

Association for Healthcare Philanthropy: Industry Definitions

Pursuant to Article 5 of the Beliefs of the Association for Healthcare Philanthropy, “Accountability and Transparency of Nonprofit Health Care Philanthropy Institutions,” AHP uses the following standardized definitions for health care philanthropy institutions and donors. The use of transparency and accountability standards improves the practices and increases the effectiveness of organizations by:

- Educating staff and board members about good practices.
- Providing clear guidelines for making sound decisions.
- Assisting the public and other donors with evaluating charities and nonprofits before they make a donation.
- Being an indicator for donors that they are giving to an effective and ethical organization.

The definitions, developed and adopted in 2003 by the charter members of the AHP Performance Benchmarking Service, serve as the basis for transparency and accountability in the profession.

AHP Standardized Definitions

Fundraising Performance Metrics	
AHP strongly recommends that all three metrics be used together , or you will not provide a complete picture of overall fundraising performance. In addition, provide these three metrics for each individual fundraising program (i.e. major gifts, planned giving, corporate/foundation giving, annual giving, special events).	
Return on Investment (ROI)	A measure of fundraising <i>effectiveness</i> . The amount achieved by dividing gross fundraising returns by total fundraising expenses, reported for cash and production.
Cost to Raise a Dollar (CTRD)	A measure of fundraising <i>efficiency</i> . The amount achieved by dividing fundraising expenses by gross fundraising revenue, reported for cash and production.
Net Fundraising Returns	A measure of <i>bottom line</i> revenues for the organization. The product achieved by subtracting fundraising expenses from fundraising returns.

Association for Healthcare Philanthropy: Industry Definitions

Other Health Care Fundraising Definitions	
Annual Donor	A donor who gives regularly (at least annually) gifts less than \$10,000 during the reporting year.
Annual Gifts	Gifts from individuals of less than \$10,000 produced through various annual giving programs such as direct mail, gift clubs, etc. This includes memorial and/or tribute gifts from individuals if they are valued under \$10,000. May include Real Estate or Personal Property at appraised value.
Annual Gift Pledges	An irrevocable commitment or promise to give a gift below \$10,000, payable over a pre-determined amount of time. Includes only pledges made in the reporting year. Includes applicable in-kind gifts. Does not include pledges from any other program, including: planned giving, major giving, special events or public support. Does not include pledges from corporations or foundations.
Annual Gift Pledge Payments	Payments on annual gift pledges made during the reporting year. Does not include payments made in previous years.
Bequests & Matured Planned Gifts	Revenue booked from matured planned gifts.
Board Designated/Quasi Endowment	Unrestricted funds that have been designated by the board to be invested with the endowment funds of the institution.
Cash	All outright gifts made during the fiscal/annual year in the form of marketable securities and other liquid assets including payments on pledges, planned gift maturities, planned gift bequests and securities.
Charitable Gift Annuity	A transfer of cash or other property to the organization. In return, payment to the donor of a specified amount

Association for Healthcare Philanthropy: Industry Definitions

	<p>determined by age is made to the donor during his/her lifetime. The rates paid are the most recent ones adopted by the Committee on Gift Annuities as agreed to by most major charities. There is an immediate income deduction for the present value of the amount ultimately to pass to the charity; part of the income received by the donor is also tax-free.</p> <p>Deferred payment gift annuity - A charitable gift annuity which is to make its first payment more than twelve months after the gift is set up. The annuity payments are based on the annuitants' ages at the time the payments are to begin.</p>
Corporate Foundation	A foundation that receives the majority of its funding from a for-profit company 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 endowment and as such is subject to the same rules and regulations as other private foundations.
Corporate Gifts	Charitable gifts of any size made by a public or private business or corporation. Does not include in-kind gifts including loaning of business equipment or executive time. Includes corporate sponsorships to events such as sponsorship of educational programs, etc. Excludes corporate sponsorship of special events.
Corporate Multi-Year Pledges and Letters of Intent Secured	An irrevocable commitment or promise to give a gift of any value by a public or private business or corporation payable over a pre-determined number of years. Includes only pledges made in the reporting year. Does not include pledges from individuals, groups or foundations. Does not include pledges from any other program, including: planned giving, annual giving, special events or public support.
Corporate Pledge Payments	Payments made on corporate pledges made during the reporting year. Does not include payments on corporate pledges made in previous years.

Association for Healthcare Philanthropy: Industry Definitions

Direct Event Expenses	Costs charged directly to the proceeds of the event – usually including food, entertainment, rent, decorations, and other out of pocket costs.
Direct Fundraising Staff	Individuals performing the following functions: System CDO, CDO, VP in charge of development, Directors of Development, Major Gifts, Annual Gifts, Planned Giving, Special Events, Campaign Fundraising, Public and Private Grant Writing, Corporate and Foundation Relations, Prospect Research, Thrift Shop Managers, Gift Shop Managers, and other fundraising specialists with direct fundraising responsibilities.
Donor Restricted/Designated Endowment	Gifts made at the behest of a donor or designated by the board to the endowment fund. Endowment gifts become a permanently restricted net asset, the principal of which is protected and the income from which may be spent at the board's discretion OR the distributable amount is a defined percentage of the fund's total value at the end of the stated period.
Foundation	Private family foundations, community foundations, general purpose foundations, and independent foundations established as a nonprofit corporation or a charitable trust, with a principal purpose of making grants to unrelated organizations or institutions or to individuals for charitable purposes. This encompasses all foundation types, except corporate foundations and public "government" foundations.
Foundation Grants	Gifts of any value made by public or private foundations. Foundations include any entity that is established for the purposes of making charitable gifts and grants to unrelated institutions and organizations. Does not include government grants or other sources of public support.
Foundation Multi-Year Pledges and Letters of Intent Secured	An irrevocable commitment or promise to give a gift of any value by a public or private foundation payable over a pre-determined number of years. Include only pledges made in

Association for Healthcare Philanthropy: Industry Definitions

	the reporting year. Does not include pledges from individuals, groups, or corporations. Does not include pledges from any other program, including: planned giving, annual giving, special events or public support.
Foundation Pledge Payments	Payments made on public or private foundation pledges during the reporting year. Does not include payments on foundation pledges made in previous years.
Fundraising Administrative Expense	Expenses including, but not limited to: preparing reports; audits, accounting, and financial matters; meeting with staff; human resources for foundation staff; dealing with vendors; board recruitment, development, and meetings; reviewing documents, including minutes, agendas, etc.; health system meetings and reporting.
Fundraising Expenses	Costs related to direct fundraising activity, including human resources and operating expenses.
Gross Special Event Income	Income from any event held for the purpose of raising money, building awareness and expanding constituencies. Special events are divided into three main categories: highly structured events (such as galas, dinners, balls, fashion shows), sporting events (such as golf and tennis), and large-scale community based events (seeking broad public participation such as runs/walks). Includes special event corporate sponsorships and event underwriting. Includes applicable in-kind gifts.
Gross Special Event Pledges	An irrevocable commitment or promise to give a gift of any value by a special event attendee or sponsoring corporation or other entity over a pre-determined period of time. Includes only pledges made in the reporting year. Includes applicable in-kind gifts. Does not include pledges from foundations or corporations. Does not include pledges from any other program, including: major giving, planned giving, annual giving, or public support.

Association for Healthcare Philanthropy: Industry Definitions

<p>Gross Special Event Pledge Payments</p>	<p>Payments made on special event pledges during the reporting year. Does not include payments on special event pledges made in previous years.</p>
<p>Hospital/Health Care Organization Net Operating Revenue</p>	<p>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.)</p>
<p>In-kind Gifts</p>	<p>Gifts of personal property made by individuals, corporations or other entities. They can be either tangible (art, antiques, books, etc.) or intangible (the right to use patents, software, copyrights, and so on).</p> <p>In-kind gifts and gifts of real or personal property should be counted at the amount they were booked on the financial statement and are reflected in the correct source category (e.g. Major Gifts, Planned Gifts, Special events, etc.).</p>
<p>Indirect Fundraising Staff</p>	<p>Individuals who are not responsible for field related fundraising activities. These individuals perform the following functions: General writing, Public relations, Marketing, Finance including the CFO, Operations, Information Technology, Gift Receipting, Data Management, Data Analysis, Human Resources, Development Coordinator, Administrative Assistant, Clerical support, other specialists and generalists without direct fundraising responsibilities.</p>
<p>Letter of Intent</p>	<p>Any written document indicating a revocable promise to make a gift to an institution at some future time. It is not legally binding. (Also see Pledges.)</p>
<p>Major Donor</p>	<p>A donor who gave a gift of \$10,000 or greater during the reporting year.</p>
<p>Major Gifts</p>	<p>Gifts of \$10,000 or greater from individuals. Does not include gifts from individuals valued at \$10,000 or higher</p>

Association for Healthcare Philanthropy: Industry Definitions

	made in direct response to a <i>special event</i> or as part of a <i>planned gift</i> . Includes memorial and/or tribute gifts from individuals, and applicable in-kind gifts, if they are valued at \$10,000 or above. May include Real Estate or Personal Property at appraised value. (For corporate and foundation gifts, see Corporate Gifts and Foundation Pledges.)
Major Gift Multi-Year Pledges and Letters of Intent Secured	An irrevocable commitment or promise to give a gift of \$10,000 or more, payable over a pre-determined number of years. Includes only pledges made in the reporting year. Includes applicable in-kind gifts. Does not include pledges from any other program, including: planned giving, annual giving, special events or public support. Does not include pledges from corporations or foundations. (See Corporate Gifts.)
Major Gift Pledge Payments	Payments made on major gift pledges made during the reporting year. Does not include payments made on major gift pledges in previous years.
Matured Planned Gifts and Bequests	Bequests received, plus the proceeds received as a result of matured planned gifts including trusts and annuities.
Memorial Gifts	Gifts made in memory of a loved one. Memorial gifts of less than \$10,000 are counted as annual gifts and those valued at \$10,000 or greater are counted as major gifts.
Net Special Event Income	Event income less direct event expenses associated with special events. Includes major or annual gifts from individuals in this category if their gift was given in direct response to the event and it was counted as such in your financial reports. Include special event corporate sponsorships and event underwriting. Include applicable in-kind gifts.
Net Special Event Pledges	An irrevocable commitment or promise to give a gift of any

Association for Healthcare Philanthropy: Industry Definitions

	value by a special event attendee or sponsoring corporation or other entity over a pre-determined period of time. Include only pledges made in the reporting year. Include applicable in-kind gifts. Does not include pledges from foundations or corporations. Does not include pledges from any other program, including: major giving, planned giving, annual giving or public support.
Net Special Event Pledge Payments	Payments made on special event pledges during the reporting year. Does not include payments on special event pledges made in previous years.
Non-Fundraising Administrative Expenses	The proportion of staff time devoted to management and administrative duties. Expenses in this category include, but are not limited to: executive team group meetings, one-on-one, and retreats; hospital administrative duties assigned by CEO; outside community activities for “community benefit” which might include service on boards, memberships in service clubs, etc; non-fundraising speaking engagements on behalf of hospital; hospital board and committee meetings and retreats; hospital service excellence; hospital rounds/on-call.
Non-labor Costs	Overhead expenses unrelated to salary or compensation (e.g., equipment, materials, supplies, travel, rent).
Other Gifts	Other gift income generated by an ancillary program or gift source. Includes income from thrift and gift shops. Does not include gifts that can be counted in any of the following program areas: Annual Gifts, Major Gifts, Planned Giving, Governmental Grants or Special Events.
Planned Gift	Part of a major gift strategy for an individual, generally through a bequest or trust.
Planned Giving Commitments and Expectancies	A written commitment to make a gift as part of an estate or financial plan (including bequests and trusts) and documented planned gifts including bequests that have not

Association for Healthcare Philanthropy: Industry Definitions

	<p>yet been received by the entity.</p> <p>Commitments and expectancies made in the reporting year. Includes planned gifts and new bequests confirmed that have some form of documentation as reported to the board. Includes CRT (value equal to the face value of the trust, i.e., the amount transferred into the trust).</p> <p>Does not include gifts made by corporations, foundations, groups or government entities. Does not include pledges from any other program, including: major gifts, annual giving, special events, and public support.</p>
Pledges	<p>An irrevocable commitment or promise to give, recorded as income when received. It is legally binding. (Also see Letter of Intent.)</p>
Private Foundation	<p>A nongovernmental, nonprofit organization with funds (usually from a single source, such as an individual, family, or corporation) and a program managed by its own trustees or directors, established to maintain or aid charitable activities serving the common welfare, primarily through grant making.</p>
Production	<p>Total funds actually raised (not just collected) and gift commitments made in the reporting year.</p>
Public Support	<p>Public funding received including government, research, federal, local and state appropriations that the fundraising operation played an active role in securing. Includes grants, contracts and cooperative agreements. Does not include gifts from public or private foundations.</p>
Public Support Pledges	<p>An irrevocable commitment or promise to give a gift of any value by a public funding agency payable over a pre-determined period of time. Includes only pledges made in the reporting year. Does not include pledges from individuals, groups, foundations, or corporations. Does not include pledges from any other program, including: major giving, planned giving, annual giving or special events.</p>

Association for Healthcare Philanthropy: Industry Definitions

Public Support Pledge Payments	Payments made on public support pledges during the reporting year. Does not include payments on public support pledges made in previous years.
Special events	Any event held for the purpose of raising money, building awareness and expanding constituencies. Special events are divided into three main categories: highly structured events (such as galas, dinners, balls, fashion shows), sporting events (such as golf and tennis), and large-scale community based events (seeking broad public participation such as runs/walks).

Neither the Association for Healthcare Philanthropy (AHP) nor any of its programs are in the business of giving legal, clinical, accounting or other professional advice, and the following definitions should not be construed as legally definitive terms in any circumstances. Members are advised to consult with appropriate professionals concerning legal, tax, or accounting issues.