

# AHP STANDARDS MANUAL

for Reporting and Communicating  
Effectiveness, Efficiency and Net Returns  
in Healthcare Philanthropy



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“The AHP Standards Manual has again moved the bar for professional performance expectations in health care philanthropy. A thoroughly researched and vetted guide; it provides a clear methodology for using data strategically at all levels of the decision-making process of an organization. The continued investment in maintaining and improving these standards moves the professionalization of the sector forward and provides a framework for recognizing the value of philanthropy officers’ work.”

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*Director  
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“The Association for Healthcare Philanthropy is the definitive guardian of exceptional practice in the health care philanthropy profession. The AHP Standards Manual is one of the association’s most valuable tools by providing a clear and consistent approach to how charitable dollars and overall performance are appropriately reflected. This not only provides an essential platform to enable benchmarking that will support strategic and programmatic refinement in our field but also provides a trusted and transparent language to support effective communication and collaboration between philanthropy executives and their health care executive colleagues.”

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*Co-Chair, AHP Standards Council  
Retired President, Piedmont Healthcare Foundation*

“Successful benchmarking and program assessment requires consistent, industry-wide metrics. A definitive reference like the AHP Standards Manual is just what we needed.”

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*Senior Associate Vice Chancellor  
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“AHP understands that consistent counting and reporting standards are fundamental to transparent communication of our performance. Thanks to the determination and hard work of many, we are proud to support the hard work of health care philanthropy practitioners through this second edition of the Standards Manual.”

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Chief Development Officer, Advocate Aurora Health  
Chair, AHP Board of Directors*

“Data-focused strategic plans are laying the foundation for our industry’s future. Adapting to this change means maintaining high standards to ensure ethical fundraising, keeping track of leading indicators, and understanding best practices. I congratulate AHP for teaming up with an exceptional group of dedicated professionals to provide this resource to its members.”

## **Page Bullington**

*President and General Manager  
Blackbaud Healthcare Solutions, Blackbaud, Inc.*

“Every day the dedicated professionals within healthcare are striving to successfully support our institutions and the stakeholders they serve. How do we know if we’re being successful? Could we be even more effective? If so, what does that look like, and how can we improve? AHP’s vital work of articulating collective standards answers these pressing questions. These standards provide a roadmap to organizations looking to move the needle on their efforts, empowering a community of those who strive for continuous improvement and achievement of our individual and collective missions.”

## **Keith Heller**

*Founder and Chief Strategist  
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"This second edition of the AHP Standards Manual enhances an already exceptional body of work initially published in 2012. It is a "must" tool and invaluable reference document for every healthcare philanthropy professional. With clear cut guidelines that remove ambiguity and provide uniformity, the AHP Standards Manual levels the playing field and conforms with Generally Accepted Accounting Principles and IRS reporting specifications. On behalf of all at Ghiorso & Sorrenti, Inc., and our many healthcare clients, congratulations and thank you to AHP'S leadership for this important contribution to our industry and profession."

**Dan Sorrenti**

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"The Association for Healthcare Philanthropy is the definitive guardian of exceptional practice in the health care philanthropy profession. The AHP Standards Manual is one of the association's most valuable tools by providing a clear and consistent approach to how charitable dollars and overall performance are appropriately reflected. This not only provides an essential platform to enable benchmarking that will support strategic and programmatic refinement in our field but also provides a trusted and transparent language to support effective communication and collaboration between philanthropy executives and their health care executive colleagues."

**Betsy Chapin Taylor, FAHP**

*CEO  
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"The AHP Standards Manual is a benefit for both the great healthcare institutions and the dear donors contributing to their critical missions. Common language, shared understanding, and clear reporting enable true comparison and valuable transparency. This is a gift the whole sector can celebrate."

**Josh Birkholz**

*CEO  
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The Association for Healthcare Philanthropy (AHP) has worked to ensure the accuracy of the information it provides. This manual relies on data obtained from many sources, including data submitted by participants in the AHP Report on Giving.

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The industry's continued search for performance excellence in order to make a meaningful impact on the health of local communities continues to be the driving force of this profession and is what made this publication possible.

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# Foreword

Data and data integrity are at the core of every component of healthcare—from care delivery to administration to reimbursement to philanthropy. In the early 2010s, a group of very special people realized it was critical to our credibility as a profession to have standards for data and reporting. They developed and, in 2012, published the first edition of the AHP Standards Manual.

Since then, the world of healthcare philanthropy has changed a great deal. Increasingly, our partners across the healthcare organization expect metrics and data-driven decision making from all areas, including philanthropy. As philanthropy's role in strategy setting and execution has become more elevated, the standards for reporting have become more important. Data and data integrity have been critical to our profession, whether your job requires speaking the language of your chief financial officer (CFO) by being able to toggle between production and Generally Accepted Accounting Principles (GAAP) accounting, or accurately predicting the outcome of a capital campaign through data-driven donor pipeline management. We realized it was time to update the Standards Manual to reflect this.

An incredible group of individuals came together to revise the first edition to reflect the changes in our profession and our industry. This newest edition addresses numerous key reporting standards, including:

- **Cash and Production to Recorded Revenue and Production Revenue:** The intention is to simplify reporting requirements and make standards more consistent with GAAP, which has the benefit of creating a common language with the CFO and standardization across other charitable organizations.
- **Programmatic Reporting for Gifts:** The cash to recorded revenue change simplifies reporting by removing the requirement to report a gift's format. Instead, the new standard is only to report whether the gift is recorded in the reporting year per GAAP due to revocable and/or conditional nature. This has the benefit of strengthening data integrity.
- **Changes to Expenses from Three Categories (Direct Costs, Indirect Costs, and Overhead Costs) to Four Categories (Direct Compensation Expense, Indirect Compensation Expense, Non-compensation Expense, Non-philanthropy Expense):** The goals are to eliminate confusion about direct and indirect expenses and to clarify those that are only for compensation-related expenses. This, too, should strengthen data integrity.

The profession and AHP owe so much to those involved in this detailed and thoughtful work. They have truly advanced our mission to transform healthcare through philanthropy. We are grateful for their leadership and their dedication.

## **Alice Ayres, MBA**

President and Chief Executive Officer  
Association for Healthcare Philanthropy

# Introduction

Since its founding in 1967, the Association for Healthcare Philanthropy (AHP) has been recognized as the leading resource for professional development, continuing education, and research in healthcare philanthropy. Members rely on AHP's network of affiliated experts for guidance on a variety of issues related to philanthropy.

AHP has tracked healthcare philanthropy performance since 1984 in its annual AHP Report on Giving, which provides high-level data used for projecting trends and self-assessment. In 2003, AHP met the call for benchmarking peer results with the creation of standardized reporting through the AHP Performance Benchmarking Service. The service was established to help organizations track, measure, and compare fundraising results to gain insight on factors that lead to growth and develop strategies for optimal fundraising program management.

The AHP Performance Benchmarking Service and the AHP Report on Giving bring a higher level of standardization to the reporting process. Developed by experienced healthcare philanthropy chief philanthropy/development officers (CPOs/CDOs) and CFOs, these tools offer validity and guidance where only rules of thumb previously existed. While benchmarking standards have elevated the practice, they also underscored the need to provide additional detail on standards for reporting fundraising performance.

Throughout the years, AHP has discovered that adherence to its standards and consistent reporting help to:

- Identify factors that influence fundraising performance.
- Inform strategic deployment and investment of vital resources.
- Set reasonable short- and long-term fundraising goals.
- Explore more cost-effective ways to support the financial goals of organizations.
- Maximize net returns from philanthropy resource investments.
- Educate healthcare's top executives to elevate philanthropy as a key strategic asset.
- Promote transparency by meeting the information needs of donor-investors and communities served.

After years of application, AHP's standards have led to more consistent reporting across healthcare philanthropy. Acclimating and adhering to AHP reporting standards has not always been easy. It has, nonetheless, become an essential component of attracting recognition to the fundraising process among member organizations, other industry groups, and the public.

The strategic use of standardized reporting and benchmarking data has effected a substantial change in the way organizations view fundraising. There is now widespread recognition of foundations and philanthropy offices as discrete business units.

This perspective is illustrated by the commitment of healthcare organizations to wise philanthropy investment, the shared development of long-term philanthropy goals, and continued reliance on benchmarking reporting to grow accountability. In fact, it is now commonplace for hospital and healthcare system administrators to factor philanthropy into revenue projections. With that in mind, AHP is pleased to publish this second edition of the Standards Manual. AHP knows that the industry is composed of highly qualified professionals who share a common commitment to quality, excellence, and transparency. Working with the AHP Healthcare Philanthropy Standards Council and allied experts in law, finance, accounting, operations, and research, AHP presents these reporting standards with guidance on using metrics to communicate effectiveness, efficiency, and net returns.

## How to Use This Manual

The purpose of this manual is twofold:

- To provide a set of standards that unify practitioners across the field of healthcare fundraising and that demonstrate transparency and accountability to leaders, donors, and the public; and
- To provide standard definitions of terms to promote common language when reporting and communicating about fundraising performance.

Ultimately, the use of these standards will enhance the credibility and performance of the profession, thereby increasing philanthropy and supporting the interests of the public.

Transforming basic financial and fundraising program data into useful information is complex. This manual is designed to help professionals overcome the challenge of establishing best practices by including tools that provide the greatest impact to understanding fundraising outcomes. This manual also is designed to provide guidance on calculating and communicating the effectiveness, efficiency, and net returns of fundraising programs.

While AHP standards for fundraising revenue acknowledge and complement GAAP, Internal Revenue Service (IRS) rules and regulations, and Canada Revenue Agency (CRA) reporting specifications, it is also informative to measure certain types of work performed by philanthropy professionals that do not result in a recordable gift per GAAP, IRS, and CRA rules.<sup>1-3</sup> To obtain a complete picture of an organization's fundraising revenue activity, AHP Standards include both bookable and certain documented unbookable gifts.

This manual refers to reporting entities as "organizations." Since data will be maintained and compared by multi-hospital systems, individual hospitals, hospital foundations, and other not-for-profit healthcare fundraising entities, this term is used as a general reference to cover all possible organizational structures.

<sup>1</sup>Siegel, J. G., Levine, M. H., Qureshi, A. A., & Sim, J.K. (2020). GAAP Handbook of Policies and Procedures. New York: CCH Inc.

<sup>2</sup>Internal Revenue Service. (2019). Charities and Nonprofits. Retrieved on October 2, 2019 from United States Department of the Treasury from <https://www.irs.gov/charities-and-nonprofits>

<sup>3</sup>Canadian Revenue Agency. (2019). Charities and giving. Retrieved from <https://www.canada.ca/en/services/taxes/charities.html>

# Chapter 1: Defining and Reporting Fundraising Revenue

## Introduction

When measuring an organization's fundraising performance, both micro- and macro-level analyses are used to demonstrate effectiveness in growing fundraising programs with the objective of raising funds to deliver needed services to patients and the community.

When studying various fundraising programs, it is very difficult, if not impossible, to determine the factors that affect overall performance without isolating fundraising program revenues and expenses. The use of micro-level analysis helps to determine which fundraising programs are in sync with accepted benchmarking standards and which are not. The use of macro-level analysis provides "big picture" value in reporting overall results.

AHP's reporting standards, definitions, and metrics have been in use since their creation by philanthropy professionals for the AHP Performance Benchmarking Service in 2003. They adhere to the following objectives:

- Provide a thorough reporting of all fundraising revenue resulting from fundraising activity.
- Examine both projected and secured revenue to form a complete fundraising performance picture.
- Analyze performance at the fundraising program level.
- Calculate and attribute expenses to fundraising activity.
- Analyze aggregated performance figures resulting from the combination of overall fundraising revenue and expense.
- Study the activity and management practices that contribute to reported results.
- Consider the controllable and uncontrollable factors that may influence net returns, both in total and by fundraising program.

This chapter focuses on AHP's key definitions and reporting standards to provide a thorough reporting of fundraising revenue from all sources.

## Fundraising Revenue

To provide accurate reporting of fundraising revenue performance for AHP Performance Benchmarking Service purposes, AHP gathers fundraising revenue in two ways: "Recorded Revenue" and "Production Revenue". Recorded revenue represents fundraising revenue that is recorded (booked) per GAAP, while production revenue provides a fuller picture of total fundraising by also including irrevocably secured revenue (i.e., bookable revenue according to accounting principles) that is either in hand or is promised in the future, and certain revocable projected amounts that may be received in the future from certain documented

expectancies, although not yet or possibly ever recordable (booked) according to GAAP.

Recorded revenue and production revenue are also further attributed to various fundraising programs as appropriate (i.e., annual gifts, major gifts, planned gifts, corporate/business/foundation gifts, governmental grants, and special event gifts). In addition, AHP tracks gifts by source in order to understand giving levels of key donor constituents (i.e., individuals, corporations/businesses/foundations, and governmental agencies). Other program performance measures include staff workload and donor response rates (see **Chapter 2**).

The following information details AHP’s definitions and reporting standards for reporting fundraising revenue.

### Recorded Revenue and Production Revenue

AHP reports fundraising revenue in two ways: recorded revenue and production revenue. It is important to understand the definitions of these two terms when reporting fundraising revenue for AHP Performance Benchmarking Service purposes. Recorded revenue and production revenue are considered two very different ways of measuring fundraising revenue. Production revenue is more inclusive than recorded revenue because it includes both recorded revenue and amounts that are not recordable.

**Recorded revenue** includes new gifts recorded in accordance with GAAP in the current reporting year (made in any form, such as cash and securities, non-cash gifts like personal and real property, unconditional pledges, or irrevocable bequests). Recorded Revenue is report-ed at net fair market value (FMV) at the time of the gift.

**Production revenue** includes recorded revenue as defined above plus certain documented new commitments made during the reporting year that cannot be booked in accordance with GAAP due to their revocable and/or conditional nature (such as conditional pledges or revocable bequests). Figure 1-1 provides a depiction of the gifts included in recorded revenue and production revenue.

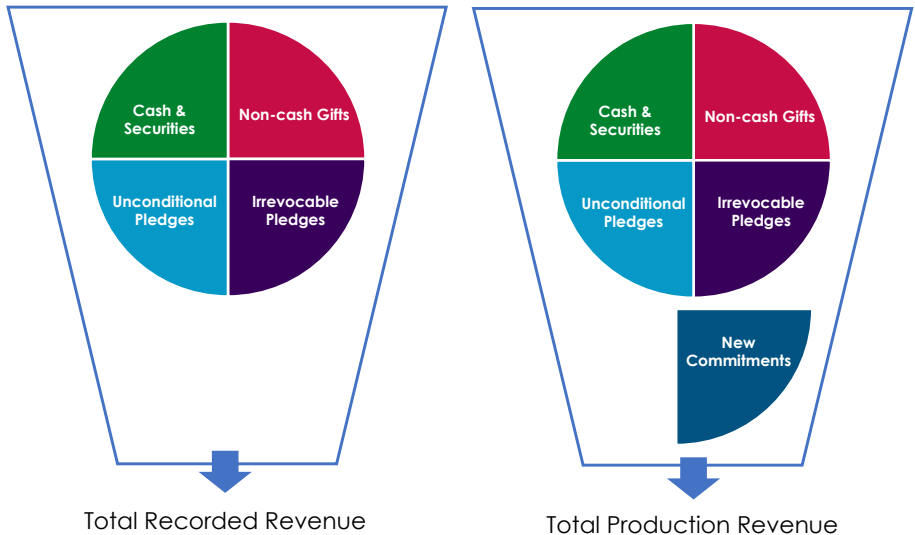


Figure 1-1: Gifts in Recorded Revenue and Production Revenue

## Fundraising Program Reporting

When reporting revenue as recorded revenue or production revenue, fundraising dollars are attributed to the applicable fundraising program in which the dollars were raised. Fundraising programs that are employed in just about every not-for-profit organization are listed below. The definitions for each fundraising program were developed by AHP member practitioners and are the AHP standard definition (see **Appendix A** for more definitions).

- **Annual Gifts:** Programs that attract gifts of \$9,999 or less from individuals.
- **Major Gifts:** Programs that attract gifts of \$10,000 or more from individuals.
- **Planned Gifts:** Programs that attract gifts of any value from individuals made as part of an estate or financial plan.
- **Corporate/Business/Foundation Gifts:** Programs that attract grants and gifts of any value from corporations, businesses, and foundations.
- **Governmental Grants:** Programs that attract grants and gifts of any value from local, state/provincial, and federal governmental sources.
- **Special Events:** Programs that attract gifts of any value from any source received in response to any fundraising event held and managed by the organization.

For each fundraising program, activity tracking generally follows a funnel-shaped process, starting with a larger prospect pool, and later narrowing to both the number and total dollar value of gifts secured.

For many organizations, detailed activity tracking is becoming an integral process for better decision making and for evaluating performance. Consistently high-performing organizations not only capture this information but also make full use of it in their own monthly, quarterly, annual, and longitudinal longer-term assessments.

For each fundraising program, the data captured are:

- The number of gifts (received or pledged);
- The dollar value of gifts (received or pledged);
- The number of donors; and
- The format in which the amounts were received (gifts recorded, newly pledged or pledge payments on previous years' pledges).

The gifts received are attributed to applicable fundraising programs, and each fundraising program requires gifts to be reported according to whether the amount was actually recorded per GAAP (recorded revenue) or was secured but not recordable per GAAP (production revenue). The following is an example of how to report a pledge as recorded revenue and a pledge as production revenue.

## Example

Elsewhere Hospital Foundation secured an irrevocable pledged gift of \$22,500 (to be paid over three years) from Ms. Jane Smith. Ms. Smith made the pledge of \$22,500 via a written commitment in August.

Use the following three steps to allocate the gift:

- 1. Identify source of gift** Ms. Smith = Individual
- 2. Identify amount of gift** \$22,500 = Major gift
- 3. Identify if recorded per GAAP** Yes – allocate as *recorded revenue*

In that same year, Elsewhere Hospital Foundation received a documented \$15,000 revocable pledged gift from Mr. Bob Brown.

Use the following three steps to allocate the gift:

- 1. Identify source of gift** Bob Brown = Individual
- 2. Identify amount of gift** \$15,000 = Major gift
- 3. Identify if recorded per GAAP** No – allocate as *production revenue*

Because the gifts from Ms. Smith and Mr. Brown are more than \$10,000, they are reported as major gifts. One potential exception to this example would be if the gift was more than \$10,000 and was made in relation to a special event. In that case it would be counted as a Special Events Gift.

# Chapter 2: Defining and Reporting Fundraising Expense

## Introduction

As stated in Chapter 1, it is very difficult, if not impossible, to analyze fundraising program performance without isolating fundraising program revenue and expense. Not only is a thorough reporting of all revenue resulting from fundraising activity required, but a thorough reporting of all expenses is also necessary. Expenses must be attributed to the applicable fundraising program under which the expense was incurred.

Reporting expenses correctly and according to AHP's standards as outlined in this chapter is of key importance. Data reported provides an accurate and transparent picture of fundraising programs for stakeholders, including donors, board members, and the general public. The revenue and expense data funnels directly into the organization's performance-based benchmarks, including return on investment (ROI) and cost to raise a dollar (CTRD). In addition, total fundraising expense is subtracted from total fundraising revenue to calculate net returns. Therefore, the value of the reported data depends on full disclosure and accuracy. If this information is reported incorrectly, vital benchmarking metrics will be skewed. More information on performance-based metrics, including definitions and calculations, is provided in **Chapter 5**.

## Fundraising Expense

*Years of experience have defined AHP's approach to expense classification and allocation. Accurate reporting and GAAP require organizations to report all expenses, even if the foundation or fundraising department is not responsible for paying them.*

For example, when the foundation or philanthropy department receives an operating grant from its supported healthcare organization to cover all or a portion of its expenses, all expenses of running the fundraising operation are reported as fundraising expense.

Below are the four main expense groups delineated by AHP standards for reporting expenses:

**Direct Compensation Expense:** Actual compensation expense (such as salaries, benefits, bonuses, and any other compensation) related to philanthropy/development officers who directly carry out each fundraising program.

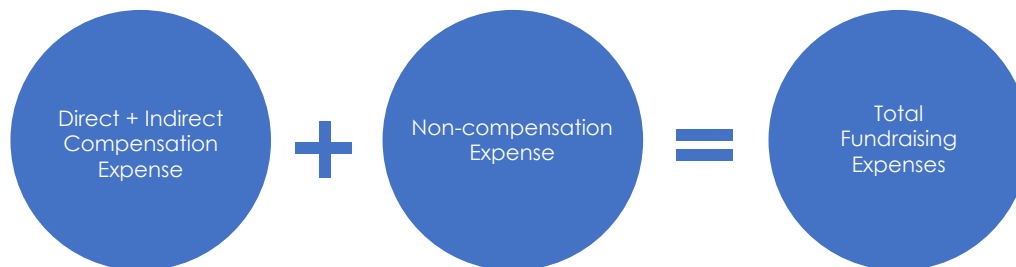
**Indirect Compensation Expense:** Actual compensation expense (such as salaries, benefits, bonuses, and other compensation) related to staff who indirectly support philanthropy officers.



**Non-compensation Expense:** Actual expense that is related to philanthropy operations, but that is not compensation related. Exclude non-philanthropy expense (see definition below) and depreciation expense, which is purely an accounting entry, not a real usage of resources.

**Non-philanthropy Expense:** Actual expense that is not related to philanthropy operations, such as any expense that accrues a direct benefit to the hospital or other supported organization but not to the philanthropy organization. Non-philanthropy expense is not included in total philanthropy expense calculations.

AHP's total fundraising expense is calculated as shown in Figure 2-1. The total fundraising expense number is used to calculate ROI and CTRD (see **Chapter 5** for more information on ROI and CTRD).



**Figure 2-1: Total Fundraising Expense Calculation**

*Note: The formula above intentionally excludes non-philanthropy expenses*

In addition, expense reporting for AHP Performance Benchmarking Service purposes means that applicable proportions of compensation are allocated to philanthropy (both direct and indirect) and non-philanthropy categories.

## Compensation Expense

*AHP reporting standards for compensation expense include salaries, benefits, bonuses, and any other compensation for both direct fundraising staff and indirect support staff.*

Include these compensation expenses regardless of the employment/staffing arrangement (for instance, even if employees are leased from the hospital to the foundation/philanthropy department).

**Direct Fundraising Staff** are individuals on the front lines of fundraising. Examples include:

- System/entity chief philanthropy/development officers;
- Vice presidents/directors of philanthropy/development;
- Annual gifts staff;
- Major gifts staff;
- Campaign gifts staff;
- Planned gifts staff;
- Corporate/business/foundation gifts staff;

- Governmental gifts staff;
- Special event gifts staff; and
- Generalist gifts staff.

**Indirect Fundraising Staff** are individuals who are not directly responsible for front-line fundraising activities. These staff members generally have roles that indirectly support fundraising. Examples include:

- System/entity chief philanthropy/development officer support staff;
- Vice president/director of philanthropy support staff;
- Fundraising support staff;
- Stewardship/donor relations support staff;
- Grant/proposal writers (from proposal writers);
- Prospect researchers;
- Communications/marketing/public relations;
- Finance/accounting (including CFO) (from finance (including CFO));
- Operations;
- Information technology;
- Data entry;
- Gift receipting;
- Data manager/data analyst;
- Human resources;
- Philanthropy/development coordinator;
- Administrative assistant; and
- Clerical support.

For each staff member, report the following:

- Full-Time Equivalent (FTE) status (e.g., full time = 1.0 FTE; half time = 0.5 FTE);
- Total tenure in the position at the philanthropy organization;
- Total combined compensation including salary, benefits, bonuses, and any other compensation; and
- Staff member time allocation (the estimated proportion of staff member's time spent working to support each fundraising program).

## Non-compensation Expense

*Non-compensation expense is any non-labor expense associated with philanthropy.*

As with the direct and indirect compensation expense, these expenses funnel directly into the performance benchmarks. Include these expenses no matter which entity funds the non-compensation expense (for instance, even if the supported healthcare organization funds the non-compensation expense). Examples include:

- Professional fees (e.g., legal, tax, accounting );
- Contracted services (e.g., consulting);
- Travel;
- Dues/subscriptions/memberships;
- Software subscription/maintenance;
- Rent/occupancy;
- Supplies;
- Printing, postage, mailing; and
- Cultivation expense.

## Non-philanthropy Expense

*Non-philanthropy expense is an expense category that is not considered an applicable fundraising expense for the purposes of calculating AHP performance metrics such as return on investment and cost to raise a dollar.*

These expenses refer to the proportion of staff time and other expenses devoted to activities and expenditures that are not related to the work of philanthropy. Expenses to be included in this category include, but are not limited to:

- Hospital administrative duties that are not related to philanthropy (e.g., gift shop, volunteer services, community benefit oversight, hospital service excellence);
- Outside community activities (e.g., service on boards, memberships in service clubs);

- Non-philanthropy speaking engagements on behalf of hospital;
- Hospital service excellence;
- Hospital rounds/on-call;
- Hospital advertising paid for by philanthropy; and
- Hospital sponsorships paid for by philanthropy.

## AHP and Accounting Standards (GAAP)

The following section provides additional information regarding AHP's standards and those established by the International Accounting Standards Board (IASB). This information is particularly useful when working and communicating with your CFO.

*AHP's standards conform to the international GAAP as established by the IASB. AHP follows GAAP because it allows for variables, present in different settings, that impact the accounting of revenues and expenses (case in point: recorded revenue and production revenue).*

Both the United States and Canada adhere to a common set of principles of the international GAAP, including regularity, consistency, sincerity, prudence, continuity, periodicity, and good faith. (Find more information on this common set of principles at <http://www.ifrs.org>.)

## Statement of Activity Categories

Organizations of all sizes have budgets that project and account for revenue and expense for a fiscal or calendar year. According to the Financial Accounting Standards Board (FASB), each item presented in an organization's statement of activities may be categorized under one of the following descriptions.<sup>1</sup>

- **Revenues** are inflows of assets or settlements of liabilities (or a combination of both) realized from delivering or producing goods, rendering services, or other activities that have occurred or will eventuate as a result of an entity's major or central operations. The cash inflows may be current and/or deferred cash receipts (e.g., fundraising revenue in the form of cash, stock, pledges, real estate).
- **Expenses** include outflows or other using-up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations (e.g., fundraising expenses such as staff compensation, supplies, consulting, printing).

<sup>1</sup>Financial Accounting Standards Board. (2008). Statement of Financial Accounting Concepts No. 6—Elements of Financial Statements—a replacement of FASB Concepts Statement No. 3 (incorporating an amendment of FASB Concepts Statement No. 2). Retrieved October 2, 2019. From <https://www.fasb.org/jsp/FASB/Page/PreCodSectionPage&cid=1176156317989>

- **Gains** represent increases in net assets from peripheral or incidental transactions of an entity and from all other transactions and other events and circumstances affecting the entity except those that result from revenues (e.g., investment income).
- **Losses** are decreases in net assets from peripheral or incidental transactions of an entity and from all other transactions and other events and circumstances affecting the entity except those that result from expenses (e.g., investment losses).
- **Reclassifications** result from increases to one net asset class and accompanying decreases to another. These reclassifications occur as donor restrictions become satisfied, either because of the passage of time or when they are fulfilled and removed by actions of the organization in compliance with those stipulations. Reclassifications do not involve inflows, outflows, or other changes in assets or liabilities.

## IRS Expense Allocation

As required by the IRS in the United States, expenses are allocated on IRS Form 990 to three functional categories, including:

- **Program Service Expense:** These expenses are mainly those activities that further the organization's exempt purposes. Fundraising expenses should not be reported as program service expenses even though one of the organization's purposes is to solicit contributions. In other words, if an organization exists to promote the development of a cure for cancer, amounts spent in grants to cancer researchers are a program service expense. If an organization exists to support another organization, amounts transferred to that supported organization are a program service expense. Funds spent to raise donations that will eventually go to grants/transfers and funds spent to pay for the organization's office expenses do not qualify as program service expenses.
- **Management and General Expense:** These expenses relate to the organization's overall operations and management, rather than to fundraising activities or program services. Typical Management and General Expenses include expenses such as rent, equipment, accounting, legal, and consulting fees, incurred for the overall functioning and management of the organization. Do not include any expenses related to direct conduct of fundraising activities or program services.<sup>2</sup>
- **Fundraising Expense:** All expenses incurred to induce donors to contribute to an organization. According to IRS instructions, they include all allocable overhead costs of publicizing and conducting fundraising campaigns; soliciting bequests and grants from foundations or other organizations, or governmental grants; participating in federated fundraising campaigns; preparing and distributing fundraising manuals, instructions, and other materials; and conducting special events that generate contributions.

<sup>2</sup>Management and general expenses typically include salaries and expenses of the primary executives of an organization, such as the board, executive director, and supporting staff, including accounting departments.

<sup>3</sup>American Institute of Certified Public Accountants. (1998). Statement of Position 98-2 Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fund Raising. Retrieved October 2, 2019, from [https://www.fasb.org/cs/ContentServer?c=Document\\_C&cid=1176156442680&d=&pagename=-FASB%2FDocument\\_C%2FDocumentPage](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176156442680&d=&pagename=-FASB%2FDocument_C%2FDocumentPage)

- Expenses associated with joint activities that play a partial fundraising function but also have elements of other purposes (e.g., program services, operations). For example, the expenses involved with an educational mailing that also includes an appeal for donations might be jointly allocated between fundraising expense and program service expense. In 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-2: “Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fundraising.” SOP 98-2 is effective for fiscal years beginning on or after Dec. 15, 1998.<sup>3</sup>
- **Administrative Fundraising Costs:** Expenses that fall under supporting services (all activities of a not-for-profit organization other than program services). They include the following (FASB Accounting Standards Codification 958-720-45-7):<sup>4</sup>
  - Publicizing and conducting fundraising events;
  - Maintaining donor lists;
  - Conducting special fundraising events;
  - Preparing and distributing fundraising manuals, instructions, and other materials; and
  - Conducting other activities involved with soliciting contributions from individuals, foundations, government agencies, and other gift sources.

Because of intense interest in expenses reported by all types of nonprofits, organizations should make every effort to observe consistent guidelines as provided by AHP in this manual when reporting their expenses. This is no small task, considering healthcare fiscal executives (both CFOs and auditors) often follow their own interpretations of accounting guide-lines and reporting practices.

It is a recommended procedure that philanthropy executives, citing the AHP reporting standards, conduct conversations with their CFO and auditor to resolve how:

- Fundraising activities are budgeted, including fundraising program-by-program budgets;
- Fundraising program-by-program expenses are categorized in the Chart of Accounts;
- Expenses are reported; and
- The auditor will prepare any required public information returns (IRS Form 990 in the United States; the applicable CRA Form T3010 in Canada).

Such conversations will resolve, in advance and with clarity, agreement on guidelines and practices for accurate and consistent reporting of fundraising expenses (see **Chapter 6** for more information).

<sup>4</sup>Financial Accounting Standards Board. (2016). Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. Retrieved October 2, 2019, from <https://asc.fasb.org/imageRoot/56/92564756.pdf>

# Chapter 3: Performance and Activity Measures

## Introduction

In addition to fundraising revenues and expenses, it also is important to track specific activities related to fundraising program performance, including staff workload, staff performance, and donor response rates. AHP tracks activity for the following fundraising programs: annual gifts, major gifts, planned gifts, corporate/business/foundation gifts, governmental grants, and special event gifts.

## Annual Gifts

*Annual gifts represent programs that attract gifts of \$9,999 or less from individuals.*

Reporting on performance related to annual gifts fundraising programs, sometimes known as the annual fund, requires tracking the total number of annual donors, the number of gifts made in response to various appeal types, and total dollars raised in response to those appeal types for the reporting year. This aids in tracking and analyzing response rates per each appeal.

Annual gift appeal types include:

- Acquisition direct mailings;
- Renewal direct mailings;
- Lapsed donors mailings;
- Telemarketing solicitations;
- Online solicitations;
- Gift club solicitations; and
- Raffles, drawings, and other games of chance offerings

## Major Gifts and Corporate/Business/Foundation Gifts

*Major gifts represent programs that attract gifts of \$10,000 or more from individuals. Corporate/Business/Foundation gifts represent grants and gifts of any value from corporations, businesses, and foundations.*

For major gifts and corporate/business/foundation gifts programs, AHP reports activity by the following categories:

- Number of prospects assigned to each gift officer;
- Number of personal cultivation visits made during the reporting year;
- Number of formal proposals and personal solicitations conducted during the reporting year (combined); and
- Number of gifts secured in direct response to formal proposals and personal solicitations.

This information allows for the assessment of field staff workload, performance, and ultimate donor response rates. The power of the case, the quality of the appeal, and gift readiness of the marketplace can all be gleaned from these statistics.

In cases where organizations do not track major and corporate/foundation gifts separately, data managers are encouraged to track them as a combined figure.

## Planned Gifts

*Planned gifts programs attract gifts of any value from individuals made as part of an estate or financial plan.*

Tracking of planned gifts should begin with the number of contacts an organization holds within the professional community, including attorneys, certified public accountants, trust officers, and insurance agents. Organizations should also track and report the total number of planned gift proposals and the number of planned gifts secured. This information allows for an assessment of overall activity and accompanying response rates to add background information for the total production revenue figures reported in any given year.

AHP reports on multiple solicitation mailing and education initiatives including the following:

- Formal marketing (e.g., mailing program);
- Seminars for donors;
- Seminars for professionals;
- General marketing or prospecting (e.g., ads or system publications);
- Internet/website; and
- All other mailings



## Governmental Grants

*Governmental grants represent grants and gifts of any value from local, state/provincial, and federal governmental sources.*

When reporting fundraising revenue raised from local, state/provincial, and federal governmental agencies, it is particularly important to report only funds that the philanthropy function has had a key role in cultivating and securing. There are many cases when governmental funding is sought directly by medical staff or hospital administrators and is recorded directly by the hospital (not by the foundation or philanthropy department) where the philanthropy function is not involved. Revenue derived from those efforts should not be reported according to AHP's reporting standards.

AHP's reporting standards allow United States National Institutes of Health (NIH) grants to be reported when the philanthropy function is involved in cultivating and securing the grant and when the beneficiary of the grant's work is the organization, not the donor.

Report grants, contracts, and cooperative agreements from governmental agencies, but do not include grants, contracts, and cooperative agreements from public or private foundations, as these would be reported under Corporations/Businesses/Foundations.

## Special Event Gifts

*Special event gifts represent gifts of any value from any source received in response to any fundraising event held and managed by the organization.*

AHP defines special event gifts as gifts received in response to events held and managed by the organization for the purposes of raising money, building awareness, and/or expanding constituencies. Because of these purposes, AHP finds it helpful to evaluate special events (and effectiveness and net returns) based on event type.

AHP reports on three types of events. These are:

- Highly structured events (e.g., galas, dinners, balls, fashion shows);
- Sporting events (e.g., golf outings, tennis tournaments); and
- Large-scale community-based events (e.g., runs, walks, bike tours).

Special Events can be multifaceted and add complexity to performance tracking. AHP tracks all types of gifts that were brought in through or resulting from the event. These may

include, but are not limited to, in-kind gifts, auction items, auction receipts, and ticket sales, as well as traditional outright gifts or pledges.

For each special event type, organizations should report:

- Number of corresponding events held;
- Number of attendees;
- Number of gifts secured;
- Gross event revenue;
- Event expenses; and
- Net event revenue (revenue minus expenses).

This information allows for a full analysis of event appeal, response rates, and value of various types of special events in both returns and attendance.

## Donor Constituencies

In addition to reporting gift types and amounts, it is important to report gifts by donor constituency to track growth of the various donor pools and to understand commitment levels of key constituencies. Donor constituencies include but are not limited to:

- Employees, including physicians if part of an affiliated physician group;
- Hospital executives;
- Board members;
- All other individual donors;
- Auxiliaries (organizations of hospital volunteers), if separately incorporated;
- Governmental agencies (any public funding agency);
- Corporations/businesses and corporate foundations;
- Other foundations (excluding corporate foundations);
- Private foundations, including family foundations; and
- Other support groups (e.g., gift clubs, guilds, United Way).

*AHP tracks the total number of donors by constituency type for the current reporting year and for prior reporting years for the purpose of performance tracking.*

Confusion may occur when attributing gifts by constituency for internal donors such as board members and executives. This is the case because an individual may fit into multiple constituencies. For example, a physician also may serve on a foundation board and a system board. AHP standards allow “double counting” in these unique cases. Although categories may overlap, the challenges of duplication are overshadowed by the value this information brings in evaluating an organization’s culture of philanthropy and internal commitment to the organization’s mission.

The following list represents internal donor-types whose gifts should be tracked and reported, regardless of crossover with other categories:

- System executive team and members of senior management;
- Director and above at system or hospital level;
- System foundation board members; and
- Entity foundation board members.

Please report the total number in each group, total number of donors, and total production in each category. Where applicable, include gifts recorded, bookable pledges, letters of intent, planned gifts, and gross special event gifts.

With a solid understanding of how to report fundraising revenue and expenses as well as how to track performance activity, healthcare philanthropy organizations can then formulate key metrics to use as benchmarks for transparency, accountability, and improved performance. **Chapters 5** and **6** provide more detailed information about using metrics and reports for communicating effectiveness, efficiency, and net returns.

# Chapter 4: Gift Types, Sources, Restrictions, and Exclusions

In order to analyze and compare fundraising programs to improve performance, organizations must report data according to the same set of standard definitions and reporting methodologies. By reporting data with consistency, organizations remove the widely varying gift classifications and reporting practices from organization to organization.

The below information provides guidance on reporting gifts from various donor constituencies, how to report and count gift restrictions, and reporting exclusion.

## Gift Types and Reporting Sources

### Cash, Checks, and Credit Cards

When reporting non-deferred gifts of cash or checks, use the date of postmark if received via postal mail or the date the organization received the gift if by another method of delivery. For gifts made using a credit card, report the gift on the date the credit card agency authorized the charge. For gifts made in a foreign currency, organizations should report the amount based on the exchange rate for the currency on the date of receipt.

In the United States, the IRS provides guidance on these requirements in IRS Publication 526 (last updated in 2019). The date used for reporting should be the same as the date used for accounting purposes.<sup>1</sup>

In Canada, the CRA provides guidance on these requirements in Interpretation Bulletin 110R3 (last updated in 1997).<sup>2</sup>

### Counting and Reporting Gifts from Various Sources

The source of the gift is the legal entity (e.g., individual, estate, business/corporation, foundation, governmental agency) that actually made the gift. This means that a gift from a company should be credited to the corporation, not the company owner as an individual, even if the company's owner directed that the gift be made. As another example, a gift from the board member's donor-advised fund or private foundation should be credited to the custodian of the donor-advised fund (such as Fidelity, Schwab, or a local community foundation) or the private foundation, because it was the legal owner of the donated asset.

### Checks Issued by Other Entities

This typically happens when a company sends a check representing gifts of individual employees, sometimes by payroll deduction. Credit these gifts to the individual employees.

<sup>1</sup>Internal Revenue Service. (2019). Publication 526 - Charitable Contributions. Retrieved on October 9, 2019 from United States Department of the Treasury from <https://www.irs.gov/pub/irs-pdf/p526.pdf>

<sup>2</sup>Canadian Revenue Agency. (1997). IT110R3 - Income Tax Act – Gift and Official Donation Receipts. Retrieved October 2, 2019 from <http://cra2011.cutetax.ca/E/pub/tp/it110r3/README.html>

Sometimes a recipient of an honorarium or stipend will direct that it be sent to charity; credit this to the individual who directed the gift.

## Matching Gifts

Many companies match gifts made by their employees to various charitable organizations. The matching gift should be credited to the corporation/business/foundation fundraising program while the original employee gift is credited to the individual employee.

## Auxiliaries and Guilds

Gifts received by the organization from separately incorporated auxiliaries and guilds should be credited to the auxiliary or guild, not to the individuals who give to the auxiliary or guild. However, if the auxiliary or guild is not separately incorporated, the gifts are credited to the individuals who actually made the gift to the organization.

## Donor-Advised Funds

A donor-advised fund is a fund established within a public charity, trust, or other organization (e.g., Fidelity, Schwab, a local community foundation) to which the donor has made a gift and already taken an immediate tax deduction (a tax credit in Canada). The public charity, trust, or other organization holds the funds in a special account, in the name of the donor, and forwards all or part of the funds to a recipient organization when recommended by the donor (if the public charity, trust, or other organization agrees to follow the recommendation).

Since the donor has given up ownership of the asset for tax purposes, the gift is not tax deductible again at the time it is given to the recommended charitable organization. For the purposes of reporting, any gifts received from donor-advised funds should be credited to the charity, trust, or other organization. It is common practice also to soft-credit the individual donor for recognition purposes, but the actual gift is from the custodian of the donor-advised fund.

## Gift Restrictions

### Donor Control

Once an organization receives a gift, the donor(s) cannot maintain explicit or implicit control over its use. For example, most organizations are unwilling to accept a gift for which the donor wants to give money to buy equipment that could only be used by a single physician or a specific group of patients.

However, organizations typically allow donors to restrict their gifts to a specific department, program, building, or piece of medical equipment (known as “restricted gifts”) to which the organization will apply the gift or grant. But once accepted as a gift, the donor should have no decision-making role or revocation ability.

## IRS and CRA

Information regarding what constitutes a charitable gift can be found under “Charitable Contributions”, IRS Publication 526 for the United States, and under “Gifts and Income Tax”, CRA Publication 113 for Canada.<sup>3-4</sup>

## Corporate/Business Sponsorships (Advertising)

Sponsorships offer corporations and businesses a way to make charitable contributions while at the same time receiving marketing recognition. In this way, corporations receive public exposure through their sponsorship of charitable events or projects.

In the United States, the IRS makes a clear distinction between sponsorship and advertising (see IRS regulations T.D. 8991)<sup>5</sup>. In Canada, the CRA does not make a known distinction, but professionals are encouraged to search its website for further information<sup>6</sup>.

IRS regulations T.D. 8991 provide the following details on this subject:

Sponsorship cannot include advertising but may include: sponsor logos and slogans that do not contain qualitative or comparative descriptions of the sponsor’s products, services, facilities, or company; a list of the sponsor’s locations, telephone and fax numbers, or Internet addresses; and sponsor brand or trade names and product or service listings.

Logos or slogans that are an established part of the sponsor’s identity are not considered to contain qualitative or comparative descriptions.

Advertising is defined as any message or other programming material that is broadcast or otherwise transmitted, published, displayed, or distributed, and that promotes or markets any trade or business, or any service, facility, or product. A single message that contains both advertising and an acknowledgment is considered advertising.

Advertising includes:

- Messages containing qualitative or comparative language;
- Price information or other indications of savings or value; and
- An endorsement or an inducement to purchase, sell, or use any company, service, facility, or product.

<sup>3</sup>Internal Revenue Service. (2019). Publication 526 - Charitable Contributions. Retrieved on October 9, 2019 from United States Department of the Treasury from <https://www.irs.gov/pub/irs-pdf/p526.pdf>

<sup>4</sup>Canadian Revenue Agency. (2020). P113 Gifts and Income Tax 2019. Retrieved on January 24, 2020 from <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/p113.html>

<sup>5</sup>Internal Revenue Service. (2002). TD 8991 Taxation of Tax-Exempt Organizations' Income From Corporate Sponsorship. Retrieved on October 9, 2019 from United States Department of the Treasury from <https://www.irs.gov/pub/irs-regs/td8991.pdf>

<sup>6</sup>Canadian Revenue Agency. (2006). Sponsorship. Retrieved on October 9, 2019 from <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/sponsorship.html>

Advertising does not include acknowledgements. Acknowledgements are the mere recognition of sponsorship payments and may include sponsor logos and slogans (that do not contain comparative or qualitative descriptions), sponsor locations and telephone numbers, value-neutral descriptions (including displays or visual depictions) of a sponsor's product-line or services, sponsor brand or trade names, and product service listing. The effect of an acknowledgement is to identify the sponsor rather than to promote the sponsor's products, services, or facilities. Logos or slogans alone are considered acknowledgements as they do not contain comparative or qualitative descriptions.<sup>7</sup>

Corporate sponsorship dollars are fully reportable as a gift. Advertising dollars, on the other hand, cannot be counted. If the sponsoring organization receives a return benefit, however, then the amount of the gift should be reduced by the value of the benefit.

For example, imagine that an organization hosts a gala. A corporation sponsors the dinner at the gala for \$5,000. If the corporation receives no benefit in the United States (advantage in Canada) in return, then the organization reports the \$5,000 as fundraising revenue and the donor receives a receipt amount for \$5,000. If the corporation receives two free tickets to the gala at which \$500 of goods/services are received, then the organization would report the \$5,000 as fundraising revenue and the donor receives a receipt amount for \$4,500 (the \$5,000 sponsorship minus the value of the goods/services received).

## Special Event Contributions (Quid Pro Quo Contributions)

In the United States, the IRS defines a quid pro quo contribution as a payment a donor makes to a charity partly as a contribution and partly for goods and/or services. For IRS 990 purposes, organizations should report only the amount of the quid pro quo contribution that exceeds the value of the benefits the donor receives from the organization in return for his or her gift.

The IRS provides a useful example of this type of scenario: If a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. The charitable contribution part of the payment is \$60. Even though the deductible part of the payment is not more than \$75, a disclosure statement must be provided by the organization to the donor because the donor's payment (quid pro quo contribution) is more than \$75. Failure to make the required disclosure may result in a penalty to the organization.

Follow the IRS tax rules regarding tax deductibility and receipting of quid pro quo contributions. IRS Publications 526 and 1771 provide additional guidance on this topic.<sup>8-9</sup>

<sup>7</sup>Internal Revenue Service. (2019). Advertising or Qualified Sponsorship Payments? Determining whether corporate sponsorship payments received or solicited by an exempt organization are qualified sponsorship payments as described in section 513(i). Retrieved on October 9, 2019 from United States Department of the Treasury from <https://www.irs.gov/charities-non-profits/advertising-or-qualified-sponsorship-payments>

<sup>8</sup>Internal Revenue Service. (2019). Publication 526 - Charitable Contributions. Retrieved on October 9, 2019 from United States Department of the Treasury from <https://www.irs.gov/pub/irs-pdf/p526.pdf>

<sup>9</sup>Internal Revenue Service. (2016). Publication 1771 - Charitable Contributions - Substantiation and Disclosure Requirements. Retrieved on October 9, 2019 from United States Department of the Treasury from <https://www.irs.gov/pub/irs-pdf/p1771.pdf>

In Canada, the CRA identifies split receipting as the method for calculating the eligible amount of a gift for receipting purposes when a donor has received an advantage (consideration) in return for his or her donation. To determine the eligible amount for receipting purposes, the value of the advantage must be subtracted from the value of the gift. More information on split receipting and sample donation receipts can be found on the CRA's website.<sup>10-11</sup>

## Special Event Contributions (Auction Items)

Organizations in the United States are advised to follow the previously reported standards for recording quid pro quo contributions when they hold an auction or other special event. In the case of an auction, each auction transaction may offer the opportunity for two different donors to make a charitable donation. First, there is the original donor of the item the organization will auction. The donor has made a gift in the amount of the fair market value of that item. The organization may also report the amount of the sale that is in excess of the fair market value of the item as an additional gift from the winning bidder. It should be noted that gifts of services (e.g., a coupon for a massage) or partial interest (e.g., the use of a beach house for a week) are reported as fundraising revenue but are not tax deductible to the donor. Canadian organizations are advised to follow the CRA's general guidelines as developed for all fundraising events and activities.<sup>12</sup>

## Marketable Securities

Marketable securities include equity securities (such as common stocks and mutual funds; derivative contracts such as futures, options, and swaps) and debt securities (such as banknotes, bonds, and debentures).

Organizations generally should report the fair market value of the security at the time of delivery, with some distinctions:

- United States organizations should report marketable securities at the average of the high and low quoted selling prices on the date the donor legally relinquished the control of the marketable security in favor of the organization or trust for the benefit of the organization.
- Canadian organizations should count the closing market price on the legal date of the gift or the date of the most recent sale. There are numerous tax rules regarding the delivery of securities to organizations, which can be further explored on the CRA's website.<sup>13</sup>

<sup>10</sup>Canadian Revenue Agency. (2018). Split receipting. Retrieved on October 9, 2019 from <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/split-receipting.html>

<sup>11</sup>Canadian Revenue Agency. (2018). Sample official donation receipts. Retrieved on October 9, 2019 from <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/sample-official-donation-receipts.html>

<sup>12</sup>Canadian Revenue Agency. (2018). Fundraising events - issuing receipts. Retrieved on October 9, 2019 from <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/fundraising-events-issuing-receipts.html>

<sup>13</sup>Canadian Revenue Agency. (2020). P113 Gifts and Income Tax 2019. Retrieved on January 24, 2020 from <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/p113.html>



Generally speaking, “delivery” takes place when ownership of the marketable security passes to the organization. Examples include when the stock certificate with properly executed stock power attached is handed to an organizational employee or when the shares are transferred into the organization’s brokerage account. The delivery date can be important, especially in a period of major stock market fluctuations, as well as at calendar year-end.

## Real and Personal Property

In the United States, for a donor to take a tax deduction for a gift of real property, the gift must be appraised by a qualified appraiser unrelated to the donor, the recipient organization, or the transaction itself. The donor is responsible for any associated appraisal costs. The appraised amount is the valuation that should be placed on the gift for reporting purposes. The date the gift is officially received is the date the gift should be recorded. In the United States, when acknowledging non-cash gifts for the donor’s tax purposes, IRS rules require the organization to describe the non-cash gift but not to include a value of the non-cash gift on the acknowledgment.

In Canada, a gift of real property is complete when a deed conveying the property to the recipient organization is signed and delivered. A donation receipt, suitable for income tax purposes, may be issued for the current or fair market value of the property as determined by a qualified appraiser. The appraised amount is the valuation that should be placed on the gift for reporting purposes. Gifts of real property include primary residences, vacation homes, farms, ranches, commercial buildings, apartment buildings, subdivision lots, or land. In the United States, these types of gifts can be made three ways: outright, as a bargain sale, or as an undivided partial interest.<sup>14</sup>

Personal property is anything other than real property, including works of art, books, and medical equipment. Personal property also may include gifts donated to organizations to auction at charity fundraising events. The conversion to cash sometimes results in a mission-related donation and sometimes not. When the items can actually be used by the organization or the facility it supports (e.g., a piece of equipment), these result in mission-related donations and the charitable deduction to the donor is the item’s fair market value. When the items cannot be used by the organization or the facility it supports (e.g., a piece of jewelry), these result in non-mission-related donations and the charitable deduction to the donor is the item’s cost basis.

There are two types of personal property: tangible and intangible assets.

Examples of tangible personal property assets include, but are not limited to:

- Medical and other equipment;
- Personal collections of art, books, coins, or movies;
- Cars, boats, and aircraft;
- Securities;

<sup>14</sup>Worth, M.J. (2015). *Fundraising: Principles and Practice*. (1st ed.). Thousand Oaks, CA: SAGE Publications, Inc.

- Printed materials; and
- Food.

Examples of intangible personal property assets are:

- Copyrights of cultural, artistic, and literary works;
- Trademarks;
- Software; and
- Life insurance policies.

Form 8283 (the IRS form for non-cash charitable contributions) needs to be filed with the IRS by the donor for any tax year in which they have given non-cash gifts totaling more than \$500. Part IV of the form will be acknowledged by the organization if the donor presents it for acknowledgement. The donor should present the form for acknowledgement when a non-cash item, other than a security, is valued at more than \$5,000).<sup>15</sup>

If, within three years of the date of an in-kind gift for which a Form 8283 has been presented to the organization by the donor for its acknowledgment, the organization or hospital disposes of the item via sale, auction, or in any other manner, the organization must file IRS Form 8282.<sup>16</sup>

## Contributed Time and Services

Organizations may report certain contributions of professional time and services as fundraising revenue per GAAP if the time or services:

- Create or enhance a non-financial/non-monetary asset (for example, property and equipment) or would typically need to be purchased if they had not been provided by contribution;
- Require specialized skills; and/or
- Are provided by individuals with those specialized skills (such as accounting, financial, construction, educational, electrical, legal, medical and other services provided by accountants, investment advisors, contractors, teachers, electricians, lawyers, doctors, and other professionals and craftspeople).

If such contributions are reported, they should be measured at fair market value. It is important to note that contributed time and services are not tax deductible to the donor.

<sup>15</sup>Internal Revenue Service. (2019). About Form 8283, Noncash Charitable Contributions. Retrieved on November 12, 2019 from United States Department of the Treasury from <https://www.irs.gov/forms-pubs/about-form-8283>

<sup>16</sup>Internal Revenue Service. (2019). About Form 8282, Donee Information Return (Sale, Exchange or Other Disposition of Donated Property). Retrieved on November 12, 2019 from United States Department of the Treasury from <https://www.irs.gov/forms-pubs/about-form-8282>

## Revocable Planned Gifts

Many planned gift vehicles can be made in such a way that makes them not legally binding. Revocable planned gifts are not reported as recorded revenue as they are not recordable per GAAP. These are however included in production revenue.

In the United States, charitable remainder trusts, for example, can be written to make the gift to a trust irrevocable, but the donor may reserve the right to change beneficiary charitable organizations so that it is “revocable” as to the charitable “remainderman” (beneficiary). Other examples include bequest expectancies where donors have the ability to change beneficiaries at any time until their death.

In Canada, these gifts include bequest expectancies, such as those related to retirement plan beneficiary designations. These include registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs), tax-free savings accounts (TFSA), and life insurance beneficiary designations in which the policy continues to be owned by the prospective donor.

## Irrevocable Planned Gifts

In the United States, most of the vehicles used in planned gift programs were defined and authorized by the Tax Reform Act of 1969. The Act provided mechanisms that allowed donors to make gifts of “future interests” in exchange for a tax deduction for both income and estate taxes. For internal reporting purposes, all gifts using vehicles created by the 1969 Act should be reported as “production revenue” at net present value. However, for the purposes of AHP benchmarking reporting, these deferred amounts should be reported at net present value.

The tax deduction allowed by the Act is dependent on two major factors:

- The actuarial life expectancy of the income beneficiary(ies) if the payments are to be received for life or for a specified number of years.
- The specified rate of return to be paid out to the income beneficiary(ies).

Except in rare circumstances, the tax deduction is the net present value that the organization books as an asset on completion of the irrevocable trust. It is this net present value that should be reported as production revenue.

In Canada, for similar gifts, a donation receipt also may be issued for the net present value of the remainder interest.

## Charitable Remainder Trust (CRT)

In the United States, CRTs are arrangements in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust’s term. If the specified distributions are recalculated each year based upon the fair market value of the assets of the trust, this is a type of CRT known as a Charitable

Remainder Unitrust (CRUT). If the specified distributions are a set amount and do not change over the term of the trust, this is at type of CRT known as a Charitable Remainder Annuity Trust (CRAT).

Although a charitable remainder trust must be irrevocably established for the benefit of a charity, in order for the foundation to report any amount of fundraising revenue as a planned gift, a portion or all of the irrevocable remainder interest must be irrevocably assigned to the organization. In practice, this means the trust agreement must not include any provision that states that the donor reserves the right to change or amend beneficiaries. If the trust agreement is silent, the named beneficiary or beneficiaries are irrevocable.

## Charitable Gift Annuities (CGA)

In the United States, the rates paid are usually based on rates adopted by the American Council on Gift Annuities as agreed to by most major charities.

In Canada, the rates paid are based on annuity quotations prepared by life insurance companies (for reinsured gift annuities). Count the charitable gift value to the donor, which is calculated by subtracting the net present value of the liability to the annuitant from the assets transferred to the organization in the year in which the contract was made.

## Charitable Lead Trust (CLT)

A charitable lead trust in the United States occurs when a donor places an asset or assets in a trust for life or for a predetermined period of years. During the period of the trust, income is paid to a designated qualified charitable organization(s) and, upon the death of the donor or at the end of the term of years, the asset or assets are either returned to the donor (grantor trust) or passed on to an heir or other beneficiary (non-grantor trust). The goals and objectives of the donor will determine whether the donor creates a grantor or a non-grantor trust. The CLT can be established as either a charitable lead annuity trust or a charitable lead unitrust.

## Charitable Trusts Administered by Third Parties

A wholly charitable trust exists as a legally formed trust created exclusively for philanthropic giving, meaning that all interest income and principal are irrevocably dedicated to a charitable purpose.

When these trusts are held by outside third-party trustees, organizations should count the amount that is transferred into the trust by the trustor, which is irrevocably dedicated to the organization. The gift should be reported as recorded revenue in the year that the trust is established if the organization has a documented irrevocable right to all or some predetermined portion of the income of the trust. If the right is revocable, then it should be reported as production revenue.

In some cases, organizations receive less than the total income of the trust. Organizations should report only the stated percentage to be distributed to the organization multiplied by the total current market value of the assets in the trust.

## Pooled Income Fund (PIF)

A pooled income fund is a trust that is established and maintained by a public charity. The pooled income fund receives contributions from individual donors that are commingled for investment purposes within the fund. Each donor is assigned "units of participation" in the fund that are based on the relationship of their contribution to the overall value of the fund at the time of contribution. PIFs provide a vehicle to receive a lifetime income. A donor makes a contribution to the fund and owns a share of the income from the fund. All income is paid out to donors each year. The tax deduction for the gift to a PIF is based on the age of each income recipient, the net fair market value of the property transferred, and the fund's return during the preceding three years.

## Life Estates

Donors may contribute a single-family residence or farm to a qualified charitable organization and retain for themselves and/or others (usually a relative) the right to occupy the property for the balance of their lifetime. Life estate gifts work well for individuals who intend to make a major bequest of their home or farm to a charity, allowing them to take a tax deduction now for a portion of the value of the property. The donor/life tenant is often responsible for paying real estate taxes and maintenance for the upkeep of the property.

In certain circumstances, the remainder value of the gift may be used to fund a charitable gift annuity with the charity named as the "remainderman" of the life estate. This sometimes is referred to as a charitable reverse mortgage.

In Canada, such transactions are known as gifts of residual interest. A gift of a residual interest in real property is similar to a charitable remainder trust, because in both cases, the donor gives a future interest and retains a present interest. When property such as a principal residence is transferred and possession is retained, the recipient organization receives a remainder interest, while in a charitable remainder trust, the organization receives a residual interest. A donation receipt for the present value of the residual interest may be issued to the donor, suitable for income tax purposes.

## Life Insurance Policies

Organizations should report gifts of whole life insurance policies only if the donor makes the organization the owner and beneficiary of the policy. If the organization is notified of the specific amount of the designation, it is appropriate for the organization to report it as a planned gift under recorded revenue and production revenue.

If an organization is named a beneficiary but not the owner of any life insurance policy, when the organization receives the proceeds, it should report the full amount of the insurance company's settlement at the death of the donor as a gift on the date the organization receives the proceeds.

Organizations in the United States should adhere to the following standards in reporting gifts involving life insurance policies:

- Report partially or fully paid-up life insurance policies as outright gifts at the cash surrender value as identified in writing by the insurance provider.
- If the policy is new or not fully paid up at the time of the gift, report premium payments the donor makes to the insurer or the organization (which in turn pays the premium to the insurer) as outright gifts at the full value of the premiums paid. This is consistent with IRS regulations authorizing such payments as tax-deductible contributions. If the donor fails to make scheduled premium payments and the organization instead makes them, those payments automatically become operating expenses and cannot be counted as gifts. Do not count any other increases in the cash surrender value as gifts. Organizations may report realized death benefits as gift income only if the organization has never previously recorded the policy value or any donor-paid premiums as gift income, and if the organization has not been paying the premiums.

Organizations in Canada should adhere to the guidelines outlined in CRA's Interpretation Bulletin IT-244R3 to determine the value of a life insurance policy used to fund a gift. When an individual transfers ownership of an existing policy to a charity, the individual is entitled to a donation receipt for the value of the policy.<sup>17</sup>

Professionals also should note that in a CRA technical interpretation (Document Number 2008-026709, dated Feb. 25, 2008), CRA states that in the determination of policy value, the factors listed in paragraphs 40 and 41 of Income Tax Information Circular IC 89-3 also must be taken into account.<sup>18</sup>

This change recognizes that the real value of a policy may not be the same as the cash surrender value adjusted for outstanding policy loans and accumulated dividends and interest. For example, if the insured has a shorter-than-normal life expectancy, the policy value would be greater than what the insurance company would pay upon surrender of the policy. Indeed, a number of factors could affect the policy's real value. Paragraph 40 of Income Tax Information Circular IC 89-3, which deals with the valuation of corporately owned insurance policies, lists the following among the factors to be considered:

- Cash surrender value;
- The policy's loan value;
- Policy face value (death benefit);
- The state of health of the insured and his/her life expectancy;
- Conversion privileges;
- Other policy terms, such as term riders; and
- Replacement value.

<sup>17</sup>Canadian Revenue Agency. (2002). IT244R3 ARCHIVED - Gifts by Individuals of Life Insurance Policies as Charitable Donation. Retrieved on October 9, 2019 from <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/it244r3/archived-gifts-individuals-life-insurance-policies-charitable-donation.html>

<sup>18</sup>Canadian Revenue Agency. (2002). IC89-3 Policy Statement on Business Equity Valuations Retrieved on October 9, 2019 from <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/ic89-3/policy-statement-on-business-equity-valuations.html>

## Bargain Sales

In the United States, a person who wishes to make a gift to an organization can arrange to sell real or personal property to the organization at a discounted or “bargain” amount. Generally speaking, a bargain sale occurs when the discounted purchase price is 50 percent or less of the fair market value of the property. For example, a person who owns a \$100,000 home can sell it to the organization for \$50,000 and be eligible to take a tax deduction for the difference between the sale price and the appraised value. Organizations entering into such a transaction need to be assured of the authenticity and timeliness of the appraisal. In addition, the organization must ensure donative intent before the sale. It is very important to receive documentation from the donor dated prior to the transaction that states the intention to enter into the sale at the discounted price. Otherwise, the courts have been known to rule that the transaction was negotiated “at arm’s length,” and any discount could be considered simply bad negotiations on the donor’s part.

The difference between the cash paid and the fair market value of the asset may be reported as recorded revenue. For the donor’s tax purposes, the contribution amount (if greater than \$5,000) must be substantiated via an appraisal that shows the fair market value of the property.

## Reporting Exclusions

According to AHP standards, do not report the following for AHP Performance Benchmarking Survey purposes:

- Government contracts or research grants secured by other departments of the healthcare organization;
- Agency transactions where the organization acts as a pass-through entity for funds that will be sent to another organization;
- Advertising revenue. In the United States, the IRS defines advertising as the qualitative or competitive pricing or product information displayed because of a donation, or any form of endorsement on the part of the host organization;
- Gifts and pledges, both outright and deferred, that already have been booked and counted in previous reporting years;
- Investment income;
- Contract revenues, if the benefit of the contract accrues to the donor;
- Discounts on purchases such as the common practice of offering bulk supply discounts, but not to be confused with bargain sales, which are countable as gifts;
- Earned income, including transfer payments from medical practice plans or other money-earning programs or businesses affiliated with the organization; and
- Expenses associated with managing endowments, investments, and charitable gift annuities.



# Chapter 5: Dashboard Metrics Defined

## Performance Metrics

The industry of healthcare philanthropy is increasingly becoming more data-centric, not only from internal staff and board members, but donors as well. John T. Keith, J.D., points this out in his article “Important Considerations for Establishing Major Gift Metrics” that “the art of fundraising focuses on fostering support for your mission by developing relationships with donors and aligning their philanthropic goals with organizational needs. Yet, in philanthropy it is important that we focus on both the art and science of fundraising by tracking the metrics behind those relationships”.<sup>1</sup>

AHP places emphasis on key dashboard measures of fundraising performance and impact. Those measures rely on accurate and standardized reporting of fundraising revenue and expense (see **Chapters 2** and **3** for AHP standards for reporting fundraising revenue and expense).

Whether it be overall or at the fundraising program level, AHP standards emphasize three common metrics that are considered indicators of results for any fiscal or calendar reporting year or averaged over a longer period for more comprehensive reporting. These are:

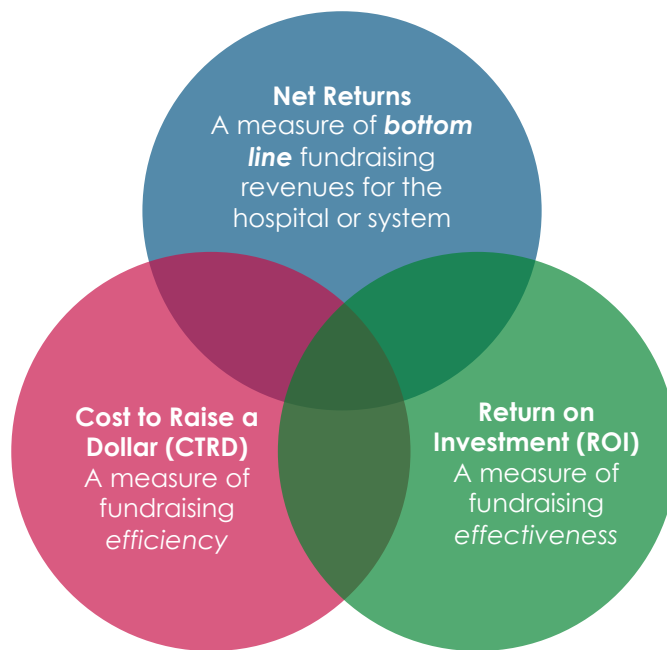
- **Return on Investment (ROI)** measures fundraising effectiveness, representing the dollars returned for each dollar spent on raising funds. It is the inverse of the cost to raise a dollar (CTRD) metric and is calculated by dividing fundraising revenue by fundraising expense.
- **Cost to Raise a Dollar (CTRD)** measures fundraising efficiency, representing the amount spent to raise each dollar. It is the inverse of the ROI metric and is calculated by dividing fundraising expense by fundraising revenue.
- **Net Return** measures the “bottom line” net return in support of the organization’s mission. It is calculated by subtracting fundraising expense from fundraising revenue.

Not only are these metrics great management tools, they are in high demand by executives, donors, and watchdog groups, and they offer a common language to communicate performance results both within and outside the philanthropy organization. However, they must be derived using AHP standards and definitions to ensure their validity and comparability between organizations.

When not following AHP standards and definitions, discrepancies between organizations can arise in identifying and counting different expenses. As explained in Chapter 2, AHP’s standards distinguish fundraising expenses—those associated with operating the philanthropy organization—from non-philanthropy expenses—such as expenses that relates to hospital activity, including gift shops, community benefit, and marketing/public relations. Expense is identified and allocated proportionally to individual program areas. (See **Chapter 2** for a full description of allowable expenses under AHP guidelines.) This practice offers a clear and consistent picture of fundraising costs.

<sup>1</sup>Keith, J.T. (2018). Important Considerations for Establishing Major Gift Metrics. Retrieved from <https://givingusa.org/important-considerations-for-establishing-major-gift-metrics/>





**Figure 4-1: Performance Indicators**

Data clearly show that there are no “right” or “wrong” targets for fundraising programs, given unique circumstances and environments. Organizations should not strive toward a single marker, such as 30 cents for CTRD. ROI, CTRD, and net returns can and typically do vary from year to year and from fundraising program to fundraising program. There are many variables that influence CTRD and ROI, such as:

- The state of the economy;
- The size and maturity of the donor pool;
- Number of fundraising programs in place and how long they have been in existence;
- Emphasis placed on each fundraising program;
- Whether or not the organization is conducting a campaign; and
- Whether or not the organization is trying to grow a fundraising program.

Instead, AHP focuses on a mix of the “right” measures that reflect market context as well as effectiveness, efficiency, and net returns for the overall fundraising program and the various fundraising program levels.

Figures 4-2 and 4-3 are examples of how metrics can vary based on the type of hospital. These values are pulled from the 2019 Report on Giving and provide a high-level snapshot of performance in the United States and Canada.

	ROI	CTRD	Net Fundraising Revenue
<b>System (n=94)</b>	\$4.20	\$0.24	\$9,494,006
<b>Community Hospital (n=77)</b>	\$3.07	\$0.33	\$1,084,306
<b>Teaching/Academic Hospital (n=18)</b>	\$5.57	\$0.15	\$20,739,460
<b>Long-term Care/Hospice/Home Care (n=8)</b>	\$3.80	\$0.26	\$3,313,597
<b>Tertiary Hospital (n=5)</b>	\$5.57	\$0.20	\$8,432,701
<b>Other (n=6)</b>	\$3.18	\$0.31	\$5,919,446

Note: All values represent the median of the sample.  
Source: 2019 Report on Giving for FY 2018: USA

**Figure 4-2 Performance by Entity Type (US only)**

	ROI	CTRD	Net Fundraising Revenue
<b>Community Hospital (n=18)</b>	\$4.12	\$0.24	\$4,681,542
<b>System (n=6)</b>	\$2.98	\$0.34	\$8,107,466
<b>Teaching/Academic Hospital (n=6)</b>	\$3.26	\$0.31	\$9,730,870

Note: All values represent the median of the sample.  
Source: 2019 Report on Giving for FY 2018: Canada

**Figure 4-3 Performance by Entity Type (Canada only)**

When presenting these types of reports to staff, executive teams, or donors, it is important not only to present the data but also to include a narrative to explain where your organization is now and what its goals are for the future. Use the data and the comparisons to build the foundation’s story and its case for resource allocation and support in order to grow philanthropy.

Using data to generate these types of comparison reports helps with improved financial and human resource evaluation and planning. The benefit is two-fold: A road map is developed for improved philanthropy performance for the organization, and a plan is created using the financial modeling and planning metrics that board members, CEOs, and CFOs relate to and understand.

See **Chapter 6** for more information on, and examples of, how to present data and communicate effectiveness.

# Chapter 6: Using Metrics to Communicate Effectiveness

## Introduction

In recent years, much has been written about the benefits and applications of performance measurement in the public sector. Every organization — from the federal government to the smallest not-for-profit — has been working to create data-tracking mechanisms and universalized performance metrics.

In healthcare, much of the movement toward performance measurement has been directed from hospital executives without complete buy-in from all other areas of the organization. It's true that performance tracking can help meet the needs of finance officers and external donors alike. However, in the rush toward performance measurement, leaders sometimes have failed in answering the question, "why are we doing this, anyway?".

As Michael J. Worth notes in his 2018 publication "Nonprofit Management: Principles and Practice", early adopters of benchmarking have praised its ability to "bridge the gap between great ideas and great performance".<sup>1</sup> Surely, benchmarking can become a common language that brings leading decision makers together for discussion, learning, planning, and goal setting. However, it's very easy for organizations to get bogged down with the complexity of the data.

Worth states that it's still a useful and essential exercise to benchmarking, but the data should be used "more for examining specific programs or administrative functions than for evaluating the effectiveness or performance of an organization". This is to say that the practice of homing in on pieces of data to focus on specific challenges can be more insightful and lead to more learning opportunities for strategic planning purposes.

Setting strategic objectives means constantly monitoring your goals closely within the various functions in your organization and communicating the results with your team to continue pushing to the next level. Having these steps in place will allow for a more calculated evaluation of your organization's performance. As John Keith mirrors in his 2018 Giving USA article, "Having metrics in place should be a beginning not an end" as they "need to be frequently revisited and reviewed" instead of annually checked.<sup>2</sup>

Among the most encouraging outcomes AHP has observed over the years has been the enhanced exposure of hospital and system chief executives to the world of fundraising. Chief philanthropy/development officers have used performance figures as a starting point for this conversation. These leaders have begun to understand everything from the nuances of accounting and reporting to the relationship side of the business.

Foundations have used performance data as a powerful tool to make the case for additional

<sup>1</sup>Worth, M.J. (2018). *Nonprofit Management: Principles and Practice*. (5th ed.). Washington, D.C.: CQ Press.

<sup>2</sup>Keith, J.T. (2018). Important Considerations for Establishing Major Gift Metrics. Retrieved from <https://givingusa.org/important-considerations-for-establishing-major-gift-metrics/>

resources tied to real outcomes to support philanthropy to demonstrate their significance and establish their role as the most efficient source of revenue the hospital has to offer. A great example has been the analysis of the AHP Performance Benchmarking Service high performers, all of which share a common element: above-average resourcing. These mature organizations are in the vanguard, clearly illustrating the payoffs of wise investment in talented staff who stick around. Foundations with loyal team members have created well-balanced, symbiotic fundraising programs and deepened donor commitment to the organization's mission.

In gathering and reporting performance data, organizations have learned valuable lessons. Taking their lead from executives, they have learned that “less is more” when the information is carefully targeted and well-honed to leaders' shared bottom-line focus. Reporting has taught them that if data do not provide timely intelligence related to strategic organizational goals and objectives, then it becomes background noise, and the CPO quickly loses a seat at the decision-making table.

So how do we know what, how, and when to report valuable data to our executives? First, we must understand the needs of leadership and use that information to translate performance metrics. There are many examples of how data can be used to engage and inform philanthropy staff, key executives, and various donor constituencies on individual philanthropy performance. Sub-group comparisons on peers, high performers, and an overall sample bring valuable context in aiding the interpretation and applicability of the information.

Performance data-sharing continues to bring value to philanthropy executives as communication and education vehicles. Of course, the vehicles provided in this manual are not the only ones or the most effective ones for individual philanthropy organizations. AHP strongly recommends that individual leaders consider their organization's culture, vital information needs, and interests when sharing results and designing communication strategies that work for them.

In comparison to the first edition of the AHP Standards Manual, the AHP Standards Council has revised the key metrics for relevant annual reporting. Metrics related to management effectiveness outcomes are most significant to executive leaders, paired with peer comparisons to help contextualize information. Still, some executives may look at other indicators. For example, CFOs seek out financial stability indicators for future projections.

The key to generating benchmarking metrics is access to:

- Overall figures for executive summaries;
- Running averages over a period of three to five years;
- Peer group comparison data;
- Customized analysis for in-depth planning sessions; and
- High-level reporting accompanied by supporting data

Information generates interest and engagement among executive leaders beyond the simple question “If I give you \$1, how much can you raise?” Interest can lead to additional queries and ultimately meaningful investment in fundraising activities.

<b>Program Performance Outcomes</b>	<ul style="list-style-type: none"> <li>• Total number of donors</li> <li>• Overall retention rate from previous year</li> <li>• Total dollars raised</li> <li>• Pledge fulfillment rate</li> </ul>
<b>Community/Constituency Engagement Outcomes</b>	<ul style="list-style-type: none"> <li>• Percentage of participation from employees and board</li> </ul>
<b>Major Gift Outcomes</b>	<ul style="list-style-type: none"> <li>• Major gifts as a percentage of production revenue</li> <li>• Number of solicitations</li> <li>• Number of face-to-face visits</li> <li>• Close rate for asks</li> </ul>
<b>Effectiveness and Efficiency Outcomes</b>	<ul style="list-style-type: none"> <li>• Net production revenue (production to expense ratio)</li> <li>• Return on Investment (revenue to expense ratio)</li> <li>• Cost to Raise a Dollar (expense to revenue ratio)</li> <li>• Comparison to peer groups</li> </ul>

**Figure 6-1: Key Metrics for Annual Reporting**

Sample reports that display data as outlined in the graphic above are found at the end of this chapter and in Appendix B.

Organizational leaders have learned that the actual format of information is also important in promoting interest and engagement. At-a-glance reporting satisfies the desire for brevity and information needs of various audiences. For example, integrating performance graphics into periodic reports, visual presentations, newsletters, and electronic broadcasts or other media all help to communicate fundraising performance to valued internal and external audiences.

### Finding Comparable Data

A key component of generating reports is access to reliable comparison data. As discussed in Chapters 1 through 3, comparison data must use standardized definitions and reporting methodologies. Without standardized metrics, the data is meaningless.

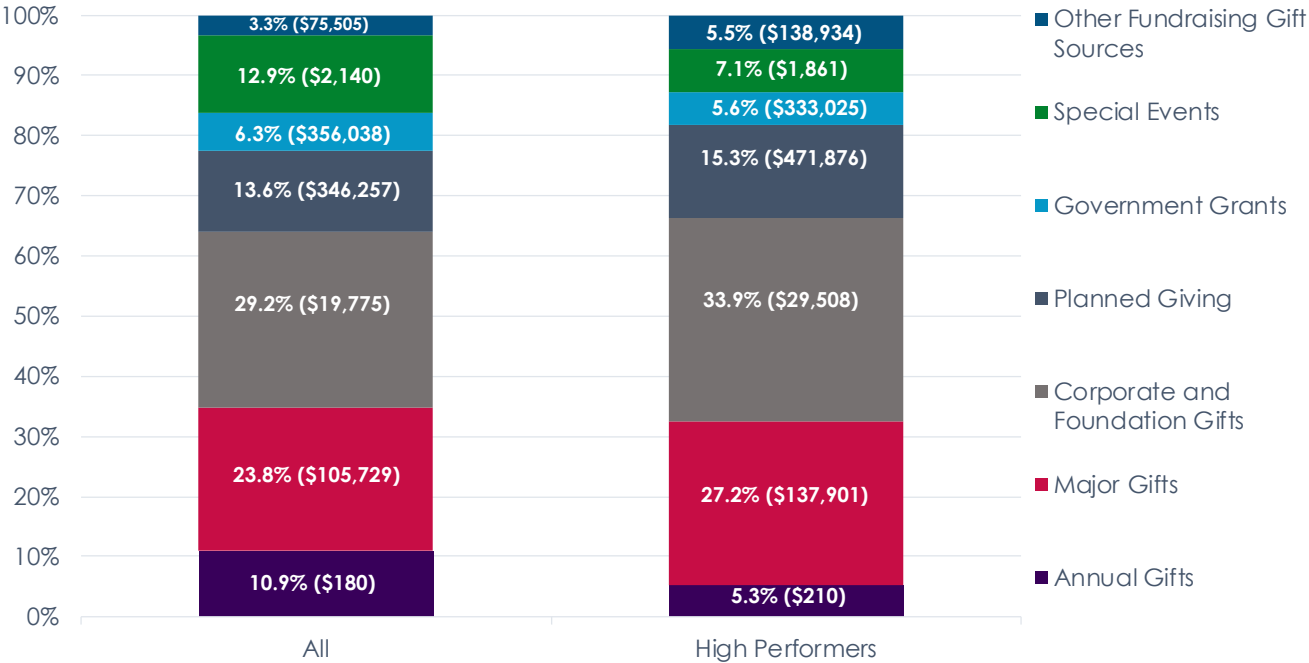
When reporting overall performance, organizations need access to reliable comparison data in order to demonstrate where they are in their fundraising efforts in relation to all other healthcare fundraising organizations.

### Telling the Story

Year after year of benchmarking analysis has confirmed the success factors depicted in Figure 6-2. Total fundraising expense budget, staff size, staff compensation, and major gift emphasis continue to emerge as the most influential data in determining net revenues. The most powerful predictor of success is a foundation’s total fundraising expenses, or the expense budget. This determines the resources the organization can allocate to fundraising activity.

Wisely investing the expense budget in talent and the compensation of direct fundraisers has continued to make all the difference in determining total net returns, as well as the efficiency and effectiveness with which they are raised. Paired with staffing and compensation, data also show that organizations that place emphasis on high-ROI activity, including major gifts, planned gifts, and governmental grants, continue to show high net returns.

In addition, high-performing organizations balance investments in all fundraising programs and reap the benefits via boosts in their annual returns. Consider the investment patterns in Figure 6-2 of high-performing organizations compared to their peers.



**Figure 6-2: Percent of Production Returns Allocated to Fundraising Programs**

With these success factors in mind, at a minimum, organizations will want to create reports that present comparison data on:

- Overall performance;
- Fundraising expense budgets;
- Staff size, roles, and compensation;
- Major giving activity; and
- Individual fundraising program performance.

### Reporting Overall Performance

Organizations often display overall performance metrics against a small group of “like” organizations. For example, a community hospital with net fundraising revenue of \$2 million and two full-time equivalent employees (FTEs) may choose to present a report with its

data compared with only community hospitals with one to three FTEs and net fundraising revenues ranging between \$1 million and \$3 million.

Key metrics to display when reporting overall performance include:

- Gross fundraising revenue;\*
- Fundraising expenses;
- Net fundraising revenue;\*
- Return on investment; and
- Cost to raise a dollar.

*\*Note: Each of these metrics should be displayed for both recorded revenue and production revenue.*

Figures 6-3 and 6-4 are examples of ways in which CPOs have maximized the benefits of benchmarking by presenting performance-based (and comparative) information to members of their executive teams.

Figure 6-3 provides more information and presents it with a peer comparison group. In this example, the comparison is between a hypothetical organization and like organizations.

	Total Production	Fundraising Expenses	Net Fundraising Revenue	Return on Investment	Cost to Raise a Dollar
25 <sup>th</sup> percentile	\$1.5 M	\$522 K	\$1.0 M	\$2.53	\$0.16
50 <sup>th</sup> percentile (Median)	\$6.9 M	\$1.6 M	\$4.5 M	\$4.06	\$0.25
75 <sup>th</sup> percentile	\$22.2 M	\$3.7 M	\$19.4 M	\$6.25	\$0.39
"Your Foundation"	\$13.8 M	\$2.1 M	\$11.9 M	\$6.19	\$0.18

**Figure 6-3: Performance metrics measured against a sample comparison set**

## Reporting for Compensation Expense

Common questions for healthcare fundraising organizations are:

- How many direct and indirect FTEs should my organization employ?
- What is appropriate compensation?

Figure 6-4 presents data for a hypothetical organization ("Your Foundation") and a high-performing peer organization ("Target"). This side-by-side comparison shows that Target has 11.5 FTEs compared to Your Foundation with 9 FTEs, and that they compensate at a higher level and have a higher ROI. This chart should prompt further investigation into an organization's staffing structure, potentially to analyze compensation for high-performing FTEs or to advocate for more resources for an increase in overall funds raised.

Data such as this should be used as a directional tool, so the scenarios for which it is used will vary depending on each organization's specific needs. It is crucial to find the appropriate data points that comes from alike organizations, informs the organization where they stand against these peers, and guides them in a direction where they can appropriately set their future goals.

	Net Fundraising Revenue	Return on Investment	Direct Fundraising FTEs	Total Compensation for Direct Fundraising FTEs	Maturity of Foundation/Philanthropy Department
Target	\$14.3 M	\$7.31	11.5	\$1.8 M	33 years
"Your Foundation"	\$11.9 M	\$6.19	9	\$1.3 M	21 years

**Figure 6-4: Median data for Compensation Expense**



# Appendix A: Definitions

## Gifts

This section includes definitions and examples of gift types, including cash, non-cash, unconditional pledges, irrevocable requests, and documented new commitments. Once a gift or grant is received, the receiving organization is responsible for knowing any restrictions tied to it. For more information on gift restrictions, see [Chapter 4](#).

### Annual Gifts

Gifts of less than \$10,000 from individuals. Do not include gifts of less than \$10,000 from other donor constituency types (e.g., corporations, businesses, foundations, governmental agencies).

### Annual Gift Pledges

Written promises to give a gift valued at less than \$10,000, payable over a predetermined amount of time. Include only pledges made by individuals in the reporting year. Include applicable in-kind gifts. Do not include pledges from any other fundraising program, including major gifts, planned gifts, governmental grants, or special event gifts. Do not include pledges from other donor constituency types (e.g., corporations, businesses, foundations, or governmental agencies). Report written irrevocable pledges as recorded revenue and written revocable pledges as production revenue.

### Annual Gift Pledge Payments

Payments made during the reporting year toward an annual gift pledge. Do not report annual gift pledge payments as recorded revenue or production revenue in the current reporting year, because the entire pledge has already been reported in either a previous or current reporting year.

### Appropriations

Provision of law in the United States that provides authority for United States federal agencies to obligate funds and to make payments out of the United States Treasury for specified purposes.

### Bequests and Matured Planned Gifts

Bequests consist of cash or property left to a named beneficiary by means of a will. Revenue is booked during the reporting year in which the planned gift or bequest matures or becomes payable to the organization to which it was committed.

### Board-designated/Quasi-endowments

Unrestricted funds that have been designated by the board to act as an endowment. These funds can be undesignated by the Board at any time and remain classified as unrestricted for financial statement purposes (because only donors can restrict gifts and grants).

### Charitable Gift Annuities (CGA)

Contracts in which a transfer of cash or other property to the organization is made, and in return, payments of a specified amount determined by age (and gender in Canada) are made to the donor during his/her lifetime. See also: Deferred Payment Gift Annuity

### Charitable Remainder Trusts (CRT)

Arrangements in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term with the remainder going to the organization.

### **Closely Held Stock**

A corporation with a small group of owners and stock that does not trade publicly is referred to as a “closely held company.” Gifts of stock in such a company contributed by one of the owners should be counted at current market value established by a recent trade or by an appraisal from a qualified appraiser.

### **Commemorative Gifts**

Gifts that are made in honor of, in memory of, or in tribute to someone or something. According to AHP standards, commemorative gifts of less than \$10,000 from individuals are counted as annual gifts; those valued at \$10,000 or greater from individuals are counted as major gifts. Those of any size from corporations, businesses, and corporate foundations are counted as corporate/business/corporate foundation gifts, and those of any size from private foundations are counted as private foundation gifts.

### **Corporate Gifts/Grants**

Charitable gifts or grants of any size made by corporations, businesses, and corporate foundations. Exclude corporate sponsorship of special events, as those are reported as special event gifts. Corporations include for-profit organizations, as well as not-for-profit organizations such as churches, schools, civic groups, professional associations, United Way, Children’s Miracle Network, Canada Helps

### **Corporate Pledges**

Irrevocable unconditional promises made by a corporation or business to give a gift of any value, payable over one or more years. Include only new pledges made in the reporting year. Do not include pledges from individuals, foundations, or governmental agencies. Do not include pledges from any other fundraising program, including annual gifts, major gifts, planned gifts, governmental grants, and special event gifts.

### **Corporate Pledge Payments**

Payments made during the reporting year toward a corporate pledge. Do not report corporate pledge payments as recorded revenue or production revenue in the current reporting year, because the entire pledge has already been reported in either a previous or current reporting year.

### **Deferred Payment Gift Annuities**

CGA, or charitable gift annuity (in the United States), that is set up to make its first payment more than 12 months after the CGA is set up. Annuity payments are based on the age of annuitants on the date the payments are to begin. Count the charitable gift value to the donor (calculated by subtracting the net present value of the liability to the annuitant from the assets transferred to the organization in the year in which the contract was made (See also: [Charitable Gift Annuities](#)).

### **Donor-created Endowment**

Restricted funds that have been received by a donor to be maintained as a permanently restricted endowment. Donors can either specify a purpose restriction or allow the organization to determine how the investment earnings will be spent.

### **Endowment (Board-Designated/Funds Functioning as an Endowment/Quasi-Endowment)**

Governing boards may earmark (designate) a portion of unrestricted funds to function as board-designated endowment funds (sometimes called funds functioning as an endowment or quasi-endowment) to be invested to provide income for a long but unspecified period. The principal of a board-designated endowment, which results from an internal designation, is not donor restricted and remains classified as unrestricted net assets, as only a donor can restrict net assets for financial

statement purposes. These funds can be “undesignated” by the board at any time. Also, see Endowment (True Endowment) below for definition of funds restricted by donors to be maintained in perpetuity.

### **Endowment (True Endowment)**

Contributions received from donors which must be maintained by the organization in perpetuity. These are referred to as permanently restricted funds. Generally, the contribution itself (often referred to as the corpus or principal) is kept intact and the income generated by the corpus/principal is available to be spent by the organization. Permanently restricted funds increase when the organization receives contributions for which donor-imposed restrictions limiting the organization’s use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the organization meeting certain requirements. Also see Endowment (Board-Designated/Functioning as an Endowment/Quasi-Endowment) above for definition of unrestricted funds designated by the organization’s board to function like an endowment.

### **Foundation Gift**

Gifts from any foundation external to the organization. Foundations, typically established as nonprofit corporations or as charitable trusts, include private family foundations, community foundations, and corporate foundations.

### **Governmental Gift Pledges**

Written promises to give a gift of any value, payable over a predetermined amount of time. Include only pledges made by governmental agencies in the reporting year. Include applicable in-kind gifts. Do not include pledges from any other fundraising program, including annual gifts, major gifts, planned gifts, or special event gifts. Do not include

pledges from other donor constituencies (e.g., individuals, corporations, businesses, or foundations). Report written irrevocable pledges as recorded revenue and written revocable pledges as production revenue.

### **Governmental Gift Pledge Payments**

Payments made during the reporting year toward a governmental gift pledge. Do not report governmental gift pledge payments as recorded revenue or production revenue in the current reporting year, because the entire pledge has already been reported in either a previous or current reporting year.

### **In-kind Gifts**

Non-cash gifts of goods or services. Often in-kind gifts are made to special events to help produce the event. Such gifts may include printing, food preparation, or professional expertise. In-kind gifts are counted at fair market value.

### **Letters of Intent**

Document indicating a revocable or conditional intent to make a gift to an organization at some future time that contains a clause that allows the donor to cancel or alter the terms of the pledge under any or certain conditions, or makes payments conditional upon future events when the future event is uncertain is not irrevocable and so should be considered a Letter of Intent. If the chance is only remote that a stated condition will not be met, this is not considered a condition. Letters of Intent are reported as production revenue, not recorded revenue, since these are not recordable per GAAP. (See also: [Pledges](#)).

### **Major Gifts**

Gifts from individuals valued at \$10,000 or greater. Do not include gifts from individuals that are valued at \$10,000 or more and made as part of a planned gift or in response to

a special event, as these are reported as planned gifts or special event gifts.

### **Major Gift Pledges**

Written promises to give a gift valued at \$10,000 or more, payable over a predetermined amount of time. Include only pledges made by individuals in the reporting year. Include applicable in-kind gifts. Do not include pledges from any other fundraising program, including annual gifts, planned gifts, governmental grants, and special event gifts. Do not include pledges from other donor constituency types (e.g., corporations, businesses, foundations, or governmental agencies). Report written irrevocable pledges as recorded revenue and written revocable pledges as production revenue.

### **Major Gift Pledge Payments**

Payments made during the reporting year toward a major gift pledge. Do not report major gift pledge payments as recorded revenue or production revenue in the current reporting year, because the entire pledge has already been reported in either a previous or current reporting year.

### **Matured Bequests and Other Planned Gifts**

The proceeds of matured bequests and other matured planned gifts received during the reporting year. When these have already been recorded as gifts in previous reporting periods, these are not new gifts. Only when previously not recorded are these considered gifts in the reporting period.

### **Online Gifts**

Gifts made through electronic technology such as online giving portals, text-to-give, crowdfunding/peer-to-peer initiatives. Also, these gifts can be used effectively for “gift fulfillment” by donors wishing to make payments on existing pledges.

### **Outright Gifts**

A contribution (in which the donor retains no interest) available for the organization’s use now, that was received for either unrestricted or restricted use in furtherance of the organization’s mission, and for which the organization has made no commitment of resources or services other than, if applicable, committing to use the gift as the donor specifies.

### **Permanently Restricted Endowment Funds**

Funds that are established with donor gifts that are maintained in perpetuity. Such gifts become a permanently restricted net asset, the principal of which is maintained and the income from which may be spent for particular purposes, or for unspecified purposes per the endowment agreement (See also: [Board-designated/Quasi-endowments](#)).

### **Personal Property Gifts**

Any tangible item that is not real estate. Automobiles, used clothing, and used medical equipment are typical personal property gifts. Occasionally, an in-kind gift also can be a gift of personal property as in the gift of new medical equipment to a hospital by the manufacturer. Personal property gifts may or may not be deductible. Donors should seek the advice of their tax counsel.

### **Planned Gifts**

A gift, usually of significant size, made with forethought about the benefit to the organization and the financial planning implications to the donor. Planned gifts often are equated with deferred gifts (in which a commitment is made today but the funds are not available to the organization until a later time) such as bequests, life insurance policy beneficiary designations, gifts of residual interests such as charitable remainder trusts, or other similar arrangements. A planned

gift is often part of a longer-term major gift strategy in which donors maintain interest during their lifetime, even after the gift is made. Report these only if you have received written documentation from the donor. Planned Gifts that are irrevocable are included in recorded revenue, while Planned Gifts that are documented, yet are revocable, are included in production revenue.

### **Pledges**

A written promise to make a future gift. Irrevocable pledges are reported as recorded revenue at the time the pledge is made. Revocable pledges are reported as production revenue at the time the pledge is made (See also: [Letters of Intent](#)).

### **Private Foundation Multi-Year Pledges**

Written promises made by a private foundation to give a gift of any value payable over a predetermined number of years. Include only pledges made during the reporting year. Do not include pledges from individuals, groups, or corporations in this category. Do not include pledges from any other program, including annual gifts, major gifts, planned gifts, governmental grants, or special event gifts. Report written irrevocable pledges as recorded revenue and written revocable pledges as production revenue.

### **Private Foundation Pledge Payments**

Payments made during the reporting year toward a foundation pledge. Do not report foundation pledge payments as recorded revenue or production revenue in the current reporting year, because the entire pledge has already been reported in either a previous or current reporting year.

### **Production Revenue**

Includes recorded revenue plus revocable, written deferred gifts that are not yet recordable per GAAP due to revocability and/

or conditions on the gift (such as conditional pledges or revocable bequests) to allow the gift to be recorded for financial statement purposes (See also: [Recorded Revenue](#)).

### **Quid Pro Quo Contributions**

"Quid pro quo" is Latin for "something in return." Benefits received by a donor in return for a contribution are considered "quid pro quo." Said another way, a quid pro quo contribution is a payment made partly as a contribution and partly in consideration for goods or services provided to the donor. An example of this would be when an organization holds a fundraising event and, in exchange for a contribution, the donor receives goods or services as part of the fundraising event.

### **Recorded Revenue**

All irrevocable outright and irrevocable written deferred gifts received during the reporting year made in any form, such as cash and securities, non-cash gifts such as personal and real property, unconditional pledges, or irrevocable bequests (See also: [Production Revenue](#)).

### **Special Event Gifts**

Gifts of any value made via any event sponsored by the organization, held for the purpose of raising money, building awareness of the organization, and expanding constituencies. For benchmarking purposes, special events are divided into three main categories: Highly structured events (e.g., galas, dinners, balls, fashion shows); sporting events (e.g., golf, tennis); and large-scale community-based events (seeking broad public participation; e.g., runs/walks). Include all gross special event income, such as ticket sales, auction receipts, corporate sponsorships, and event underwriting. Include all applicable in-kind gifts.

### **Special Event Pledges**

Written promise to give a gift of any value by an individual, a sponsoring corporation, or other entity over a predetermined period of time. Include only pledges made during the reporting year. Include applicable in-kind gifts. Do not include pledges from foundations or corporations. Do not include pledges from any other program, including annual gifts, major gifts, governmental grants, or planned gifts. Report written irrevocable pledges as recorded revenue and written revocable pledges as production revenue.

### **Special Event Pledge Payments**

Payments made during the reporting year toward a Special Event pledge. Do not report special event pledge payments as recorded revenue or production revenue in the current reporting year because the entire pledge has already been reported in either a previous or current reporting year.

### **Split-Interest Gifts**

A trust where the trust income and remainder interest are split between two or more parties, such as between living beneficiaries and remainder beneficiaries at the end of the trust's term. The IRS gives special tax treatment to Charitable Remainder Unitrusts (CRUTs), Charitable Remainder Annuity Trusts (CRATs), Charitable Lead Trusts (CLTs), Pooled Income Funds, and Charitable Gift Annuities as split-interest agreements.

## **Donor Types**

This section features information on various types of donor constituencies, including individuals, groups, and corporations. For more information on gift reporting for different donor constituencies, see [Chapter 4](#).

### **Annual Gift Donors**

Individual donors who give a gift of less than \$10,000.

### **Board Member Donors**

Donors affiliated with the organization as a healthcare system, facility, and/or foundation board member, regardless of whether the board is a fiduciary/governing board or a non-fiduciary/non-governing board.

### **Corporation/Business Donors**

Business donors, whether incorporated or not, and whether organized as a for-profit or as a not-for-profit.

### **Corporate Foundation Donors**

Foundation donors that receive the majority of their funding from a for-profit corporation whose name it bears. While a company-sponsored foundation may maintain close ties with its parent company, it is an independent organization with its own funds.

### **Employee Donors**

Staff donors from the organization's healthcare system, facility, foundation, and other applicable facility or department.

### **Gift Clubs**

Clubs that require member donors to make a specified annual gift (at prescribed levels) to sustain membership.

### **Hospital Auxiliary Donors**

Donors from a separately incorporated organization of volunteers whose efforts are committed to providing volunteer hours and/or raising funds. Note that hospital auxiliaries are not always separately incorporated. This does not include contributions from auxiliary donors from departments of the healthcare organization.



### **Individual Donors**

Persons who make financial contributions to the organization. This constituency is considered as one but also may be broken down into sub-categories (e.g., grateful patients, major donors, annual donors, planned gift donors)

### **Lapsed Donors**

Donors who contributed a gift in the past but have not given for a certain period of time as determined by the organization.

### **Major Gift Donors**

Individuals who give a gift of \$10,000 or more.

### **Non-senior Leadership Donors**

Donors who serve as the organization's healthcare system or entity staff who are not members of Senior Leadership.

### **Physician Donors**

Individual donors who are physicians (both employed and those who are not employed, but affiliated) or are from physician groups.

### **Private Foundation Donors**

Foundation donors from a legal entity set up and funded by an individual, family, or group of individuals for the purpose of making charitable gifts and grants to unrelated organizations.

### **Senior Leadership Donors**

Donors who serves as the organization's healthcare system or entity staff who are members of the core leadership team (chief executive officer, chief financial officer, chief strategy officer).

### **Support Group Donors**

Donors from a separately incorporated organization (apart from hospital auxiliaries), organized for the express purpose of providing support to the hospital (such as

guilds or minimum gift clubs) that make gifts to the hospital or the foundation from the proceeds of its activities.

## **Fundraising Program Types**

When reporting revenue as recorded revenue or production revenue, fundraising dollars are attributed to the applicable fundraising program in which the dollars were raised. These fundraising program types include annual gifts, major gifts, planned gifts, corporate/business gifts, foundation gifts, governmental grants, and special event gifts. For more information on fundraising program types, see [Chapter 3](#).

### **Acquisition Direct Mail Gifts**

Gifts received via an annual gift mailing program that sends information and solicitation materials to individuals who have never made a contribution, or who have not made a contribution within the last two years (or within a given time period as set by the organization).

### **Annual Gifts**

Gifts from individuals valued at less than \$10,000.

### **Campaign Gift**

A gift received during a campaign that is set with a specific time limit, with a specific beginning and end spanning multiple years, which generally has a named purpose, scope, and set dollar goal.

### **Comprehensive Campaign Gifts**

Gifts from a campaign that encompasses fundraising for many needs of an organization, not just capital but also programmatic, endowment, annual gifts, planned gifts, and other sources.

### **Corporate/Business Gifts**

Gifts of any value from corporations (including separately incorporated auxiliaries and support groups) businesses, and corporate foundations.

### **Foundation Gifts**

Gifts from any private family foundation, community foundation, general purpose foundation, or independent foundation established as a not-for-profit corporation or a charitable trust.

### **Governmental Grants**

Dollars from any governmental agency that the philanthropy function was responsible for raising. Include grants, contracts, and cooperative agreements when the beneficiary of the grant's work is the organization and not the donor.

### **Major Gifts**

Gifts from individuals valued at \$10,000 or more.

### **Planned Gifts**

Gifts or commitments made as part of an estate plan (e.g., bequests, split-interest gifts, such as charitable remainder trusts, charitable lead trusts, and charitable gift annuities, life insurance or testamentary trusts) or other financial plan in which the organization is designated as a beneficiary.

### **Private Foundation Gifts**

Gifts from a legal entity set up by an individual, family, or group of individuals for the purposes of making charitable gifts and grants to unrelated organizations.

### **Renewal Direct Mail Gifts**

Gifts received via an annual gift mailing program that sends information to individuals who have made a previous direct mail gift to the organization within the last two years (or within a given time period as set by the organization).

### **Special Event Gifts**

Gifts received via any event sponsored by the organization, held for the purpose of raising money, building awareness of the organization, and expanding constituencies. AHP considers the following categories of events: Highly structured (e.g., galas); sporting events (e.g., golf tournaments); and community based (e.g., runs/walks).

## **Management and Operations**

This section provides definitions to aid you in data management, including understanding the different components of expense reporting. For more information on expenses with information on accounting standards per GAAP, FASB, and the IRS, see [Chapter 2](#).

### **Academic Medical Center**

An organization with a medical school and at least one university-based hospital.

### **Activity**

Behind-the-scenes work that facilitates major gift strategy and may also represent informal, passive, or maintenance interactions with a donor or prospect.

### **Behavioral Health Facility**

An organization whose primary goal is to provide psychiatric services for the diagnosis and treatment of mentally ill people, although physicians may be available to treat other medical conditions.

### **Centralized**

A structure in which each individual fundraising entity within a healthcare system operates and is coordinated through a centralized (or regionalized) philanthropy office.



### **Children's Hospital**

A healthcare facility that provides inpatient beds, continuous nursing services and an organized medical staff providing diagnosis and treatment for a variety of diseases and disorders specifically related to children.

### **Community Hospital**

A healthcare facility supporting non-federal, short-term general, and other special hospitals.

### **Contact**

Phone calls to or personal visits with individual donor prospects.

### **Decentralized**

A structure in which each individual fundraising entity within a healthcare system operates with little or no centralized (or regionalized) philanthropy office support.

### **Direct Fundraising Staff**

Individuals performing front-line fundraising activities, typically including the following functions: Chief Philanthropy/Development Officer (CPO/CDO), executive director, vice president of philanthropy, directors of philanthropy/development, annual gifts, major gifts, planned gifts, special events, campaign fundraising, public and private grant writing, corporate and foundation relations, and other fundraising specialists with direct fundraising responsibilities.

### **Entity**

Single Healthcare Entity; Either a stand-alone facility or a facility within a healthcare system for which there is an organized fundraising program.

### **Entity Chief Philanthropy/Development Officer**

Chief executive of the individual hospital or other healthcare organization's philanthropy office.

### **Fiscal Year**

Any 12-month corporate accounting period other than the calendar year.

### **Formal Proposal**

Written document to request a donation (typically of a specified amount) from a donor prospect.

### **Foundation**

Private family foundations, community foundations, general purpose foundations, and independent foundations established as a not-for-profit corporation or a charitable trust, with a principal aim of making grants to unrelated organizations or to individuals, for charitable purposes. For benchmarking, this broad definition encompasses all foundation types, except corporate foundations which are reported as corporate/business gifts.

### **FTE**

Full-time equivalent employee.

### **Fundraising Expense Budget**

Portion of an organization's budget that is devoted to the cost of fundraising.

### **Generalist**

Staff members who do not specialize in a specific fundraising program.

### **Highly Structured Special Event**

Includes formal sit-down events such as dinners, galas, balls, and fashion shows conducted to raise money.

### **Home Care/Hospice Facility**

A program offering palliative care, chiefly medical relief of pain and supportive services, addressing the emotional, social, financial and legal needs of terminally ill patients and their families.

## Hybrid

A structure in which a centralized (or regionalized) philanthropy office offers and provides either a limited or wide array of specialized support services to individual fundraising entities within the healthcare system. The services offered and provided may exist in varying degrees (e.g., limited services to all or almost all individual fundraising entities, complete services to just a few individual fundraising entities, etc.).

## Indirect Fundraising Staff

Individuals who are not responsible for front-line fundraising activities. Some examples of the work these individuals perform to support fundraising are: general writing; public relations; marketing; finance, including the tasks of the CFO; operations; information technology; prospect research; gift receipting; data management; data analysis; human resources; development coordinator; administrative assistant; clerical support; and other specialists and generalists without direct fundraising responsibilities.

## Large-scale Community-based Special Events

Special events that seek public participation such as runs and walks, conducted to raise money.

## Moves

Also referred to as “Actions”. Refers to major and planned giving activity and relates to all meaningful cultivation activity (e.g., phone calls, letters, and visits) made after current and prospective donors respond to a mailing or personal appeal.

## Net Operating Revenue (Canada)

Operating revenue after all reported operating expenses have been deducted for the year. Also known as “excess revenue over expenses,” as shown on the organization’s financial statement.

## Net Operating Revenue (United States)

Net total of all patient and non-patient revenue less “contractual allowances” such as discounts from charges provided to insurers, including Medicare, charity care, and bad debts, as shown on the organization’s financial statement.

## Non-compensation Expense

Expenses unrelated to compensation (e.g., materials, supplies, travel, rent).

## Non-philanthropy Expense

Expenses devoted to non-philanthropy management and administrative duties, including but not limited to hospital administrative duties assigned that are not related to philanthropy (e.g., gift shop/volunteer services/community benefit oversight/hospital service excellence), outside community activities (e.g., service on boards, memberships in service clubs), non-philanthropy speaking engagements on behalf of hospital, and hospital rounds/on-call.

## Non-System-Affiliated Foundation

A fundraising entity which is a separate legal entity from the hospital(s)/system it supports, and which is not affiliated with a larger system including other fundraising entities.

## Non-System-Affiliated Philanthropy Department

A fundraising entity which is not a separate legal entity, but, rather, is simply a department of the hospital(s)/system it supports, and which is not affiliated with a larger system including other fundraising entities.

## Personal Solicitation Visits

Visits between philanthropy staff members and potential donors to request a gift.

### **Philanthropy Administrative Expense**

Classified as indirect expenses, they may include, but are not limited to: preparing reports; audits, accounting, taxes and other financial matters; meetings with staff; human resource support; dealing with vendors; board recruitment, development, and meetings; and reviewing documents, including minutes, agendas, and healthcare system meetings and reporting.

### **Professional Donor Advisor**

Attorneys, certified public accountants, trust officers, insurance agents, investment advisors, and other members of professions generally recognized as having close ties to donors and potential donors.

### **Rent/Occupancy**

Actual rent paid, if philanthropy operations are self-funded. In circumstances where the philanthropy operation occupies the hospital or healthcare system space, a reasonable and fair amount based on local market rental rates should be allocated. For absent local market rental rates, use \$25 per square foot per reporting year.

### **Reporting Entity Type**

Organization type of the reporting entity. Options include healthcare systems reporting on behalf of multiple entities, or a single entity such as a hospital foundation or philanthropy department.

### **Reporting Year**

A common timeframe used to gather, report, and compare data. For some organizations, this refers to a fiscal year that most commonly ends June 30 or September 30. For others, it might refer to the traditional calendar year that ends December 31. Data analysis includes a full (calendar or fiscal) reporting year.

### **Service Area**

Also referred to as “Region” or “Division”. The locality served by the facility or facilities within a healthcare system. Characteristics of a service area include: population size, geographic classification (urban, rural, or suburban), average age of residents, and median household income for each hospital or health system service area. This information can be obtained by searching the United States Census Bureau website ([www.census.gov](http://www.census.gov)) or the Statistics Canada website ([www.statcan.gc.ca](http://www.statcan.gc.ca)).

### **Specialist**

A philanthropy/development officer whose practice focuses on a particular fundraising program such as major gifts or planned gifts.

### **Sporting Special Event**

Includes golf, tennis, and other sporting events conducted to raise money.

### **Staffed Beds**

The number of beds that are licensed and physically available and for which staff are on hand to attend to the patients who occupy those beds. Staffed beds include both those that are occupied and vacant.

### **System**

Healthcare system; Group of hospitals or other healthcare entities that are organized under and/or are affiliated with a corporate umbrella structure.

### **System-Affiliated Foundation**

A fundraising entity which is a separate legal entity from the hospital(s)/system it supports, and which is affiliated with a larger system including other fundraising entities.

**System-Affiliated Philanthropy Department**

A fundraising entity which is not a separate legal entity, but, rather, is simply a department of the hospital(s)/system it supports, and which is affiliated with a larger system including other fundraising entities.

**Tax Credit**

The amount that may be subtracted from the tax otherwise payable by a taxpayer in Canada. Individual Canadian taxpayers may claim tax credits generated through charitable giving.

**Tax Deduction**

The amount that might be subtracted from adjusted gross income before calculating income tax; or, in the United States, the amount that might be subtracted from the adjusted gross estate when calculating estate tax, or from the amount of the gift when calculating the gift tax. In Canada, only corporations are entitled to claim tax deductions.

**Tertiary Hospital**

A highly specialized medical care facility that contains one or more “Centers of Excellence,” typically the “hub” of a healthcare system.

# Appendix B: Sample Reports

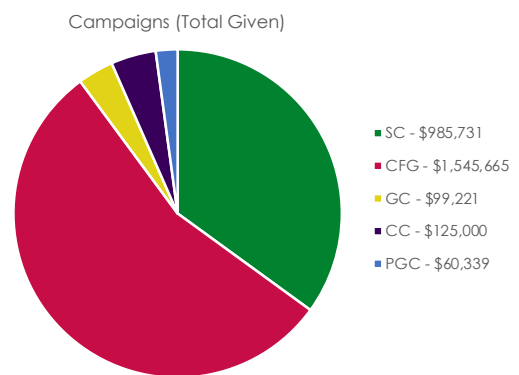
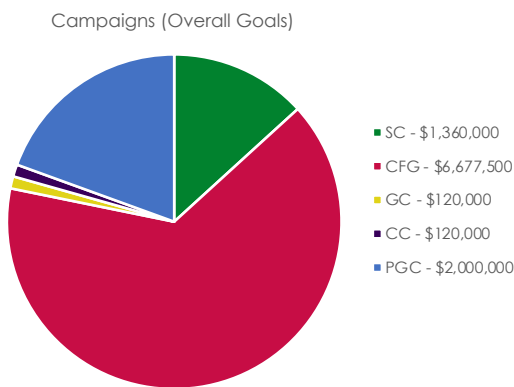
The following examples are all provided by volunteer AHP members.

## Sample Program Performance Dashboards

### Major Gifts Team Dashboard

Major Gifts Team Dashboard																
Philanthropy Officer Dashboard Report																
Dashboard	Weekly Target	(Prev) Weekly Actual		Monthly Target	(Prev) Monthly Actual		(Current) Monthly Actual		Qrtly Target	(Prev) Qrtly Actual		FYTD Target	FYTD Actual		Yearly Target	% Goal (FYTD Actual / Yearly Target)
F2F Meetings	14.7	25	24	56.5	121	104	72	61	221.0	194	125	339.1	464	246	663.0	69.98%
Solicitations - 10K+	4.4	5	5	11.0	7	7	9	9	49.5	25	25	66.0	46	46	156.0	29.49%
Gifts Closed - 10K+	2.1	5	5	5.0	7	7	9	9	18.0	13	13	30.0	36	34	61.0	59.02%
Referrals to Thompson	0.7	1	1	2.7	1	1	2	2	8.2	4	4	16.4	10	10	34.0	29.41%
Planned Gifts Closed	0.1	0	0	1.4	0	0	0	0	4.3	2	2	8.1	3	3	17.0	17.65%

Fiscal Year to Date Report									
7/1/2018 thru 6/30/2019									
ID	Campaign	Donors	Avg Donor	Gifts	Avg Gift	Total Given	Goal	Over (Under)	% Goal
SC	Sustaining Gifts (Non CFG)	1,752	\$562.63	2,704	\$358.84	\$985,730.52	\$1,360,000	(\$374,269.48)	72.48%
CFG	Caring For Generations Gifts	754	\$2,049.95	848	\$1,818.43	\$1,545,665.14	\$6,677,500	(\$5,131,834.86)	23.15%
GC	Growth/ Endowment Gifts (Non CFG)	194	\$511.45	206	\$479.33	\$99,220.85	\$120,000	(\$20,779.15)	82.68%
CC	Capital Project Gifts (Non CFG)	3	\$41,666.67	3	\$41,666.67	\$125,000.00	\$120,000	\$5,000.00	104.17%
PGC	Planned Gifts Committed (Non CFG)	1	\$60,339.03	1	\$60,339.03	\$60,339.03	\$2,000,000	(\$1,939,660.97)	3.02%
		<b>2,704</b>	<b>\$1,041.40</b>	<b>3,762</b>	<b>\$748.53</b>	<b>\$2,815,955.54</b>	<b>\$10,277,500</b>	<b>(\$7,461,544.46)</b>	<b>27.40%</b>



## Major Gifts Team Dashboard (continued)

Major Gifts Team Dashboard Philanthropy Officer Dashboard Report		
Proposals Asked (based on Proposal Solicitors)	Current Month	Current FY
Amy	\$70,000	\$95,000
\$25,000 - 99,999	\$70,000	\$95,000
Lisa	\$50,000	\$420,000
\$10,000 - 24,999		\$20,000
\$25,000 - 99,999	\$50,000	\$100,000
\$100,000 - 999,999		\$300,000
Pete	\$70,000	\$295,000
\$10,000 - 24,999		\$50,000
\$25,000 - 99,999	\$70,000	\$145,000
\$100,000 - 999,999		\$100,000
\$1,000,000 Plus		
Stella	\$70,000	\$285,000
\$10,000 - 24,999	\$20,000	\$60,000
\$25,000 - 99,999	\$50,000	\$125,000
\$100,000 - 999,999		\$100,000
\$1,000,000 Plus		
Mark		\$560,000
\$10,000 - 24,999		\$10,000
\$25,000 - 99,999		\$50,000
\$100,000 - 999,999		\$500,000
\$1,000,000 Plus		
Diane	\$182,500	\$1,032,500
\$10,000 - 24,999	\$37,500	\$187,500
\$25,000 - 99,999	\$145,000	\$345,000
\$100,000 - 999,999		\$500,000

## Major Gifts Team Dashboard (continued)

Major Gifts Team Dashboard Philanthropy Officer Dashboard Report		
Proposals Funded (based on Proposal Solicitors)	Current Month	Current FY
Amy		
\$10,000 - 24,999		
\$25,000 - 99,999		
Lisa	\$25,000	\$617,558
\$10,000 - 24,999		
\$25,000 - 99,999	\$25,000	\$132,558
\$100,000 - 999,999		\$485,000
\$1,000,000 Plus		
Pete	\$35,000	\$72,500
\$10,000 - 24,999	\$10,000	\$22,500
\$25,000 - 99,999	\$25,000	\$50,000
\$100,000 - 999,999		
Stella	\$50,000	\$50,000
\$10,000 - 24,999		
\$25,000 - 99,999	\$50,000	\$50,000
\$100,000 - 999,999		
\$1,000,000 Plus		
Mark	\$85,000	\$634,558
\$10,000 - 24,999	\$10,000	\$27,000
\$25,000 - 99,999	\$75,000	\$207,558
\$100,000 - 999,999		\$400,000
\$1,000,000 Plus		
Diane	\$85,000	\$832,812
\$10,000 - 24,999	\$35,000	\$100,000
\$25,000 - 99,999	\$50,000	\$282,812

## Major Gifts Team Dashboard (continued)

Major Gifts Team Dashboard Philanthropy Officer Dashboard Report			
Proposals Asked (based on Proposal Solicitors)	Current Month	Current FY	Previous FY
Diane	\$182,500	\$1,032,500	\$9,350,000
\$1,000,000 Plus			\$7,000,000
Patricia		\$142,964	\$6,710,248
\$10,000 - 24,999		\$40,000	\$59,332
\$25,000 - 99,999		\$102,964	\$200,000
\$100,000 - 999,999			\$1,350,916
\$1,000,000 Plus			\$5,100,000
Todd		\$428,000	\$1,410,000
\$10,000 - 24,999			\$10,000
\$25,000 - 99,999		\$28,000	
\$100,000 - 999,999		\$400,000	\$200,000
\$1,000,000 Plus			\$1,200,000
Mary	\$50,000	\$247,500	\$1,627,500
\$10,000 - 24,999		\$97,500	\$147,500
\$25,000 - 99,999	\$50,000	\$150,000	\$130,000
\$100,000 - 999,999			\$350,000
\$1,000,000 Plus			\$1,000,000
<b>Grand Totals:</b>	<b>\$492,500</b>	<b>\$3,505,964</b>	<b>\$39,480,248</b>



## Major Gifts Team Dashboard (continued)

Major Gifts Team Dashboard Philanthropy Officer Dashboard Report		
Proposals Funded (based on Proposal Solicitors)	Current Month	Current FY
Amy		
\$10,000 - 24,999		
\$25,000 - 99,999		
Lisa	\$25,000	\$617,558
\$10,000 - 24,999		
\$25,000 - 99,999	\$25,000	\$132,558
\$100,000 - 999,999		\$485,000
\$1,000,000 Plus		
Pete	\$35,000	\$72,500
\$10,000 - 24,999	\$10,000	\$22,500
\$25,000 - 99,999	\$25,000	\$50,000
\$100,000 - 999,999		
Stella	\$50,000	\$50,000
\$10,000 - 24,999		
\$25,000 - 99,999	\$50,000	\$50,000
\$100,000 - 999,999		
\$1,000,000 Plus		
Mark	\$85,000	\$634,558
\$10,000 - 24,999	\$10,000	\$27,000
\$25,000 - 99,999	\$75,000	\$207,558
\$100,000 - 999,999		\$400,000
\$1,000,000 Plus		
Diane	\$85,000	\$832,812
\$10,000 - 24,999	\$35,000	\$100,000
\$25,000 - 99,999	\$50,000	\$282,812

## Major Gifts Team Dashboard (continued)

<b>Major Gifts Team Dashboard</b> Philanthropy Officer Dashboard Report			
Proposals Funded (based on Proposal Solicitors)	Current Month	Current FY	Previous FY
Diane	\$85,000	\$832,812	\$2,397,500
\$100,000 - 999,999		\$450,000	\$700,000
\$1,000,000 Plus			\$1,000,000
Patricia		\$102,964	\$3,870,000
\$10,000 - 24,999			\$45,000
\$25,000 - 99,999		\$102,964	\$75,000
\$100,000 - 999,999			\$250,000
\$1,000,000 Plus			\$3,500,000
Todd		\$300,000	\$414,050
\$10,000 - 24,999			\$10,000
\$100,000 - 999,999		\$300,000	\$404,050
Mary	\$50,000	\$393,012	\$1,229,675
\$10,000 - 24,999		\$50,200	\$95,010
\$25,000 - 99,999	\$50,000	\$157,812	\$134,665.51
\$100,000 - 999,999		\$185,000	
\$1,000,000 Plus			\$1,000,000
<b>Grand Totals:</b>	<b>\$330,000</b>	<b>\$3,003,404</b>	<b>\$17,628,463</b>

# Sample GAAP Dashboard

This GAAP Dashboard shows results based on Generally Accepted Accounting Principles.

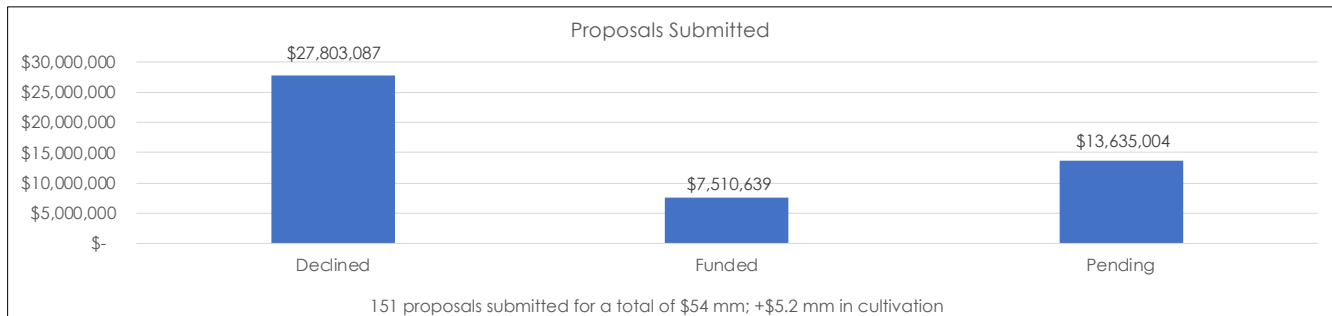
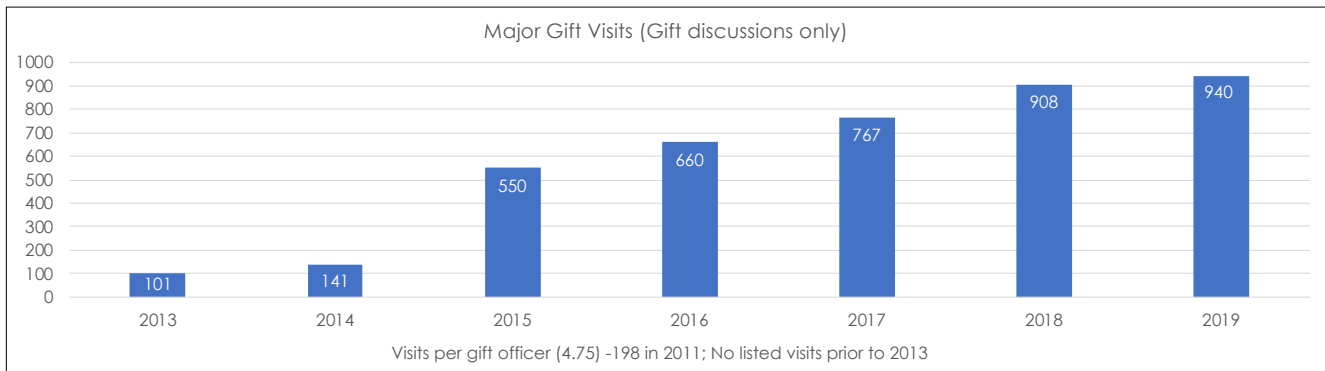
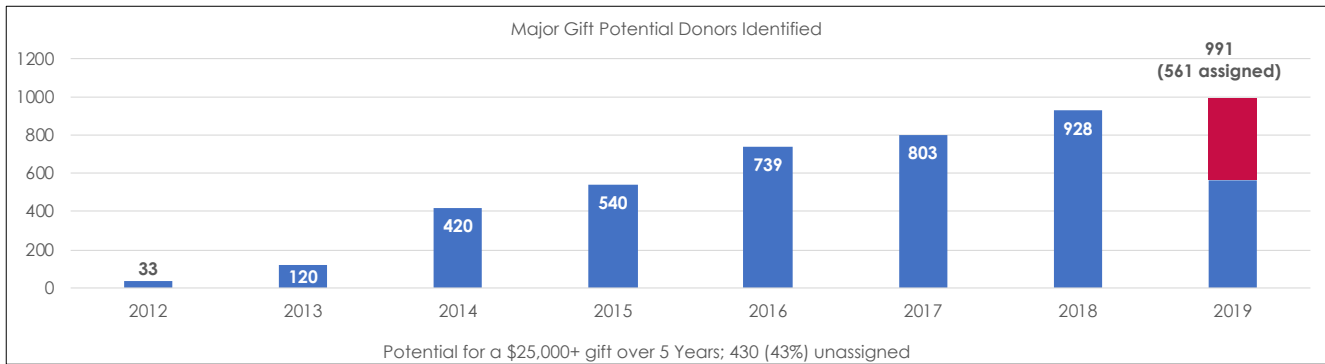
Audited Financials									Audited Financials FY 2013 to 2017	Long Range Plan FY 2017 to FY 2021 Approved 4/27/14
Income Statement	FYE 6/30/20 (budget)	FYE 6/30/19 (forecast)	FYE 6/30/18	FYE 6/30/17	FYE 6/30/16	FYE 6/30/15	FYE 6/30/14	FYE 6/30/13	Multi Year Average	LRP Average
Contributions	\$6,400,000	\$6,777,474	\$4,189,752	\$8,189,142	\$3,977,872	\$5,548,028	\$4,382,617	\$2,464,896	\$4,792,051	\$10,034,898
Events	\$695,000	\$814,272	\$972,253	\$902,884	\$632,842	\$517,714	\$325,105	\$324,881	\$612,613	\$417,002
Sub Total Revenue	\$7,095,000	\$7,591,746	\$5,162,005	\$9,092,026	\$4,610,714	\$6,065,742	\$4,707,722	\$2,789,777	\$5,404,664	\$10,451,900
Investment Income	\$1,446,958	\$3,667,202	\$2,457,565	(\$5,056,820)	(\$1,481,433)	\$3,098,744	\$1,114,454	\$40,817	\$28,888	\$1,200,000
Health Gain (5% of operating surplus)	\$1,750,000	\$1,943,536	\$2,151,709	\$3,115,534	\$1,700,941	\$1,816,848	\$2,151,867	\$1,701,633	\$2,106,422	\$1,409,754
Total Revenue	\$10,291,958	\$13,202,484	\$9,771,279	\$7,150,740	\$4,830,222	\$10,981,334	\$7,974,043	\$4,532,227	\$7,539,974	\$13,061,654
					97.19%	-23.99%				
Expenses	2020	2019	2018	2017	2016	2015	2014	2013	Multi Year Average	LRP Average
Program & Grants <sup>1</sup>	\$3,146,171	\$2,515,453	\$2,545,790	\$2,258,362	\$2,781,180	\$3,149,347	\$3,280,621	\$3,321,954	\$2,889,542	N/A
Administration	\$911,850	\$720,487	\$737,798	\$634,335	\$813,445	\$617,369	\$329,228	\$217,312	\$558,248	N/A
Fundraising	\$1,013,495	\$800,800	\$876,492	\$925,096	\$752,394	\$623,365	\$536,096	\$429,205	\$690,441	N/A
Total Administration & Fundraising	\$1,925,345	\$1,521,287	\$1,614,290	\$1,559,431	\$1,565,840	\$1,240,734	\$865,324	\$646,517	\$1,248,689	\$2,212,751
payment of cost	\$425,000	\$475,000	\$456,310	\$406,310	\$365,452	\$386,003	\$381,004	\$369,937	\$394,169	N/A
1 Grants and other community health improvement work, including salary and direct cost										
BENCHMARKS/Dashboard										
Net Fundraising Returns	2020	2019	2018	2017	2016	2015	2014	2013	6 Year Average	LRP Average
AHP - All US Health Institutions				\$1,880,278	\$3,700,000					
PLC - Peer Group Median (3 yr. average)				\$5,980,000						
FDN Actual (Contribution + Event Revenue) minus (Total Admin & Fundraising Expense)	\$5,169,655	\$6,070,459	\$3,547,715	\$7,532,595	\$3,044,874	\$4,825,008	\$3,842,398	\$2,143,260	\$4,155,975	N/A
Fundraising Revenue to Expense	2020	2019	2018	2017	2016	2015	2014	2013	6 Year Average	LRP Average
FDN Board	\$4.00 to 1	\$4.00 to 1	\$4.00 to 1	\$4.00 to 1	\$4.00 to 1	\$4.00 to 1	\$4.00 to 1	\$4.00 to 1	\$4.00 to 1	\$4.00 to 1
AHP - All US Health Institutions	N/A	N/A	N/A	\$3.58	\$3.72	\$3.49	\$4.17	\$3.58	\$3.71	N/A
PLC - Peer Group Median (3 yr. average)	N/A	N/A	N/A	3.86	3.86	\$3.86	\$3.86	\$3.86	N/A	N/A
FDN Actual (Contribution + Event Revenue) / (Total Admin & Fundraising Expense)	\$3.69	\$4.99	\$3.20	\$5.83	\$2.94	\$4.89	\$5.44	\$4.32	\$4.44	\$4.72
Cost per \$\$ Production	2020	2019	2018	2017	2016	2015	2014	2013	5 Year Average	LRP Average
FDN Board (Minimum - Expected - Outstanding)	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15	\$0.35 - \$0.25 - \$0.15
AHP - Overall Databases	N/A	N/A	N/A	\$0.28	\$0.27	\$0.22	\$0.22	N/A	N/A	N/A
FDN Actual (Total Admin & Fundraising Expense) / (Contribution + Event)	\$0.27	\$0.20	\$0.31	\$0.17	\$0.34	\$0.20	\$0.18	\$0.23	\$0.24	\$0.21
Number of Staff	2020	2019	2018	2017	2016	2015	2014	2013	5 Year Average	LRP Average
Total Fundraising FTE's	9.9	8.9	8.9	8.77	8.23	7.3	5.35	4.5	7.17	10.25
Total Staff FTE's	16.25	15.25	15.25	15.45	15.58	13.05	9.25	7.5	12.68	17.75
Legend										
N/A - no benchmark set or benchmark not available										
Preliminary Numbers										

# Sample Management Effectiveness Reports

## Example: Operations – Statement of Activities with Ratios

	Year to date Actual	Year to date Budget	Variance	Total Budget	6/30/2018
<b>Revenue</b>					
Management Fees	\$665,264	\$425,179	\$240,085	\$425,179	\$371,662
Interest & Annuity Income	\$27,421	\$60,213	(\$32,792)	\$60,213	\$50,264
<b>Contributions</b>					
Hospital	\$363,689	\$367,080	(\$3,391)	\$367,080	\$363,443
Senior Center	\$50,000	\$50,000	\$0.04	\$50,000	\$50,000
Hospital	\$50,000	\$50,000	\$0	\$50,000	\$50,000
Hospital	\$20,833	\$50,000	(\$29,167)	\$50,000	\$50,000
Total Contributions	\$484,522	\$517,080	(\$32,558)	\$517,080	\$513,443
Total Revenue	\$1,177,207	\$1,002,472	\$174,735	\$1,002,472	\$935,368
<b>Expenses</b>					
Salaries	\$1,146,376	\$1,169,078	(\$22,702)	\$1,169,078	\$1,135,612
Employee Benefits	\$320,009	\$385,796	(\$65,787)	\$385,796	\$335,384
Insurance	\$1,423	\$2,100	(\$677)	\$2,100	\$1,149
Marketing	\$98,402	\$153,500	(\$55,098)	\$153,500	\$90,832
Contracted Services	\$235,799	\$299,125	(\$63,326)	\$299,125	\$160,535
Professional Fees	\$16,010	\$16,004	\$6	\$16,004	\$12,019
Supplies	\$64,688	\$71,280	(\$6,592)	\$71,280	\$82,865
Rent	\$91,765	\$80,300	\$11,465	\$80,300	\$83,528
Continuing Education	\$14,710	\$13,000	\$1,710	\$13,000	\$21,042
Annuity Interest	\$39,380	\$38,500	\$880	\$38,500	\$35,880
Event Expenses	\$408,299	\$330,000	\$78,299	\$330,000	\$381,323
Other	\$45,390	\$45,601	(\$211)	\$45,601	\$36,405
Depreciation Expense	\$1,295	\$8,200	(\$6,905)	\$8,200	\$1,295
Total Expenses	\$2,483,547	\$2,612,484	(\$128,937)	\$2,612,484	\$2,377,869
(Shortfall)/Increase in Unrestricted Assets	(\$1,306,340)	(\$1,610,012)	\$303,672	(\$1,610,012)	(\$1,442,501)
<b>Ratios</b>					
Fund Raising -Gross	\$7,304,559	\$6,814,044	\$490,515	\$6,814,044	\$4,648,562
Benchmark Expenses - 83.5% of Eligible Categories	\$1,622,243	\$1,799,829	(\$177,586)	\$1,799,829	\$1,566,329
Revenue to Expense	\$4.50	\$3.79	\$0.72	\$3.79	\$2.97
Cost to Raise a Dollar (CTRD)	\$0.22	\$0.26	(\$0.04)	\$0.26	\$0.34
Dollars raised per Fund raising FTE - 9.10	\$802,699	\$748,796	\$53,903	\$748,796	\$510,831

## Example: Program Performance

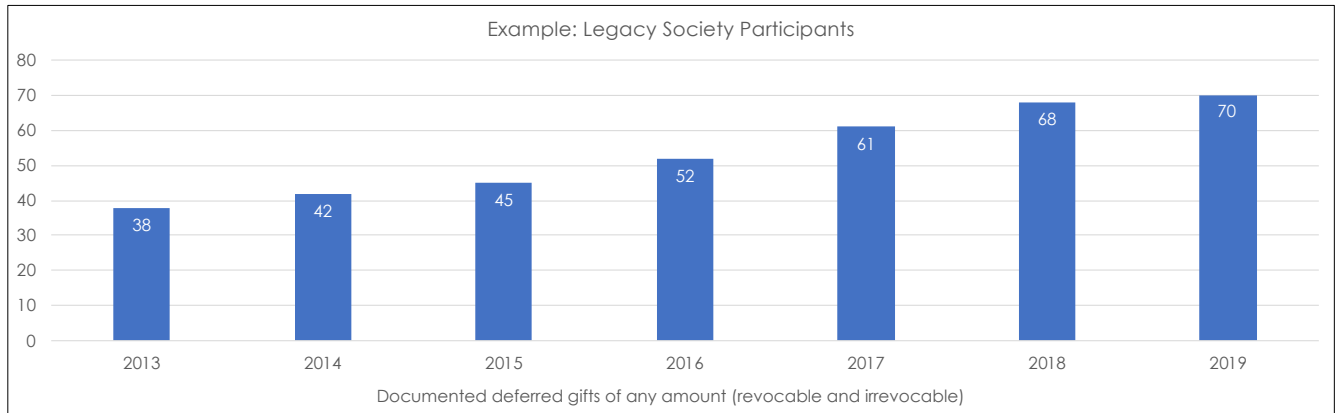


# Example: Philanthropy Dashboard (FY 2019) Through November 30, 2018

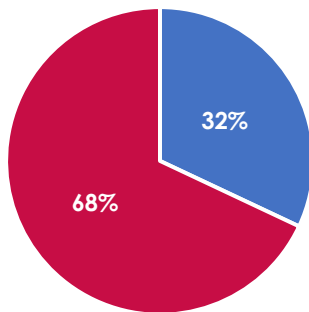
Example: Philanthropy Dashboard (FY 2019) Through November 30, 2018						
Category	Measure	FY 19 Actual	FY19 Target	FY18 Actual	FY17 Actual	Top 10 Pillar Alignment
Key Metrics Externally Reported	Total Dollars Raised	\$1,047,260	\$7,500,000	\$8,869,916	\$6,017,000	Finance
	Active Donors	448	4,500	4,251	4,956	Growth
	Donor Retention (Year over Year)	0%	60%	55%	51%	Growth
	All Board Giving (104 total)		100%	53%	87%	Finance
Internal Metrics						
Pipeline	Pipeline (Active Proposals Delivered)	\$21,403,657		\$4,512,690	\$4,800,000	Finance
Gifts & Pledges by Level	SSM +	0	1	1	0	Finance
	\$1M - \$4.9M	0	2	0	0	Finance
	\$100K - \$999.9K	1	15	12	12	Finance
	\$10K - \$99.9K	13	45	40	48	Finance
	\$1K - \$9.9K	45	215	191	228	Finance
	<\$1K	389	4,250	3,660	n/a	Finance
Consecutive Year Gifts & Pledges (excluding CMI)	1st Year Gifts & Pledges	232	0			Finance
	2 Years in a Row Gifts & Pledges	62	0			Finance
	3 Years in a Row Gifts & Pledges	29	0			Finance
	4 Years in a Row Gifts & Pledges	26	0			Finance
	5 Years in a Row Gifts & Pledges	2	0			Finance
	6 or 7 Years in a Row Gifts & Pledges	12	0			Finance
	8 or 9 Years in a Row Gifts & Pledges	2	0			Finance
	10+ Years in a Row Gifts & Pledges	2	0			Finance
Annual Giving	Active Donors	448	4,500	4,251	4,956	Growth
	Donor Retention	0%	60%	55%	51%	Growth
	Donor Retention \$500 or Less		60%		NA	Growth
	Donor Retention \$500 or More		65%		NA	Growth
	Employee Giving		\$150,000*	\$311,203	\$308,000	Growth
External Engagement	Staff Moves/Activities	744	1,712	1,189	1,217	Growth
	Identify/Qualify	162	792			Growth
	Cultivation	183	389			Growth
	Solicitation	104	215			Growth
	Donor Relations	265	231			Service
	Close	30	85			Growth
	Total Assists			225	189	People/Quality
	MD Assists	2		27	n/a	People/Quality
Volunteer Assists			127	n/a	People/Quality	
Special Events	Number of Events			n/a	n/a	People/Growth
	Revenue Received			n/a	n/a	People/Growth
Dollars Raised by Entity		\$965,087		\$2,540,791	n/a	Finance/Growth
		\$15,290		\$816,254	n/a	Finance/Growth
		\$10,225		\$115,636	n/a	Finance/Growth
		\$5,179		\$21,323	n/a	Finance/Growth
		\$51,479		\$5,375,912	n/a	Finance/Growth
Dollars Raised by Service Line/Public Support/Unrestricted	Cardiology	\$220,705		\$106,556	n/a	Finance/Growth
	Oncology	\$340,104		\$935,711	n/a	Finance/Growth
	Spine	\$26,614		\$170,925	n/a	Finance/Growth
	Women's	\$3,325		\$324,985	n/a	Finance/Growth
	Transplant	\$9,118		\$151,490	\$1.2M	Finance/Growth
	Public Support	\$157,708				Finance/Growth
	Unrestricted Dollars	\$123,547		\$911,404	n/a	Finance/Growth
Impact of Philanthropy Dollars Raised	ROI - 1 Year		\$3.44	\$4.61	\$3.04	Finance
	ROI - 3 Year		\$3.69	\$3.62	\$4.09	Finance
	ROI - 5 Year		\$4.06	\$5.69	\$5.64	Finance
	Revenue Equivalent of \$1M Raised					Finance
	Admission Equivalent of \$1M Raised					Finance

# Sample Constituency Outcomes

## Example: Legacy Society Participants



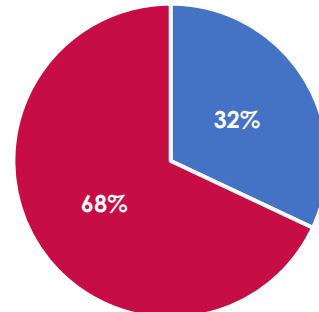
September 30, 2018



■ Fixed Income ■ Balanced

\$4,152,516  
Unitrusts held by others: \$946,024  
**Total: \$5,098,540**

September 30, 2018



■ Fixed Income ■ Balanced

\$19,318,000  
\*Unitrusts held by others: \$2,170,781  
**\*\*Total: \$21,488,781**

\* Market value at time of creation  
\*\*Includes gift annuity reserve funds

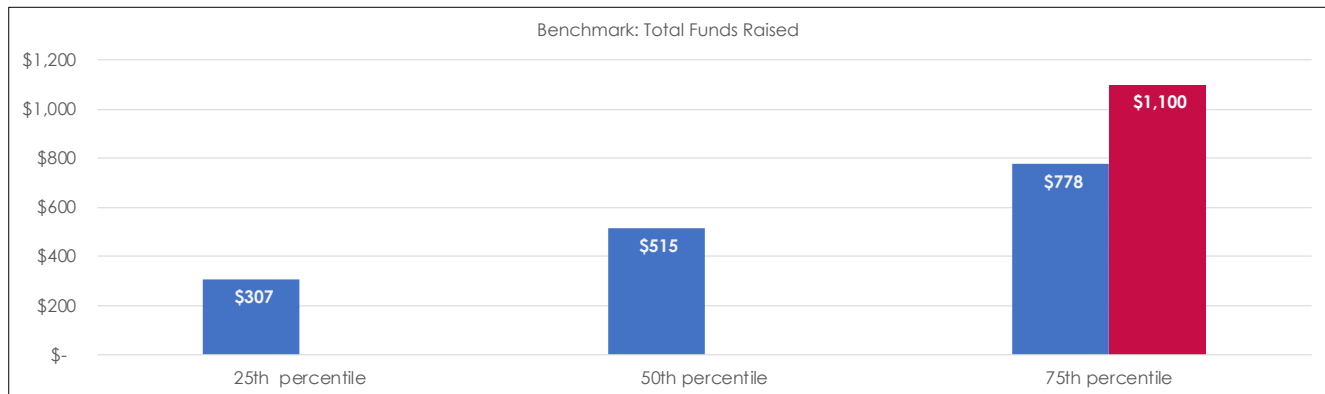
# Sample Foundation Philanthropy Metrics

## FY 18 through October 31, 2018

FY 18 through October 31, 2018						
Category	Measure	FY 18 Actual	FY18 Target	FY17 Actual	FY16 Actual	Top 10 Pillar Alignment
Key Metrics Externally Reported	Total Dollars Raised	\$1,047,260	\$7,500,000	\$8,869,916	\$6,017,000	Finance
	Active Donors	448	4,500	4251	4,956	Growth
Impact of Philanthropy Dollars Raised	ROI - 1 year		\$3.44	\$4.61	\$3.04	Finance
	ROI - 3 year		\$3.69	\$3.62	\$4.09	Finance
	ROI - 5 year		\$4.06	\$5.69	\$5.64	Finance

## Management Effectiveness Outcomes

### Benchmark: Total Funds Raised





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# AHP Commitment

Accountability to your donors, your Boards, and your C-suite is increasingly expected in today's evolving and data-driven landscape of not-for-profit healthcare delivery. Philanthropy is being held to a greater level of impact and return on investment. You and your team's ability to assemble, analyze and use data elevates your performance, improves decision making, and affirms philanthropy's ability to differentiate and improve your respective organization's performance.

AHP is deeply committed to the professional development of its members and the advancement of the healthcare philanthropy industry. The second edition of the AHP Standards Manual is evidence of our commitment to you and your organization to adopt these standards in your culture and practice. When used in combination with AHP's Performance Benchmarking Service, consistent application of the reporting standards allows you to accurately compare yourself to peers and will increase your confidence in your organization's philanthropy reporting.

Greater confidence inevitably leads to increased trust in your leadership, support and investment in your operation and ultimately, growth in philanthropy results and impact.

# AHP Statement of Professional Standards and Conduct

All members shall comply with the Association's Statement of Professional Standards and Conduct:

Association for Healthcare Philanthropy members represent to the public, by personal example and conduct, both their employer and their profession. They have, therefore, a duty to faithfully adhere to the highest standards and conduct in:

- I. Their promotion of the merits of their institutions and of excellence in health care generally, providing community leadership in cooperation with health, educational, cultural, and other organizations;
- II. Their words and actions, embodying respect for truth, honesty, fairness, free inquiry, and the opinions of others, treating all with equality and dignity;
- III. Their respect for all individuals without regard to race, color, sex, religion, national origin, disability, age or any other characteristic protected by applicable law;
- IV. Their commitment to strive to increase professional and personal skills for improved service to their donors and institutions, to encourage and actively participate in career development for themselves and others whose roles include support for resource development functions, and to share freely their knowledge and experience with others as appropriate;
- V. Their continuing effort and energy to pursue new ideas and modifications to improve conditions for, and benefits to, donors and their institution;
- VI. Their avoidance of activities that might damage the reputation of any donor, their institution, any other resource development professional or the profession as a whole, or themselves, and to give full credit for the ideas, words, or images originated by others;
- VII. Their respect for the rights of privacy of others and the confidentiality of information gained in the pursuit of their professional duties;
- VIII. Their acceptance of a compensation method freely agreed upon and based on their institution's usual and customary compensation guidelines which have been established and approved for general institutional use while always remembering that: Any compensation agreement should fully reflect the standards of professional conduct; and, antitrust laws in the United States prohibit limitation on compensation methods.
- IX. Their respect for the law and professional ethics as a standard of personal conduct, with full adherence to the policies and procedures of their institution;
- X. Their pledge to adhere to this Statement of Professional Standards and Conduct, and to encourage others to join them in observance of its guidelines.

# What others are saying about the AHP Standards Manual

“Many words of gratitude to the AHP community. The AHP Standards Manual represents philanthropy at its best – a compendium of best practices synthesized into standards through a collaborative process guided by volunteer leaders. The practical wisdom to which so many have contributed will bring greater clarity to processes and expectations, providing indispensable guidance for the future of healthcare philanthropy.”

## **Amir Pasic**

*Eugene R. Tempel Dean of the Indiana University Lilly Family School of Philanthropy*

“As healthcare philanthropy increases in size and complexity, the publication of the updated AHP Standards Manual is timely and on target in addressing the need for standardized reporting. This manual provides the opportunity for sound benchmarking that will drive strategic investment in healthcare fundraising.”

## **Shomari White**

*President, Association of Advancement Services Professionals  
Associate Vice President, Foundation Operations,  
Children's Hospital of Philadelphia Foundation (CHOP)*

“This second edition of the AHP Standards manual represents a significant advancement, both for gift reporting and for the general healthcare fundraising profession. It is an important step in the maturation of our field that will help improve consistency of reporting and therefore, our ability to benchmark across institutions and learn from each other. Congratulations to AHP and everyone who worked so diligently to improve this tool.”

## **James DeLauro, Ph.D.**

*Principal  
DeLauro and Associates*

“Access to good data from peer organizations is what sets the AHP Standards Manual and benchmarking apart from informal surveys and anecdotal sources. At the Ottawa Hospital Foundation, we believe it is essential to participate annually and benchmark our performance against other industry leaders. We now have our own database of our performance that provides management and the Board alike with solid information to inform decisions and evaluate performance.”

## **Tim Kluke**

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The Ottawa Hospital Foundation*

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## **Ben Golding**

*President and CEO  
Advancement Resources*