

NEWS

Association for Healthcare Philanthropy

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Nonprofit Hospitals Raise \$8.26 Billion in Donations in FY2010, With Individual Donors the Majority of Pledges, AHP Reports *But Fundraising Costs More in Recession*

WASHINGTON, D.C. (June 13, 2011) -- Despite the poor economy, U.S. nonprofit hospitals and health care systems managed an eight percent increase in philanthropic donations last year, to over \$8 billion, with individual donors contributing almost 60 percent of that total. But fundraising costs climbed and return on investment dipped, according to the fiscal year 2010 Report on Giving USA issued today by the Association for Healthcare Philanthropy (AHP).

The AHP's annual survey showed that donations and grants to health care institutions in the not-for-profit sector totaled \$8.264 billion in fiscal year 2010, up \$620 million over the \$7.644 billion raised in fiscal year 2009. While last year's total was still short of the \$8.588 billion raised in FY 2008 and the FY 2007 level of \$8.347 billion, the eight percent growth rate was the healthiest rate of advance since FY 2006.

Annual giving was the largest source of funds raised in FY 2010, the AHP report noted, accounting for 20.0% of all funds raised followed by major gifts (17.1%), capital campaigns (15.4%) and special events (14.8%). Planned giving, which includes bequests, charitable gift annuities, charitable remainder trusts, and similar long-term philanthropic arrangements, accounted for 9.5 % of donations last year, similar to pre-recession levels.

"These outcomes for fiscal 2010 were not unexpected. They reflect the slow pace of our economic recovery and shifts in giving priorities that have resulted," said William C. McGinly, Ph.D., CAE, president and chief executive officer of AHP. "Earlier studies AHP released this year also showed signs of progress beginning in 2010, but far from a full recovery from the recession."

The donated funds were used to support a range of programs and functions. In FY 2010, as in previous years, health care organizations directed the largest single share of their donated dollars to fund construction and renovation projects; however, that portion has declined since FY 2009, 22.0% compared to 27.3%, respectively. New and upgraded equipment purchases constituted the second largest category, at 20.6%, followed by general operations at 17.6% - both up slightly from FY 2009. Community benefit programs remained constant at about 10.7%.

Over the past three years of the recession, foundations have experienced a falling return on investment (ROI). Likewise, costs to raise each dollar have climbed. At 33 cents in FY2010, the cost-to-raise-a-dollar through philanthropy remained stubbornly above 30 cents for the third year in

a row, and return-on-investment declined, on average, more than four percent to just \$3.05 raised for every dollar spent on fundraising. Taken together, these metrics indicate increased expenses associated with raising the same (or for some foundations, less), than previous years. The bottom line: Fundraising has become more challenging and, therefore, more expensive. Additional resources are needed to raise the same amount of funds during difficult economic times.

Higher than average success in obtaining donations was demonstrated by fundraising programs that help to sustain hospitals associated with academic institutions and children's hospitals, by programs that have been in existence for 15 or more years, and by those with at least four professional fundraisers on staff.

"Last year's success was largely due to the dedicated work of the volunteers and professionals who support these philanthropic efforts," said Mary Anne Chern, FAHP, ACFRE, chair of the AHP board and president of White Memorial Medical Center Charitable Foundation in Los Angeles. "The fact that more than \$8.2 billion was contributed despite less than ideal economic conditions is a tribute to the generosity of the individual donors, businesses, and foundations who understand the vital role nonprofit health care institutions play in their communities."

A copy of the AHP Report on Giving Fact Sheet is available for free on the AHP website at www.ahp.org/reportongiving. The complete report is available for a fee, or for free to AHP members who completed the survey.

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The Association for Healthcare Philanthropy, established in 1967, is a not-for-profit organization whose more than 4,700 members direct philanthropic programs in 2,000 of North America's not-for-profit health care providers. AHP's members include fundraising professionals, development staff, public relations professionals, trustees, marketing professionals, administrators and executives interested in health care fundraising.

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