

A Measurement Tool to Track Fundraising Costs and Returns

How to track your organization's fundraising costs and returns and compare your performance to other organizations reporting the same figures.



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Use this measurement tool, adapted from the Association of Healthcare Philanthropy's benchmarking studies, to track your organization's fundraising costs and returns. You can use the completed form to measure your fundraising performance year after year and, where appropriate, compare it with other organizations.

The results can help your organization evaluate:

- what type of fundraising is bringing in the most donors and money over time.
- which fundraising programs are underperforming and which are the most cost-effective.
- what kind of staffing would be optimal for future growth.

Key Metrics to Watch

By completing this form each year, you will have at your fingertips all the data needed to produce three common metrics that are considered key indicators of the health of your organization's fundraising operations. These metrics can be viewed as a snapshot of fundraising results in any fiscal or calendar year or, for a more comprehensive look at fundraising, they can be used to create averages over a five- or 10-year period.

They are:

- **Return on investment (ROI):** This measure represents the financial return on each dollar spent raising funds during the reporting year. ROI is an indicator of fundraising effectiveness, illustrating the amount applied to the bottom line in relation to the cost. ROI is the result of gross funds raised divided by total fundraising expenses.
- **Cost to raise a dollar:** A key measure of fundraising efficiency, this metric provides an abbreviated look at the total amount spent to raise each dollar that supports the organization's mission. It is calculated by dividing fundraising expenses by gross funds raised in a given year — meaning it is the inverse measurement of ROI.
- **Net fundraising returns:** This metric reflects bottom-line fundraising returns that are applied to an organization's mission. It is calculated by subtracting fundraising expenses and unrealized pledges from gross fundraising revenues.

Using the Tool

Before you get started, collect your organization's most current financial documents, including the IRS Form 990, audited financial statements, and any other reports that contain information on revenue, expenses, and staffing related to fundraising. However, keep in mind that this tool is meant to be used for performance measurement, not accounting. While you may use information from financial documents, the tool is meant to capture a 12-month snapshot of your organization's total fundraising operations, a different picture than conventional bookkeeping gives.

For example, in this assessment tool, total fundraising returns (sometimes called total fundraising production) combines income in two categories: cash received and expected income from pledges and other commitments made in the reporting year. Creating a measure that includes both secured and projected revenue provides a fuller picture of fundraising than other financial reports that typically include only cash received.

Note that this site will not store or share the data you provide. The tool is intended to help you calculate key measures of your own fundraising program.

Understanding the true costs and returns of any development operation from year to year — and making comparisons to other fundraising programs — is impossible, though, unless data is entered correctly and uniformly. This tool borrows heavily from AHP's benchmarking surveys, closely following its format, directions, and definitions. For more tools and services, or to see how your organization stacks up against organizations in the health-care field, please visit the AHP website.

Directions

In part 1 of the form below, provide all fundraising expenses for your organization, even if certain expenses fall outside your department or fundraising division. The idea is to capture all fundraising-related costs, regardless of what part of your organization is paying for them.

In part 2, attribute fundraising revenue to the appropriate fundraising program. This form lists the most common programs, such as annual giving and major gifts.

Gifts and pledges made in response to a campaign should be counted under the relevant area of the form based on gift size, type of donor, or event. Gifts for endowment or endowed-fund projects should be reported at current market value under "other gifts."

If your organization did not receive any gifts in a program area on the form, enter a "0" there.

Enter fundraising revenues in one of three forms in which gifts are typically made: outright gifts, payments on previously made pledges, and new pledge commitments.

Donated products and services, known as in-kind gifts, should be reported at current market value and counted as outright gifts under "annual giving" or "major gifts," according to their value.

Planned gifts should be reported at current market value.

Additional definitions and some examples follow the form provided below.

Part 1: Fundraising Expenses

How many direct and indirect full-time equivalent fundraising staff does your organization employ? Direct fundraising staff are individuals who have actual fundraising responsibilities. Indirect fundraising staff are people who aren't responsible for field-related fundraising but who have roles such as marketing or communications that indirectly support fundraising efforts.

1. Number of direct full-time equivalent fundraising staff: _____

2. Number of indirect full-time equivalent fundraising staff: _____

In the following section, report only compensation actually received by fundraising staff in a given year and exclude that paid for non-fundraising activities. For example, report 80 percent of pay for a chief executive officer who spends 20 percent of his or her time on administrative activities unrelated to fundraising. For total compensation, include the correct portion of salaries, benefits, and bonuses (if any) that are paid for fundraising activities.

3. Total compensation paid to direct fundraising staff: _____

4. Total compensation paid to indirect fundraising staff: _____

5. Operational expenses, including overhead such as equipment, supplies, and consultants: _____

Part 2: Fundraising Returns

Annual Giving (from \$1 to \$9,999)	Number of Gifts	Value of Received/ Pledged Gifts
6. Annual gifts (outright gifts)	_____	_____
7. Unpaid annual gift pledges	_____	_____
8. Annual gift pledge payments received	_____	_____
Major Gifts (\$10,000 or more)		
9. Major gifts (outright gifts)	_____	_____
10. Unpaid major gift pledges	_____	_____
11. Major gift pledge payments received	_____	_____

Corporate and foundation gifts — donations of any value from corporations and foundations, not including donated products or services (in-kind contributions)

- 12. Outright corporate gifts _____
- 13. Corporate matching gifts _____
- 14. Unpaid corporate pledges _____
- 15. Unpaid corporate matching gift pledges _____
- 16. Corporate pledge payments _____
- 17. Corporate pledge payments on matches _____
- 18. Foundation grants received _____
- 19. Foundation pledges secured but not paid _____
- 20. Foundation pledge payments received _____

Bequests and other planned gifts — donations or pledges from individuals made as part of an estate, a charitable trust, or other financial plan such as a charitable gift annuity

- 21. Planned gifts committed but not paid _____
- 22. Bequests and other planned gifts received _____
- 23. Charitable gift annuities _____

Government grants and contracts — funds provided by local, state/provincial, and federal government sources that fundraisers are responsible for generating

- 24. Outright government aid received _____
- 25. Government aid secured but not paid _____
- 26. Government pledges paid _____

Special events — gross returns on gifts of all sizes made in response to any event sponsored by the organization

27. Gross returns from special events _____

28. Special events pledges not yet paid _____

29. Special events pledge payments received _____

Other Gifts (of any value)

30. Other gifts received outright _____

31. Other gifts pledged but not yet paid _____

32. Pledge payments on other gifts received _____

Capital Campaign Status

Was your organization in a campaign this year? Yes _____ No _____

Was your organization in a campaign in the previous year? Yes _____ No _____

Part 3: Totals

	Number of Gifts	Value of Received/ Pledged Gifts
A. Total cash received in the reporting year:	_____	_____
B. Total pledges/commitments not paid in reporting year:	_____	_____
C. Total fundraising returns (cash gifts and unpaid pledges made in the reporting year, but not payments made on pledges from prior years):	_____	_____
D. Total annual fundraising expenses in the reporting year:	_____	_____
E. Return on investment (C divided by D):	_____	_____
F. Cost to raise a dollar (D divide by C):	_____	_____

G. Net fundraising returns (A minus D):

How to calculate fundraising costs and returns for part 3:

Line A: Total cash received is the sum of lines 6, 8, 9, 11, 12, 13, 16, 17, 18, 20, 22, 23, 24, 26, 27, 29, 30, and 32.

Line B: Total outstanding pledges and commitments made in the reporting year is the sum of lines 7, 10, 14, 15, 19, 21, 25, 28, and 31.

Line C: Total fundraising returns, including cash and pledges yet to be paid (but not payments made on pledges from prior years) is the sum of lines 6, 7, 9, 10, 12, 13, 14, 15, 18, 19, 21, 23, 24, 25, 27, 28, 30, and 31.

Line D: Total fundraising expenses for the reporting year is the sum of lines 3, 4 and 5.

Sample entries:

Following are examples of how to report a major gift pledge and an annual gift.

Demonstration Hospital Foundation received a pledge of \$15,000 to be paid over three years from Jane Smith. Ms. Smith signed a written pledge agreement for \$15,000 in August and made her initial pledge payment of \$5,000 the following November. Use these three steps to correctly report the gift:

1. Identify the source of the gift, in this case an individual donor.
2. Identify the amount of the total pledged: \$15,000, which qualifies as a major gift.
3. Identify the gift format: The new pledge is reported as \$15,000 (on line 10), while the pledge payment received is reported as \$5,000 (on line 11).

The same hospital foundation received a \$500 gift in the mail from a grateful patient. Use these steps to correctly report the donation.

1. Identify the source of the gift, in this case another individual donor.
2. Identify the amount of the gift, which, at \$500, is reported as an annual gift.
3. Identify the gift format: \$500 was given in cash (and is reported on line 6).

With the above two examples, Demonstration Hospital Foundation has received cash donations worth \$5,500 (calculated on line A) with Ms. Smith's initial pledge payment and the grateful patient's gift. Total fundraising returns (or production), including both cash and pledges, would total \$15,500 (and be calculated on line C) by including the \$10,000 in pledges that will be paid in the future by Ms. Smith.