



Fundratios

Return for fundraising investment

The Institute is often asked whether there are any standards or guidelines on what return on investment one can expect for every pound spent on fundraising.

The Institute does not believe it is possible to be specific about expected income from every pound of investment in fundraising as there are so many factors that will vary year on year and organisation to organisation.

For example, the costs of community fundraising are very high and it is often the case that many hospices will need to spend 50% of funds raised in order to secure long-term income streams.

However, organisations that derive most of their voluntary income from legacies or grants may only have to invest 4% in order to secure their funding.

Hospices have to secure their base in the community, therefore part of the cost reflects the expense of establishing effective communication.

The costs of setting up an appeal will be very high in the first year, but this is not reflective of the overall return, which may well be spread over 4 to 5 years. The 5-year return on the original investment, the real rate of return, will be considerably below what is reflected in the accounts for year one.

Charities should be transparent in their dealings with donors. They should explain why costs are at a particular level and why that investment is necessary in order to secure the future of the organisation, not just year on year, but also in the long-term.

Donors may be primarily interested in outcomes, that is, how effectively a charity delivers its objects and whether that organisation takes a responsible approach to securing its activities in the long-term.

Related Links:

- [Fundratios Project: Trends in Giving](#)
- [Contact the Policy Team](#)

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