



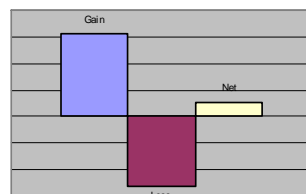
Fundraising Effectiveness Project (FEP)

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

2009 Fundraising Effectiveness Survey Report

Part I – Small Fundraising Programs Averaging Under \$500,000 in Amounts Raised

FEP



Participating Donor Software Firms

Donor2/Campus Management Corporation*
DonorPerfect Fundraising Software*
eTapestry*
GiftWorks (Mission Research)*
MatchMaker FundRaising Software*
Metafile*

PhilanthrAppeal (FundTrack Software)*
The Raiser's Edge® (Blackbaud)*
ROI Solutions
Sage Software*
Telosa Software (Exceed!)

** Charter member of the AFP Donor Software Workgroup*

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Association of Fundraising Professionals (AFP)*
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Council for Advancement and Support of Education (CASE)
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Center on Nonprofits and Philanthropy at the Urban Institute*
Center on Philanthropy at Indiana University
Council for Resource Development (CRD)

** Founding partners, providing resources for the project.*

2009 Fundraising Effectiveness Survey Report

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Part II – Large Fundraising Programs With \$1 Million or More in Amounts Raised - a separate supplemental report.

Will be announced when completed and made available at
http://www.nccs2.org/wiki/index.php?title=Fundraising_Effectiveness_Project

¹ Because larger fundraising programs distort the results, the statistical method used for small fundraising programs covered in Part I of this report excludes about 40 percent of \$1 to \$2.5 million programs and nearly all of \$2.5 million and up programs. All of the \$1 million and up fundraising programs are included in the Part II report.

About the Fundraising Effectiveness Project

In 2006 the Association of Fundraising Professionals (AFP) 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. 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 FEP 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.

FEP Survey Responses Reflected in Part I of This Report

Part I of this 2009 Fundraising Effectiveness Survey Report is based on 3,051 responses received from small fundraising programs averaging under \$500,000 as of February, 2009, from nonprofit organizations in the United States to the annual FEP surveys—605 responses for 2004-2005, 688 responses for 2005-2006, 757 responses for 2006-2007, and 1,001 responses for 2007-2008. The 2007-2008 responses reflected a total amount raised of \$418.3 million for an average of \$418,000 in amounts raised reported in 1,001 responses.

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.

Donor Software Firms Facilitate Nonprofits' Participation

A critical element in the success of the Fundraising Effectiveness Survey has been the cooperation and support of the members of the AFP Donor Software Workgroup listed on the cover page. Collectively, they 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.

These firms have assisted with the design of the 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.

This year, the AFP Donor Software Workgroup has agreed to develop and recommend to AFP for endorsement, a series of standard fundraising performance reports, beginning with the core FEP Gain/Loss Growth-in-Giving

Performance Report (see Figure A1, Appendix A, page 15). The content of this basic FEP report has remained unchanged since the FEP was initiated 3 years ago.

Over the next year or two, participating software firms will be incorporating the FEP standard reports in their reporting modules with query capabilities. For use by nonprofits in the interim, the FEP project has developed downloadable Excel-based "FEP Gain/Loss Performance Analysis" templates that can produce this FEP report, enabling them to measure their own Gain/Loss performance over time and against the . These templates can be found at: http://www.nccs2.org/wiki/index.php?title=Fundraising_Effectiveness_Project

Why Analyzing Fundraising Gains and Losses is Important for Fundraising Effectiveness

Although nonprofit organizations usually watch their overall growth-in-giving results carefully, they seldom pay as close attention to the gains and losses that make up those results.

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* – in dollars and donors -- from one year to the next. Significant losses can substantially reduce or eliminate the gains. 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 growth-in-giving of only 10%.

Growth in giving is increased both by maximizing gains and minimizing losses, and management 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%.

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%.

It usually costs less to retain and motivate an existing donor than to attract a new one. 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 least expensive strategy for increasing net fundraising gains.**

The data provided by the Fundraising Effectiveness Survey makes it possible for fundraisers, management, and boards of nonprofit organizations to not only compare the performance of their organization from one year to the next, but also to compare 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 current year
- \$ gained from recaptured donors (former donors who did not give in previous year)
- \$ gained from upgraded donors (donors who increased their gift from previous year)

Same: \$ from donors who gave the same amount as in previous year

Losses:

- \$ lost from downgraded donors (donors who gave less in the current year than in previous year)
- \$ lost from lapsed new donors (new donors in the previous year who did not give in current year)
- \$ lost from lapsed repeat donors (repeat donors in previous year who did not give in current year)

Total number 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 is added to the database each year, providing historical data for analysis of trends over time (see four-year comparison of gain/loss ratios, Figure A2, Appendix A).

The charts and tables in this report are based on data for 1,001 respondents for the year 2007-2008.

Project Method

Automatic Data Extraction

Thanks to FEP survey software provided by the participating donor software firms, 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 uses the responses to calculate the gain and loss ratios of gift dollars and number of donors gained and lost from one year to the next. For example, for 2008 compared to 2007 in the gain/loss ratios illustrated below. The FEP generates the comparative gain/loss growth-in-giving performance statistics for groups of responses by size, subsector, age, region and survey year found in Appendix A and by growth segments (percentile ranking) in Figures 5a to 5c and 6a to 6c.

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 gift-dollar Gain/Loss Ratios based on FEP survey data for 2007-2008 (Figure 1)

$$\text{Gain ratio} = \frac{\$ 234,607,534 \text{ in total gains in giving in survey year}}{\$ 423,671,102 \text{ total gifts in prior year}} = 55.4\%$$

$$\text{Loss ratio} = \frac{\$ -240,010,456 \text{ in total losses in giving in survey year}}{\$ 423,671,102 \text{ total gifts in prior year}} = -56.7\%$$

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 that show the large negative impact that donor attrition and poor retention 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 reflects each organization's fiscal year. Some organizations end their fiscal year on December 31, some on March 31, and some on June 30 or another date. These differences should have no practical effect on the findings 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 \$418,000 in annual giving for the 1,001 responses reflected in this report. One reason this average is relatively low is because many large organizations with proprietary software or “enterprise” systems are not participating in survey.

Summary of 2007-2008 FEP Survey Findings

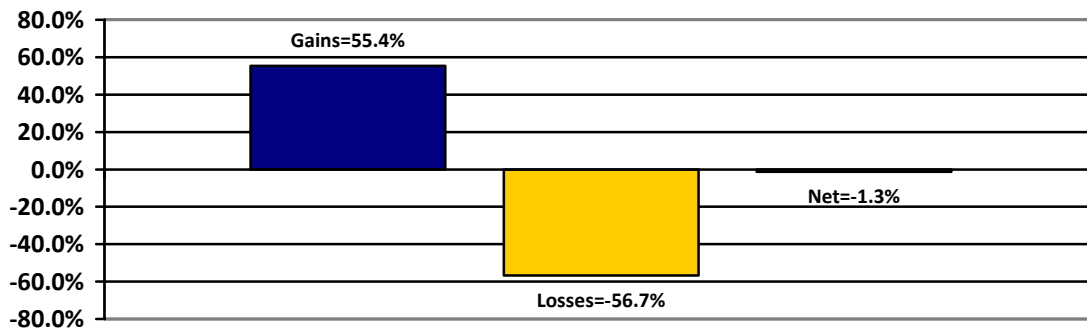
Overview

This report incorporates data from the 1,001 responses with 2007-2008 results received as of February, 2009 and covers year-to-year fundraising results for 2008.

As shown in Figure 1, for every \$6 that organizations raised in new gift dollars in 2008, more than \$6 was lost through donor attrition. The overall, bottom-line, year-to-year growth in giving reported in the 1,001 FEP survey responses with data for 2007-2008 was -1.3 percent. That is, as a group, the organizations raised \$423.7 million in the previous year and \$418.3 million in the current year for an overall decrease of \$5.4 million. This equates to an overall growth-in-giving ratio of -1.3 percent². However, this overall ratio of -1.3 percent is actually a net ratio consisting of gain ratios minus loss ratios.

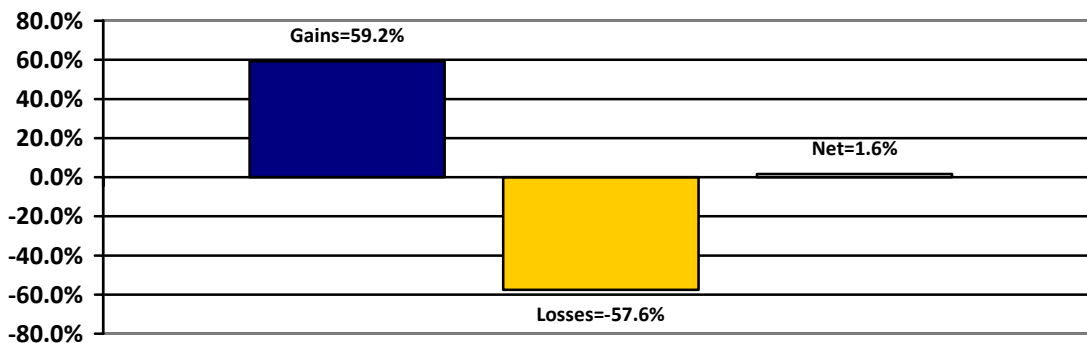
The basic FEP concept is that growth in giving from one year to the next is the net of gains minus losses.

Figure 1. Overall FEP Growth in Amount of Gifts, 2007-2008



Growth in the *number of donors* showed a somewhat better gain/loss pattern than growth in gifts. As shown in Figure 2, gains of 59.2% were offset by losses of -57.6%, for a net increase of 1.6%.

Figure 2. Overall FEP Growth in Number of Donors, 2007-2008

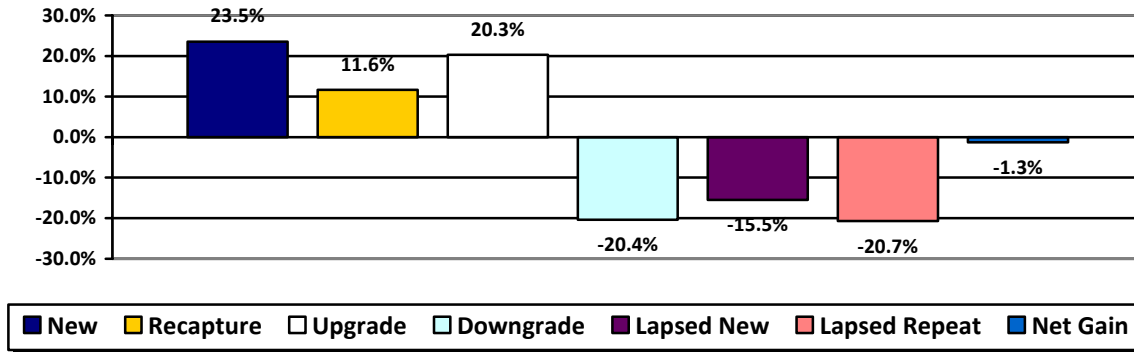


² The -1.3 percent net loss is most likely a reflection of the economic downturn and is consistent with the 2 percent decline for 2007-08 reported in this year's Giving USA. FEP's previous surveys showed overall net growth-in-giving of 10.7 percent for 2004-05, 5.9 percent for 2005-06 and 10.7 percent for 2006-07 (see Figure A1a, Appendix A).

Gains and Losses by Category

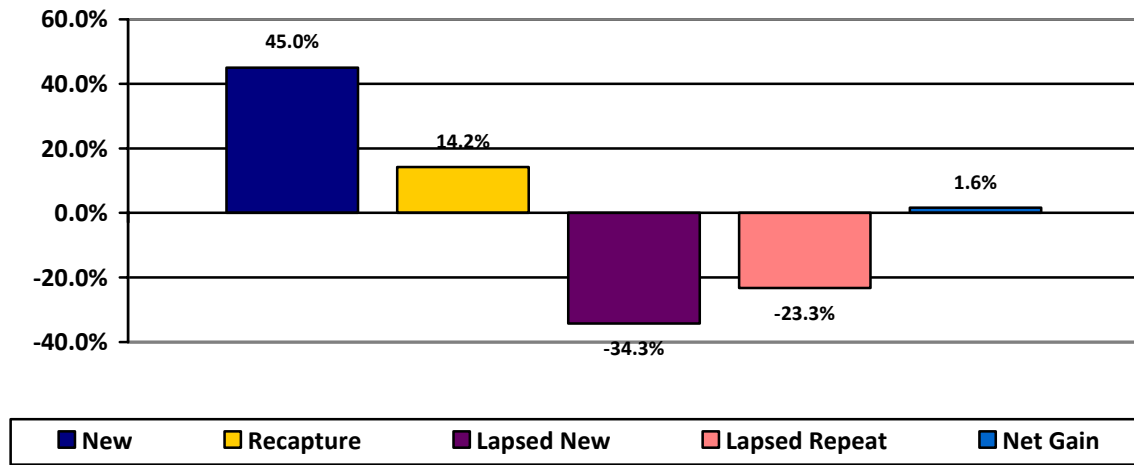
The survey organizations had sizeable growth in gifts from new, upgraded, and recaptured donors, these gains were more than offset by losses in gifts from downgraded, lapsed new, and lapsed repeat donors. As a result, net gains in the amount of gifts were -1.3%.

Figure 3. Amount of Gifts by Gain and Loss Category, 2007-2008



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 1.6%.

Figure 4. Number of Donors by Gain and Loss Category, 2007-2008



Gains and Losses by Percentile

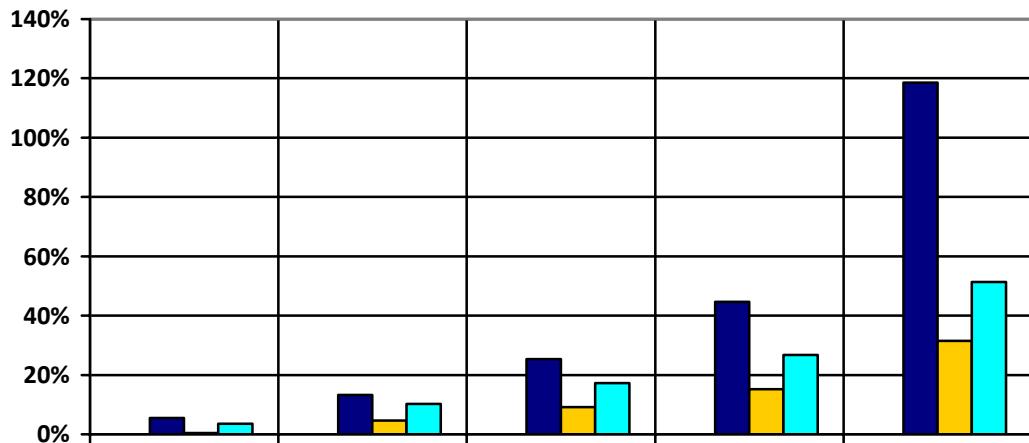
Figures 5 and 6 show gain and loss ratios for the average amount of gifts and number of donors by gain and loss category for each of five percentile levels, from the bottom 20% to the top 20% in growth. As one might expect, the top 20% of organizations far out-performed the bottom 20% in all gain/loss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

Figure 5 shows the gains and losses in amount of gifts for each of the five percentile levels. In all levels, 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 levels, 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 Percentile Levels for All Gains and All Losses are not subtotals, and the ratios for Net Gain (Loss) are not totals.

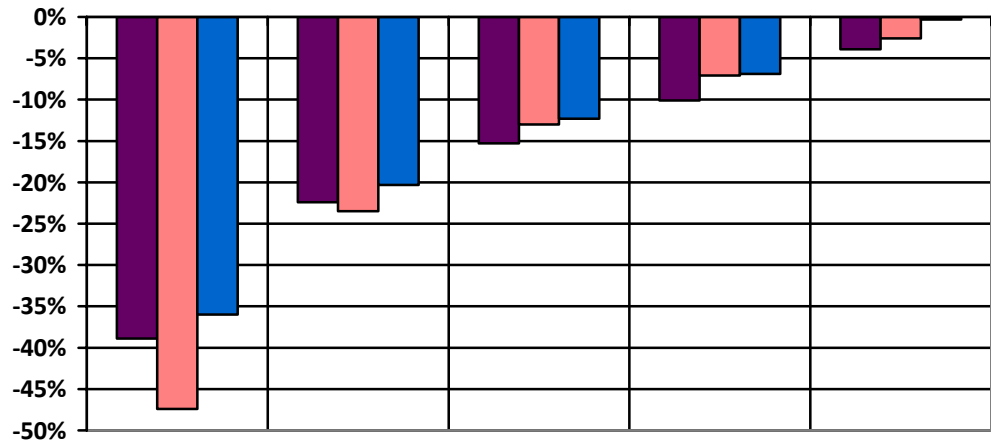
Figure 5a. Gain Ratios for Amount of Gifts by Percentile Level for the Three Gain Categories, 2007-2008



PERCENTILE LEVELS →	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 percentile levels, the largest growth came from new gifts, and the pattern was most pronounced in the highest levels.

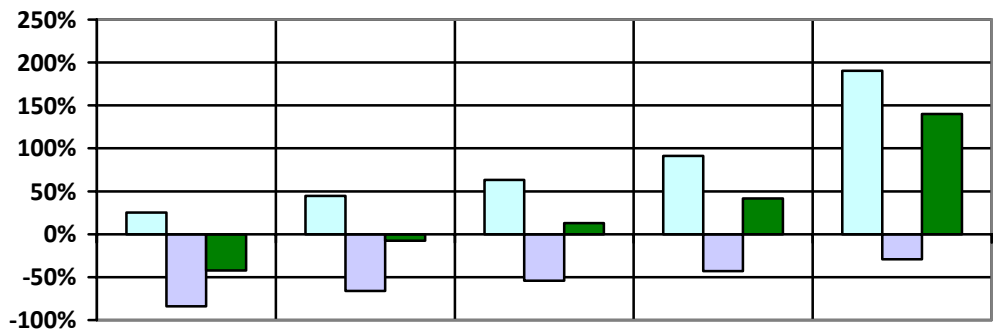
Figure 5b. Loss Ratios for Amount of Gifts by Percentile Level for the Three Loss Categories, 2007-2008



PERCENTILE LEVELS →	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 percentile levels the source of greatest losses was lapsed new gifts, whereas in the upper three levels, gift downgrades were the largest source of losses.

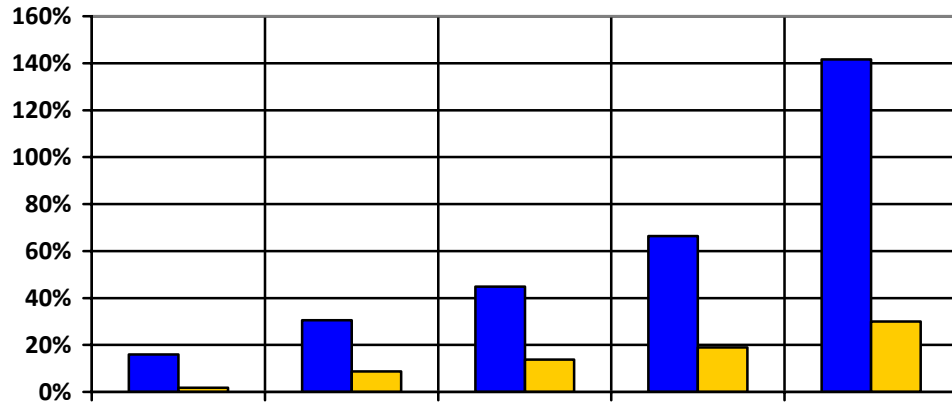
Figure 5c. Overall Gain/Loss Ratios for Amount of Gifts by Percentile Level, 2007-2008



PERCENTILE LEVELS →	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 percentile levels. In the bottom two levels, losses outweighed gains for a net loss. In the top three levels, gains progressively outweighed losses, for a net gain.

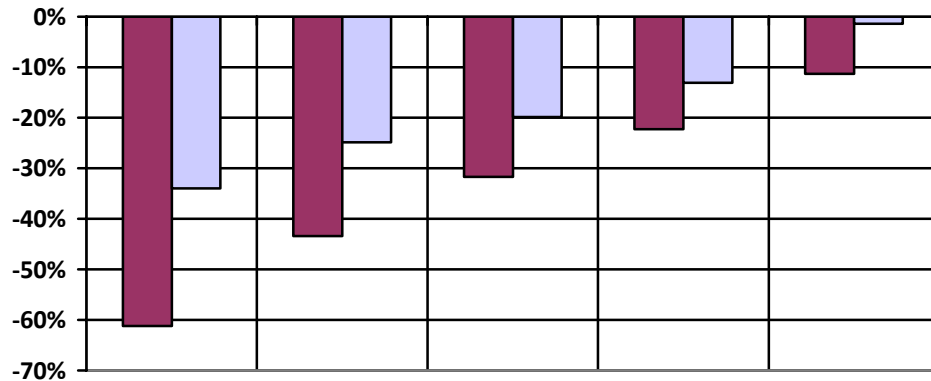
Figure 6a. Gain Ratios for Number of Donors by Percentile Level for the Two Gain Categories, 2007-2008



PERCENTILE LEVELS →	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 percentile levels the greatest gains came from new donors.

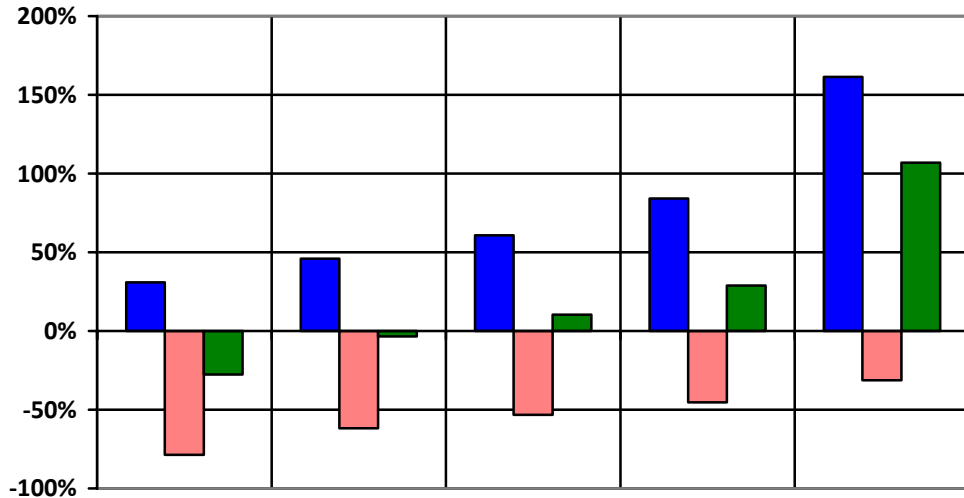
Figure 6b. Loss Ratios for Number of Donors by Percentile Level for the Two Loss Categories, 2007-2008



PERCENTILE LEVELS →	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 percentile levels the greatest losses came from lapsed new donors.

Figure 6c. Overall Gain/Loss Ratios for Number of Donors by Percentile Level, 2007-2008



PERCENTILE LEVELS →	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 percentile levels. In all segments, gains came primarily from new donors. Losses came primarily from lapsed new donors and were most pronounced in the bottom two percentile levels.

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 A3 through A6 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

Examining the Ratio of Gains to Losses

In the FEP data, clearly the most salient pattern is the consistent 6/6 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, a little more than \$6 was lost in downgraded and lapsed gifts; and for every 6 new donors recruited, nearly 6 donors were lost through attrition. In previous years of the study, the ratio was 6-to-5 (see prior year survey results in Figure A2a, Appendix A).

These findings suggest that 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.

Strategies Suggested by FEP

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.

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 A6 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 from 1970 to 2003 was 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, participate in the FEP and use the Growth-in-Giving Worksheet to evaluate your own organization, please see Appendix B of this report.

Appendices

A. Detailed 2007-2008 Fundraising Effectiveness Survey Statistics

The numbers in the tables in this appendix reflect 1,001 responses for 2007-2008 received by February, 2009.

Figure A1. Gain/Loss Growth-in-Giving Performance Report – 2007-2008

<u>Gain/Loss Category</u>	<u>2007</u>	<u>2008</u>	<u>Gains (Losses)</u>	<u>Gain/Loss Ratio</u>
	Amount of Gifts			
Gains				
New	\$ 0	\$ 99,440,929	\$ 9,440,929	23.5%
Recapture	0	49,253,027	49,253,027	11.6%
Upgrade	72,457,837	158,371,415	85,913,578	20.3%
Subtotal gains	<u>72,457,837</u>	<u>307,065,371</u>	<u>234,607,534</u>	<u>55.4%</u>
Same	<u>39,570,181</u>	<u>39,570,181</u>	<u>0</u>	<u>0.0%</u>
Losses				
Downgrade	158,035,806	71,632,628	-86,403,178	-20.4%
Lapsed new	65,824,284	0	-65,824,284	-15.5%
Lapsed repeat	<u>87,782,994</u>	<u>0</u>	<u>-87,782,994</u>	<u>-20.7%</u>
Subtotal losses	<u>311,643,084</u>	<u>71,632,628</u>	<u>-240,010,456</u>	<u>-56.7%</u>
Total – gifts	<u>\$ 423,671,102</u>	<u>\$ 418,268,180</u>	<u>\$ (5,402,922)</u>	<u>-1.3%</u>
	Number of Donors			
Gains				
New	0	250,022	250,022	45.0%
Recapture	0	79,042	79,042	14.2%
Upgrade	86,147	86,147	0	0.0%
Subtotal gains	<u>86,147</u>	<u>415,211</u>	<u>329,064</u>	<u>59.2%</u>
Same	<u>67,373</u>	<u>67,373</u>	<u>0</u>	<u>0.0%</u>
Losses				
Downgrade	82,256	82,256	0	0.0%
Lapsed new	190,544	0	-190,544	-34.3%
Lapsed repeat	129,412	0	-129,412	-23.3%
Subtotal losses	<u>402,212</u>	<u>82,256</u>	<u>-319,956</u>	<u>-57.6%</u>
Total - donors	<u>555,732</u>	<u>564,840</u>	<u>9,108</u>	<u>1.6%</u>

**Figure A2a. Amount of Gifts Gain/Loss Ratios by Survey Year – 2004-05 through 2007-2008
Within Gain/Loss Category**

Gain/Loss Category	Total All Entities	2004-05	2005-06	2006-07	2007-08
Gains					
New	25.9%	28.1%	26.4%	26.7%	23.5%
Recapture	12.5%	13.6%	12.1%	13.1%	11.6%
Upgrade	22.5%	24.4%	23.4%	23.1%	20.3%
Total gains	60.9%	66.1%	61.9%	62.9%	55.4%
Losses					
Downgrade	-20.7%	-21.1%	-21.1%	-20.3%	-20.4%
Lapsed new	-14.4%	-13.6%	-14.0%	-14.0%	-15.5%
Lapsed repeat	-18.2%	-15.8%	-17.0%	-18.0%	-20.7%
Total losses	-53.4%	-50.5%	-52.2%	-52.3%	-56.7%
Net gain (loss)	7.5%	15.6%	9.7%	10.6%	-1.3%

**Figure A2b. Number of Donors Gain/Loss Ratios by Survey Year 2004-05 through 2007-2008
Within Gain/Loss Category**

Gain/Loss Category	Total All Entities	2004-05	2005-06	2006-07	2007-08
Gains					
New	45.7%	46.0%	45.1%	46.9%	45.0%
Recapture	15.1%	16.1%	15.6%	15.0%	14.2%
Upgrade	0.0%	0.0%	0.0%	0.0%	0.0%
Total gains	60.8%	62.0%	60.7%	61.9%	59.2%
Losses					
Downgrade	0.0%	0.0%	0.0%	0.0%	0.0%
Lapsed new	-33.1%	-30.7%	-33.6%	-33.1%	-34.3%
Lapsed repeat	-22.3%	-22.1%	-21.6%	-21.9%	-23.3%
Total losses	-55.5%	-52.8%	-55.2%	-55.1%	-57.6%
Net gain (loss)	5.3%	9.2%	5.5%	6.8%	1.6%
Number of responses	3,051	605	688	757	1,001

All other charts and tables in this report are based on data for the 1,001 respondents for the year 2007-2008.

Figure A3a. Amount of Gifts Gain/Loss Ratios by Size (total amount raised) – 2007-2008
Within Gain/Loss Category

Gain/Loss Category	Total All Entities	Up to \$100,000	\$100,000-\$250,000	\$250,000-\$500,000	\$500,000-\$1 million	\$1 million-\$2.5 million	\$2.5 million & up
Gains							
New	23.5%	24.2%	26.9%	24.0%	24.8%	20.1%	24.2%
Recapture	11.6%	8.2%	10.0%	11.5%	11.3%	13.1%	16.3%
Upgrade	20.3%	10.0%	14.2%	15.3%	18.5%	30.4%	17.9%
Total gains	55.4%	42.4%	51.1%	50.8%	54.7%	63.6%	58.4%
Losses							
Downgrade	-20.4%	-16.3%	-19.1%	-20.8%	-19.4%	-22.4%	-14.1%
Lapsed new	-15.5%	-29.8%	-22.4%	-17.9%	-13.1%	-11.3%	-17.6%
Lapsed repeat	-20.7%	-28.8%	-23.4%	-21.9%	-21.3%	-16.9%	-21.1%
Total losses	-56.7%	-74.8%	-64.9%	-60.6%	-53.8%	-50.6%	-52.7%
Net gain (loss)	-1.3%	-32.5%	-13.9%	-9.8%	0.9%	13.0%	5.7%

Figure A3b. Number of Donors Gain/Loss Ratios by Size (total amount raised) – 2007-2008
Within Gain/Loss Category

Gain/Loss Category	Total All Entities	Up to \$100,000	\$100,000-\$250,000	\$250,000-\$500,000	\$500,000-\$1 million	\$1 million-\$2.5 million	\$2.5 million & up
Gains							
New	45.0%	49.5%	46.4%	45.1%	42.5%	45.4%	44.7%
Recapture	14.2%	11.8%	13.8%	13.4%	14.5%	15.3%	15.8%
Upgrade	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total gains	59.2%	61.3%	60.2%	58.5%	57.0%	60.6%	60.5%
Losses							
Downgrade	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lapsed new	-34.3%	-42.8%	-35.5%	-36.5%	-32.9%	-31.3%	-30.1%
Lapsed repeat	-23.3%	-22.4%	-22.1%	-22.7%	-24.0%	-24.1%	-23.2%
Total losses	-57.6%	-65.2%	-57.7%	-59.2%	-56.9%	-55.4%	-53.3%
Net gain (loss)	1.6%	-3.9%	2.5%	-0.6%	0.1%	5.2%	7.2%

Figure A4a. Amount of Gifts Gain/Loss Ratios by Nonprofit Subsector – 2007-2008

Within Gain/Loss Category

Gain/Loss Category	Total All Entities	Arts, Culture & Humanities	Education	Environment/Animals	Health	Human Services	Public/Society Benefit	Religion Related	Other
Gains									
New	23.5%	22.9%	25.2%	19.4%	24.4%	24.0%	26.7%	17.7%	26.2%
Recapture	11.6%	13.4%	11.8%	9.0%	13.9%	12.5%	9.6%	8.0%	11.7%
Upgrade	20.3%	26.9%	16.4%	20.6%	21.6%	20.2%	18.6%	20.8%	19.2%
Total gains	55.4%	63.3%	53.5%	49.1%	60.0%	56.7%	54.9%	46.5%	57.2%
Losses									
Downgrade	-20.4%	-18.2%	-22.0%	-20.4%	-18.9%	-21.0%	-16.9%	-22.1%	-21.8%
Lapsed new	-15.5%	-15.0%	-15.4%	-14.4%	-18.0%	-14.4%	-19.2%	-14.2%	-14.4%
Lapsed repeat	-20.7%	-21.3%	-20.4%	-20.7%	-22.7%	-19.6%	-21.1%	-19.8%	-23.8%
Total losses	-56.7%	-54.5%	-57.7%	-55.4%	-59.6%	-55.1%	-57.3%	-56.1%	-60.0%
Net gain (loss)	-1.3%	8.8%	-4.3%	-6.4%	0.3%	1.6%	-2.4%	-9.6%	-2.8%

Figure A4b. Number of Donors Gain/Loss Ratios by Nonprofit Subsector – 2007-2008

Within Gain/Loss Category

Gain/Loss Category	Total All Entities	Arts, Culture & Humanities	Education	Environment/Animals	Health	Human Services	Public/Society Benefit	Religion Related	Other
Gains									
New	45.0%	45.2%	41.4%	44.9%	51.2%	44.4%	51.0%	38.0%	46.8%
Recapture	14.2%	13.6%	14.6%	13.5%	14.3%	15.2%	13.2%	11.9%	14.5%
Upgrade	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total gains	59.2%	58.8%	56.1%	58.4%	65.5%	59.6%	64.2%	49.8%	61.2%
Losses									
Downgrade	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lapsed new	-34.3%	-32.0%	-31.2%	-29.5%	-38.0%	-34.9%	-40.1%	-31.5%	-35.7%
Lapsed repeat	-23.3%	-20.9%	-24.5%	-22.3%	-23.1%	-24.3%	-21.8%	-22.1%	-23.7%
Total losses	-57.6%	-52.9%	-55.7%	-51.9%	-61.1%	-59.2%	-61.9%	-53.6%	-59.4%
Net gain (loss)	1.6%	6.0%	0.4%	6.5%	4.4%	0.4%	2.3%	-3.8%	1.8%

Figure A5a. Amount of Gifts Gain/Loss Ratios by Region – 2007-2008

Within Gain/Loss Category

Gain/Loss Category	Total All Entities	Northeast	NY-Penna	MidAtlantic	Southeast	Central	Northwest	Midwest	South	Mountain	Pacific
Gains											
New	23.5%	24.5%	27.9%	26.9%	20.3%	19.9%	18.9%	20.6%	27.5%	27.7%	23.8%
Recapture	11.6%	15.9%	11.5%	10.9%	10.8%	13.0%	11.1%	11.5%	12.2%	9.9%	10.3%
Upgrade	20.3%	20.3%	20.0%	22.7%	16.5%	19.4%	22.1%	20.0%	19.9%	21.5%	21.3%
Total gains	55.4%	60.6%	59.5%	60.5%	47.7%	52.4%	52.0%	52.1%	59.5%	59.1%	55.3%
Losses											
Downgrade	-20.4%	-19.7%	-17.2%	-18.5%	-20.4%	-22.5%	-21.1%	-20.8%	-19.3%	-20.2%	-21.8%
Lapsed new	-15.5%	-15.6%	-17.1%	-15.3%	-14.0%	-14.8%	-12.7%	-13.6%	-19.5%	-15.2%	-17.3%
Lapsed repeat	-20.7%	-21.4%	-22.3%	-22.3%	-22.9%	-20.0%	-19.4%	-19.7%	-20.2%	-20.2%	-19.2%
Total losses	-56.7%	-56.8%	-56.5%	-56.0%	-57.4%	-57.3%	-53.2%	-54.2%	-59.0%	-55.7%	-58.3%
Net gain (loss)	-1.3%	3.8%	3.0%	4.4%	-9.7%	-4.9%	-1.1%	-2.1%	0.6%	3.5%	-3.0%

Figure A5b. Number of Donors Gain/Loss Ratios by Region – 2007-2008

Within Gain/Loss Category

Gain/Loss Category	Total All Entities	Northeast	NY-Penna	MidAtlantic	Southeast	Central	Northwest	Midwest	South	Mountain	Pacific
Gains											
New	45.0%	46.7%	46.4%	48.6%	52.6%	36.0%	38.4%	46.3%	50.9%	43.9%	44.9%
Recapture	14.2%	15.6%	13.0%	15.1%	14.6%	15.0%	13.0%	14.7%	12.6%	12.9%	14.2%
Upgrade	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total gains	59.2%	62.3%	59.4%	63.7%	67.2%	51.1%	51.3%	61.0%	63.6%	56.8%	59.1%
Losses											
Downgrade	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lapsed new	-34.3%	-32.2%	-37.0%	-34.6%	-37.4%	-30.2%	-31.0%	-34.4%	-39.5%	-35.7%	-34.3%
Lapsed repeat	-23.3%	-25.1%	-22.7%	-24.7%	-23.0%	-24.9%	-23.9%	-22.0%	-21.1%	-21.2%	-22.6%
Total losses	-57.6%	-57.2%	-59.7%	-59.3%	-60.5%	-55.2%	-54.9%	-56.3%	-60.6%	-56.9%	-56.9%
Net gain (loss)	1.6%	5.0%	-0.2%	4.4%	6.7%	-4.1%	-3.6%	4.7%	3.0%	-0.1%	2.2%

Figure A6a. Amount of Gifts Gain/Loss Ratios by Age of Fundraising Program (year fundraising initiated) – 2007-2008
 Within Gain/Loss Category

Gain/Loss Category	Total All Entities	Up to 5 years-2004	6 to 15 years-1994	16 to 30 years-1979	Over 30 years-1978
Gains					
New	23.5%	32.9%	26.1%	21.0%	18.6%
Recapture	11.6%	10.9%	10.9%	12.1%	12.2%
Upgrade	20.3%	20.3%	18.4%	20.8%	21.5%
Total gains	55.4%	64.1%	55.4%	53.9%	52.3%
Losses					
Downgrade	-20.4%	-19.1%	-20.1%	-19.9%	-21.8%
Lapsed new	-15.5%	-19.2%	-17.0%	-15.5%	-12.3%
Lapsed repeat	-20.7%	-18.2%	-20.4%	-21.6%	-21.4%
Total losses	-56.7%	-56.5%	-57.6%	-57.1%	-55.5%
Net gain (loss)	-1.3%	7.6%	-2.2%	-3.2%	-3.1%

Figure A6b. Number of Donors Gain/Loss Ratios by Age of Fundraising Program (year fundraising initiated) – 2007-2008
 Within Gain/Loss Category

Gain/Loss Category	Total All Entities	Up to 5 years-2004	6 to 15 years-1994	16 to 30 years-1979	Over 30 years-1978
Gains					
New	45.0%	51.3%	52.7%	45.7%	36.3%
Recapture	14.2%	13.5%	12.2%	14.3%	15.8%
Upgrade	0.0%	0.0%	0.0%	0.0%	0.0%
Total gains	59.2%	64.7%	64.9%	60.0%	52.2%
Losses					
Downgrade	0.0%	0.0%	0.0%	0.0%	0.0%
Lapsed new	-34.3%	-37.0%	-40.3%	-35.1%	-28.4%
Lapsed repeat	-23.3%	-21.3%	-21.2%	-23.8%	-25.1%
Total losses	-57.6%	-58.3%	-61.5%	-58.9%	-53.5%
Net gain (loss)	1.6%	6.4%	3.4%	1.1%	-1.3%

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: 4/7/2009 5:12:06 P.M. Eastern Daylight Time
From: FEPwebmaster@ui.urban.org

To: FRaiser@ABC.org
```

Sent from the Internet (Details)

Your file (ABCorganization2007-2008.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.nccs2.org/wiki/index.php?title=Fundraising_Effectiveness_Project 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 the downloadable "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
Gains							
New	0	0	-	0.0%			Improve
Recapture	0	0	-	0.0%			Improve
Upgrade	0	0	-	0.0%			Improve
Subtotal	0	0	-	0.0%			Maximize
Same	0	0	-	0.0%			Upgrade
Losses							
Downgrade	0	0	-	0.0%			Reduce
Lapsed new	0	0	-	0.0%			Reduce
Lapsed repeat	0	0	-	0.0%			Reduce
Subtotal	0	0	-	0.0%			Minimize
Total	0	0	-	0.0%			[Net gain/loss]
				Overall rate of growth			

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.

Repeat the process outlined in this appendix every year.