Target Analytics™
a Blackbaud Company

Index of National Fundraising Performance

2008 Third Calendar Quarter Results

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The Index of National Fundraising Performance

The Target Analytics Index of National Fundraising Performance analyzes direct marketing giving for many of the largest non-profit organizations in the country. For the twelve months ending Q3 2008, Target Analytics evaluated transactions from 74 organizations, including over 37 million donors and more than 68 million gifts totaling over $2 billion in revenue.

The Target Index reports on direct marketing giving only; direct mail is the dominant revenue source for most organizations but web, telemarketing, canvassing, and other gifts considered to be direct marketing are also included. Individual payments greater than $5,000, soft credits, and matching gift payments are excluded.

Quarterly results are reported on a calendar year basis. This report includes results through September 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.

Q3 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 Heart Association
American Lung Association
Arthritis Foundation
Children's Cancer Research Fund
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

International Relief
AmeriCares
CARE
Catholic Relief Services
Doctors Without Borders
Habitat for Humanity International
International Fellowship of Christians and Jews
International Rescue Committee
Mercy Corps
Operation Smile
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
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
United States Holocaust Memorial Museum
United States Olympic Committee

Slowdown Continues in Direct Marketing Revenue and Donors

Overall Index Results

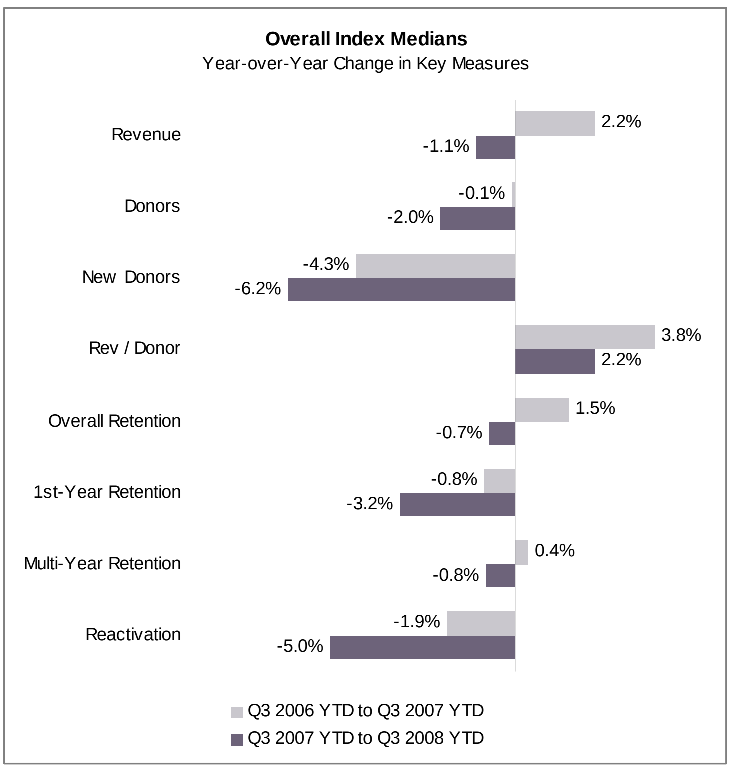
All index results are medians unless otherwise specified.

Q3 2008 Summary

Most of the organizations in the Target Analytics Index of National Fundraising Performance appear to be facing fundraising challenges in the first three quarters of 2008 (January through September). Overall direct marketing donors and revenue both declined in Q3 year-to-date 2008 over the same period last year, and these declines were evident across most of the sectors in the index. Revenue per donor rose, as it has for most of the past two years.

Year-to-Year Trends

Index revenue declined a median -1.1% from the first three quarters of 2007 to the first three quarters of 2008. This continues a pattern of decline that began in the last edition of the index in Q2 2008, when revenue declined -2.4% from the first half of 2007 to the first half of 2008. Before 2008, the last time that current-dollar revenue declined in the index was in the aftermath of the U.S. Gulf Coast hurricanes in the fall of 2005. Revenue declines were not universal across the index, however; 44% of the organizations in the index did have positive revenue growth from Q3 YTD 2007 to Q3 YTD 2008.



Donor numbers in the index fell a median -2.0% from the first three quarters of 2007 to the first three quarters of 2008. Donors have been declining consistently for the past three years; the index has not experienced positive donor growth since the 2005 hurricanes. 43% of the organizations in the index had positive donor growth over the period.

Revenue per donor has been steadily increasing for the past three years. Revenue per donor grew 2.2% from Q3 YTD 2007 to Q3 YTD 2008, after 3.8% growth over the same period one year before. Almost three-quarters (72%) of the organizations in the index had revenue per donor increases.

Until 2008, increases in revenue per donor compensated for donor declines, allowing overall revenue to continue to grow. In 2008, however, continued revenue per donor growth has so far no longer made up for the donor decreases and overall revenue has declined.

Single Quarter Trends

In the index, we usually report on year-to-date or rolling twelve-month periods, rather than year-to-year changes in individual quarters. This is because shifts in the timing of direct marketing campaigns can, in turn, shift significant revenue from one quarter to another. In addition, smaller donor counts and revenue totals in single quarters can exaggerate the magnitude of increases and decreases in donors and revenue.

Given the recent performance of the economy, however, we did some analysis on year-to-year trends for specific quarters to roughly evaluate the impact of current economic changes in more detail. There were year-to-year revenue and donor declines in both Q2 and Q3 from 2007 to 2008, but there appear to be no significant differences in the magnitude of the declines and essentially the same proportion of organizations had declines in both quarters. We will continue to watch this trend into Q4 2008.

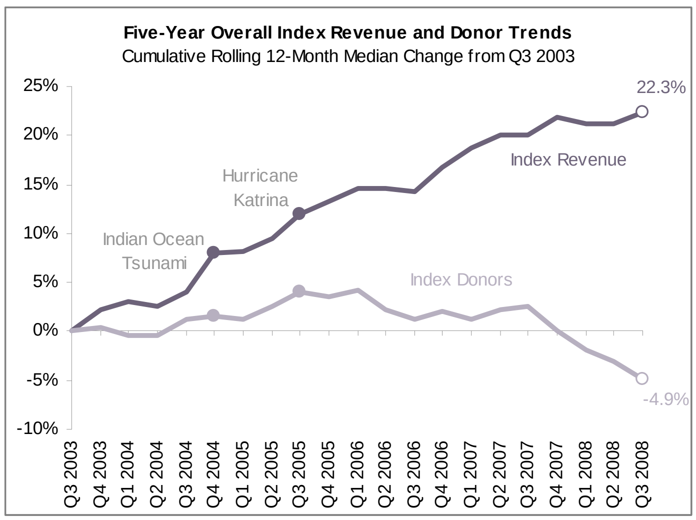
Median Single-Quarter Year-to-Year Change

	Revenue	% of Orgs With Positive Revenue Change	Donors	% of Orgs With Positive Donor Change
Q1 2007 v. Q1 2008	3.2%	71%	2.0%	57%
Q2 2007 v. Q2 2008	-1.4%	49%	-2.7%	39%
Q3 2007 v. Q3 2008	-0.8%	49%	-2.7%	40%

Long-Term Revenue and Donor Trends

Rolling twelve-month quarterly medians of revenue and donor growth can provide a clearer picture of long-term index trends. A rolling analysis compares the twelve months of revenue ending in one quarter to the twelve months of revenue ending in a starting 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 4% per year. Revenue grew faster than average 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 return to normal growth rates. Revenue slowed throughout 2007 and in the first three quarters of 2008, paralleling a weakening economy.



The result of all these combined trends is that over the past five years – including the record tsunami and hurricane giving periods – index revenue has generally grown at historically normal rates. From the twelve months ending Q3 2003 to the twelve months ending Q3 2008, index revenue grew a cumulative median 22.3%, for an average of 4.5% growth per year.

However, over the most recent three years – a period which did not include any natural disasters on the scale of the tsunami or the hurricanes – index revenue growth has been much slower than historic norms. From the twelve months ending Q3 2005 to the twelve months ending Q3 2008, revenue grew only 1.3%, for an average of only 0.4% growth per year.

This revenue growth has not kept up with inflation; when adjusted for inflation, revenue has actually declined a cumulative median -8.1% in real dollars over the same three-year period[1].

A rolling twelve-month analysis provides additional context for recent donor trends as well, making it clear that

Median Cumulative Change Through the 12 Months Ending Q3 2008

From the 12 Months Ending	Revenue	Average Revenue Growth per Year	Donors	Average Donor Growth per Year
Q3 2003 (Five Years Ago)	22.3%	4.5%	-4.9%	-1.0%
Q3 2004 (Four Years Ago)	13.8%	3.5%	-3.3%	-0.8%
Q3 2005 (Three Years Ago)	1.3%	0.4%	-7.0%	-2.3%
Q3 2006 (Two Years Ago)	2.9%	1.5%	-1.9%	-1.0%
Q3 2007 (One Year Ago)	0.5%	0.5%	-0.7%	-0.7%

current donor declines are part of a longer-term pattern, at least partly independent from recent economic conditions. In spite of a disaster-related spike in 2005, donors are down significantly over the past five years. From the twelve months ending Q3 2003 to the twelve months ending Q3 2008, donors declined a cumulative median -4.9%.

Donor declines have been particularly large over the past three years following the hurricanes. From the twelve months ending Q3 2005 to the twelve months ending Q3 2008, donors declined a median -7.0%. Just over a third (38%) of the organizations in the index had positive donor growth over that period.

Components of Donor Declines

As we have said in previous editions of the index, the falling donor populations 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 a median -6.2% from Q3 YTD 2007 to Q3 YTD 2008, on top of a -4.3% decline over the same period one year before. However, 45% of the organizations in the index had positive new donor growth in the first three quarters of 2008.

A lack of new donor growth is not the only cause for the donor declines, however; falling retention and reactivation rates continue to be also at least partly responsible. Retention rates dropped a median -0.7% from Q3 YTD 2007 to Q3 YTD 2008. 42% of the organizations in the index had positive retention rate growth in the first three quarters of 2008. The greatest decreases in retention came in first-year donor retention, which declined -3.2% in Q3 YTD 2008 over the same period one year before. Reactivation rates of lapsed donors declined -5.0% from Q3 YTD 2007 to Q3 YTD 2008.

Economic Influences on Giving

Research by the Giving USA Foundation™ indicates that charitable giving revenue growth rises during periods of strong economic growth and slows 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 harder economic times, charitable giving falls as a percentage of national Gross Domestic Product (GDP)[2].

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.

The United States economy has been in recession since December 2007[3]. We have seen downturns in revenue in the national index in the second and third quarters of 2008 year-to-date, which indicates that non-profit direct marketing may be slightly lagging economic trends. Since the recession appears to have deepened during the last quarter of 2008, it may be that Q2 and Q3 2008 index trends are just beginning to show the effects of the weakened economy on fundraising and that Q4 will show a stronger decline.

Effects of Political Campaigns

Many organizations are concerned about the effect that ongoing presidential campaigns may have on non-profit revenue.

The Giving USA Foundation, which estimates national charitable giving over a 40-year span, reports that campaign fundraising has historically had no discernable impact on overall individual giving[4]. In their publication *Giving USA 2007*, the Foundation points out that individuals gave a total of $229 billion to charity in 2007, which was 390 times the total raised by all candidates running for president that same year. While 70% of the U.S. population gives to charity every year, only 1% to 2% of the population gives to presidential candidates or campaigns.

While it is possible that some individual organizations working on causes highlighted by the campaigns may be positively or negatively affected by campaign fundraising, national non-profit fundraising in general should experience no effect from it.

Industry Sector Performance

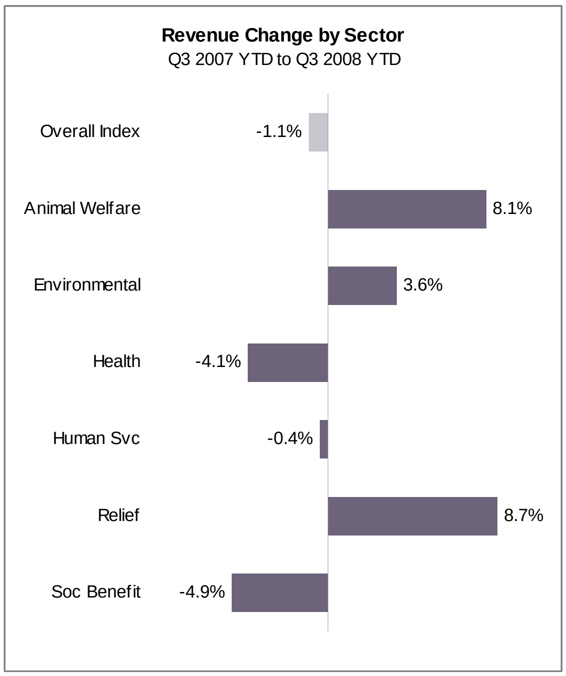
All sector results are medians unless otherwise specified.

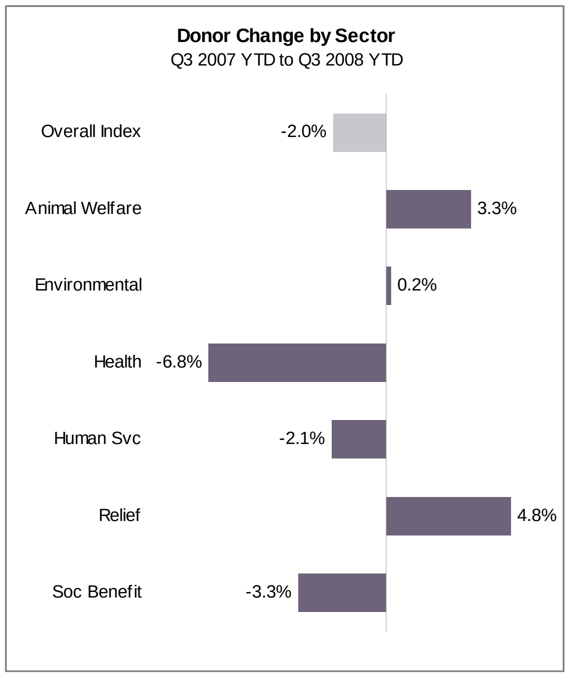
Sector Summary

Most industry sectors are experiencing the same set of trends that we have seen in the index as a whole – flat or declining donors and sometimes declining revenue as well, precipitated by declining acquisition and retention, in combination with rising revenue per donor.

Animal welfare, environmental, and international relief organizations had revenue increases in the first three quarters of 2008 compared to the same period one year earlier, while health, human services, and societal benefit organizations had declines.

The only sectors to experience donor increases this quarter were animal welfare and international relief; environmental donors remained flat and all other sectors had donor declines. Animal welfare, international relief, and environmental organizations were the only ones to experience increases in new donors in the first three quarters of 2008.



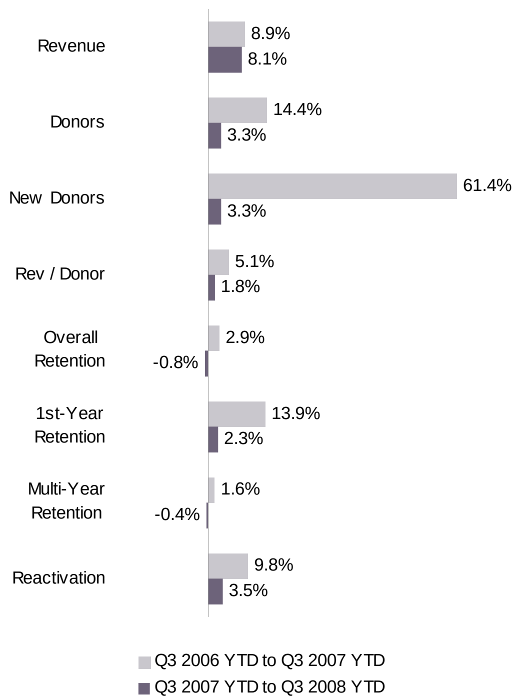


Sector results are explained in more detail on the following pages. For a table of complete third quarter year-to-date results for all key metrics by index sector for 2006-2007 and 2007-2008, please see page 16.

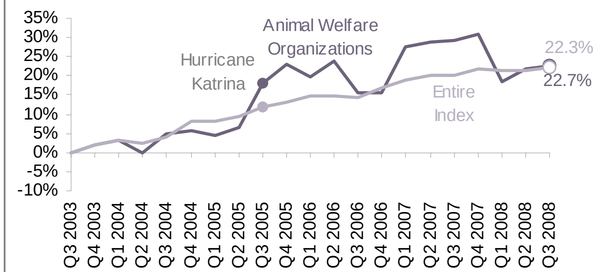
Animal Welfare

The animal welfare sector has been arguably the highest-performing sector in the index over the past two years. This has continued into the third quarter of 2008. During a period when most other groups experienced declines, animal welfare organizations had strong growth in most key measures.

Animal Welfare Sector Medians
Year-to-Date Change in Key Measures

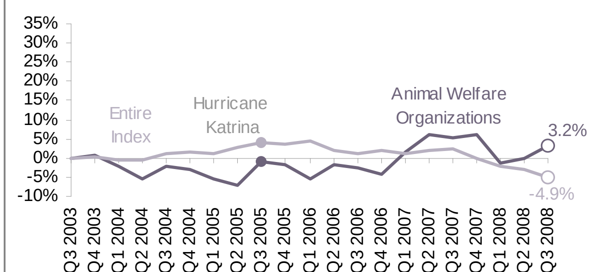


Five-Year Animal Welfare Revenue Trends
12-Month Quarter-End Median Change from Q3 2003



Each data point is the median change in revenue for the 12 months ending in that quarter from the 12 months ending in Q3 2003.

Five-Year Animal Welfare Donor Trends
12-Month Quarter-End Median Change from Q3 2003



Each data point is the median change in revenue for the 12 months ending in that quarter from the 12 months ending in Q3 2003.

Animal welfare organizations had the second-highest revenue growth of any sector, with a median increase of 8.1% from Q3 YTD 2007 to Q3 YTD 2008. The animal welfare sector had the second-highest donor growth in the index as well, with median increase of 3.3% over the same period.

New donors for the animal welfare sector grew 3.3% from Q3 YTD 2007 to Q3 YTD 2008. This came on top of 61.4% growth over the same period one year before, when these organizations saw a large influx of new donors after the arrest and indictment of professional football player Michael Vick on dog-fighting charges.

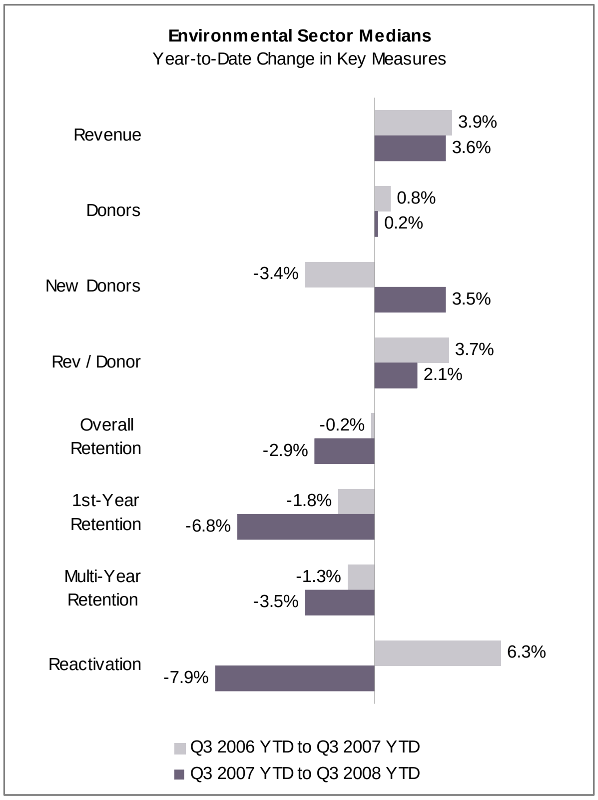
Revenue per donor grew a median 1.8% from Q3 YTD 2007 to Q3 YTD 2008. As in previous quarters, the small size of this increase in donor value is likely due to the increase in new donors over that period. Retention rates remained flat, declining -0.8% for the animal welfare sector in Q3 2008.

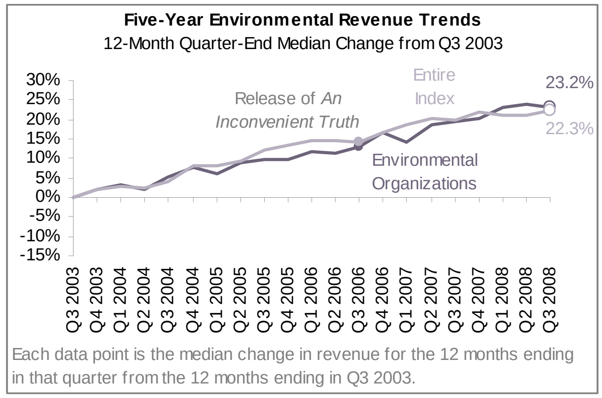
Rolling twelve-month revenue and donor trends can give a long-term context for the recent performance of animal welfare organizations. The animal welfare sector has had two substantial event-related spikes in revenue over the last five years; one in the third quarter of 2005 following the U.S. Gulf Coast hurricanes and one in the second and third quarters of 2007 following the arrest of Michael Vick. Donor growth in the sector has generally has followed a similar pattern to revenue but has been more volatile.

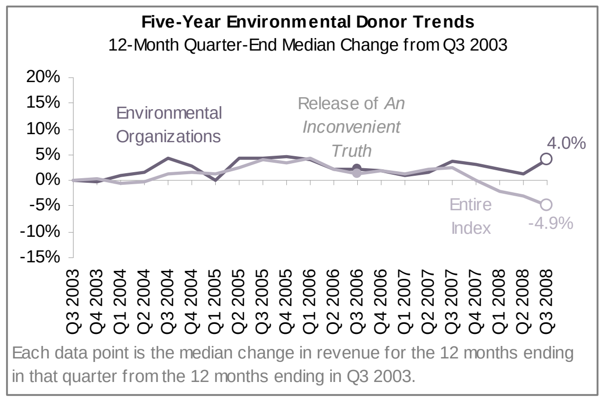
Over the entire five years, cumulative revenue growth for the animal welfare sector and the overall index have been roughly even. From the twelve months ending Q3 2003 to the twelve months ending Q3 2008, animal welfare revenue grew by a cumulative median 22.7%, close to the overall index median of 22.3%. However, the animal welfare sector has well outperformed the index in donor growth over the same period. From the twelve months ending Q3 2003 to the twelve months ending Q3 2008, sector revenue grew by a median 3.2% while the overall index saw a decline of -4.9%.

Environment

The environmental sector is one of the stronger sectors in the overall index in terms of overall revenue and donor numbers. It has well outperformed the index in new donor acquisition, with the highest new donor growth in the current index period. The sector has struggled recently, however, with donor retention. The combination of these trends has led to essentially flat donor growth year to date.







The environmental sector had median 3.6% revenue growth from Q3 YTD 2007 to Q3 YTD 2008. Donor growth was essentially flat over the same period at a median 0.2%.

The environmental sector outperformed all other sectors in the index in new donor acquisition with median new donor growth of 3.5% from Q3 YTD 2007 to Q3 YTD 2008. This growth was widespread throughout the sector; 62% of the organizations in the environmental sector had positive new donor growth over the quarter.

The sector has had difficulty, however, with retention and reactivation. Sector retention fell a median -2.9% from the first three quarters of 2007 to the first three quarters of 2008, compared to an overall index median decline of -0.7%. Sector retention rates weakened for both first-year and multi-year donors.

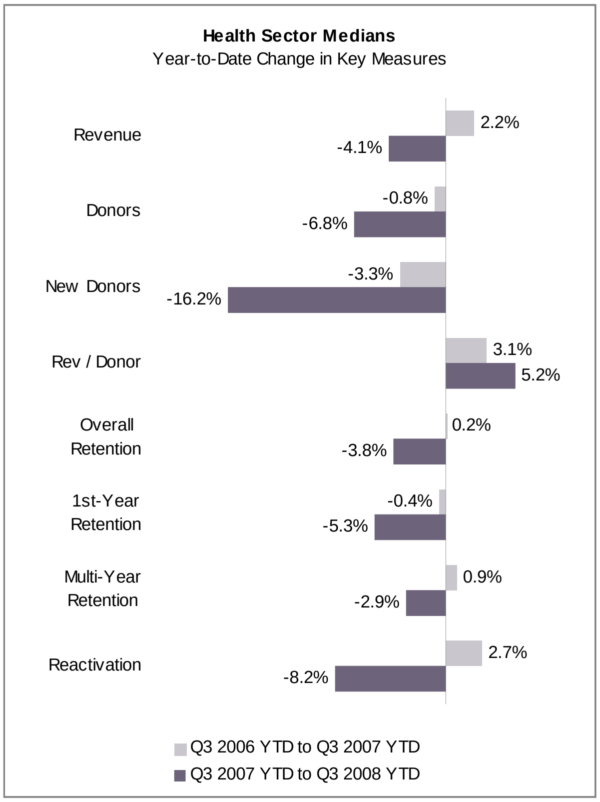
Twelve-month rolling revenue and donor growth can provide context for recent trends. Environmental revenue growth has roughly paralleled index medians over the last five years. The sector had median cumulative revenue growth of 23.2% from the twelve months ending Q3 2003 to the twelve months ending Q3 2008, compared to overall index growth of 22.3% over the same period.

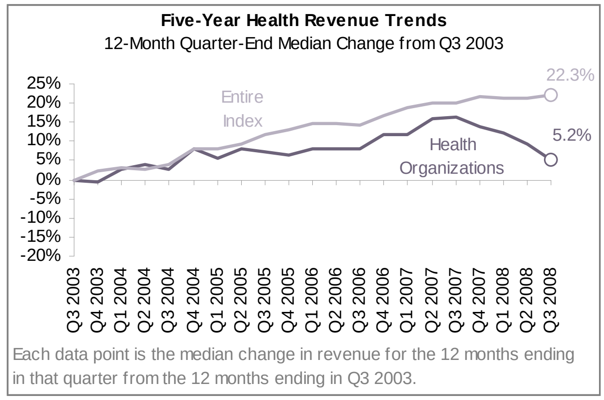
Since the middle of 2006, however, the sector has had significantly higher revenue growth than the index as a whole. Perhaps not entirely coincidentally, this correlates with the summer 2006 release of the documentary *An Inconvenient Truth*. This recent revenue acceleration has allowed the sector to outperform the index over the most recent three years; environmental organizations had median cumulative revenue growth of 17.8% from the twelve months ending Q3 2005 to the twelve months ending Q3 2008, compared to overall index growth of 1.3%.

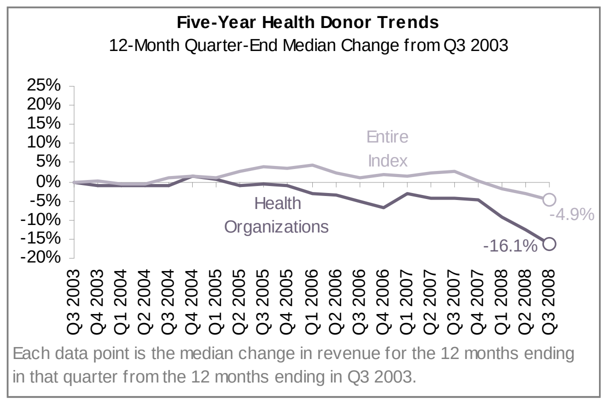
Environmental donor growth also paralleled index medians in the past but has also recently accelerated, allowing the sector to outperform the index as a whole over the last five years. The sector had 4.0% median cumulative donor growth from the twelve months ending Q3 2003 to the twelve months ending Q3 2008, compared to an overall index decline of -4.9% over the same period.

Health

The health sector continues to have some of the greatest fundraising challenges of any sector in the index. Revenue, donors, new donor acquisition, retention, and reactivation all declined during the past index period. Revenue per donor increased over the same time.







Health sector revenue declined a median -4.1% from Q3 YTD 2007 to Q3 YTD 2008, compared to a median index decline of -1.1%. Only 22% of the organizations in the health sector had positive revenue growth in Q3 2008.

Health sector donors decreased a median -6.8% from the first three quarters of 2007 to the first three quarters of 2008. This was the greatest decline of any sector in the index, more than triple the index decline of -2.0% over the same period. Again, just 22% of the organizations in this sector had positive donor growth in Q2 2008.

As in previous quarters, declines in health donors were primarily due to declines in new donor acquisition. New donors for the sector fell -16.2% from Q3 YTD 2007 to Q3 YTD 2008. As with overall donor populations, this was the greatest decline of any sector in the index.

During these donor declines, health organizations experienced the greatest increases in revenue per donor of any sector in the index. Sector revenue per donor rose a median 5.2% from Q3 YTD 2007 to Q3 YTD 2008.

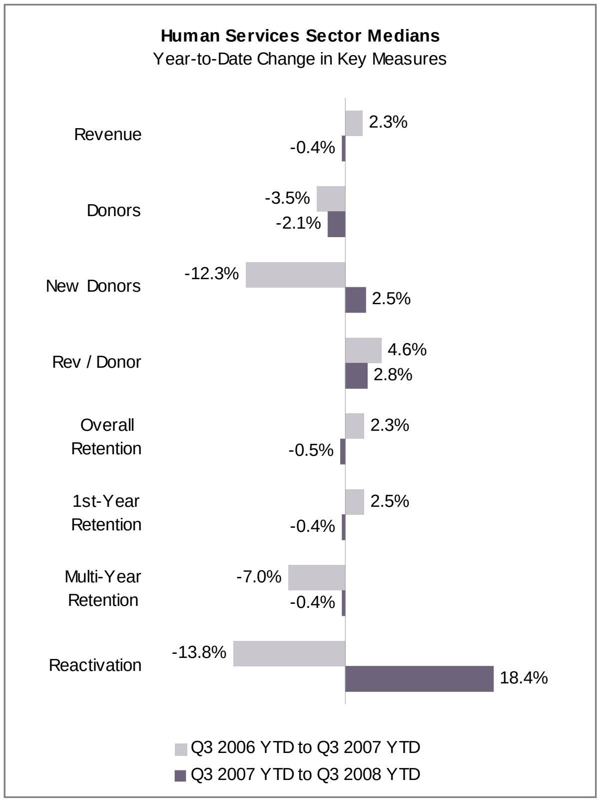
Rolling revenue and donor trends can provide a clearer picture of long-term health sector trends. Health sector revenue and donor growth have both generally lagged overall index medians over the past five years.

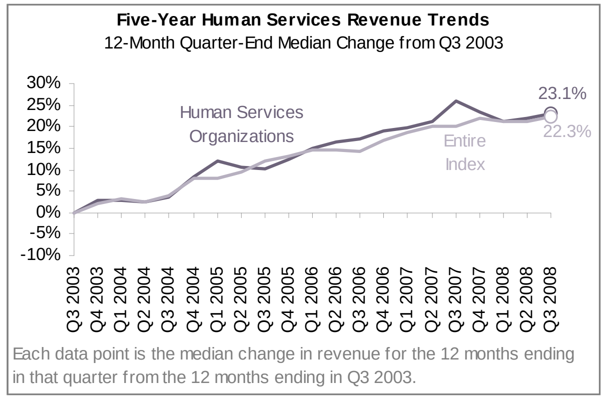
From the twelve months ending Q3 2003 to the twelve months ending Q3 2008, health organizations had cumulative revenue growth of 22.3%, compared to 5.2% revenue growth for the index as a whole over the same period.

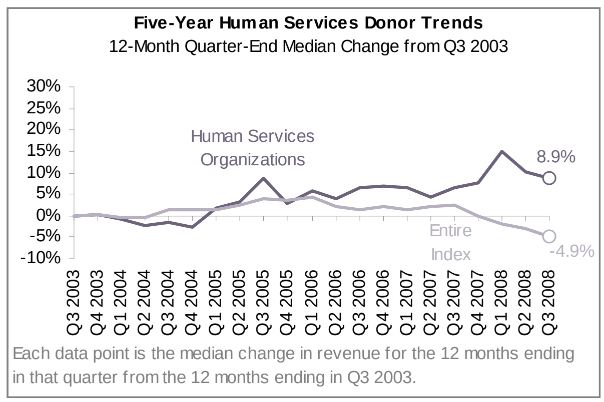
From the twelve months ending Q3 2003 to the twelve months ending Q3 2008, health organizations had cumulative donor declines of -16.1%, compared to declines of -4.9% for the index as a whole over the same period.

Human Services

Over the past two years, the human services sector has generally performed close to overall index medians. Recently, however, the sector has experienced much greater growth in both new donors and in lapsed donor reactivation than the index as a whole.







Human services revenue declined a median -0.4% from Q3 YTD 2007 to Q3 YTD 2008, close to the overall index decline of -1.1%. Donors for the sector fell a median -2.1% from the first three quarters of 2007 to the first three quarters of 2008, essentially equal to the overall index median decline of -2.0%.

Sector growth in many other key metrics also was similar to index medians. Revenue per donor for human services organizations grew 2.8% over the period, close to index median growth of 2.2%. Sector retention rates declined a median -0.5%, essentially equal to the overall index median decline of -0.7%.

One area in which human services organizations have outperformed the index, however, is in new donor acquisition. Human services new donors increased a median 2.5% from Q3 YTD 2007 to Q3 YTD 2008, during a time when new donors declined a median -6.2% for the index as a whole. Four of the seven human services organizations in the index had positive growth in new donors over the first three quarters of 2008.

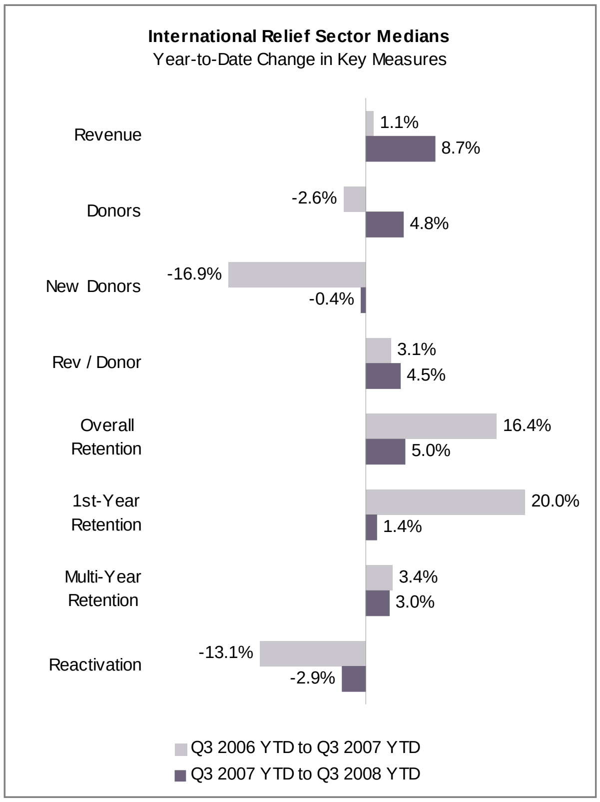
The human services sector also had the highest reactivation rate growth over the current index period. Sector reactivation grew by a median 18.4% from Q3 YTD 2007 to Q3 YTD 2008, compared to an index median decline of -5.0%. Six of the seven human services organizations in the index had positive growth in reactivation rate over the first three quarters of 2008.

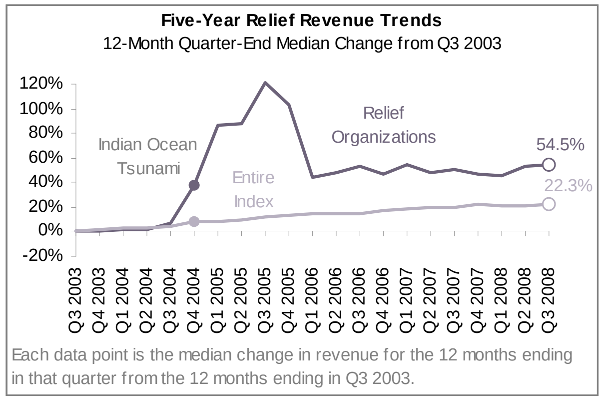
Rolling revenue and donor trends show recent human services sector results in a longer-term context.

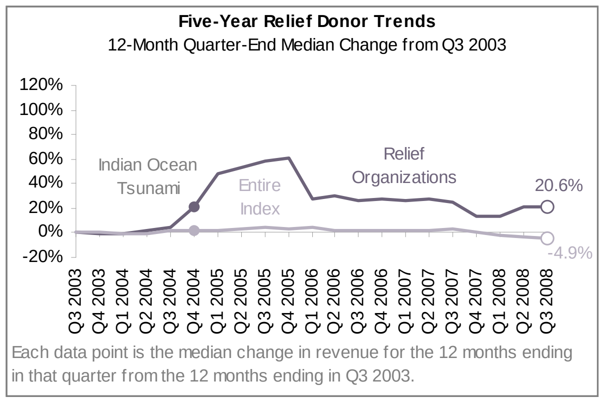
In general, over the past five years, sector revenue growth has paralleled that of the overall index. From the twelve months ending Q3 2003 to the twelve months ending Q3 2008, human services revenue grew a cumulative median 23.1%, close to the overall national index growth of 22.3%. Sector donor growth, on the other hand, has outpaced that of the overall index over the same period, likely primarily due to the increases in new donor acquisition. From the twelve months ending Q3 2003 to the twelve months ending Q3 2008, human services donors increased a median 8.9%. Over the same period, overall index donors declined -4.9%.

International Relief

Over the past several years and continuing into the current index period, the international relief sector has exhibited some of the strongest performances in the index. Relief organizations currently have higher growth in both donors and revenue than any other sector. New donor numbers are essentially flat, indicating that current revenue and overall donor growth are primarily due to increased donor retention.







Revenue for the sector increased a median 8.7% from the first three quarters of 2007 to the first three quarters of 2008, following an increase of only 1.1% the previous year. These increases were widespread; 83% of the organizations in the sector had revenue increases over the current period. The sector saw significant donor increases as well, with a median 4.8% donor increase from Q3 YTD 2007 to Q3 YTD 2008.

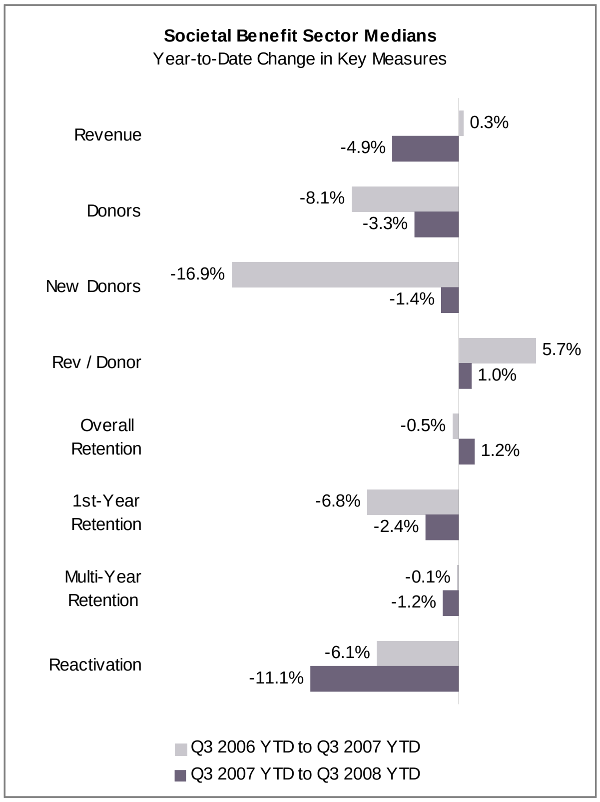
New donor numbers for the sector were essentially flat, declining a median -0.4% from Q3 YTD 2007 to Q3 YTD 2008, indicating that recent revenue growth comes not from acquisition but from returning donors. The sector had the greatest increase in retention rate of any sector in the third quarter of 2008, up a median 5.0% from the first three quarters of 2007 to the first three quarters of 2008. First-year and multi-year retention rates both increased over the period, with multi-year retention rates increasing faster than for any other sector at a median growth rate of 3.0%. These rate increases are influenced by the large influx of donors in 2004 and 2005; the donor spike depressed retention in 2006 following the disaster, and rates then rebounded in 2007.

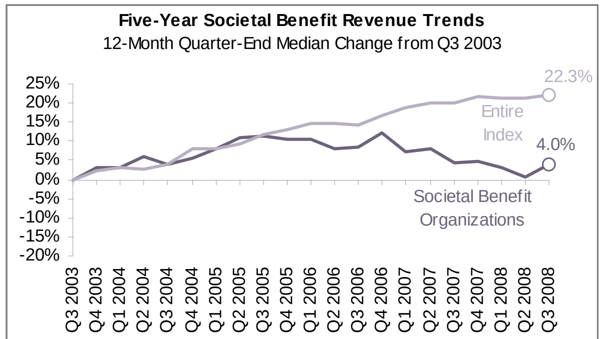
Rolling revenue and donor trends can give a longer-term context for recent relief sector performance. The Indian Ocean tsunami of December 2004 generated record disaster-related revenue and donor acquisition in both 2004 and 2005. Revenue and donors both declined significantly the next year as growth fell back to typical rates. In the second and third quarters of 2008, the sector experienced another upturn in both revenue and donors. This small spike may in part reflect disaster giving related to a cyclone in Myanmar and an earthquake in China, both of which occurred in May of 2008.

Over the long term, revenue and donors for the sector are both up significantly over pre-tsunami numbers. Relief sector revenue grew a cumulative 54.5% over the past five years, from the twelve months ending Q3 2003 through the twelve months ending Q3 2008. The index as a whole had only 22.3% growth over that period. Donor numbers grew a cumulative 20.6% for the relief sector over the past five years, compared to an overall index donor decline of -4.9% over that same period.

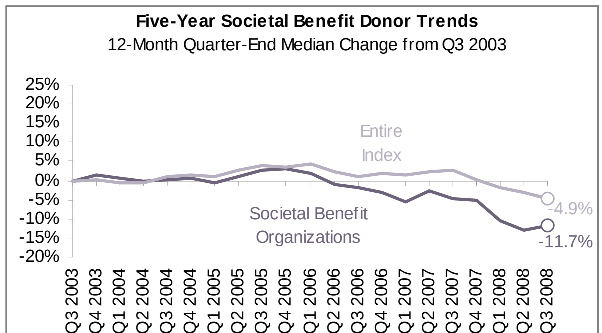
Societal Benefit

Societal benefit organizations continue to experience some of 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.





Each data point is the median change in revenue for the 12 months ending in that quarter from the 12 months ending in Q3 2003.



Each data point is the median change in revenue for the 12 months ending in that quarter from the 12 months ending in Q3 2003.

Revenue declined -4.9% from Q3 YTD 2007 to Q3 YTD 2008. This was the greatest decrease in revenue of any sector in the index this quarter. Revenue declines were widespread across the sector, with just a quarter (25%) of the societal benefit organizations experiencing positive revenue growth in Q3 2008.

Overall donor numbers declined as well, a median -3.3% from the first three quarters of 2007 to the first three quarters of 2008. This was the second-greatest donor decrease in the index, after the health sector. Only one third (33%) of the organizations in the societal benefit sector had positive donor growth in Q3 2008.

There are some signs of improvement, however. New donor acquisition for the sector fell a median -1.4% from Q3 YTD 2007 to Q3 YTD 2008; this is a relatively small decline but comes after much more significant new donor declines of -16.9% over the same period one year earlier. And sector retention rates increased slightly over the current period, rising a median 1.2%.

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 2004 and 2005 in revenue and donor growth. The sector has underperformed the index in both of these areas since 2006, with some of the largest declines coming in recent quarters. The result is that, over the past five years, total revenue and donor growth for the societal benefit sector both lag overall index medians to a significant degree.

There has been a slight rise in both revenue and donors in the most recent quarter, however, which reinforces the impression that some of the sector's negative trends may be leveling off.

From the twelve months ending Q2 2003 to the twelve months ending Q2 2008, societal benefit revenue rose a total 4.0%, compared to overall index growth of 22.3%. Over the same period, societal benefit donors declined -11.7%, compared to an overall index decline of -4.9%.

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 January 3, 2009.

2. Giving USA Estimates, *Giving USA 2006*, pp. 22, 29.

3. National Bureau of Economic Research, December 11, 2008. http://www.nber.org/cycles/dec2008.html. Retrieved January 3, 2009.

4. Giving by Individuals, *Giving USA 2007*, p. 50.

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 April 2009, will examine activity for the fourth 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. Please direct questions or requests to reproduce these findings to targetindex@blackbaud.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, a Blackbaud company, 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.

Change in Key Measures (Q3 YTD 2007 and Q3 YTD 2008)

		National Index	Animal Welfare	Environmental	Health	Human Services	International Relief	Societal Benefit
Donors	06-07	-0.1%	14.4%	0.8%	-0.8%	-3.5%	-2.6%	-8.1%
	07-08	-2.0%	3.3%	0.2%	-6.8%	-2.1%	4.8%	-3.3%
Revenue	06-07	2.2%	8.9%	3.9%	2.2%	2.3%	1.1%	0.3%
	07-08	-1.1%	8.1%	3.6%	-4.1%	-0.4%	8.7%	-4.9%
Revenue Per Donor	06-07	3.8%	5.1%	3.7%	3.1%	4.6%	3.1%	5.7%
	07-08	2.2%	1.8%	2.1%	5.2%	2.8%	4.5%	1.0%
Gifts Per Donor	06-07	0.4%	-2.3%	0.3%	0.3%	-0.3%	3.8%	1.8%
	07-08	0.7%	2.3%	1.3%	0.5%	2.0%	1.1%	-0.4%
Number of New Donors	06-07	-4.3%	61.4%	-3.4%	-3.3%	-12.3%	-16.9%	-16.9%
	07-08	-6.2%	3.3%	3.5%	-16.2%	2.5%	-0.4%	-1.4%
New Donor Revenue	06-07	-4.3%	61.7%	-2.1%	-4.2%	-3.5%	-19.4%	-14.9%
	07-08	-2.3%	15.4%	9.4%	-12.4%	4.4%	11.5%	-1.8%
Revenue Per New Donor	06-07	3.2%	4.9%	3.4%	3.6%	4.9%	-2.4%	8.0%
	07-08	2.2%	2.0%	0.2%	3.2%	8.4%	1.7%	-2.4%
Donor Retention Rate	06-07	1.5%	2.9%	-0.2%	0.2%	2.3%	16.4%	-0.5%
	07-08	-0.7%	-0.8%	-2.9%	-3.8%	-0.5%	5.0%	1.2%
1st-Year Retention Rate	06-07	-0.8%	13.9%	-1.8%	-0.4%	2.5%	20.0%	-6.8%
	07-08	-3.2%	2.3%	-6.8%	-5.3%	-0.4%	1.4%	-2.4%
Multi-Year Retention Rate	06-07	0.4%	1.6%	-1.3%	0.9%	-7.0%	3.4%	-0.1%
	07-08	-0.8%	-0.4%	-3.5%	-2.9%	-0.4%	3.0%	-1.2%
Donor React Rate (1-5yrs)	06-07	-1.9%	9.8%	6.3%	2.7%	-13.8%	-13.1%	-6.1%
	07-08	-5.0%	3.5%	-7.9%	-8.2%	18.4%	-2.9%	-11.1%
Revenue Per Gift	06-07	3.1%	-0.5%	2.9%	3.7%	6.0%	1.4%	3.8%
	07-08	1.7%	1.8%	1.5%	3.8%	1.7%	1.8%	-1.1%
		-20% 0% 20%	-20% 0% 20%	-20% 0% 20%	-20% 0% 20%	-20% 0% 20%	-20% 0% 20%	-20% 0% 20%
		Q3 YTD (Jan-Sep) Median % Change	Q3 YTD (Jan-Sep) Median % Change	Q3 YTD (Jan-Sep) Median % Change	Q3 YTD (Jan-Sep) Median % Change	Q3 YTD (Jan-Sep) Median % Change	Q3 YTD (Jan-Sep) Median % Change	Q3 YTD (Jan-Sep) Median % Change