**Interpreting AFP’s Fundraising Effectiveness**

**and Growth in Giving Reports**

AFP began the Fundraising Effectiveness Project (FEP) in 2006 to define performance criteria for nonprofit fundraising results. The Growth in Giving Initiative (GIG) followed in 2012 to measure multi-year results for analysis of donor acquisition, retention, upgrading and gain/loss metrics within a variety of giving levels. In combination, these evaluations have provided insightful statistics on donor participation and their gift results.

Previous measurement criteria had concentrated on cost-benefit analysis to demonstrate efficiencies in fundraising results within the nonprofit industry. However, this practice lacked a consistency of use or understanding due to the great variety of budgeting and accounting methods within the nonprofit industry.

The transition from a focus on fundraising cost to fundraising effectiveness has demonstrated solid results in the overall fund development program. Tracking donors and their giving performance illustrates their loyalty as well as reliable gift income.

As shown in the sample gain/loss report in Exhibit #1 below, attention to donor stewardship produced a 23.2% increase in upgraded giving with a corresponding 22.4% of added gift revenue and signals an added capacity exists. Those 602 donors who gave less (24.0%) also could benefit from increased attention, especially since their gifts account for 38.4% of all revenue received in this example. In addition, the overall renewal rate of 59.2% is encouraging but was offset by 1,024 lapsed donors (40.8%) along with their $266,186 in lost gift revenue.

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**Exhibit #1: Gain/Loss Report**

**Gain/Loss**

**Donor**

**Gift**

**Category**

**Donors**

**Percent**

**Gifts**

**Percent**

 **Number of Donors**

 **Amount of Gifts**

**Gave same**

**299**

**11.9%**

**54,201**

**$**

**6.6%**

**Upgraded**

**582**

**23.2%**

**183,332**

**$**

**22.4%**

**Downgraded**

**602**

**24.0%**

**314,530**

**$**

**38.4%**

**Subtotal**

**1,483**

**59.2%**

**552,063**

**$**

**67.5%**

**Lapsed**

**1,024**

**40.8%**

**266,186**

**$**

**32.5%**

**Total**

**2,507**

**100.0%**

**818,249**

**$**

**100.0%**

**Interpreting AFP’s Fundraising Effectiveness and Growth in Giving Reports**

The Fundraising Effectiveness Project was begun by AFP in 2006 with the intention to define performance criteria for nonprofit fundraising results. Previous measurements throughout the industry were focused on efficiency using cost-benefit analysis, a methodology that was unable to achieve a consistency due to multiple budgeting and accounting practices among nonprofit organizations.

**Donor Retention**

Another advance in effectiveness has been to track gift levels or ranges along with donor retention to illustrate overall gains and losses by gift size. This analyses further demonstrates the value of attention to more generous donors. In the Donor Retention Analysis in Exhibit #2 below, overall new donor retention is 32% and repeat donor retention is 75%, for an overall donor retention rate of 59%. More significant is the 83%, 88% and 73% retention rate among donors at $250, $1,000 and $5,000 and up, clear indication of additional potential and capacity.

**Exhibit #2: Donor Retention Analysis**

 **------------------------------- Giving Level/Range ------------------------------**

**Retention Performance**

**All Donors**

**Under $100**

**$100 to $249**

**$250 to $999**

**$1,000 to $4,999**

**$5,000 & Up**

New donor retention rate

**32%**

**19%**

**41%**

**72%**

**77%**

**50%**

Repeat donor retention rate

**75%**

**55%**

**73%**

**85%**

**90%**

**79%**

Overall donor retention rate

**59%**

**33%**

**63%**

**83%**

**88%**

**73%**

Donor gains (new and repeat)

**1,287**

**809**

**343**

**115**

**16**

**4**

Donor losses (new and repeat)

**1024**

**597**

**293**

**111**

**15**

**8**

**Growth in Giving**

Regular reports prepared from in-office donor records software using AFP FEP and GIG worksheets ([www.afpfep.org](http://www.afpfep.org)) allows leadership and fundraising staff to monitor solicitation results and to be able to respond with adjustments within the fiscal year in order to achieve assigned funding goals and objectives. Further, adding gift data from prior years illustrates overall performance and reliable future forecasts based on growth in giving (GIG) results.

Exhibit #3 illustrates a three-year growth in number of donors of 37% accompanied by a 41% increase in gift revenue. With number of donors and gifts received allows tracking in changes in average gift size within a three-year period.

**Exhibit #3: Overall 3-year Growth in Giving Analysis**

 **Results Results Rate of Results Rate of 3-year**

 **2 years last Growth This Growth Cum.**

 **Ago Year Last Year Year This Year Growth**

**Donors 1,833 2,268 28% 2,507 11% 37%**

**Revenue $581,172 $667,898 15% $818,249 23% 41%**

**Avg. Gift $317 $294 - 7% $326 11% 39%**

**Return on Investment**

Overall performance analysis with focus on donor retention will demonstrate the benefits of continued investment in the fundraising program. These three Exhibits illustrate solid results in acquiring new donors and retaining current donors with resulting increases in gift revenues. If donor participation decreases, the result is lost gift revenue, which must be regained with increased budget for new donor acquisition along with efforts to regain the interest and support of prior and lapsed donors.