission to record the conversation. If the participant does not give permission to record the interview, the researcher will inform the participant that the researcher will take notes during the interview. Moreover, the researcher will also explain how the researcher will protect the participant's personal information and store and keep the data securely and confidentially. Finally, the researcher will ask the participant whether the participant has any questions regarding the interview and then start the interview and recording.

The researcher will begin the interview by briefly mentioning the participant's assigned pseudonym and the date and time of the interview. In addition, the researcher will maintain courtesy during the interview and keep the interview within the estimated time.

Opening Questions

- a. How long have you been in nonprofit financial management?
- b. How long have you been with the organization?
- c. What is your current position?
- d. How long have you been in this position?

Interview Questions

Topic	Guiding Questions	Possible Follow-up Questions
Revenue Diversification	1. Please describe your organization's primary sources of revenue.	1a. What are some challenges your organization has encountered?
	2. What revenue strategies did your organization implement to avoid economic unsustainability?	2a. What sources of funding did your organization engage in but did not produce successful outcomes? 2b. What sources of funding have helped your organization improve its financial position?
	3. What barriers did your organization face in pursuing diverse revenue streams?	3a. What actions did your organization take to overcome these barriers?
	4. How important is it to your organization to have diverse sources of funding?	4a. Why or why not?
Structured Spending	5. How does your organization allocate financial resources to program services and organizational infrastructure?	5a. What are some challenges your organization has encountered?

	6. What spending strategies did your organization implement to avoid economic unsustainability?	6a. How did the cost structure impact the outcomes of program services? 6b. How did the cost structure impact the organizational infrastructure?
	7. What barriers did your organization face to implementing spending strategies into the operational activities?	7a. What actions did your organization take to overcome these barriers?
	8. How important is it to your organization to have a spending strategy?	8a. Why or why not?
Closing	9. What additional information would you like to share about revenue and spending strategies for nonprofits to secure financial sustainability?	

Closing and Follow-up Process

The researcher will stop recording and thank the participant for sharing the experience and perspective on financial strategies and economic sustainability. Then, the researcher will answer any remaining questions the participant may have and assure the participant of the protection of personal information and confidentiality of the interview. Furthermore, the researcher will let the participant know that the participant will receive a copy of the interview transcript or interview notes in the next 3-4 days. The participant will review and confirm the

accuracy of the transcript/notes or return the corrected transcript/notes to the researcher by email within 1-2 days of the receipt. It should take approximately 15 to 30 minutes to complete the transcript/note review. Finally, the researcher will end the interview.

Appendix D: Field Notes Template

Date:	Participant Number:	
Years of Experience:	Years of Service with the NPO:	
Current Position:	Years in the Current Position:	
IQ#1	Summary:	
	Follow-up Question (FQ) #:	Response:
IQ#2	Summary:	
	FQ#:	Response:
IQ#3	Summary:	
	FQ#:	Response:
IQ#4	Summary:	
	FQ#:	Response:
IQ#5	Summary:	

