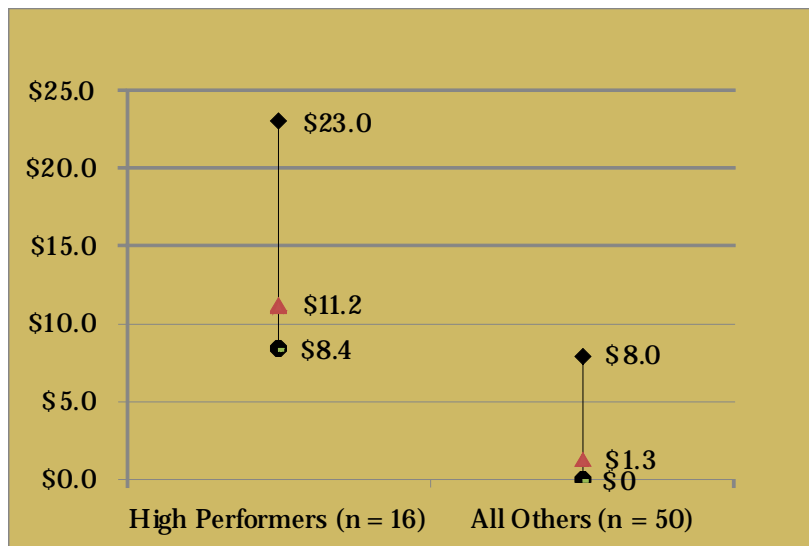


Net Production Fundraising Revenue		
Type	High Performers (n=16)	All Others (n=50)
Community Hospitals	\$10 Million (\$8.3 million – \$14 million)	\$1 Million (\$-61,290-\$5 million)
Academic/Teaching Hospitals	\$12 Million (\$9 million – \$23 million)	\$3.5 Million (\$286,101-\$6.5 million)
Health Care Systems	\$13 Million (\$12 million-\$14 million)	\$1.2 Million (\$1 million-\$5.4 million)
Other Programs	\$10 Million (\$8.5 million -\$11 million)	\$3.1 Million (\$16,789-\$6.2 million)
Tertiary Hospitals	\$9 Million (n/a)	\$1.3 Million (\$404,503-\$8 million)

Performance Overview

This section examines overall differences in performance between High Performers and All Others, including charitable gift returns reported from all sources. The following chart compares the combined net production revenue of the 16 High Performers with the combined net production revenue of the 50 partners in the All Others group.



Note: Values are reported in Millions. Negative outliers in the *All Others* group (ranging from \$-2,538 to \$-61,290) are not included in the chart above.

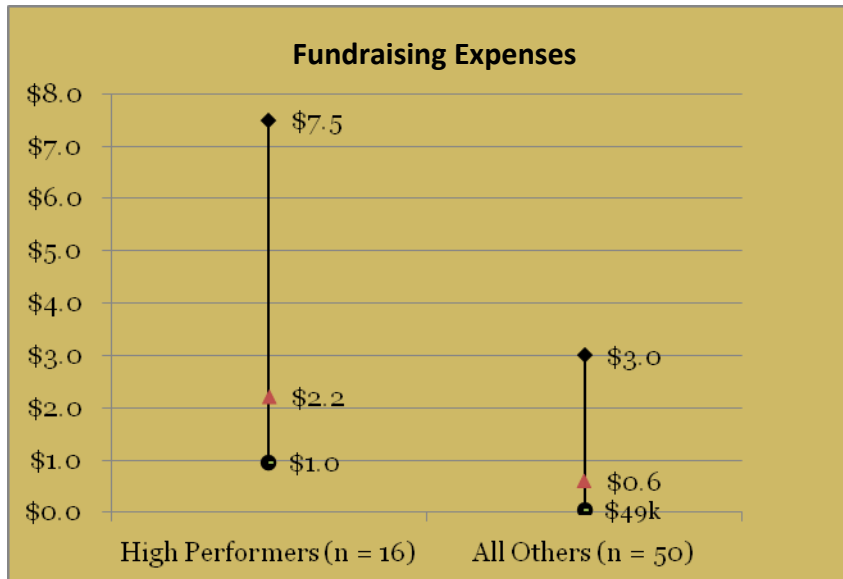
The red triangles represent segment medians flanked by the lower and upper ends of the range. At the median level, High Performers raised nearly \$10 million more than partners in the All Others group. High Performers from the Midwest fared the best overall, with a median of \$14.3 million. This group was followed by partners in Canada (median of \$11.5 million), West (median of \$11.2 million), Northeast (median of \$11.2 million), and the South (median of \$9.1 million).

At the same time, partners in the All Others group registered a median of \$1.3 million, with five partners in this segment raising \$5 million or more in net production returns.

Geographically, the highest achievers in this group came from the South (median of \$2.0 million), along with Canada (median of \$1.8 million), Midwest (median of \$1.3 million), and Northeast (median of \$1.3 million). These groups are distantly followed by foundations from the West (median of \$340,000). These results illustrate the extreme polarization of foundation performance, particularly within various sub-regions of America’s West Coast.

At the median level (\$11.2 million), High Performer results range above last year’s peers (median of \$7.2 million). This is partly due to the increase in the qualifying criterion (from \$5 million to \$8.1 million). On the other end of the spectrum, All Other foundations experienced a median drop of \$400,000 in net returns between fiscal years 2008 and 2009. Individually, many in the All Others group experienced backsliding returns, with three foundations reporting negative net production returns (i.e., their fundraising expenses outpaced their returns).

Data in the following chart provide a glimpse of investments *behind* the returns we examine in this report. As we might expect, High Performing foundations – as a group – spend considerably more than their peers.

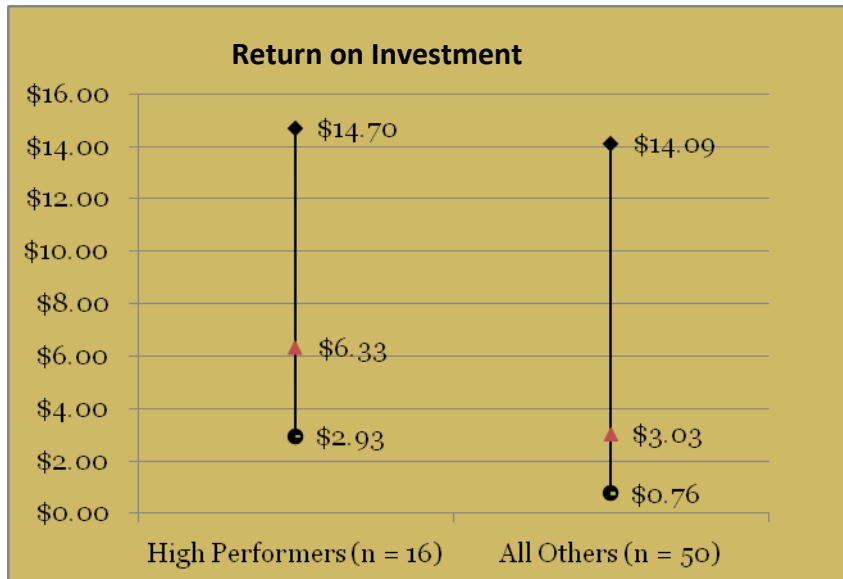


Note: Values reported in millions. **Fundraising expenses** include costs related to direct fundraising activity, including human resources and operations expenses. They exclude any expense defined as non-fundraising administration (e.g., hospital or system-related tasks/meetings, speaking engagements).

High Performances experienced a \$2 million increase in spending at the upper ranges between fiscal years 2008 and 2009. During the same time period median spending grew by \$200,000. In contrast, members of the All Other group have *not* increased their fundraising investments at the same pace. At the upper range, All Others’ spending went up by less than \$1 million, while the median rose by only \$104,000 from 2008. At the lowest levels, however, we see significant decreases in spending, with eight partners reporting expenses of less than \$200,000 – hardly sufficient to cover compensation packages for even the smallest of foundations.

It is fair to say that, with the growing cost of fundraising, the relative stagnation of spending in the All Others group has likely contributed to falling returns experienced by some foundations between fiscal years 2008 and 2009. Philanthropy has always been market-dependent, but challenging times have created a sharper increase in costs. If smaller foundations find themselves unable to invest more - or worse, are forced to slash budgets – they can predict a concomitant drop in charitable giving.

Returns on investment paint a better picture, with strong outputs from partners’ investments. The chart below provides median and range return on production figures for both High Performers and All Other partners.



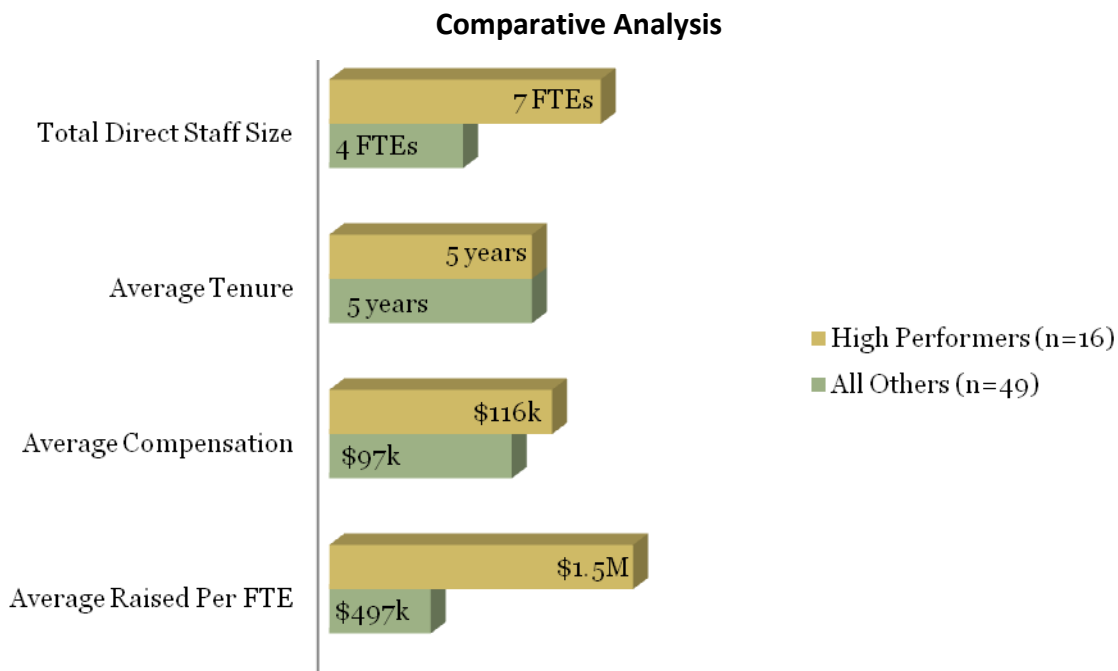
Note: Returns reported in dollar figures.

At the median and lowest levels, there are significant differences between the two groups. However, at the upper ranges, data show that return on investment differs by only 61 cents between High Performers and the All Other foundations. If we pair this with the previous analysis of fundraising expenses, we might reason that high-achieving foundations within the All Others group are getting high returns by spending less than half of what their High Performing counterparts are spending. While they are raising significantly lower net returns, we recognize their effectiveness. In a time of increasing costs, fundraising effectiveness carries even more weight.

With a median of \$6.33 realized from all fundraising programs, High Performers have gained 57 cents for each dollar spent from 2008. In contrast, median ROI *fell* by nearly the same amount for members of the All Others group between fiscal year 2008 and 2009. The median clustered near the lowest level of 76 cents indicates that half of the All Other foundations have experienced falling ROI.

Human Resources

This section is dedicated to analysis of *human resourcing*, the most consistently influential component of fundraising investment. Year after year, benchmarking analysis has revealed that the number of direct staff members (people on the front lines of raising gifts) along with the number of indirect, supporting foundation staff, plays a central role in determining rates of philanthropic returns. People give to people and the more professionals a foundation has, the more ground they are able to cover in identifying prospects, cultivating and maintaining relationships, and carefully stewarding contributions. Although fundraisers have known it for centuries, we now have powerful data to make the case for wise “human” investments.



Note: One partner is not included in the table above because insufficient data was reported. Graphs represent median figures for each subgroup.

The chart above, reflecting median differences, indicates that High Performers have taken this message to heart. With additional funds to invest in compensation packages, they reflect a median of *seven* direct staff members. This is nearly twice the median of four direct staffers reported by All Others. Although tenure and compensation are *not* dramatically different between the two groups, it is important to note that, on average, each direct staff member in the High Performers group reportedly raises three times more than that secured by his or her peers in the All Others group. Not only can they raise more as a collective group, but the “right mix” of interdependent direct and indirect staff members achieves much more (with appropriate research, prospecting, and relationship-building at the ground level before a visit or phone call is even made) – allowing individual front-line fundraisers to deliver much better results.³

³ Differences in results cannot be attributed to capital campaign activity. Only four of the 16 High Performing foundations were reportedly in campaign in fiscal years 2008 or 2009; at the same time, half of All Other foundations were reportedly engaged in campaign.