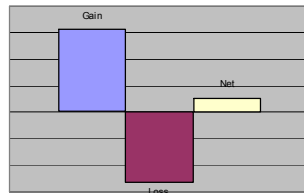




# 2008 Fundraising Effectiveness Survey Report

## FEP



## Fundraising Effectiveness Project

*A project to help nonprofit organizations measure and compare their annual growth in giving by gain/loss category and increase the net by maximizing their gains and minimizing their losses*

### Participating Donor Software Firms

- |                                       |                                       |
|---------------------------------------|---------------------------------------|
| Compass Technology                    | PhilanthrAppeal (FundTrack Software)* |
| Donor2/Campus Management Corporation* | PledgeMaker (SofTrek)                 |
| DonorPerfect Fundraising Software*    | The Raiser's Edge ® (Blackbaud)*      |
| eTapestry*                            | ROI Solutions                         |
| GiftWorks (Mission Research)*         | Sage Software*                        |
| MatchMaker FundRaising Software*      | Telosa Software (Exceed!)             |
| Metafile*                             |                                       |

\* Charter member of the AFP Donor Software Workgroup

### Project Sponsors

- |   |   |
|---|---|
| Association of Fundraising Professionals (AFP)*         | Center on Nonprofits and Philanthropy at the Urban Institute* |
| Association of Donor Relations Professionals (ADRP)     | Center on Philanthropy at Indiana University                  |
| Council for Advancement and Support of Education (CASE) | Council for Resource Development (CRD)                        |
| National Committee on Planned Giving (NCPG)             |   |

\* Founding partners, providing resources for the project.

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## About the FEP

In 2006 the Association of Fundraising Professionals and the Center on Nonprofits and Philanthropy at the Urban Institute established the Fundraising Effectiveness Project to conduct research on fundraising effectiveness and help nonprofit organizations increase their fundraising results at a faster pace. The other organizations listed on the cover page have joined them as sponsors of the project.

The project goal is to help nonprofit organizations measure, compare, and maximize their annual growth in giving.

### **Making the Most of the Enormous Untapped Giving Potential**

For decades, research has indicated that there is an enormous untapped potential for giving in the United States. Yet, total giving as a percentage of gross domestic product (GDP) has averaged a flat two percent for the last 40 years. In addition to the annual gain/loss surveys, FEP research is also addressing the question: why hasn't the sector been able to tap this potential and increase its share of the GDP pie?

### **The Fundraising Effectiveness Survey**

A key initial component of the FEP is the groundbreaking **Fundraising Effectiveness Survey**, a web-based survey piloted in November 2006 that collects fundraising data from nonprofit organizations, beginning with data for 2004-2005. The Fundraising Effectiveness Survey enables participating groups to measure and compare their fundraising gain and loss ratios to those of similar organizations. Participants can use this industry data, *which AFP offers free*, to make better-informed, growth-oriented budget decisions to boost donor revenue.

### **Additional Participants are Invited**

The annual Fundraising Effectiveness Surveys are ongoing and open to all nonprofit organizations. There is no charge to participate, and participating organizations receive access to the survey performance data. All information supplied by survey respondents is kept strictly anonymous and confidential, and results are reported in aggregate form only. As of February, 2008, nonprofit organizations in the United States had provided 890 responses to the annual surveys—275 responses for 2004-2005 and 615 responses for 2005-2006.

### **Donor Software Firms Facilitate Nonprofits' Participation**

A critical element in the success of the Fundraising Effectiveness Survey has been the cooperation and support of numerous donor software firms. At AFP's invitation, these firms have assisted with the design of the 2004-2005 and 2005-2006 surveys and are ready to help their clients respond to the surveys. All of the firms have developed, or are in the process of developing, "all-electronic" software modules for the FEP surveys that eliminate the need for their clients to key the fundraising performance data manually into AFP's web-based survey instrument. By working with the donor software community in this way, AFP is able to increase survey response rates, ensure greater accuracy in the data gathered, significantly save participating organizations on data-entry costs, and speed the data analysis process.

The members of the AFP Donor Software Workgroup listed on the cover page collectively serve more than 50,000 nonprofit clients. If your donor software provider is not on this list, please ask them to participate. AFP and the other sponsors of the Fundraising Effectiveness Project encourage all firms to help their clients respond to the survey.

## Why Analyzing Fundraising Gains and Losses is Important for Fundraising Effectiveness

Although nonprofit organizations usually watch their overall fundraising results carefully, they don't often pay as close attention to the gains and losses that make up those results.

This can be a mistake because looking only at the overall net performance (the "bottom line") does not tell management and boards what is really happening in their fundraising or where to invest additional resources to improve fundraising effectiveness. Neither is it sufficient to look only at the new gifts coming in. To understand what is really happening in a way that is useful for planning and budgeting, it is necessary to analyze both the fundraising *gains* and the fundraising *losses* from one year to the next because significant losses can substantially reduce or eliminate the gains altogether. For example, an organization that has gains in annual giving of 65% from one year to the next but has annual giving losses of 55%, achieves a net increase of only 10%.

***Growth in giving is increased both by maximizing gains and minimizing losses, and managements and boards need to know this to make intelligent, informed, growth-oriented planning and budgetary decisions.***

The basic concept of the Fundraising Effectiveness Survey is that growth in giving from one year to the next is the *net of gains* minus *losses*. **Gains** consist of gifts by new donors and recaptured lapsed donors and increases in gift amounts by upgraded donors. **Losses** consist of decreases in gift amounts by downgraded donors and lost gifts from lapsed new and lapsed repeat donors. The net increase (or decrease) is the net of gains minus losses.

Continuing with the above example of an organization with gains of 65% and losses of 55% for a net of 10%, increasing gains by 10 percentage points—from 65% to 75%—would double the net growth from 10% to 20%.

Likewise, reducing losses by 10 percentage points—from 55% to 45%—would also double the net from 10% to 20%. And, a reduction of losses by 20 percentage points—to 35%—would triple the net to 30%.

Further, it usually costs less to retain and motivate an existing donor than to attract a new one. Consequently, for most organizations—and especially those that are sustaining losses or achieving only modest net gains in gifts and donors—**taking positive steps to reduce gift and donor losses is the best strategy to increase net fundraising gains at the least cost.**

The data provided by the Fundraising Effectiveness Surveys make it possible for fundraisers, management, and boards of nonprofit organizations to compare the performance of their organization from one year to the next and with the performance of other organizations in terms of total dollars raised and total number of donors in a variety of categories. With this information, they can make more informed, growth-oriented decisions about where to invest increased resources and effort to improve their fundraising effectiveness.

The Survey makes the following data available for each year in the database.

### Total gift dollars

#### Gains:

Gained from new donors in the current year

Gained from recaptured donors (former donors who did not give in the previous year)

Gained from upgraded donors (donors who increased their gift from the previous year)

#### Same:

From donors who gave the same amount as in the previous year

#### Losses:

Lost from downgraded donors (donors who gave less in the current year than in the previous year)

Lost from lapsed new donors (new donors in the previous year who did not give in the current year)

Lost from lapsed repeat donors (repeat donors in the previous year who did not give in the current year)

**Total # of donors****Gains:**

# of new donors gained in the current year

# of recaptured donors gained in the current year (former donors who did not give in the previous year)

**Same:**

# of upgraded donors (donors who increased their gift from the previous year)

# of donors who gave the same amount as in the previous year

# of downgraded donors (donors who gave less in the current year than in the previous year)

**Losses:**

# of lapsed new donors (new donors in the previous year who did not give in the current year)

# of lapsed repeat donors (repeat donors in the previous year who did not give in the current year)

As the survey proceeds, data will be added to the database each year, providing additional historical data for analysis of trends over time.

The charts and tables in this report are based on data for 890 respondents for the years 2004-2005 and 2005-2006.

## Project Method

### Automatic Data Extraction

Thanks to FEP survey software provided by the participating donor software firms listed on the title page of this report, each participating nonprofit organization is able to extract its data for the survey automatically from its donor tracking software system—*taking less than five minutes per submission*. Annually, each participating nonprofit uploads its data electronically to the FEP survey application on the Urban Institute website. Next, using the data extracted for the FEP survey, participants generate “Gain/Loss Growth-in-Giving Performance Reports” for their organizations.

The FEP survey application at the Urban Institute uses all the responses to calculate the gain and loss ratios for the various categories and the percentages of gift dollars and donors gained and lost from one year to the next—for example, for 2006 and compared to 2005 in the gain/loss ratios illustrated below—and generates comparative gain/loss growth-in-giving performance statistics for groups of responses by size, subsector, age, region and percentile ranking.

### Gain/Loss Ratios

The *gain or loss ratio* for each category is calculated as:

$$\text{Gain/Loss Ratio (\%)} = \frac{\text{survey-year gains or losses in each category}}{\text{prior year total results}}$$

#### Illustrative Gain/Loss Ratios based on FEP 2004-06 (Figure 1)

$$\text{Gain ratio (\%)} = \frac{\$643,980,622 \text{ in total gains in giving in survey year}}{\$1,013,281,217 \text{ total gifts in prior year}} = 63.6 \%$$

$$\text{Loss ratio (\%)} = \frac{\$567,279,170 \text{ in total losses in giving in survey year}}{\$1,013,281,217 \text{ total gifts in prior year}} = -56.0 \%$$

The gain and loss ratios form the basis for this report.

### A Note About the Data

In the FEP database, funds raised include cash gifts, pledge payments, recurring gift payments, gifts of marketable securities, and the gift portion of special event income. These gifts are counted whether they are unrestricted or restricted. Funds raised exclude pledges and pledge balances, all in-kind donations (such as equipment, materials, services or use of facilities), deferred gifts (such as known bequests and charitable remainder trusts or annuities) and the costs-benefiting-donors portion of special event income.

Three further characteristics of the FEP database are important to understand:

First, the FEP database is not static. It continually grows and becomes more data-rich as new participating organizations join the project and add their fundraising data to the project. Some of these data are for the year the organization joins, but some are for previous years, as well. Thus, the FEP database is subject to change from year to year, even data for past years, as new data collections are added. As a result, statistics calculated at different times for any particular year may show slight differences. These differences are not significant enough to alter the general patterns in the data, however, especially the large impact that donor retention and attrition have on fundraising results.

Second, the data for any given year in the FEP database do not reflect exactly the same time period for all organizations. This is because the data reflect each organization’s fiscal year. Some organizations end their fiscal year on December 31, some on March 31, and some on June 30 or other date. These differences should have no

practical effect on the findings, however, because each organization's performance is based on consistent 12-month intervals over time.

Third, the results reported here are not representative of the entire nonprofit sector, since the data collected for the FEP surveys are collected via voluntary submissions, not from a representative sampling of all nonprofit organizations. Most participants in the surveys are small to midsize organizations—averaging \$1.3 million in annual gifts for the 890 responses reflected in this report. One reason so few larger organizations are part of the dataset is that many use enterprise software from firms that are not participating in the FEP project.

## Summary of 2004-2005 and 2005-2006 FEP Survey Findings

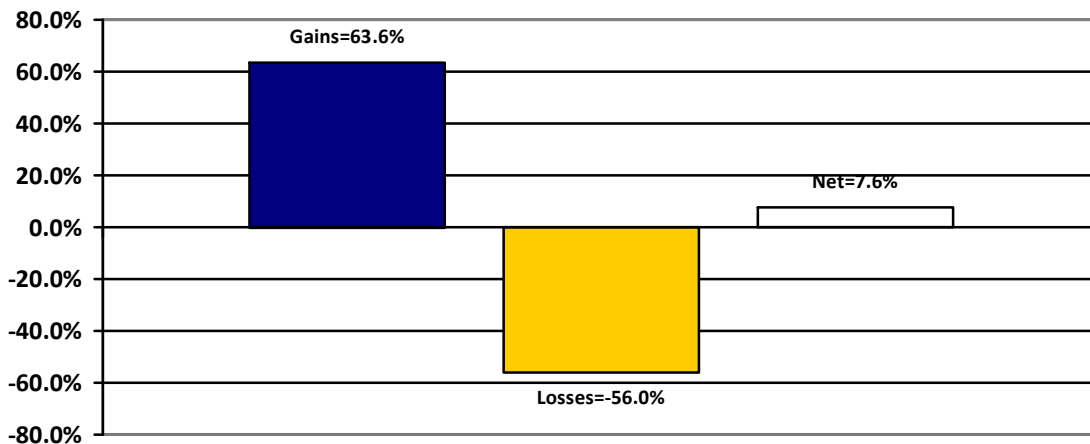
### Overview

This report incorporates data from the 890 responses received as of February 2008 and covers year-to-year fundraising results for the years 2004-2005 through 2005-2006.

As shown in Figure 1, **for every \$6 that organizations raised in new gifts, approximately \$5 was lost through donor attrition.** The overall, bottom-line, year-to-year growth in giving reported in the 890 FEP survey responses with data for 2004-2005 and 2005-2006 was 7.6 percent. That is, as a group, the organizations raised \$1.01 billion in the previous year and \$1.09 billion in the current year for an overall increase of \$76.7 million. This equates to an overall growth-in-giving ratio of 7.6 percent. However, this overall ratio of 7.6 percent is actually a net ratio consisting of gain ratios minus loss ratios.

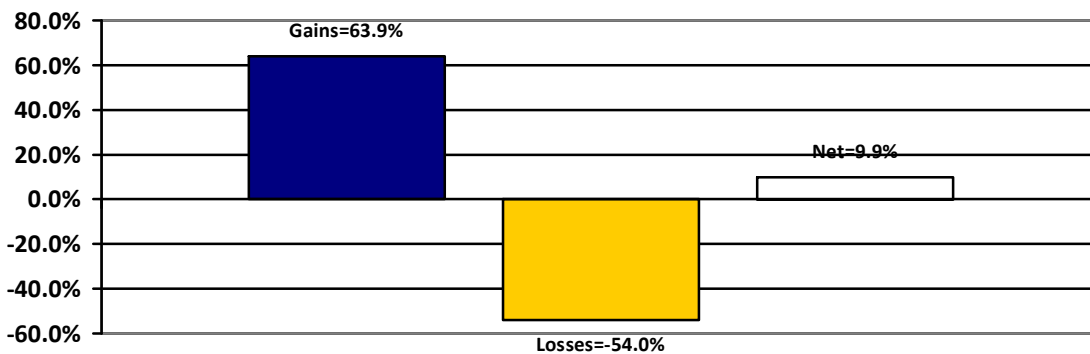
**The basic FEP concept is that growth in giving from one year to the next is the net of gains minus losses.**

**Figure 1. Overall FEP Growth in Amount of Gifts, 2004-2006**



Growth in the number of donors showed virtually the same gain/loss pattern as growth in gifts. As shown in Figure 2, gains of 63.9% were offset by losses of 54%, for a net increase of 9.9%.

**Figure 2. Overall FEP Growth in Number of Donors, 2004-2006**

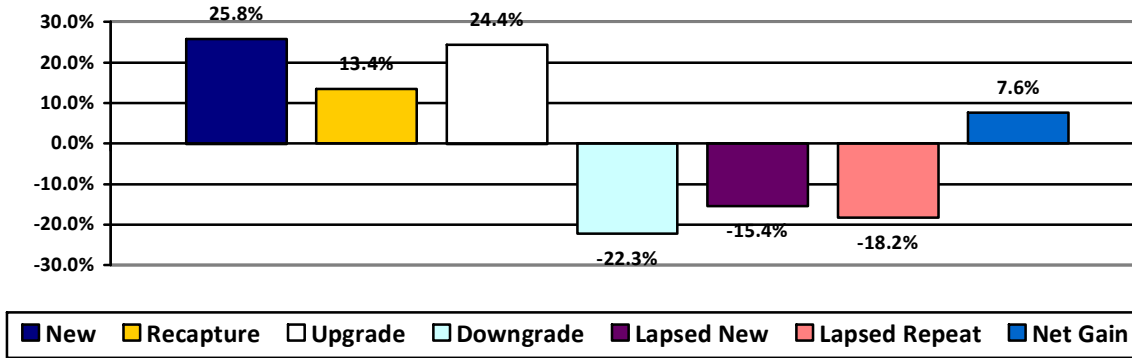




## Gains and Losses by Category

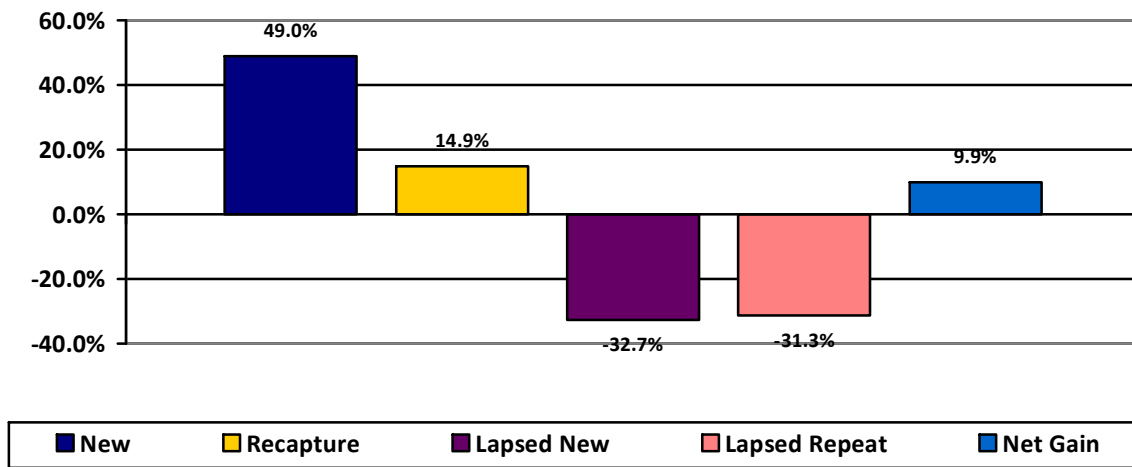
Whereas the survey organizations had sizeable growth in gifts from new, upgraded, and recaptured donors, these gains were mostly offset by losses in gifts from downgraded, lapsed new, and lapsed repeat donors. As a result, net gains in the amount of gifts were only 7.6%.

**Figure 3. Amount of Gifts by Gain and Loss Category, 2004-2006**



Results in the number of donors were slightly better. Gains in the number of new and recaptured donors were mostly offset by losses in the number of lapsed new and lapsed repeat donors, producing the net gain in donors of 9.9%.

**Figure 4. Number of Donors by Gain and Loss Category, 2004-2006**



\* Percentage rankings for each gain/loss category are computed separately. Percentage rankings for gains combined and losses combined are not subtotals and net gain (loss) are not totals.

## Gains and Losses for Growth Segments

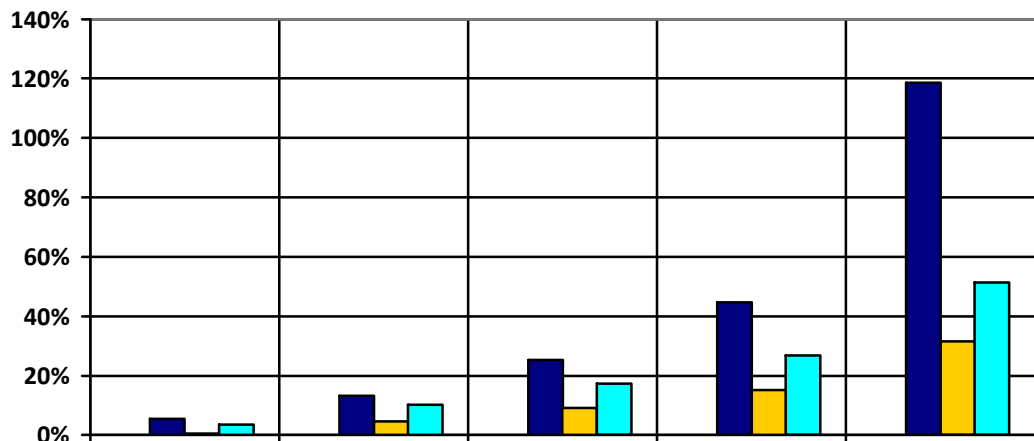
Figures 5 and 6 show the average amount of gifts and number of donors by gain and loss category for each of five growth segments, from the bottom 20% to the top 20% in growth. As one might expect, the top 20% of organizations far out-performed the bottom 20% in all categories.

**The goal for any nonprofit organization should be to identify the categories where it needs to improve its fundraising effectiveness in order to move up in the growth segments.**

Figure 5 shows the gains and losses in amount of gifts for each of the five growth segments. In all segments, new gifts were the largest source of gains, and upgrades were about one-third as much as new gifts. Losses were much greater than gains in the bottom two segments, with losses from lapsed new donors the most dramatic.

Note that the ratios for each gain and loss category are computed separately, based on separate sorts of the gain, loss and net ratios or percentages for each gain/loss category. Therefore, the ratios for the Growth Segments for All Gains and All Losses are not subtotals, and the ratios for Net Gain (Loss) are not totals.

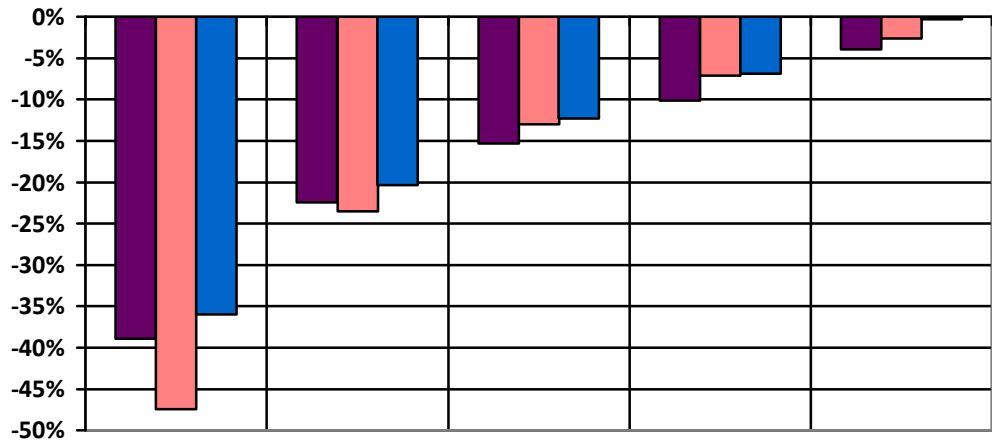
**Figure 5a. Gain Ratios for Amount of Gifts by Growth Segment for the Three Gain Categories, 2004-2006**



GROWTH SEGMENTS →	BOTTOM 20%	20-40%	40-60%	60-80%	TOP 20%
New	5.5%	13.3%	25.3%	44.6%	118.5%
Recapture	0.4%	4.6%	9.2%	15.2%	31.5%
Upgrade	3.6%	10.3%	17.3%	26.8%	51.3%

Figure 5a shows that in all growth segments, the largest growth came from new gifts, and the pattern was most pronounced in the highest growth segments.

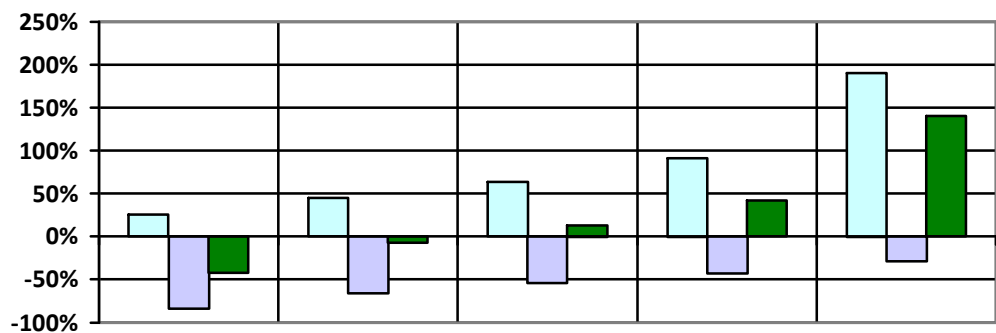
**Figure 5b. Loss Ratios for Amount of Gifts by Growth Segment for the Three Loss Categories, 2004-2006**



GROWTH SEGMENTS →	BOTTOM 20%	20-40%	40-60%	60-80%	TOP 20%
Downgrade	-38.9%	-22.4%	-15.3%	-10.1%	-3.9%
Lapsed New	-47.4%	-23.5%	-13.0%	-7.1%	-2.6%
Lapsed Repeat	-36.0%	-20.3%	-12.3%	-6.9%	-0.3%

Figure 5b shows that in the lowest two growth segments the source of greatest losses was lapsed new gifts, whereas in the upper three growth segments, gift downgrades were the largest source of losses.

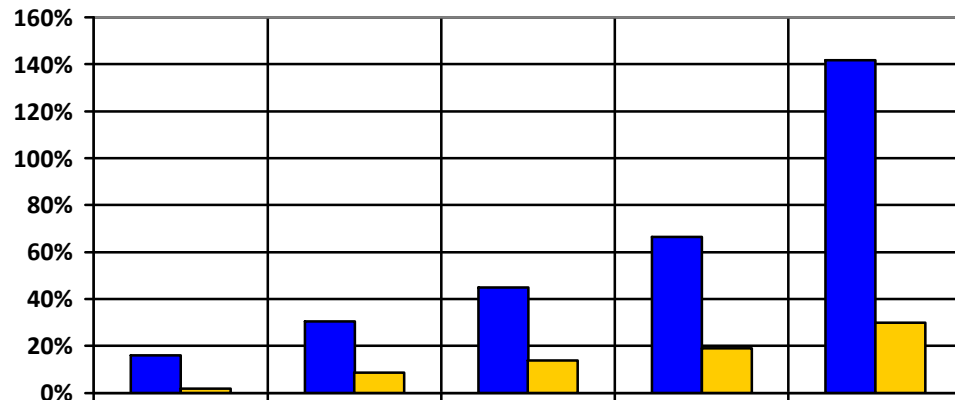
**Figure 5c. Overall Gain/Loss Ratios for Amount of Gifts by Growth Segment, 2004-2006**



GROWTH SEGMENTS →	BOTTOM 20%	20-40%	40-60%	60-80%	TOP 20%
All Gains	25.1%	44.5%	63.3%	91.4%	190.2%
All Losses	-83.8%	-66.2%	-54.1%	-43.1%	-29.1%
Net Gain (Loss)	-42.2%	-7.4%	12.9%	41.5%	140.0%

Figure 5c shows the net gain in amount of gifts for each of the five growth segments. In the bottom two growth segments, losses outweighed gains for a net loss. In the top three growth segments, gains progressively outweighed losses, for a net gain.

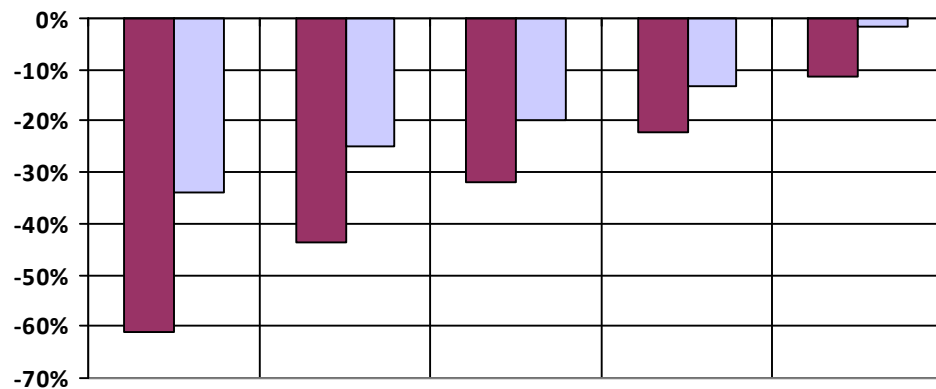
**Figure 6a. Gain Ratios for Number of Donors by Growth Segment for the Two Gain Categories, 2004-2006**



GROWTH SEGMENTS →	BOTTOM 20%	20-40%	40-60%	60-80%	TOP 20%
New	16.0%	30.5%	44.8%	66.4%	141.6%
Recapture	1.8%	8.7%	13.8%	18.9%	30.0%

Figure 6a shows that in all growth segments the greatest gains came from new donors.

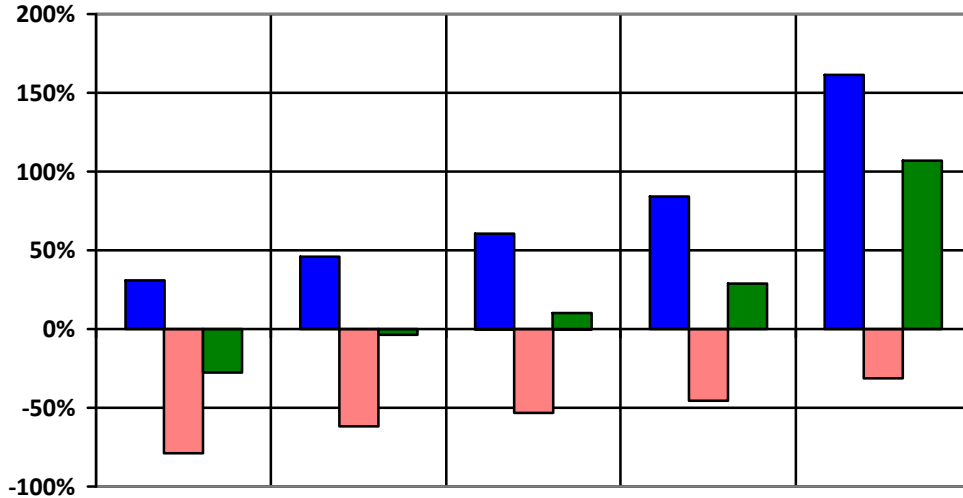
**Figure 6b. Loss Ratios for Number of Donors by Growth Segment for the Two Loss Categories, 2004-2006**



GROWTH SEGMENTS →	BOTTOM 20%	20-40%	40-60%	60-80%	TOP 20%
Lapsed New	-61.2%	-43.4%	-31.7%	-22.3%	-11.3%
Lapsed Repeat	-34.0%	-24.9%	-19.9%	-13.1%	-1.4%

Figure 6b shows that in all growth segments the greatest losses came from lapsed new donors.

**Figure 6c. Overall Gain/Loss Ratios for Number of Donors by Growth Category, 2004-2006**



GROWTH SEGMENTS →	BOTTOM 20%	20-40%	40-60%	60-80%	TOP 20%
All Gains	30.8%	45.9%	60.7%	84.1%	161.3%
All Losses	-78.6%	-61.8%	-53.3%	-45.4%	-31.3%
Net Gain (Loss)	-27.6%	-3.5%	10.3%	28.8%	107.0%

Figure 6c shows the net gain in number of donors for each of the five growth segments. In all segments, gains came primarily from new donors. Losses came primarily from lapsed new donors and were most pronounced in the bottom two growth segments.

### Detailed Statistics

To facilitate additional comparisons, further breakdowns of the FEP gain/loss data are presented in Appendix A. Figure A1 shows the gains, losses, and gain/loss ratios in amount of gifts and number of donors by gain and loss categories. Figures A2 through A5 show these numbers further broken down by size of fundraising gain or loss, type of nonprofit organization, region, and age of the fundraising program.

## Implications of the FEP Data for Fundraising Decision Makers

### FEP Strategies

Budgeting for fundraising that is cost effective, goal-oriented, and growth-oriented requires that, year-after-year, organizations:

1. Make significant, incremental increases in their budgets, by categories of fundraising effort.
2. Measure the corresponding incremental return on those investments (ROI), by gain/loss categories.
3. Make additional incremental increased investments in fundraising effort, category by category, based on the performance (ROI) of previous fundraising activities.

The FEP strategies are especially helpful to those fundraising professionals who could raise more money if they had the budget to employ more staff. The question every development director needs to ask is: Could I raise more money if I could hire one more fundraising professional?

To reiterate a point made earlier, usually it costs less to retain and motivate an existing donor than to attract a new one, and so taking positive steps to reduce gift and donor losses is often the best strategy to increase net fundraising gains at the least cost.

### Examining the Ratio of Gains to Losses

In the FEP data, clearly the most salient pattern is the consistent 6/5 ratio of gains to losses in both the amount of gifts and the number of donors. That is, for every \$6 the nonprofit organizations gained in upgraded, new, and recovered gifts, about \$5 was lost in downgraded and lapsed gifts; and for every 6 new donors recruited, 5 donors were lost through attrition. **This 6-to-5 ratio is notably consistent in all of the years studied.**

Nonprofit decision makers should examine their organizations' net return on investment in each gift and donor category and compare the results among categories. If their donor tracking and accounting systems do not currently report the returns on fundraising investment by category, decision makers would be well advised to take steps to ensure that these systems do so in the future.

### Investing to Maximize Fundraising Results

Nonprofit organizations should compare their results category-by-category with those of the FEP not only to see how they stack up but also to see where they should invest budgets and effort to maximize their fundraising net gain.

When measuring, comparing, and evaluating their organization's growth-in-giving performance, nonprofits can compare their performance ratios, by gain/loss categories, against:

- FEP Survey growth-in-giving performance statistics for peer-group organizations selected by level of giving, average gift size, age of development program, location, subsector, number of personnel, size of fundraising budget (See Figures A1 through A5 in Appendix A).
- Their own prior period performance (trend analysis)
- Their performance goals (income budgets)

## Setting Fundraising Goals for Doubling Annual Giving

Nonprofits can use the following table for setting overall performance goals for doubling annual giving within a specific number of years. For example, to double giving in 5 years requires an average annual rate of growth of 14.9%.

**Rate of Growth in Giving Table**

Years to Double	Rate of Growth
1	100.0%
2	41.5%
3	26.0%
4	18.9%
5	14.9%
6	12.2%
7	10.4%
8	9.1%
9	8.0%
10	7.2%*

\*33-year average (7.6%, 1970-2003) *Giving USA*

According to *Giving USA*, the average annual rate of growth for all nonprofits is about 7.6 percent, doubling every 9 or 10 years. To keep up with the annual growth in GDP (i.e., doubling every 10 years) would require a growth rate of 7 or 8 percent per year.

### Taking the Next Steps

If your donor tracking and accounting systems do not currently report fundraising investment and results by gain/loss category, you should take steps to ensure that they do so in the future.

For instructions on how to configure your donor tracking data and participate in the FEP, please see Appendix B of this report.

For information on how to use the Growth-in-Giving Worksheet to evaluate your own organization, please see Appendix C.

## Appendices

### A. Detailed 2004-2005 to 2005-2006 Fundraising Effectiveness Survey Statistics

Figure A1. Gain/Loss Growth-in-Giving Performance Report – Period 1 to Period 2\*

**Important:** The numbers in the Table A1 reflect the 890 responses received by February 2008 for fundraising during the years 2004-2005 through 2005-2006. Some organizations have submitted responses for both years. “Period 1” refers to the first year in each response, and “Period 2” refers to the second year in each response. Thus “Period 1” might refer to different years for different organizations or, in some cases, even different “first years” for the same organization. In each case, “Period 2” refers to the year after the year in Period 1.

<u>Gain/Loss Category</u>	<u>Period 1</u>	<u>Period 2</u>	<u>Gains (Losses)</u>	<u>Gain/Loss Ratio</u>
<b>Amount of Gifts</b>				
<b>Gains</b>				
<b>New</b>	\$ 0	\$ 261,204,666	\$ 261,204,666	25.8%
Recapture	0	135,931,989	135,931,989	13.4%
Upgrade	<u>200,940,749</u>	<u>447,784,717</u>	<u>246,843,968</u>	<u>24.4%</u>
<b>Subtotal gains</b>	<u>200,940,749</u>	<u>844,921,371</u>	<u>643,980,622</u>	<u>63.6%</u>
<b>Same</b>	95,436,244	95,436,244	-	0.0%
<b>Losses</b>				
Downgrade	375,965,193	149,625,054	(226,340,140)	-22.3%
Lapsed new	156,317,008	0	(156,317,008)	-15.4%
Lapsed repeat	<u>184,622,022</u>	<u>0</u>	<u>(184,622,022)</u>	<u>-18.2%</u>
<b>Subtotal losses</b>	<u>716,904,223</u>	<u>149,625,054</u>	<u>(567,279,170)</u>	<u>-56.0%</u>
<b>Total - gifts</b>	<u>\$ 1,013,281,217</u>	<u>\$ 1,089,982,670</u>	<u>\$ 76,701,453</u>	<u>7.6%</u>
<b>Number of Donors</b>				
<b>Gains</b>				
New	0	630,486	630,486	49.0%
Recapture	0	191,648	191,648	14.9%
Upgrade	<u>226,449</u>	<u>226,449</u>	<u>-</u>	<u>0.0%</u>
<b>Subtotal gains</b>	<u>226,449</u>	<u>1,048,583</u>	<u>822,134</u>	<u>63.9%</u>
<b>Same</b>	183,116	183,116	-	0.0%
<b>Losses</b>				
Downgrade	182,344	182,344	-	0.0%
Lapsed new	421,329	0	(421,329)	-32.7%
Lapsed repeat	<u>273,501</u>	<u>0</u>	<u>(273,501)</u>	<u>-21.3%</u>
<b>Subtotal losses</b>	<u>877,174</u>	<u>182,344</u>	<u>(694,830)</u>	<u>-54.0%</u>
<b>Total - donors</b>	<u>1,286,739</u>	<u>1,414,043</u>	<u>127,304</u>	<u>9.9%</u>



**Figure A2. Total Amount Raised by Size Category**

Gain/Loss Growth-in-Giving Performance Report

By Gain/Loss Category Within Size, Based on Overall Rate of Growth (Net Gain/Loss)

<b>Gain/Loss Category</b>	<b>Under \$100,000</b>	<b>\$100,000 to \$249,999</b>	<b>\$250,000 to \$499,999</b>	<b>\$500,000 to \$999,999</b>	<b>\$1 Million to \$2.5 Million</b>	<b>Over \$2.5 Million</b>	<b>Total all Entities</b>
<b>Gains</b>							
New	32.5%	27.0%	27.9%	19.5%	24.2%	25.8%	24.7%
Recapture	12.4%	9.4%	13.0%	9.1%	13.4%	16.1%	13.8%
Upgrade	11.9%	15.2%	19.2%	20.8%	23.6%	28.0%	24.4%
<b>Total gains</b>	<b>56.8%</b>	<b>51.6%</b>	<b>60.1%</b>	<b>49.4%</b>	<b>61.3%</b>	<b>70.0%</b>	<b>63.0%</b>
<b>Losses</b>							
Downgrade	-23.7%	-24.3%	-21.4%	-29.8%	-21.4%	-20.4%	-22.4%
Lapsed new	-24.3%	-19.6%	-22.3%	-16.4%	-12.5%	-14.3%	-15.1%
Lapsed repeat	-19.9%	-19.1%	-18.5%	-14.6%	-19.1%	-18.7%	-18.2%
<b>Total losses</b>	<b>-67.9%</b>	<b>-63.0%</b>	<b>-62.2%</b>	<b>-60.8%</b>	<b>-53.0%</b>	<b>-53.4%</b>	<b>-55.7%</b>
<b>Net gain(loss)</b>	<b>-11.2%</b>	<b>-11.4%</b>	<b>-2.1%</b>	<b>-11.4%</b>	<b>8.2%</b>	<b>16.6%</b>	<b>7.3%</b>

**Statistics**

No. of entities	174	163	163	160	154	76	890
Amount of gifts - period 1	\$ 14,571,259	\$ 42,676,751	\$ 82,787,761	\$ 173,296,128	\$ 280,279,422	\$ 519,016,921	<b>\$ 1,112,628,242</b>
Amount of gifts - period 2	\$ 12,942,200	\$ 37,812,865	\$ 81,061,770	\$ 153,486,750	\$ 303,310,292	\$ 605,078,228	<b>\$ 1,193,692,105</b>
Amount of gains(losses)	\$ (1,629,059)	\$ (4,863,886)	\$ (1,725,991)	\$ (19,809,378)	\$ 23,030,869	\$ 86,061,308	<b>\$ 81,063,863</b>
Gain(loss) as % of period 1	-11.2%	-11.4%	-2.1%	-11.4%	8.2%	16.6%	<b>7.3%</b>

**Figure A3. Total Amount Raised by Nonprofit Subsector**

Gain/Loss Growth-in-Giving Performance Report

By Gain/Loss Category Within Subsector Based on Overall Rate of Growth (Net Gain/Loss)

<u>Gain/Loss Category</u>	<u>Arts &amp; Culture</u> I	<u>Education</u> II	<u>Environment Animals</u> III	<u>Health</u> IV	<u>Human Services</u> V	<u>Public/Societal Benefit</u> VII	<u>Religion Related</u> VIII	<u>Other</u> X	<u>Total all Entities</u>
<b>Gains</b>									
New	16.9%	19.0%	17.0%	26.2%	25.2%	56.4%	20.8%	32.1%	24.7%
Recapture	15.7%	16.2%	12.9%	14.9%	11.6%	13.9%	10.5%	11.0%	13.8%
Upgrade	26.2%	23.3%	26.8%	25.8%	22.3%	29.7%	23.8%	26.7%	24.4%
<b>Total gains</b>	<b>58.8%</b>	<b>58.5%</b>	<b>56.7%</b>	<b>66.8%</b>	<b>59.1%</b>	<b>100.0%</b>	<b>55.1%</b>	<b>69.8%</b>	<b>63.0%</b>
<b>Losses</b>									
Downgrade	-18.0%	-23.2%	-19.6%	-25.2%	-24.2%	-14.2%	-21.3%	-19.2%	-22.4%
Lapsed new	-20.7%	-9.5%	-11.0%	-15.9%	-16.7%	-30.5%	-9.0%	-17.5%	-15.1%
Lapsed other	-20.6%	-20.0%	-17.6%	-15.6%	-18.6%	-13.7%	-20.9%	-14.3%	-18.2%
<b>Total losses</b>	<b>-59.3%</b>	<b>-52.7%</b>	<b>-48.2%</b>	<b>-56.7%</b>	<b>-59.5%</b>	<b>-58.4%</b>	<b>-51.2%</b>	<b>-51.0%</b>	<b>-55.7%</b>
<b>Net gain(loss)</b>	<b>-0.5%</b>	<b>5.9%</b>	<b>8.5%</b>	<b>10.1%</b>	<b>-0.4%</b>	<b>41.6%</b>	<b>3.9%</b>	<b>18.8%</b>	<b>7.3%</b>

**Statistics**

No. of entities	78	151	60	137	257	92	68	47	<b>890</b>
Amount of gifts - period 1	77,089,222	300,877,743	74,736,597	176,060,147	315,246,987	77,568,954	58,248,320	32,800,272	<b>\$ 1,112,628,242</b>
Amount of gifts - period 2	76,723,931	318,576,531	81,109,971	193,898,772	314,096,344	109,814,308	60,520,654	38,951,594	<b>\$ 1,193,692,105</b>
Amount of gains(losses)	\$ (365,291)	\$ 17,698,787	\$ 6,373,375	\$ 17,838,625	\$ (1,150,643)	\$ 32,245,354	\$ 2,272,334	\$ 6,151,322	<b>\$ 81,063,863</b>
Gain(loss) as % of period 1	-0.5%	5.9%	8.5%	10.1%	-0.4%	41.6%	3.9%	18.8%	<b>7.3%</b>

**Figure A4. Total Amount Raised by Region**

Gain/Loss Growth-in-Giving Performance Report

By Gain/Loss Category Within Region Based on Overall Rate of Growth (Net Gain/Loss)

Gain/Loss Category	USPS region->										Total all Entities
	New England	NY-Penna	Mid Atlantic	South East	Central	North West	Midwest	South	Mountain	Pacific	
	0	1	2	3	4	5	6	7	8	9	
<b>Gains</b>											
New	22.4%	17.4%	24.2%	22.5%	21.3%	18.7%	34.7%	31.2%	26.9%	33.6%	24.7%
Recapture	10.2%	15.5%	15.3%	13.3%	12.2%	12.2%	16.1%	17.4%	10.8%	11.5%	13.8%
Upgrade	26.3%	18.7%	29.1%	19.6%	28.3%	28.0%	28.3%	21.9%	27.0%	20.6%	24.4%
<b>Total gains</b>	<b>59.0%</b>	<b>51.6%</b>	<b>68.6%</b>	<b>55.4%</b>	<b>61.8%</b>	<b>58.8%</b>	<b>79.1%</b>	<b>70.5%</b>	<b>64.6%</b>	<b>65.7%</b>	<b>63.0%</b>
<b>Losses</b>											
Downgrade	-18.9%	-21.3%	-19.7%	-24.6%	-30.7%	-22.1%	-19.3%	-22.8%	-17.5%	-18.2%	-22.4%
Lapsed new	-11.5%	-12.3%	-12.4%	-14.8%	-13.0%	-11.7%	-13.8%	-11.3%	-13.7%	-32.3%	-15.1%
Lapsed other	-17.3%	-20.6%	-17.1%	-15.4%	-16.6%	-14.3%	-24.8%	-26.8%	-12.0%	-14.6%	-18.2%
<b>Total losses</b>	<b>-47.7%</b>	<b>-54.2%</b>	<b>-49.2%</b>	<b>-54.8%</b>	<b>-60.3%</b>	<b>-48.1%</b>	<b>-57.9%</b>	<b>-60.9%</b>	<b>-43.2%</b>	<b>-65.1%</b>	<b>-55.7%</b>
<b>Net gain(loss)</b>	<b>11.3%</b>	<b>-2.6%</b>	<b>19.4%</b>	<b>0.6%</b>	<b>1.5%</b>	<b>10.7%</b>	<b>21.2%</b>	<b>9.6%</b>	<b>21.4%</b>	<b>0.6%</b>	<b>7.3%</b>

**Statistics**

No. of entities	73	75	112	86	147	66	70	55	52	138	874
Amount of gifts - period 1	59,477,486	190,754,948	150,980,775	79,900,636	212,333,017	62,591,758	90,581,341	77,174,794	37,054,532	136,929,984	1,097,779,270
Amount of gifts - period 2	66,177,584	185,842,395	180,223,899	80,358,913	215,461,672	69,316,395	109,812,617	84,548,595	44,994,163	137,730,064	1,174,466,298
Amount of gains(losses)	6,700,098	(4,912,553)	29,243,124	458,277	3,128,656	6,724,637	19,231,276	7,373,802	7,939,631	800,081	76,687,028
Gain(loss) as % of period 1	11.3%	-2.6%	19.4%	0.6%	1.5%	10.7%	21.2%	9.6%	21.4%	0.6%	7.0%

\* 874 of the 890 entities had valid USA zipcodes for use in this FEP survey *Regional* analysis

**Figure A5. Total Amount Raised by Age of Fundraising Program (year fundraising initiated)**

Gain/Loss Growth-in-Giving Performance Report

By Gain/Loss Category Within Age Based on Overall Rate of Growth (Net Gain/Loss)

<b>Gain/Loss Category</b>	<b>Up to 5 Years</b>	<b>6 Years 15 Years</b>	<b>16 Years 30 Years</b>	<b>Over 30 Years</b>	<b>Total all Entities</b>
<b>Gains</b>					
New	40.8%	35.2%	22.8%	19.3%	24.7%
Recapture	13.5%	11.3%	12.0%	16.1%	13.8%
Upgrade	28.3%	23.4%	25.6%	23.4%	24.4%
<b>Total gains</b>	<b>82.7%</b>	<b>69.9%</b>	<b>60.4%</b>	<b>58.8%</b>	<b>63.0%</b>
<b>Losses</b>					
Downgrade	-17.3%	-20.2%	-22.6%	-23.9%	-22.4%
Lapsed new	-35.7%	-19.2%	-12.1%	-12.2%	-15.1%
Lapsed other	-9.7%	-16.0%	-19.2%	-19.7%	-18.2%
<b>Total losses</b>	<b>-62.8%</b>	<b>-55.4%</b>	<b>-54.0%</b>	<b>-55.8%</b>	<b>-55.7%</b>
<b>Net gain(loss)</b>	<b>19.8%</b>	<b>14.5%</b>	<b>6.4%</b>	<b>3.0%</b>	<b>7.3%</b>

**Statistics**

No. of entities	124	246	245	275	890
Amount of gifts - period 1	79,816,620	194,963,831	349,831,818	488,015,973	\$ 1,112,628,242
Amount of gifts - period 2	95,643,615	223,203,953	372,387,711	502,456,827	\$ 1,193,692,105
Amount of gains(losses)	\$ 15,826,995	\$ 28,240,122	\$ 22,555,893	\$ 14,440,854	\$ 81,063,863
Gain(loss) as % of period 1	19.8%	14.5%	6.4%	3.0%	7.3%

## B. How to Respond to the FEP Survey and Extract and Configure Your Organization's Gain/Loss Donor Tracking Data

The donor software firms participating in the FEP have developed software that makes it possible for their clients to respond to the FEP surveys "all electronically," thereby providing fundraising data to the FEP and participating nonprofit organizations with very little effort, for gain/loss and comparative analysis (\*).

The process is as follows:

1. Ask your donor software provider to point you to their FEP survey module that pulls the information from your database "all electronically" for your gain/loss performance measurement and for participating in the FEP surveys. (See page 2 of this report for information about the involvement of donor software firms in the FEP survey.)

(\*) If your software provider is not participating in the FEP, you will find an AFP survey form with instructions online at <http://vovici.com/wsb.dll/s/c13g2ad8e>.

2. Open your donor software provider's FEP survey module and fill in the survey year and basic identification information about your organization and fundraising operation.
3. When you choose the submit-FEP-survey option, a text file (\*.txt) is automatically generated and transmitted over the internet to the FEP database at the Urban Institute—directly, or through your software provider.
4. Locate that text file on your computer and save it for use in preparing Gain/Loss Growth-in-Giving Performance Reports for your organization (see steps 5 and 6).
5. You will receive an automatically generated email acknowledgement from the FEP at the Urban Institute.

Here is an example of the acknowledgement you will receive when you click on the submit-FEP-survey option:

```
Subj: Successful FEP delivery notification
Date: 4/7/2008 5:12:06 P.M. Eastern Daylight Time
From: FEPwebmaster@ui.urban.org

To: FRaiser@ABC.org
```

Sent from the Internet (Details)

Your file (ABCorganization2006-2007.txt) was successfully delivered to FEP, and has been processed. Please locate and note the folder where this file is stored on your computer. For instructions on how to use the data in this file to produce your FEP Growth-in-Giving Gain/Loss Performance Reports along with downloadable Excel templates, go to [http://www.afpnet.org/research\\_and\\_statistics/fep](http://www.afpnet.org/research_and_statistics/fep) and click on Gain/Loss Performance Analyzer. The annual FEP survey reports with comparative statistics by size, subsector, region, age and percentile ranking are also available at this website. Thank you for your submission.

6. If you wish to create gain/loss performance FEP reports for your organization, follow the steps in your email acknowledgement, including the referral to [http://www.afpnet.org/research\\_and\\_statistics/FEP](http://www.afpnet.org/research_and_statistics/FEP) --> "Gain-Loss Performance Analyzer.". You will be instructed on how to copy the data from your FEP survey text file into a downloadable Excel file and produce Gain/Loss Growth-in-Giving Performance Reports for your organization. The downloadable Excel file also includes a number of other gain/loss performance analysis worksheets, including the "Comparison" worksheet – Comparative Gain/Loss Growth-In-Giving Performance Report.
7. Using the "Comparison" Worksheet to Find Out How Your Fundraising Performance Measures Up

With the “Comparison” worksheet, you can compare your results with those of other similar organizations and with your fundraising goals and prior year performance – see Figure B1 -- Comparative Gain/Loss Growth-In-Giving Performance Worksheet.

The “Comparison” worksheet automatically uses the FEP survey data that you submitted to determine your G/L ratio for each gain/loss category by enter your Year-1 data in column “A” and Year-2 data in column “B” for each Gain/Loss category. Your “Gains (Losses)” in column C and “Gain/Loss as a % of Year 1 total” in column D% are computed automatically for you. You now know your own Gain/Loss Ratios, also referred to as “Growth-in-Giving Performance Indicators.”

**Figure B1. Comparative Gain/Loss Growth-in-Giving Performance Worksheet – Year 1 to Year 2**

Gain/Loss Category	Year 1 (A)	Year 2 (B)	Gains (Losses) (C=B-A)	-- Growth-in-Giving Performance Indicators --			
				Gain/Loss As % of Year 1 total (D%=C/totA)	Goal, Prior Year or FEP (*) Ratio (E%)	Difference (E-D)	Objective
<b>Gains</b>							
New	0	0	-	0.0%			Improve
Recapture	0	0	-	0.0%			Improve
Upgrade	0	0	-	0.0%			Improve
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0.0%</b>			<b>Maximize</b>
<b>Same</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0.0%</b>			<b>Upgrade</b>
<b>Losses</b>							
Downgrade	0	0	-	0.0%			Reduce
Lapsed new	0	0	-	0.0%			Reduce
Lapsed repeat	0	0	-	0.0%			Reduce
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0.0%</b>			<b>Minimize</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0.0%</b>			<b>[Net gain/loss]</b>
				<b>Overall rate of growth</b>			

Strategy for improving performance using the “Comparison” worksheet in Figure B1

**Step 1.** Compare your gain/loss performance to FEP survey statistics(\*). For each of the Gain/Loss categories, benchmark your organization’s Gain/Loss Ratios against those of other like organizations entering gain/loss ratios in column E, selecting comparative data from the tables in figures A1-A5 of this report. For example, if your organization:

- Raises \$100,000 to \$249,999 per year, use the ratios in column 2, Figure A2..
- Is in the human services sub-sector, use the ratios in column V, Figure A3.
- Is in the NY-Penna region (USPS region 1), use the ratios in column 2, Figure A4.
- Is less than 5 years old, use the ratios in column 1, Figure A5.

You can also compare your Gain/Loss Ratios against performance *goals* you have established and/or your *prior year* Gain/Loss Ratios

**Step 2.** Set your priorities for improvement. For example, establish as your objective moving up to the next performance level in the Percentage Ranking tables (Figures 5 and 6) in each gain/loss category.

**Step 3.** To achieve your objectives, plan and budget for increased fundraising efforts for priority gain/loss categories.

**Step 4.** Evaluate progress toward objectives for each gain/loss category, and repeat steps 2 to 6 every year.