

NEWS

Association for Healthcare Philanthropy

October 1, 2012

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Nonprofit Hospitals Improve Fundraising But Costs Ease Only Slightly

Washington, D.C. (October 1, 2012) -- Donations to U.S. nonprofit hospitals and health care systems advanced 8.2 percent last year to \$8.941 billion, but the cost of raising these funds remained close to post-recession highs, according to the Association for Healthcare Philanthropy (AHP) whose Report on Giving-USA for fiscal year 2011 was issued today.

The FY 2011 total for cash gifts and pledges represented a 4 percent increase over the previous high water mark of \$8.588 billion set in FY 2008. That year marked the apex of a steady growth period that began in FY 2002 but dropped sharply as the recession took hold. Also on the rise last year were the number of donors, up more than 2 percent, and the number of gifts received, 4 percent higher.

“Philanthropy is absolutely vital for not-for-profit health care organizations, and it is encouraging to see that recent trends in giving have been more promising,” said William C. McGinly, Ph.D., president and CEO of AHP. “Foundations that maintained their efforts during the recession and its aftermath are beginning to experience some significant progress.”

AHP’s survey of U.S. member institutions showed that annual giving and major gifts were the two largest sources of funds raised in FY 2011, followed by capital campaigns and special events. About seven out of every 10 dollars raised were cash contributions and almost three in 10 were pledges, including planned gifts, primarily bequests.

Meanwhile, fundraising costs grew less than 3 percent last year, a modest improvement over a 4 percent rise in expenses in FY 2010. The efficiency of fundraising efforts improved to 31-cents spent for each dollar raised, better by 2-cents than in FY 2010. However, cost-to-raise-a-dollar, having jumped a nickel to 34-cents in FY 2008, still remains above pre-recession levels.

Return-on-investment (ROI), expressed as funds raised per dollar spent, averaged \$3.24 last year, a 19-cent increase over the year-earlier. At the height of the recession, many nonprofit health care organizations experienced declining return-on-investment for their philanthropic programs. In FY 2010, median ROI almost dropped below \$3.00 for every dollar expended. In the middle of the 2000s, it had twice climbed above \$4.00, to \$4.22 in FY 2004 and to \$4.17 two years later.

As in previous years, AHP’s survey for FY 2011 found that philanthropic resources most often funded construction and renovations, equipment purchases and general operations. Taken together, community benefit programs and charitable care received nearly 19 percent of all donated dollars, while 8.6 percent of the funds raised through philanthropy were devoted to research and teaching.

A new feature of the current AHP Report on Giving provides more details about the fundraising practices and achievements of health care institutions by the number of beds they have and the size of their professional fundraising staffs.

“It’s interesting to see that the funds raised continue to be predominantly in support of construction and renovations, equipment and program operations,” notes Susan J. Doliner, chair of the AHP board of directors and vice president for development at Maine Medical Center in Portland, Maine. “Stay tuned,” said Doliner, “as this finding shines a light on the future gap in resources health care organizations will face as we begin the implementation of new health care financing models. Adding population health and growing community benefit demands to the pie will have significant impact as nonprofit boards set strategic philanthropic priorities and in turn how donors respond to those needs.”

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

The Association for Healthcare Philanthropy, established in 1967, is a not-for-profit organization whose more than 5,000 members direct philanthropic programs in 2,000 of North America's not-for-profit health care providers. Hospitals, health care systems and related facilities for which AHP members raise charitable funds provide essential, comprehensive medical services to their communities, as well as wellness programs, mobile health vans, mammography screenings, hearing and eye exams, and other community-based health care services. 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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