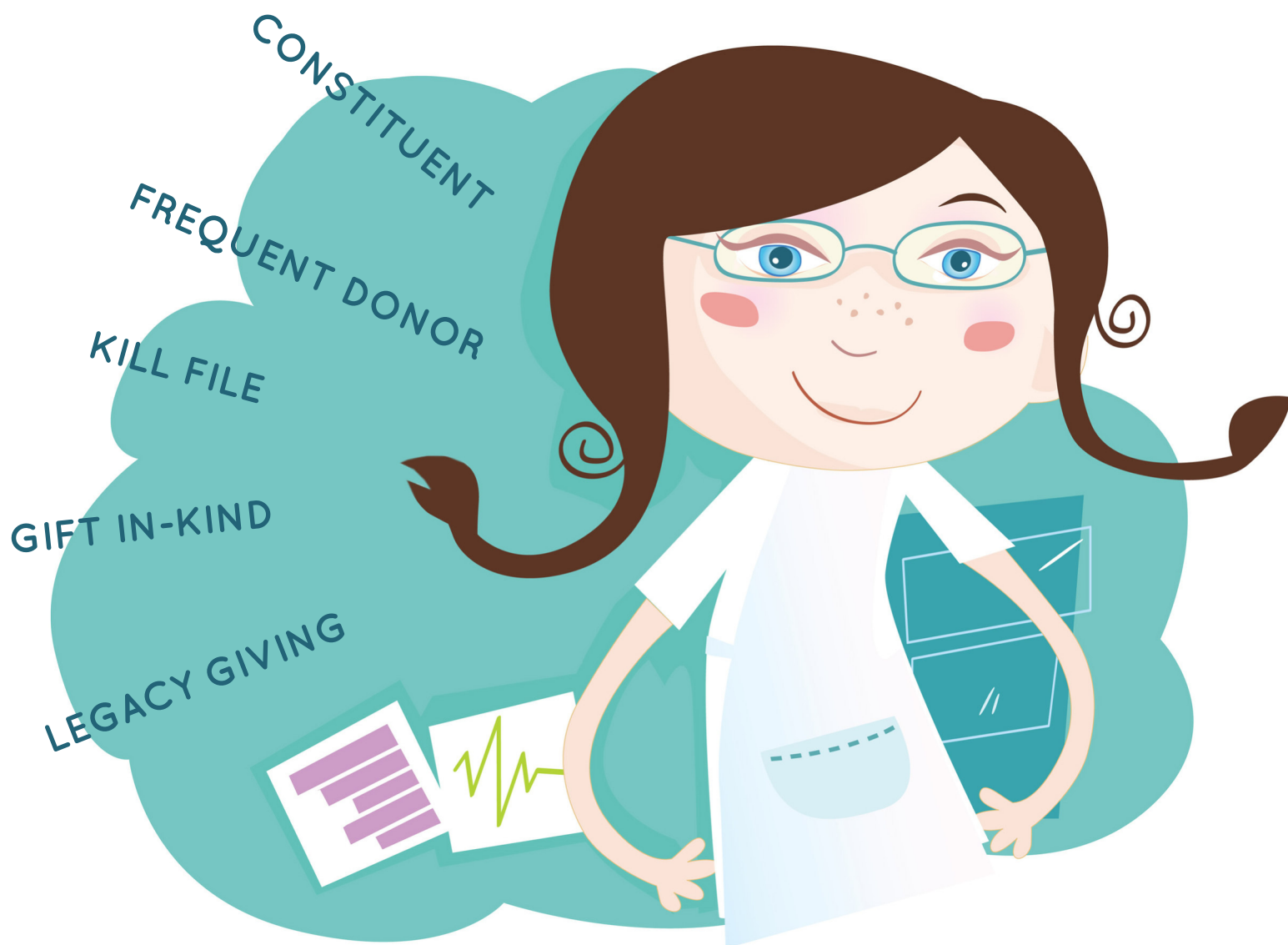


COMMON FUNDRAISING TERMS

Every industry uses unique terms and jargon to describe what they do. The fundraising industry is no different. Here is a list and a description of some terms you may encounter.



TERMS YOU MAY ENCOUNTER THAT DESCRIBE DONORS AND DONOR SEGMENTS

Constituent

This term is often used for a donor.

Active / Recent / Current Donors

These terms may, in many cases, be used interchangeably depending on the organization. They may apply to any donor considered by the organization to be active because they have donated recently. This category may include those that have donated in the last 12 months or it may be extended to someone that has given in the past 24 months depending on the donation cycle for the organization.

Dormant / Inactive Donors

This category is applied to past donors that have ceased to donate to the organization after having been contacted on several occasions in an attempt to re-activate them as donors. This category may be applied to constituents with a last donation date anywhere between 36 to 60 months prior to the current date depending on the particular organization.

Frequent Donor

Donors that can be identified as donating = or > than 50% of the time they are asked. Hence, if your organization runs eight appeals per year a frequent donor would be someone who responds to four or more of them with a donation. These are your go-to people when there is an emergency need for funds or a campaign is coming up a little bit short of the goal.

Lapsed Donors

This category applies to cases where the last donation was too long ago to put the constituent in the Active/Recent Donor category but was recent enough that they are not yet considered dormant. Depending on the organization and their donation cycle as well as the types of appeals they run a past donor may be considered Lapsed when they have not made a donation anywhere between 24 – 60 months from the current date.

Major Donors

These are donors that make a donation in excess of what is normally made by the vast majority of donors to an organization. Often this category is applied to those that make a donation = or > \$10,000. However, the amount that classifies a donor as “major” should be determined by each organization.

Special Donors

These are donors that – for whatever reason – receive special treatment such as hand signed cards and letters or invitations to special events based on their relationship with the organization. This category may be applied to donors that have given or raised over a certain amount of money, donors that are also community leaders, donors that are committee or board members – even donors that are also volunteers.

Soft Credit Donors

Soft Credits are a means of assigning credit for a donation to one or more people that are not the actual donor. Therefore, a soft credit donor is someone to whom a soft credit donation has been assigned.

Very Recent Donors

These are donors who are not recurring donors but who have donated in the 90 - 60 days prior to the launch of a new campaign. The number of days depends on your organization's appeal cycle. In this case an organization may not want to approach these donors with an appeal for funds so soon after their last donation, but the organization may want to include them in a campaign mailing or emailing by sending a communication or information piece introducing the campaign.

TERMS YOU MAY ENCOUNTER WHEN DOING DATA PROCESSING OR CAMPAIGN ANALYSIS

Annual Appeal / Annual Giving Program

This is an organized annual program by which a NFP organization secures gifts from their constituents and prospective constituents. The program may involve solicitation by direct mail, email, telemarketing, or other means whereby the organization can contact an individual or entity and solicit a gift.

Campaign

A campaign is a fundraising initiative. A campaign can be defined by time; annual or seasonal for example. It may also or within the time definition be specific to the case it is implemented to support such as research, capital and equipment acquisitions, trips to camp for kids or other specific causes.

Merge/Purge

Merging files of records together, matching records by specific fields in the records to identify records that are duplicates and then purging any duplicate records found – by file priority. If the merge/purge is carried out against to file will either contain only one of the matched records – the other(s) that matched having been purged down to one record – so that the final file is left with one record or in the case of a purge against a suppress or kill file so that the final file is left without the matched record.

Gross Revenue / Gross Donation Amount

This is simply the total revenue or the total amount fundraised before subtracting any expense.

Kill File

The term Kill file is often used interchangeably with suppression file, however: the term kill file is really meant to identify a list of individuals or entities that do not wish to receive any communications at all from an organization. The Kill file may include records from the organization's donor database as well as records for individuals or other entities that are not past donors but that have been in contact at some point to advise the organization that they do not wish to be contacted by them.



COMMON
FUNDRAISING
TERMS

Donation

A donation is generally considered to be any gift that is given voluntarily to a cause.

Gift In-kind

Goods or services provided to a NFP organization in lieu of money.

Lifetime Value Analysis

A basic definition of this term is quite simply the projected amount a donor will give during their lifetime. The projection is based upon historical data from other donors, the source of the donor in question and other variable factors. Lifetime value analysis is very valuable when deciding on a budget for new donor acquisition.

Net Revenue / Net Donation Amount

Net revenue or net donation amount equals the total amount of funds raised by an activity after subtracting the expenses incurred to raise those funds. As with the ROI calculation which expenses are included in this calculation vary by organization but it is always nice to have a net revenue figure by activity if at all possible.

PAP

This refers to pre-authorized payments which may be made on a recurring basis by credit card or debit card or by automatic debit to a bank account.

Planned Giving / Legacy Giving

This is the act of leaving cash, real estate, stocks, bonds, annuities or other assets to a not-for-profit organization in a last will and testament. Legacy gifts may include gifts made through Life Insurance and RRSPs or RRIAs as well as Charitable Remainder Trusts that enable donors to give today and realise tax savings while retaining use of the asset that is then transferred to the NFP upon the death of the donor.

Response Rate

The percentage of donations received in response to a particular campaign. This figure is normally calculated on the campaign as a whole and also broken down by segment as the response rate will normally vary significantly within segments.

PCI

The Payment Card Industry (PCI) security standards are technical and operational requirements set by the PCI Security Standards Council. The organization was founded by American Express, Discover Financial Services, JCB, MasterCard Worldwide and Visa International.

RFM

This refers to a method used for analysing the value of a donor based on three factors:

Recency – how recent was the donor's last gift?

Frequency – how often does the donor give?

Monetary – how much does the donor give?

A numerical value is assigned to each of these categories based on the donor's past performance and the higher number the donor scores when the category scores are tallied the more valuable the donor is deemed to be.



ROI (Return on Investment)

Originally ROI was developed as a means of measuring and evaluating the efficiency of an investment, generally in stocks, bonds or investment funds. Expressed as a ratio or percentage ROI is more than the calculation of direct return versus direct investment because there are often other factors that impact the calculation.

Return on investment by fund raising activity in the not-for-profit world is easily calculated if we consider only the funds raised by an activity as a percentage of only the expense incurred in producing that activity. For example: if the total cost for an annual direct mail donor renewal campaign is \$46,000 and the total funds raised that are attributed directly to that direct mail donor renewal campaign are \$220,000 then the ROI is 478.26%. This calculation does not however consider costs such as buildings, utilities, support staff, staff benefits etc. and when those items are taken into account the overall ROI is actually lower. The ROI for one activity will also vary much when compared to another activity. For example: the ROI for a direct mail donor acquisition campaign will normally be substantially lower than that for a donor retention campaign. So, while it may be interesting to look at an overall ROI figure for your organization you will likely find it much more productive to look at ROI individually for your different activities and use other means to measure the overall financial picture for your organization.

Seed List

This is a list of individuals that are included in mailings so that they can track delivery time and report back to the organization. It is best to have the seed list compare geographically to the regular mailing list as much as possible.

Fundraising terms and the way they are used vary from organization to organization. We hope this list helps you to assemble your own list of the most common fundraising terms used by your organization for use when dealing with vendors and when training staff.

Segments or Segmentation

The specific lists or groups within a list based on a particular set of data requirements.

Solicitations

The actual number of communications distributed to an identifiable target. This applies to emails, addressed and unaddressed direct mail, telephone calls, and face-to-face encounters where the solicitation is aimed at a specific person, organization or address. This term would not normally apply to things such as brochures with a response component that are left in brochure holders and other distribution points for random selection by passersby.

Suppression File

This is a file of past donors that are to be suppressed from another file that is to be used for contact purposes. The suppression file will vary depending on the type of solicitation or communication being undertaken. Some situations when a donor would be included in a suppression file would be if the donor wants to be contacted only at a certain time of year, or does not want to be contacted by mail, or by phone or by email etc. The suppression files will vary depending on the type and timing of the contact being undertaken by your organization.



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Minerva Fundraising Services provides a wide range of not-for-profit organizations with complete solutions for event management. Our solutions are completely web based, so our clients can access their most vital asset – their donor data – anywhere and anytime.

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