

# Index of National Fundraising Performance

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2008 First Calendar Quarter Results

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# Target Analytics Index of National Fundraising Performance

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## The Index of National Fundraising Performance

The Target Analytics Index of National Fundraising Performance analyzes individual giving for many of the largest direct marketing organizations in the country. For the twelve months ending Q1 2008, Target Analytics evaluated transactions from 72 organizations, including over 36 million donors and more than 66 million gifts totaling over \$1.8 billion in revenue.

Quarterly results are reported on a calendar year basis. This report includes results through March 2008. Index findings are based on analysis of actual donor transactions, not survey responses from fundraisers. All calculated measures have been reviewed by participants for accuracy.

## Q1 2008 Index Participants

### Animal Welfare

American Humane Association  
ASPCA  
Humane Society of the United States  
International Fund for Animal Welfare  
U.S. Office of PETA

### Environment

Defenders of Wildlife  
Earthjustice  
Environmental Defense  
Greenpeace U.S.A.  
National Parks Conservation Association  
National Wildlife Federation  
Natural Resources Defense Council  
The Nature Conservancy  
The Ocean Conservancy  
Sierra Club  
Trout Unlimited  
The Wilderness Society  
World Wildlife Fund

### Health

ALSAC / St. Jude Children's Research Hospital  
Alzheimer's Association  
American Cancer Society  
American Diabetes Association  
American Health Assistance Foundation  
American Lung Association  
Arthritis Foundation  
Children's Cancer Research Fund  
Children's National Medical Center  
Cystic Fibrosis Foundation  
Easter Seals  
The Foundation for AIDS Research  
Juvenile Diabetes Research Foundation  
March of Dimes  
Mayo Clinic  
National Foundation for Cancer Research  
National Multiple Sclerosis Society  
Special Olympics

### Human Services

America's Second Harvest  
American Indian Relief Council  
Cal Farley's Boys Ranch  
Covenant House  
Missionary Association of Mary Immaculate  
Paralyzed Veterans of America  
St. Labre Indian School  
Veterans of Foreign Wars

### International Relief

AmeriCares  
CARE  
Catholic Relief Services  
Doctors Without Borders  
International Fellowship of Christians and Jews  
International Rescue Committee  
Oxfam America  
Project HOPE  
Save the Children  
U.S. Fund for UNICEF

### Societal Benefit

American Association of University Women  
American Civil Liberties Union  
Amnesty International  
Anti-Defamation League  
Center for Science in the Public Interest  
Common Cause  
Human Rights Campaign  
NARAL  
Nat'l Committee to Preserve Social Security & Medicare  
People for the American Way  
Planned Parenthood  
Public Citizen  
Southern Poverty Law Center

### Unassigned

Colonial Williamsburg Foundation  
National Law Enforcement Officers Memorial Fund  
National Trust for Historic Preservation  
National World War II Museum  
The Smithsonian Institution

# Non-Profit Giving Slows in First Quarter

## Donors and Revenue Decline in Q1 2008

### Overall Index Results

All index results are medians unless otherwise specified.

#### Q1 2008 Summary

Organizations in the Target Analytics Index of National Fundraising Performance generally underperformed in the first quarter of 2008 (January through March). Overall donors and revenue both declined in Q1 2008, and the declines were evident across most of the sectors in the index. Revenue per donor continued to rise.

#### Year-to-Year Trends

Donor numbers in the index fell -4.0% from the first quarter of 2007 to the first quarter of 2008. Donors have been declining consistently for the past two and a half years; the index has not experienced positive donor growth since the U.S. Gulf Coast hurricanes in the fall of 2005.

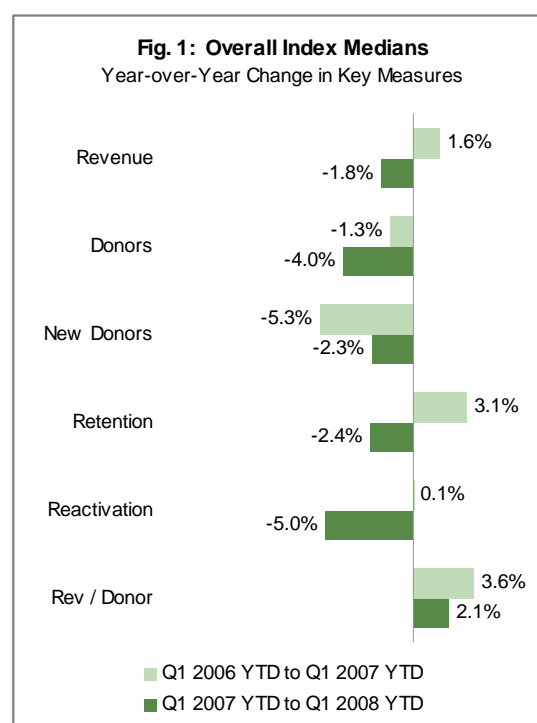
About a third (39%) of the organizations in the index had positive growth in the first quarter of 2008 over the same period one year before.

In the first quarter of 2008, for the first time in two years, overall revenue declined as well. Revenue fell -1.8% from Q1 2007 to Q1 2008. 40% of the organizations in the index had positive revenue growth in Q1.

Revenue per donor has been steadily increasing for the past two years. This continued into the first quarter of 2008 as well. Revenue per donor grew 2.1% from Q1 2007 to Q1 2008, on top of 3.6% growth over the same period one year before.

Until now, increases in revenue per donor compensated for donor declines, allowing overall revenue to continue to grow. In the most recent quarter, however, continued revenue per donor growth could not make up for the donor decreases and prevent overall revenue from declining.

It is important to remember that first quarter numbers only represent returns over the first three months of the calendar year and that, given this short time frame, shifts in the timing of direct



marketing campaigns can affect results. In addition, smaller donor counts and revenue totals in Q1 tend to exaggerate the magnitude of percentage increases and decreases in donors and revenue.

### Long-Term Revenue and Donor Trends

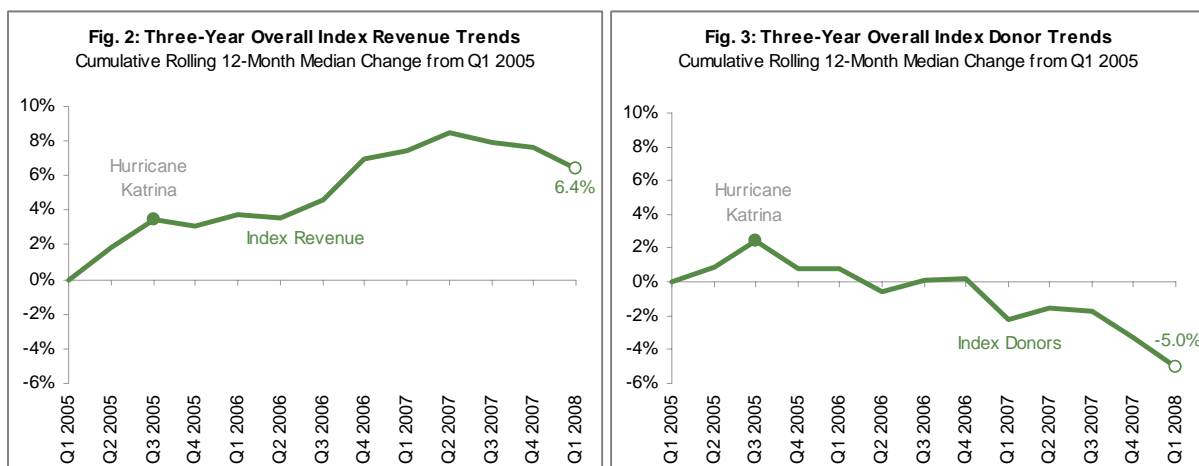
The revenue and donor declines evident in the first quarter of 2008 are not recent phenomena. Donors have been gradually declining and revenue has been gradually flattening out for the past three years.

We can see longer-term index trends more clearly with rolling twelve-month quarterly medians of index data. This analysis compares the twelve months of revenue ending in one quarter to the twelve months of revenue ending in a previous quarter. This smoothes out seasonal differences and allows us to see continuous movement from one quarter to the next, instead of simply comparing one full or partial year to the next full or partial year.

Historically, rolling index revenue has grown at an average of about 1% per quarter. Revenue grew at faster-than-average rates during 2005 when organizations received record contributions after the Indian Ocean tsunami and the U.S. Gulf Coast hurricanes. Lower-than-average growth rates in 2006 represented a retreat to relatively normal growth rates. Revenue continued to slow throughout 2007, paralleling the weakening economy, and had a steep downturn in the first quarter of 2008.

The end result of this is that index revenue has grown more slowly than historic norms over the past three years. From the twelve months ending Q1 2005 to the twelve months ending Q1 2008, revenue grew 6.4%.

This revenue growth has not kept up with inflation; when adjusted for inflation, revenue has actually declined -3.6% in real dollars over the same time period<sup>1</sup>.



A rolling twelve-month analysis provides additional context for recent donor trends as well, making it clear that the year-over-year decline in donors from Q1 2007 to Q1 2008 is part of a longer-term pattern. In spite of disaster-related spikes in 2005, donors were down significantly in total over the past three years. From the twelve months ending Q1 2005 to the twelve months ending Q1 2008, donors declined a cumulative -5.0%.

Donor declines have intensified recently. For the twelve months ending Q1 2008, donors declined a median -1.1% from the twelve months ending the previous quarter (Q4 2007). One-third (33%) of

the organizations in the index had positive donor growth over that period. As we have seen, for the first time since 2005 revenue per donor increases have not been able to compensate for these accelerated donor losses.

### Components of Donor Declines

The falling donor populations visible across the index may be due to a mix of factors including economic changes, a changing generational profile in the United States, changing attitudes of donors about giving, and a change in focus by fundraisers toward higher-dollar donors.

For most organizations, overall donor declines have been most influenced by declines in new donor acquisition.

New donors declined -2.3% from Q1 2007 to Q1 2008, on top of a -5.3% decline over the same period one year before. Just under half (47%) of the organizations in the index had positive new donor growth in the first quarter of 2008. This is an encouraging change from previous quarters when new donor declines were more widespread.

A lack of new donor growth is not the only cause for the donor declines, however; falling retention and reactivation rates are also at least partly responsible.

Retention rates dropped by -2.4% from Q1 2007 to Q1 2008. 39% of the organizations in the index had positive retention rate growth in the first quarter of 2008. By far the greatest decreases in retention came in first-year donor retention, which declined -6.6% in Q1 2008 over the same quarter one year before.

Reactivation rates declined -5.0% from Q1 2007 to Q1 2008.

The first quarter of the year does contain relatively small numbers of donors and these donors have only had three months in which to renew, so first-quarter retention and reactivation rates should be viewed with particular caution.

### Economic Influences on Giving

Research by the Giving USA Foundation™ indicates that charitable giving revenue rises during periods of strong economic growth and flattens out during periods of relative economic weakness. Non-profit giving trends are not limited to simple parallels with national economic growth, however. The Foundation has reported in their publication *Giving USA* that during hard economic times, charitable giving falls as a percentage of national Gross Domestic Product (GDP)<sup>2</sup>.

This means that as the economy slows down, not only does giving slow down as well, but it also declines as a proportion of the average American's spending dollar. In recessionary periods, financially-strapped people shift their spending priorities away from charities, compounding the effects of an economic decline on fundraising.

Long-term revenue growth patterns for the Target Analytics index support both of these findings. Median index revenue growth generally parallels national economic performance and tends to grow more slowly than GDP during periods of relative economic hardship.

There has been concern in the non-profit community about whether we are currently in a recession and, if so, how it will affect giving. We were not in a recession during the first quarter of 2008; the

technical definition of a recession is two consecutive quarters of negative GDP growth, and GDP had positive growth of 0.9% in the first quarter of 2008<sup>3</sup>.

However, other aspects of the U.S. economy did slow down during 2007 and in the first quarter of 2008. Stock prices continued to go through a series of downturns, precipitated in part by the sub-prime lending crisis and concern over inflation. Consumer confidence declined throughout 2007 and is now at a two-year low<sup>4</sup>. The unemployment rate rose from 4.6% in January 2007 to 5.1% in March 2008<sup>5</sup>.

Although Q1 2008 trends may be exaggerated by small first quarter totals, they may nevertheless reflect the effects of a weakened economy on non-profit fundraising.

## Industry Sector Performance

All sector results are medians unless otherwise specified.

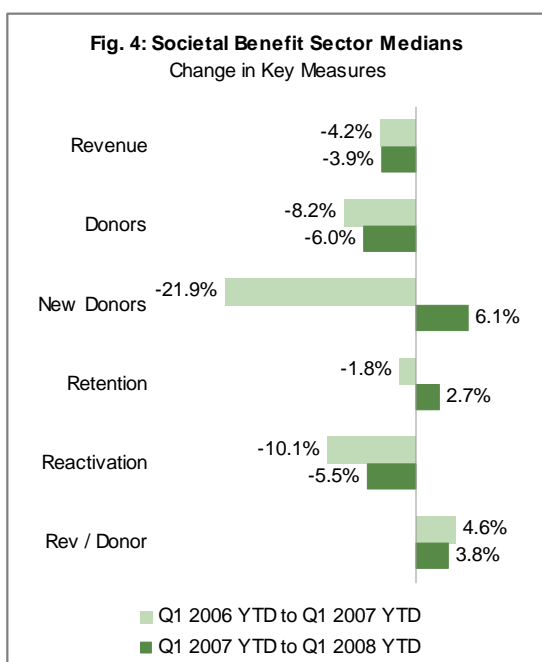
### Sector Summary

The trends that we have seen in the overall index are reflected across almost every industry sector. The animal welfare and environmental sectors were the only sectors that had revenue increases this quarter; all other sectors had declines. Animal welfare organizations were also the only ones that had donor increases this quarter. The societal benefit sector had the largest donor declines and the international relief sector had the largest revenue declines.

For a table of complete first quarter year-to-date results for all key metrics by index sector for 2006-2007 and 2007-2008, please see page 19.

### Societal Benefit Sector

For more than a year, societal benefit organizations have experienced perhaps the greatest fundraising challenges of any sector in the index. This sector has tended to have greater revenue and donor declines than most other sectors in the index, including significant declines in new donor acquisition, retention, and reactivation.



Donor declines continued to be significant for this sector in the first quarter of 2008, with donor numbers falling -6.0% from Q1 2007 to Q1 2008. This was the greatest decrease in overall donor numbers of any sector in the index this quarter. Donor declines were widespread across the sector, with only 31% of the societal benefit organizations experiencing positive donor growth in Q1 2008.

In other areas, however, first quarter results were comparatively encouraging.

The sector had a decrease of -3.9% in overall revenue from Q1 2007 to Q1 2008. Although this was a decline, it actually put the societal benefit organizations in the middle of the index sectors. And almost half (47%) of the organizations in the sector saw positive revenue growth this quarter.

Even more encouragingly, new donor acquisition for the sector rose 6.1% in Q1 2008. Societal

benefit was one of only two sectors (along with animal welfare) to experience new donor increases this quarter; all other sectors had declines in acquisition. A full 69% of the organizations in this sector had positive new donor growth in Q1.

Retention rates were also up, by 2.7% from Q1 2007 to Q1 2008. Again, societal benefit was one of only two sectors (along with international relief) to experience retention rate increases this quarter; all other sectors had declines in retention. It is important to remember, however, that Q1 retention

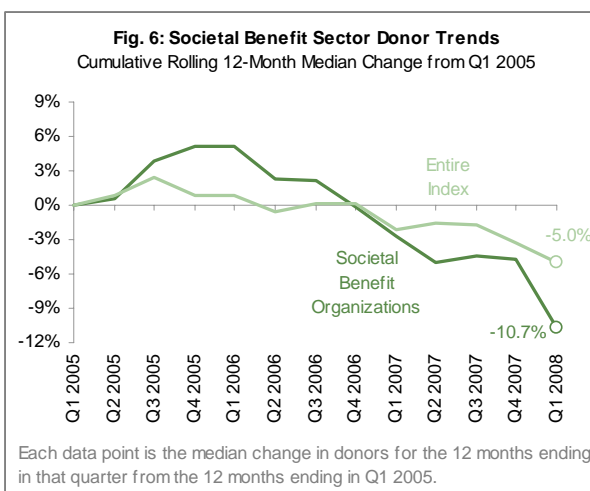
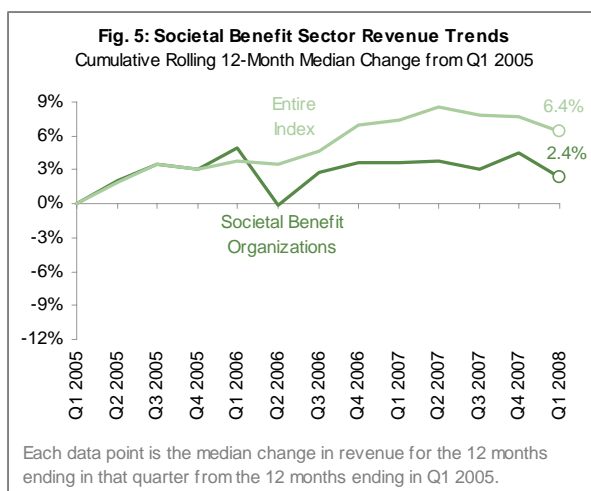


rates include a short three-month renewal time frame and may not represent eventual year-end results.

Since this sector has seen significant declines over the past year, current trends may be a sign that the sector is leveling off, rather than growing. For example, their 6.1% new donor acquisition growth in this quarter comes after a decline of -21.9% in new donors over the same time period one year before.

A rolling twelve-month revenue and donor analysis can provide longer-term perspective on these recent trends.

Rolling trends show that the societal benefit sector generally paralleled the index in 2005 in revenue growth and, to some extent, in donor growth as well. But the sector has underperformed the index since 2006, with some of the largest declines coming in recent quarters. The result is that, over the past three years, total revenue and donor growth for the societal benefit sector both lag overall index medians to a significant degree.



From the twelve months ending Q1 2005 to the twelve months ending Q1 2008, societal benefit revenue rose a total 2.4%, compared to overall index growth of 6.4%.

Over the same period, societal benefit donors declined -10.7%, compared to an overall index decline of -5.0%.

## International Relief Sector

International relief fundraising over the past three years has been dominated by the after-effects of the Indian Ocean tsunami in December 2004, which generated record disaster-related revenue in both 2004 and 2005. Much of the positive performance of relief organizations throughout 2007 was due to the fact that 2006 was a post-disaster year for this sector, and therefore appeared relatively weak in comparison to 2007.

In the first quarter of 2008, the after-effects of the tsunami on relief fundraising appear to have essentially disappeared in two areas. For the first time in two and a half years, sector donor and revenue per donor trends are similar to those of other sectors in the index.

Donors to the international relief sector fell -4.8% from Q1 2007 to Q1 2008, close to the overall index decline of -4.0%. Half of the organizations in the relief sector had positive donor growth in Q1 and half had declines. Revenue per donor was essentially flat in the first quarter of 2008 with a decline of -0.1%, essentially in the middle of the index – two sectors had greater revenue per donor declines and three sectors had revenue per donor increases.

However, there are signs that the further attrition of 2005 disaster donors and the absence of new major disasters since hurricane Katrina are both still affecting on this sector.

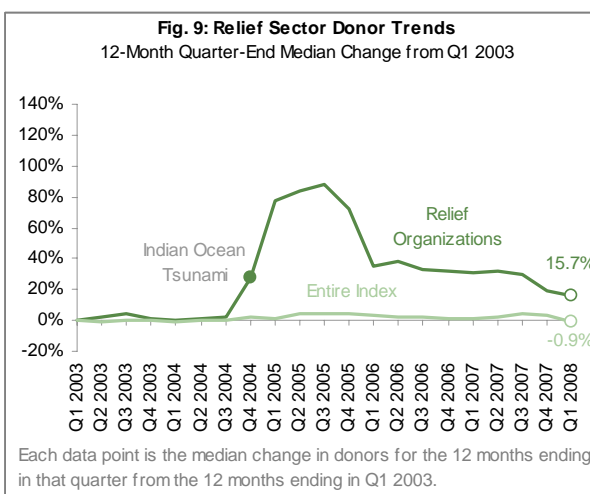
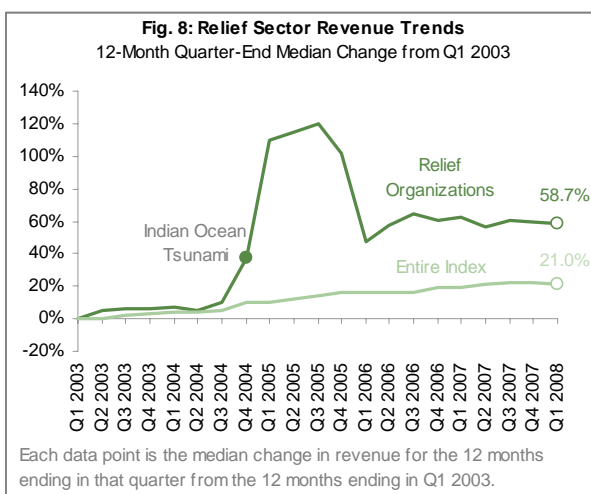
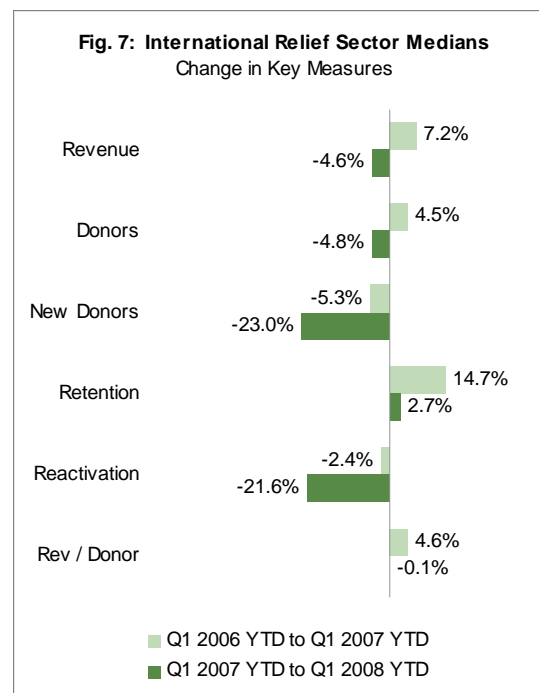
New donor acquisition declined -23.0% in the first quarter of 2008 over the same quarter one year before. This was the greatest decrease of any sector and was widespread across relief organizations; 30% of the relief organizations in the index had positive new donor growth over this period.

Lapsed donor reactivation rates were down significantly as well, declining -21.6% from Q1 2007 to Q1 2008.

Acquisition and reactivation rate declines have together negatively affected overall revenue. International relief revenue fell -4.6% from Q1 2007 to Q1 2008, the greatest decline of any sector in the index. Only 30% of the organizations in this sector had positive revenue growth over this period.

Rolling revenue and donor trends can give more context for the recent performance of the relief sector.

Relief organizations received a large influx of both donors and revenue in Q4 2004 and Q1 2005 from tsunami relief efforts. Revenue and donors both declined significantly the next year as growth fell back to typical rates. Throughout 2007 and in the first quarter of 2008, the relief sector slightly underperformed the index as a whole.



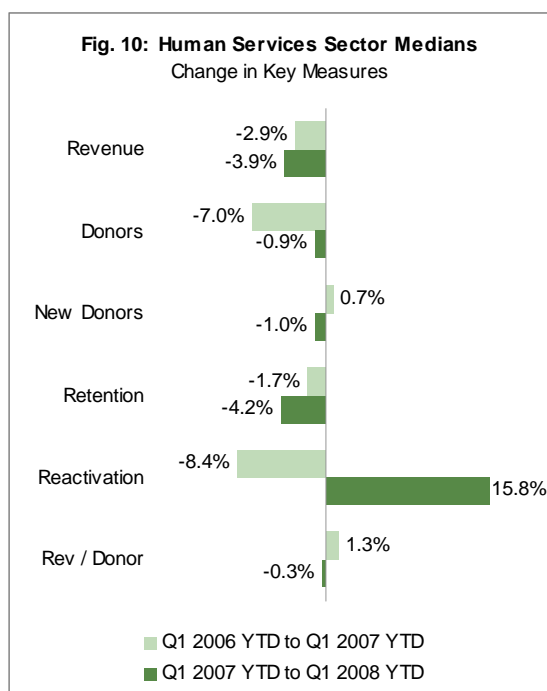
Overall, in spite of significant post-disaster revenue and donor declines in 2006 and more moderate declines in 2007 and Q1 2008, revenue and donors for the sector are both up significantly over pre-tsunami numbers.

Relief sector revenue grew a cumulative 58.7% over the past five years, from the twelve months ending Q1 2003 through the twelve months ending Q1 2008. The index as a whole had only 21.0% growth over that period. Donor numbers grew a cumulative 15.7% for the relief sector over the past five years, compared to an overall index donor decline of -0.9% over that same period.

In the next quarter of the index, this sector may see some increases in giving related to a major earthquake in China and a cyclone in Myanmar, both of which took place in May 2008.

### Human Services Sector

Performance of the human services sector has generally followed the overall index median over recent years. In the last quarter of 2007 and the first quarter of 2008, human services organizations maintained their donor populations relatively well compared to the rest of the index, but had atypically large declines in revenue.



Human services donor numbers were essentially flat in Q1 2008, relatively good performance during a time when most sectors saw fairly significant donor decreases. Sector donors declined only -0.9% from Q1 2007 to Q1 2008, an improvement over a decline of -7.0% over the same period one year before. Half of the organizations in the sector had positive growth in donors in the first quarter of 2008.

New donor acquisition remained relatively flat as well, with a decrease of -1.0% from Q1 2007 to Q1 2008. Half of the organizations in this sector had positive growth in new donors in the first quarter of 2008.

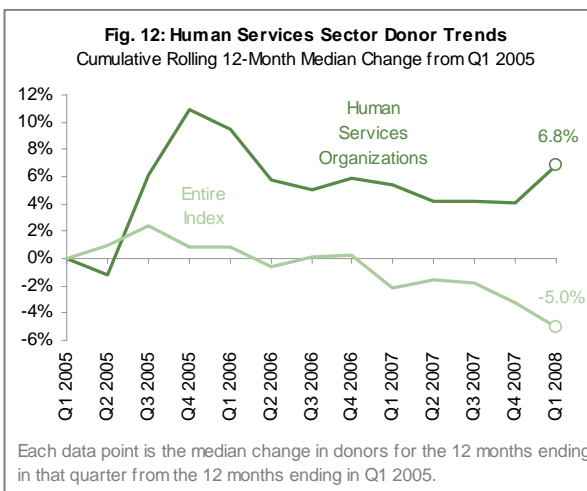
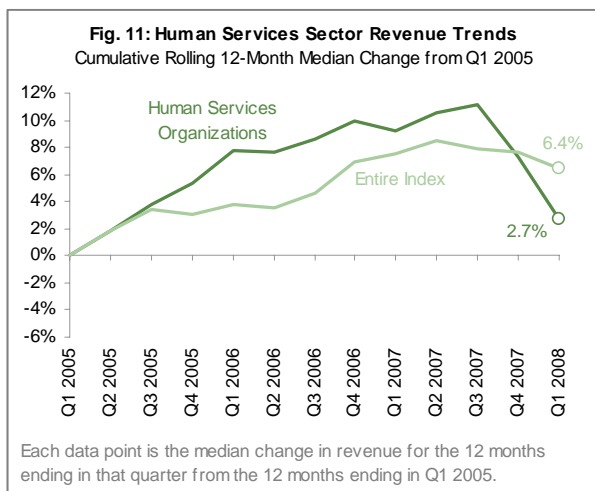
While donor numbers remained relatively steady, human services revenue fell -3.9% from Q1 2007 to Q1 2008. Only international relief organizations had a greater revenue decline over the same period.

These declines appear to be due primarily to a significant drop in retention rates combined with a slight drop in revenue per donor.

Retention rates for the human services sector dropped more than for any other sector, with a -4.2% decline from Q1 2007 to Q1 2008. This came on top of a decline of -1.7% over the same period one year before.

Revenue per donor declined -0.3% from Q1 2007 to Q1 2008. This is essentially flat growth from the year before, but is nevertheless one of the greatest revenue per donor declines of any sector in the index (second only to that of animal welfare). The human services sector did not see the same kinds of increases in revenue per donor that most other sectors did, in part perhaps because their new donor declines were not as severe.

Rolling revenue and donor trends for the past several years show recent human services sector results in a longer-term context. In general, sector revenue growth underperformed the index prior to hurricane Katrina, grew significantly during the disaster year of 2005, and then outperformed the index at a more moderate pace through almost all of 2006 and 2007.



In the most recent quarters of Q4 2007 and Q1 2008, donor growth continued to outpace the index, but revenue declined significantly. The result is that over the past three years the human services sector has significantly outpaced the overall index in donor growth, but significantly underperformed the index in revenue growth.

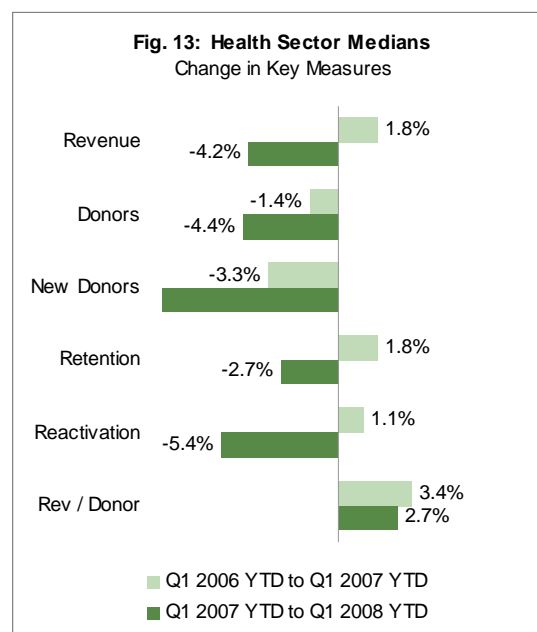
From the twelve months ending Q1 2005 to the twelve months ending Q1 2008, human services donors grew a cumulative 6.8%, compared to an overall national index decline of -5.0%. Over the same time period, human services revenue grew a cumulative 2.7%, compared to overall national index growth of 6.4%.

## Health Sector

In the past, health organizations have experienced some of the greatest revenue and donor declines in the index. In recent quarters, however, some of these negative trends appear to be leveling out, with health sector performance in many areas closely matching the overall index medians.

Revenue for the health sector declined -4.2% from Q1 2007 to Q1 2008. This is, however, roughly in the middle of the index; two sectors had greater revenue decreases and three sectors had smaller decreases or even revenue increases. One-third (33%) of the organizations in this sector had positive revenue growth in Q1 2008.

Health donors continued to decline as well, with



a decrease of -4.4% from Q1 2007 to Q1 2008. This is, again, roughly in the middle of the index and is close to the overall index decline of -4.0% over the same period. Only 28% of the organizations in this sector had positive donor growth in Q1 2008.

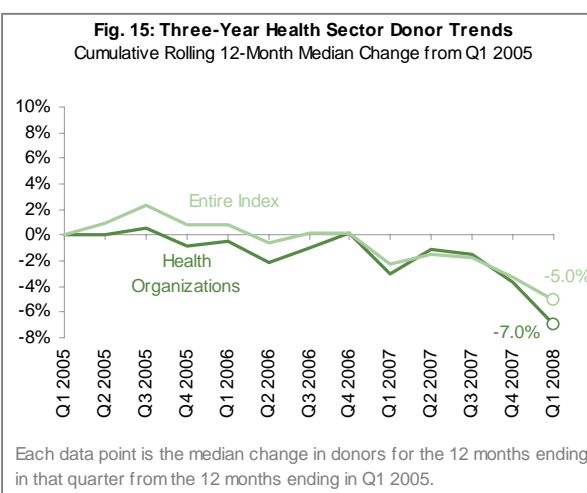
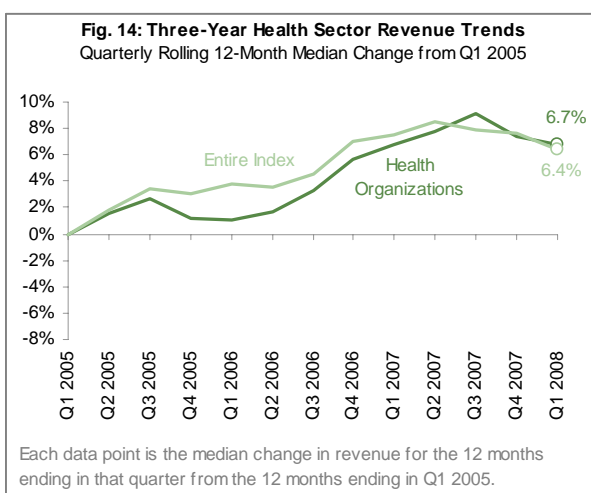
Health organizations experienced increases of 2.7% in revenue per donor from Q1 2007 to Q1 2008, similar to the index median of 2.1%.

Health sector retention and reactivation rates both declined in the first quarter of 2008, with a decline of -2.7% in retention rate and a decline of -5.4% in reactivation rate from Q1 2007 to Q1 2008. These are both essentially the same as the overall index medians of -2.4% (for retention rate) and -5.0% (for reactivation rate) over the same period.

As in previous quarters, declines in health donors are primarily due to declines in new donor acquisition, which remains an area of concern. New donors for the sector fell -8.4% from Q1 2007 to Q1 2008. This was the second-greatest decline in the index; only the international relief sector had greater new donor losses. Only one-third (33%) of the health organizations in the index had positive new donor growth in Q1 2008.

Rolling revenue and donor trends can provide a more graphic picture of long-term health sector trends.

Twelve-month rolling health sector revenue grew more slowly than that of the overall index during 2005 and most of 2006. The sector particularly lagged the index during 2005 when other sectors saw record-breaking growth related to disasters that year. Revenue growth for health organizations then slightly outperformed or remained close to overall index growth for most of 2007 and the first quarter of 2008.



The result is that over the past three years, cumulative revenue growth for the health sector has been essentially the same as that of the overall index. From the twelve months ending Q1 2005 to the twelve months ending Q1 2008, health organizations had total revenue growth of 6.7%, compared to 6.4% revenue growth for the index as a whole over the same period.

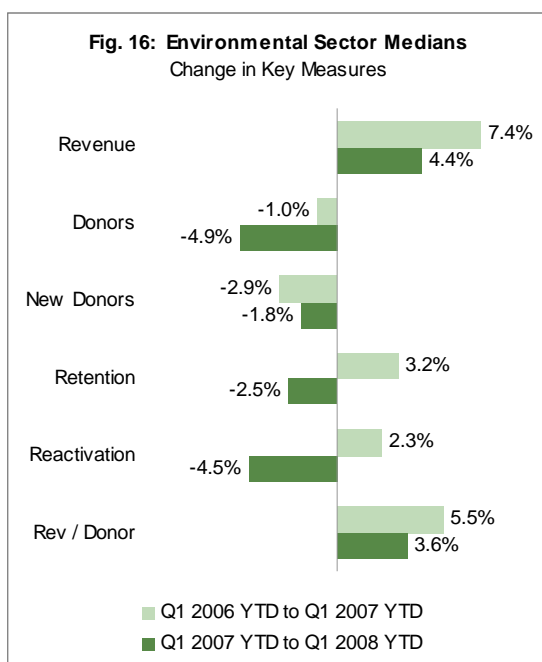
Health sector donor growth has followed roughly the same pattern as revenue growth, lagging the overall index during 2005 and 2006 and then growing closer to it through most of 2007. Because of a recent sharp downturn in donors in the most recent quarter, the sector has cumulatively underperformed the index over the entire three-year period, but to less of a degree than we have

seen in previous quarters. From the twelve months ending Q1 2005 to the twelve months ending Q1 2008, health organizations had total donor declines of -7.0%, compared to declines of -5.0% for the index as a whole.

## Environmental Sector

Environmental sector performance in the first quarter of 2008 outperformed that of the overall index in several respects.

This was one of only two sectors in the index (along with animal welfare) to have increases in revenue; the sector had 4.4% revenue growth from Q1 2007 to Q1 2008, at a time when the overall index saw revenue declines. Environmental revenue increases in the first quarter of 2008 came on top of 7.4% growth over the same period one year before and were quite widespread; 62% of the organizations in the sector had positive revenue growth in Q1 2008.



Revenue grew in the first quarter for this sector because of significant increases in revenue per donor, which rose 3.6% from Q1 2007 to Q1 2008. This was the second-greatest revenue per donor growth in the index (after the societal benefit sector) and was widespread across the sector; 77% of the environmental organizations in the index had positive revenue per donor growth this quarter.

This revenue per donor growth however, made up for substantial decreases in donors in the first quarter. Environmental donors declined -4.9% from Q1 2007 to Q1 2008, on top of a -1.0% decline over the same period the year before. This was one of the greatest donor declines of any sector in the index, second only to the societal benefit sector.

The relatively large donor declines this sector had in Q1 2008 appear to be primarily due to falling retention and reactivation rates rather than declines in new donor acquisition. New donors to environmental organizations only declined -1.8% from Q1 2007 to Q1 2008, close to the index median of -2.3%. Almost half, or 46%, of the organizations in the sector had positive new donor growth in Q1 2008.

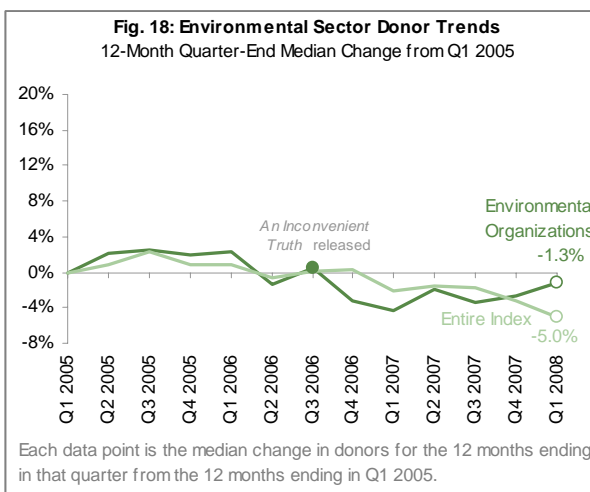
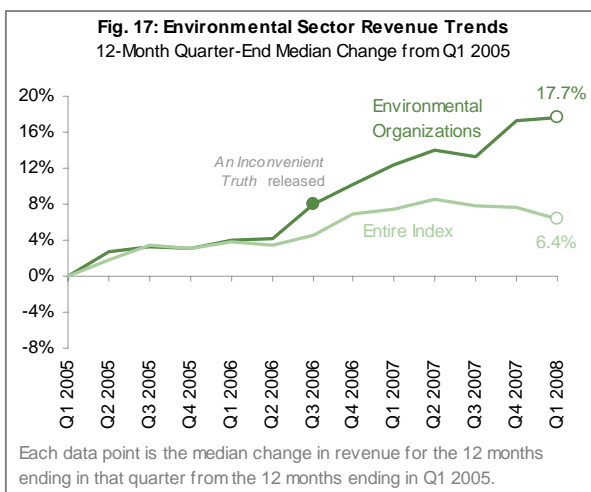
Retention rates, on the other hand, declined -2.5% from Q1 2007 to Q1 2008. Reactivation rates declined -4.5% over the same period.

Twelve-month rolling revenue and donor growth can provide longer-term context for recent trends.

Rolling revenue growth for the environmental sector generally matched index medians from 2004 through the middle of 2006. From that point on, however, environmental organizations slightly outperformed the index. Perhaps not entirely coincidentally, the start of this revenue spike correlates with the summer 2006 release of the environmental documentary *An Inconvenient Truth*.

Whatever the cause, recent revenue acceleration has resulted in this sector having the highest

cumulative revenue growth of any sector over the past three years. Environmental groups had cumulative revenue growth of 17.7% from the twelve months ending Q1 2005 to the twelve months ending Q1 2008, compared to overall index growth of 6.4%. Almost all (92%) of the organizations in this sector had positive revenue growth over that period.



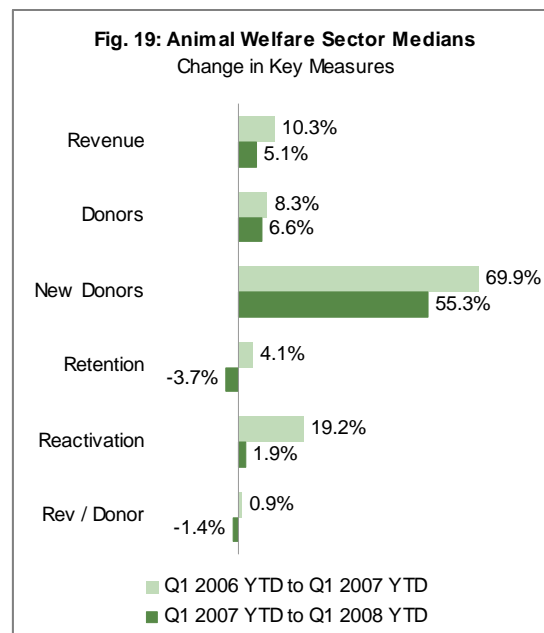
Environmental donors have been more volatile than revenue over the past three years but have also outperformed the overall index over that period. Environmental organizations had a -1.3% cumulative donor decline from the twelve months ending Q1 2005 to the twelve months ending Q1 2008, compared to an overall index decline of -5.0%. Almost half (46%) of the environmental organizations had positive donor growth over that period.

## Animal Welfare Sector

The animal welfare sector has been arguably the highest-performing sector in the index over the past several years. The performance of these organizations has been markedly different from those in any other sector.

Animal welfare organizations had strong growth in almost every key measure in Q1 2008 over Q1 2007. This was the only sector to experience positive overall donor growth and one of only two sectors (along with societal benefit organizations) to experience positive new donor growth this quarter. Overall donor growth for the sector was 6.6%, on top of 8.3% growth over the same period one year earlier. New donor growth was up 55.3% over the period, on top of 69.9% growth over the same period one year earlier. Four of the five animal welfare organizations experienced positive growth in both overall donors and new donors in Q1 2008.

Animal welfare organizations had the highest revenue growth of any sector with an increase of 5.1% from Q1 2007 to Q1 2008. This made





them one of only two sectors (along with environmental organizations) that had positive revenue growth for the quarter. However, this revenue growth was not as universal as donor growth; three of the five of the organizations in this sector had positive revenue increases in Q1 2008.

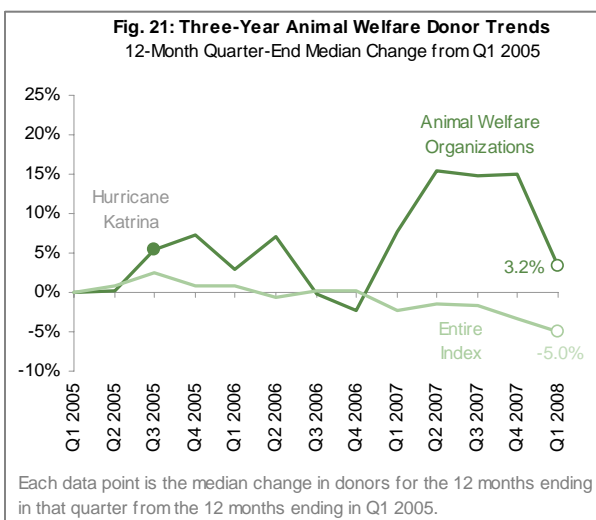
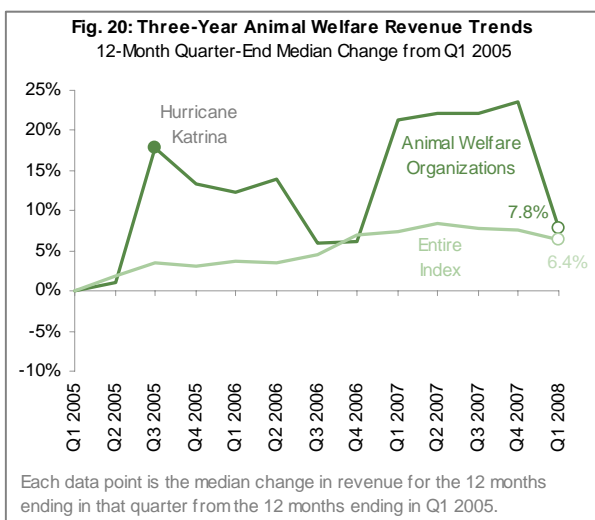
The animal welfare sector was the only one to experience significant declines in revenue per donor, with a revenue per donor decrease of -1.4% from Q1 2007 to Q1 2008. This is likely mainly due to the large influx of new donors over that period.

Retention rates declined -3.7% for the animal welfare sector in Q1 2008. This is to be expected, however, given the extent to which sector donor numbers – particularly new donor numbers – grew over the same time period one year earlier.

Rolling twelve-month revenue and donor trends can give a long-term context for the recent performance of animal welfare organizations.

The animal welfare sector has had two substantial event-related spikes in revenue over the last few years; one in the third quarter of 2005 following the U.S. Gulf Coast hurricanes and one in the second and third quarters of 2007 coinciding with the arrest and indictment of professional football player Michael Vick on dog-fighting charges.

Donor growth in the sector has been more volatile but has followed the same general pattern as revenue, with a hurricane-related spike in 2005 and another spike in mid-2007.



The long-term effect of these two events is that the animal welfare sector has outperformed the index in both revenue and donor growth over the past three years. From the twelve months ending Q1 2005 to the twelve months ending Q1 2008, sector revenue grew by a total 7.8%, compared to an overall index median of 6.4%. Over the same period, sector donors grew by 3.2% while the overall index saw a decline of -5.0%.

One possible explanation for the strong performance of the animal welfare sector in 2007 is that results look relatively good compared to a weak post-disaster recovery year in 2006. In addition, many animal welfare organizations saw revenue increases after the indictment of Michael Vick. However, the strong performance of the animal welfare sector has continued into the first quarter of 2008, when the effects of event-related fundraising have theoretically faded and when other sectors in the index appear to be feeling the effects of a weak economy.



## References

1. Bureau of Labor Statistics, U.S. Department of Labor. Seasonally adjusted month-end Consumer Price Index, U.S. city average, all items. <http://www.bls.gov/>. Retrieved July 1, 2008.
2. Giving USA Estimates, *Giving USA 2006*, pp. 22, 29.
3. Bureau of Economic Analysis, U.S. Department of Commerce. Seasonally adjusted annualized quarter-end GDP growth, indexed to 2008 dollars. <http://www.bea.gov/bea/dn/home/gdp.htm>. Retrieved July 1, 2008.
4. Index of Consumer Sentiment, University of Michigan. Month-end consumer sentiment for all families. <http://www.sca.isr.umich.edu>. Retrieved July 1, 2008.
5. Bureau of Labor Statistics, U.S. Department of Labor. Seasonally adjusted month-end unemployment rate. <http://www.bls.gov/>. Retrieved July 1, 2008.

## Industry Sectors Used in the Index

### **Animal Welfare Organizations**

Organizations that focus on the care, protection, or understanding of pets or specialty animals, other than livestock. Includes humane societies, veterinary services, aquariums, and zoos.

### **Environmental Organizations**

Programs that focus on the preservation and protection of the environment, including pollution control and abatement programs; conservation and development of natural resources (land, plant, water, energy); control or elimination of hazardous and toxic substances (including pesticides); solid waste management programs; botanical gardens and societies; urban beautification and open spaces programs; and environmental education. Also includes programs that focus primarily on the protection and preservation of wildlife or fisheries.

### **Health Organizations**

Programs which help people achieve and maintain physical well-being through prevention, screening, evaluation and treatment; programs that promote mental health and treatment of mental illness; voluntary health organizations that are organized on a national, state or local basis and supported primarily by voluntary contributions from the public at large, which are engaged in a program of service, education and some research that is related to a particular disease, condition or disability, or group of diseases, conditions or disabilities; research institutes and other organizations whose primary purpose is to promote the advancement of knowledge about specific diseases, disorders, or medical disciplines.

### **Human Services Organizations**

Organizations that promote or provide a broad range of social or human services to individuals or families; organizations that focus on protecting the public from antisocial elements; organizations that help individuals to find and sustain gainful employment; organizations that focus on the development and improvement of food resources; organizations that focus on promoting adequate housing for individuals, families and communities; organizations which aim to prevent, predict or control the effects of domestic disasters (e.g., floods, earthquakes, fires, tornadoes); organizations that work to build character and develop leadership and social skills among children and youth.

### **International Relief Organizations**

Organizations that provide development and relief services to foreign countries and/or organizations that raise and distribute funds for the benefit of overseas institutions.

### **Societal Benefit Organizations**

Programs that focus on protecting and promoting the broad civil rights and civil liberties of individuals, improving relations between racial, ethnic, and cultural groups, and promoting voter education and registration; advocacy and citizen action groups that work to change public policy and opinion in a variety of areas; organizations that work to strengthen, unify, and build community spirit and increase the capacity of various community organizations to improve the quality of life for all.

Most sector definitions based on a modification of the Foundation Center's National Taxonomy of Exempt Entities.

<http://fdncenter.org/ntee/index.html>

## Looking Ahead

The next installment of the index, to be released in September 2008, will examine activity for the second quarter of 2008. Findings can be found at <http://www.blackbaud.com/targetanalytics>.

## Index Methodology

Target Analytics applied the following rules to standardize data from each of the organizations participating in the Index of National Fundraising Performance:

Individual payments greater than \$5,000, soft credits, and matching gift payments are excluded. Direct mail is the dominant or only revenue source for most organizations; however, web, telemarketing, event, and other sources are included. Indicators are calculated on a cash payment basis, as opposed to a pledge basis. Gifts or donors are defined as new, retained, or reactivated according to relative gift dates rather than organization-specific business rules or source codes. Retention rates for quarterly analysis are calculated by dividing the number of donors giving in the current year-to-date quarter(s) who also gave during the previous calendar year by the total number of donors who gave in the previous calendar year. Revenue per donor refers to the cumulative giving per donor per current period.

## About Medians

Unless otherwise noted, index trends are measured by using the median percent change among a group of organizations. The median is the middle value in a ranked order of numbers. Using this statistic to describe historical trending minimizes distortion caused by the wide range of organizations' file sizes or extreme changes at a few organizations.

## Participation

Participation in the index is limited to organizations that meet size and geographic requirements as well as other terms and conditions. For information about index eligibility contact Sue Rock Tully at [srocktully@targetanalysis.com](mailto:srocktully@targetanalysis.com). Please direct questions or requests to reproduce these findings to [info@targetanalysis.com](mailto:info@targetanalysis.com).









































































































































































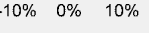
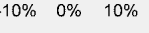
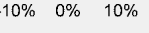
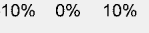
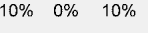
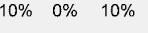
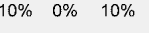
## Online Resources

Participating organizations are granted access to an online, interactive graphical system where they can chart their own performance results against overall and sector-specific medians. Please contact your account representative for your password and for more information.

## About Target Analytics

Target Analytics delivers data-driven, collaborative solutions designed to help non-profit organizations maximize their fundraising potential. Founded in 1989, Target Analytics was the first company to bring forward-thinking non-profit organizations together to establish industry-standard benchmarking and openly discuss successful strategies and practices. Target Analytics became a subsidiary of Blackbaud, Inc., in January 2007.

## Change in Key Measures (Q1 YTD 2007 and Q1 YTD 2008)

		National Index	Animal Welfare	Environmental	Health	Human Services	International Relief	Societal Benefit
Revenue	06-07	 1.6%	 10.3%	 7.4%	 1.8%	 -2.9%	 7.2%	 -4.2%
	07-08	 -1.8%	 5.1%	 4.4%	 -4.2%	 -3.9%	 -4.6%	 -3.9%
Donors	06-07	 -1.3%	 8.3%	 -1.0%	 -1.4%	 -7.0%	 4.5%	 -8.2%
	07-08	 -4.0%	 6.6%	 -4.9%	 -4.4%	 -0.9%	 -4.8%	 -6.0%
Revenue Per Donor	06-07	 3.6%	 0.9%	 5.5%	 3.4%	 1.3%	 4.6%	 4.6%
	07-08	 2.1%	 -1.4%	 3.6%	 2.7%	 -0.3%	 -0.1%	 3.8%
Gifts Per Donor	06-07	 0.4%	 -0.8%	 0.9%	 0.0%	 -2.0%	 1.9%	 2.8%
	07-08	 0.8%	 0.1%	 1.0%	 -0.1%	 2.0%	 1.4%	 1.3%
Number of New Donors	06-07	 -5.3%	 69.9%	 -2.9%	 -3.3%	 0.7%	 -5.3%	 -21.9%
	07-08	 -2.3%	 55.3%	 -1.8%	 -8.4%	 -1.0%	 -23.0%	 6.1%
New Donor Revenue	06-07	 0.3%	 52.5%	 8.6%	 6.5%	 2.6%	 -9.2%	 -18.2%
	07-08	 -7.7%	 53.3%	 1.0%	 -12.5%	 -6.7%	 -16.0%	 2.8%
Revenue Per New Donor	06-07	 3.1%	 -3.7%	 11.1%	 5.0%	 3.8%	 0.3%	 -0.1%
	07-08	 1.1%	 -5.1%	 2.3%	 0.1%	 6.2%	 -0.5%	 1.0%
Donor Retention Rate	06-07	 3.1%	 4.1%	 3.2%	 1.8%	 -1.7%	 14.7%	 -1.8%
	07-08	 -2.4%	 -3.7%	 -2.5%	 -2.7%	 -4.2%	 2.7%	 2.7%
1st-Year Retention Rate	06-07	 3.2%	 8.7%	 -2.4%	 4.1%	 2.6%	 26.2%	 -2.1%
	07-08	 -6.6%	 -6.8%	 -4.8%	 -8.4%	 -9.6%	 -4.5%	 2.1%
Multi-Year Retention Rate	06-07	 1.0%	 2.0%	 1.8%	 1.2%	 -7.7%	 1.2%	 -1.0%
	07-08	 -2.7%	 -2.9%	 -4.2%	 -2.9%	 -2.7%	 0.3%	 0.7%
Donor React Rate (1-5yrs)	06-07	 0.1%	 19.2%	 2.3%	 1.1%	 -8.4%	 -2.4%	 -10.1%
	07-08	 -5.0%	 1.9%	 -4.5%	 -5.4%	 15.8%	 -21.6%	 -5.5%
Revenue Per Gift	06-07	 3.1%	 2.2%	 5.8%	 4.0%	 3.0%	 3.9%	 2.9%
	07-08	 0.9%	 -3.6%	 3.2%	 3.6%	 -1.0%	 -0.6%	 2.3%
		 -10% 0% 10%	 -10% 0% 10%	 -10% 0% 10%	 -10% 0% 10%	 -10% 0% 10%	 -10% 0% 10%	 -10% 0% 10%
		Q1 YTD (Jan-Mar) Median % Change	Q1 YTD (Jan-Mar) Median % Change	Q1 YTD (Jan-Mar) Median % Change	Q1 YTD (Jan-Mar) Median % Change	Q1 YTD (Jan-Mar) Median % Change	Q1 YTD (Jan-Mar) Median % Change	Q1 YTD (Jan-Mar) Median % Change