

# Target Analytics donorCentrics™ Index of National Fundraising Performance

2012 Third Calendar Quarter Results

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## About the Index of National Fundraising Performance

The Target Analytics donorCentrics 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 2012, Target Analytics evaluated transactions from 75 organizations, including over 37 million donors and more than 78 million gifts totaling over \$2.3 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 \$10,000, soft credits, and matching gift payments are excluded.

Quarterly results are reported on a calendar year basis. This report includes results through September 2012.

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 2012 Index Participants

### **Animal Welfare**

ASPCA  
International Fund for Animal Welfare  
People for the Ethical Treatment of Animals

### **Arts & Culture**

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

### **Environment**

Defenders of Wildlife  
Earthjustice  
Environmental Defense Fund  
Greenpeace USA  
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 Wide Fund for Nature

### **Health**

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

### **Human Services**

American Indian Relief Council  
Cal Farley's Boys Ranch  
Covenant House  
Disabled American Veterans  
Feeding America  
Make-A-Wish Foundation  
Paralyzed Veterans of America  
St. Labre Indian School  
United States Olympic Committee

### **International Relief**

AmeriCares  
CARE  
Catholic Relief Services  
ChildFund International  
Doctors without Borders  
FINCA International  
International Rescue Committee  
Mercy Corps  
Operation Smile  
Oxfam America  
Project HOPE  
Save the Children  
U.S. Fund for UNICEF

### **Religion**

Association of Marian Helpers  
Missionary Association of Mary Immaculate  
Sisters of St. Francis of Assisi  
Sisters of St. Francis - PET  
Society of the Divine Savior

### **Societal Benefit**

American Association of University Women  
American Civil Liberties Union  
Amnesty International  
Human Rights Campaign  
NAACP  
NARAL  
National Committee to Preserve Social Security & Medicare  
Planned Parenthood  
Public Citizen  
Southern Poverty Law Center

# Index Revenue Declines Slightly in Q3 2012

Revenue per Donor Growth Not Enough to Compensate for Continuing Donor Declines

## Q3 2012 Summary

Revenue for the Target index fell slightly in the first three quarters of 2012, declining a median 2.0% from the first three quarters of 2011. 43% of the organizations in the index had revenue increases and 57% had revenue declines over the period.

Donor numbers dropped at a similar rate, declining a median 3.2% from Q3 YTD 2011 to Q3 YTD 2012. This continues a trend that predates the recession. Donor populations have been shrinking for the past five years; the index has not experienced positive year-to-year overall donor growth since the U.S. Gulf Coast hurricanes in the third quarter of 2005.

For most of the past five years, declines in overall donor numbers have been driven primarily by declines in new donor acquisition. In the first three quarters of 2012, overall donor numbers are still going down, with new donor numbers continuing to decline. New donor acquisition had seen widespread growth in the first half of 2012 but in the first three quarters that new donor growth only continued for a few sectors. This may indicate that much of the first-half growth in acquisition was more of a temporary leveling-off or moderation in long-term acquisition declines, rather than real increases in new donor numbers.

In the first three quarters of 2012, revenue per donor amounts increased slightly and varied by segment; 61% of the organizations in the index had positive revenue per donor growth over the period. Revenue per donor shifts tend to be largely influenced by the mix of donors across different loyalty segments, since long-term donors typically contribute larger amounts than new donors. And, indeed, the sector that experienced the largest decline in overall revenue per donor this quarter was the sector that also experienced the largest year-over-year new donor growth. Organization strategy may also be impacting overall revenue per donor as organizations work to maximize net revenue by focusing efforts on higher value donors.

Fundraising performance in Q3 2012 varied widely across industry sectors.

- The **relief** sector had large declines in most key measures. But the declines the sector is seeing now are primarily a return to normal giving patterns from phenomenal disaster-related growth in the two previous years, rather than a concerning decline.
- One sector in the index currently appears to be actively recovering from the recent recession: **societal benefit** organizations experienced extremely strong performances in most key areas this quarter, especially around new donor acquisition which began in 2011.
- Three sectors in the index experienced donor declines but due to strong performance in other key areas were able to maintain flat revenue: the **environmental**, **human services** and **religion** sectors were all able to overcome donor declines due to increases in revenue per donor.
- **Health** organizations in the index saw declining performance in most key measures, as they have for most of the past five years. However, there were increases in revenue per donor and donor retention which impacted slower revenue declines than donor declines.
- **Arts and culture** organizations had decreases in most key measures this quarter after experiencing some recovery in 2011. The only metric to see increases in this quarter was revenue per donor.
- We were unable to do an analysis of giving for the **animal welfare** sector for this period, as there were only three animal welfare organizations participating in the index in Q3 2012. We will resume reporting on the animal welfare sector when we have a larger set of participants.

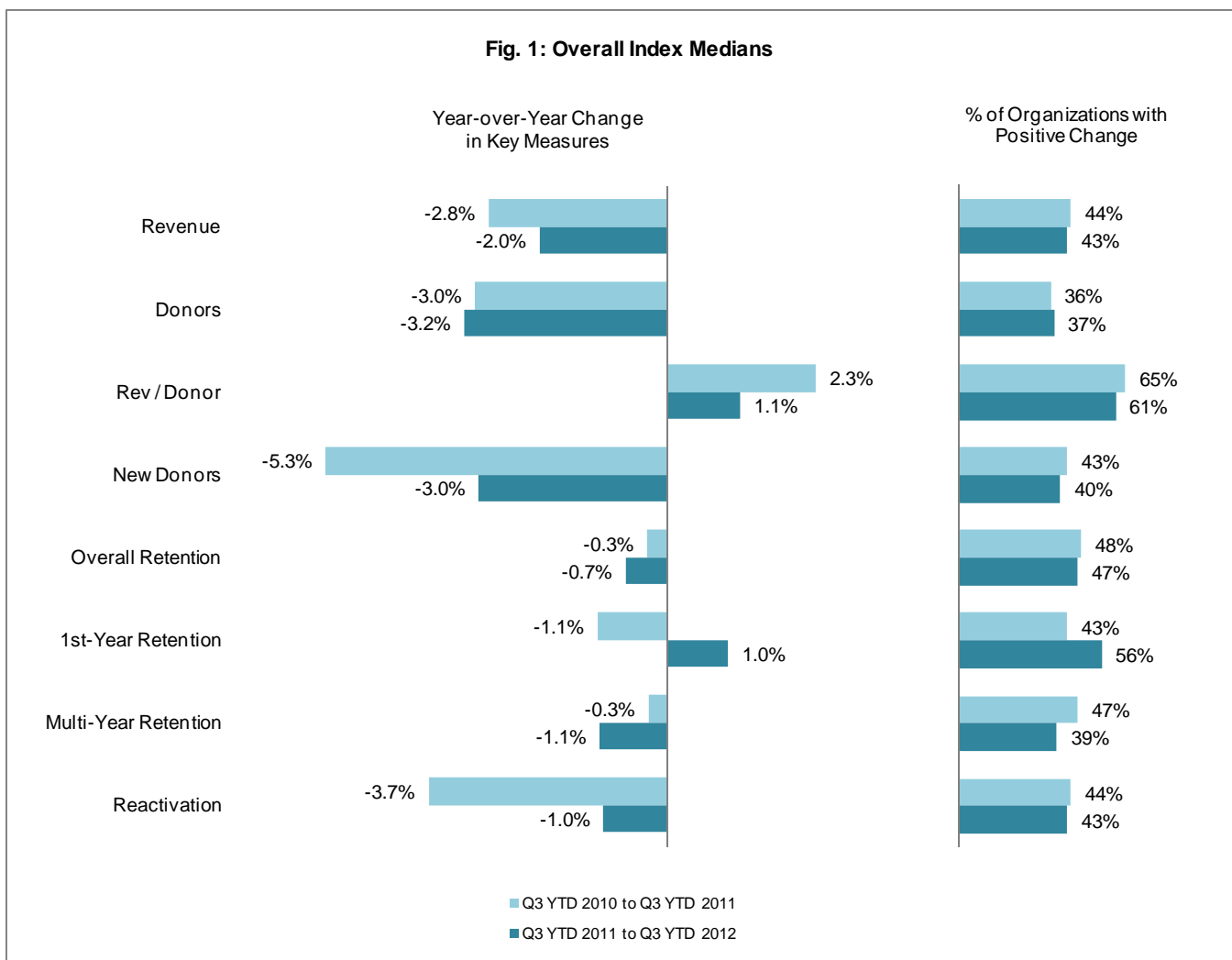
## Overall Index Performance

All index results are medians unless otherwise specified.

### Year-to-Year Change

Revenue for the Target index fell slightly in the first three quarters of 2012, declining a median 2.0% from the first three quarters of 2011 (see Fig. 1). 43% of the organizations in the index had revenue increases and 57% had revenue declines over the period.

Continuing a trend that predates the recession, index donors declined a median 3.2% from Q3 YTD 2011 to Q3 YTD 2012. Donor populations have been shrinking for more than the past five years; the index has not experienced positive year-to-year donor growth since the U.S. Gulf Coast hurricanes in the third quarter of 2005. These declines also continue to be widespread; only 37% of the organizations in the index had positive donor growth in the first three quarters of 2012.



New donor acquisition has also been in decline since 2005, and has been the primary reason for overall donor declines over that period. New donor numbers had seen modest increases in the first half of the year but did decline this quarter, declining 3.0% from the first three quarters of 2011 to the first three quarters of 2012. This decrease follows larger 5.3% declines in the previous year—the year after the Haitian earthquake—and represents more of a leveling-out in new donor numbers, rather than a significant increase. Long-term acquisition trends bear this out later in this analysis.

40% of the organizations in the index had new donor increases in the first three quarters of 2012. New donor acquisition changes vary by sector and will be reviewed later in this analysis.

Under normal circumstances, revenue per donor amounts tend to increase, due to a combination of organizational practice and inflationary adjustments by donors. During the 2007-2009 recession, revenue per donor amounts went into an atypical decline, and then returned to growth again in 2010 and 2011 after the recession was over. In the first three quarters of 2012, however, revenue per donor remained essentially flat, increasing a median 1.1% from Q3 YTD 2011 to Q3 YTD 2012 for the index as a whole. Changes in revenue per donor varied by sector and will be reviewed in more detail in the sector analysis.

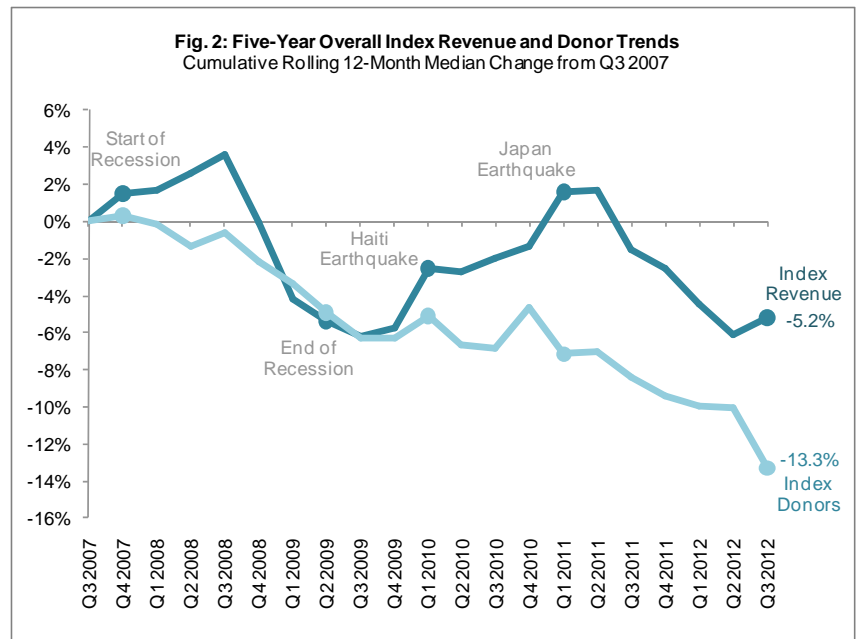
Donor retention rates remained essentially flat from Q3 YTD 2011 to Q3 YTD 2012, declining a median 0.7% over the period. Overall retention held steady primarily because of offsetting changes in first-year and multi-year retention rates. First-year retention rates increased a median 1.0% in the first three quarters of 2012 compared to the first three quarters of 2011 while multi-year retention rates declined a median 1.1% during the same time period.

**Long-Term Revenue Trends**

Rolling twelve-month quarterly medians of revenue growth can provide longer-term context for year-over-year index trends.

A rolling analysis compares the twelve months of revenue ending in each quarter to the twelve months of revenue ending in a specified starting quarter. This helps to smooth 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 approximately 4% per year. Revenue grew at typical rates throughout 2007 and the first part of 2008 (see Fig. 2).



Revenue growth then declined substantially throughout most of 2008 and 2009, paralleling the weak economy during the recession. Since the end of the recession, revenue performance has been unstable and volatile, with spikes in the first quarters of 2010 and 2011 following disasters in both years and then declines through most of the rest of 2011 and 2012.

**Fig. 3: Long-Term Index Revenue and Donor Trends**

	Five-Year Change Q3 2007 to Q3 2012	Four-Year Change Q3 2008 to Q3 2012	Three-Year Change Q3 2009 to Q3 2012	Two-Year Change Q3 2010 to Q3 2012	One-Year Change Q3 2011 to Q3 2012
<b>Revenue</b>					
Median Change	-5.2%	-7.4%	2.2%	-0.3%	-1.4%
Effective Annual Change	-1.0%	-1.8%	0.7%	-0.1%	-1.4%
% Orgs with Positive Change	41%	35%	52%	49%	43%
<b>Donors</b>					
Median Change	-13.3%	-12.2%	-5.2%	-4.2%	-2.9%
Effective Annual Change	-2.5%	-2.9%	-1.7%	-2.1%	-2.9%
% Orgs with Positive Change	33%	31%	41%	33%	36%

Shows the cumulative median change from the twelve-month period ending the first date to the twelve-month period ending the second date in each column. Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

The long-term result of all of these trends is that overall index revenue remains significantly lower now than it was before the recession began five years ago. From the twelve months ending Q3 2007 to the twelve months ending Q3 2012, index revenue declined a cumulative median 5.2% (see Fig. 3).

Real index revenue declined by 14.6% over the past five years when revenue dollar amounts are adjusted for inflation<sup>1</sup>.

**Long-Term Donor Trends**

A rolling twelve-month analysis provides additional context for donor trends as well. It shows that recent donor declines are part of a long-term pattern that was at its worst during the recent recession.

Donor numbers have generally been on a slow decline ever since the U.S. Gulf Coast hurricanes of Q3 2005. Declines intensified during the 2007-2009 recession and then continued at a more moderate pace after the recession was over (see Fig. 2). A positive spike in the first half of 2010 is likely at least partly due to disaster-related giving following a January earthquake in Haiti.

The result of these combined trends is that donor numbers have declined significantly over the past five years. Donors declined a cumulative median 13.3% from the twelve months ending Q3 2007 to the twelve months ending Q3 2012, for an effective annual rate of decline of 2.5% per year (see Fig. 3).

As we have said in previous editions of the index, falling donor populations in the index may be due to a mix of factors. The recession certainly had an impact, but so also may have a changing generational profile in the United States, changing attitudes of donors about giving, lower levels of investment in new donor acquisition by organizations, and a change in focus by fundraisers toward higher-dollar donors.

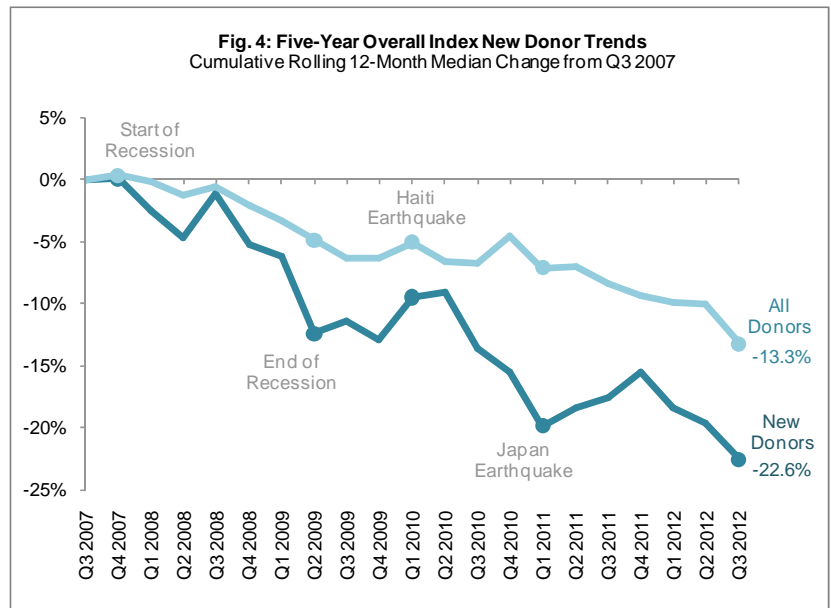
**New Donors**

Long term overall donor declines have been caused mainly by declines in new donor acquisition.

Over the past five years, from the twelve months ending Q3 2007 to the twelve months ending Q3 2012, new donor numbers have fallen a cumulative median 22.6% (see Fig. 4).

This is an effective annual rate of decline of 4.1% per year (see Fig. 5).

Although these new donor declines predate the recent recession, the recession did accelerate them. Over the most recent four years, from the twelve months ending Q3 2008 to the twelve months ending Q3 2012, new donor numbers fell a cumulative median 18.5%, for an effective annual rate of decline of 4.3% per year.



**Fig. 5: Long-Term Index New Donor Trends**

	Five-Year Change <u>Q3 2007 to Q3 2012</u>	Four-Year Change <u>Q3 2008 to Q3 2012</u>	Three-Year Change <u>Q3 2009 to Q3 2012</u>	Two-Year Change <u>Q3 2010 to Q3 2012</u>	One-Year Change <u>Q3 2011 to Q3 2012</u>
Median Change	-22.6%	-18.5%	-9.5%	-6.8%	-4.3%
Effective Annual Change	-4.1%	-4.3%	-3.1%	-3.3%	-4.3%
% Orgs with Positive Change	33%	29%	41%	41%	40%

Shows the cumulative median change from the twelve-month period ending the first date to the twelve-month period ending the second date in each column. Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

## Effects of the Economy on Giving

Research by the Giving USA Foundation™ tells us 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 the Gross Domestic Product<sup>2</sup>.

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

The Target Analytics index has consistently supported both of these findings. Median index revenue growth has generally paralleled national economic performance and tends to grow more slowly than GDP during periods of relative economic hardship.

According to the National Bureau of Economic Research, the United States economy entered a recession in December 2007 and emerged from it in June 2009<sup>3</sup>. Since then, however, indicators of US economic health, such as GDP growth<sup>4</sup> and unemployment rates<sup>5</sup>, have generally remained sluggish and inconsistent.

Non-profit direct marketing revenue in the Target index declined in 2008 and early 2009 as the economy weakened, and donor declines intensified during that time as well. We reported overall revenue declines in seven consecutive editions of the index (Q2 2008 through Q4 2009), with some of the steepest downturns coming in the first half of 2009.

Non-profit revenue growth in the index has been, in general, weak since the declared end of the recession. Most participating organizations have not yet regained a significant portion of the ground lost over the past four years.

This may not be unexpected. Further research by the Giving USA Foundation indicates that once a recession is over, it has taken an average of three to four years for inflation-adjusted charitable giving to rise back up to pre-recession levels<sup>6</sup>. This recession has been one of the worst in recent memory and the post-recession recovery one of the slowest; this implies that the nonprofit industry is likely to continue to struggle for a while yet.

## 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<sup>7</sup>. 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.

It is possible that some individual organizations working on causes highlighted by the campaigns may be either positively or negatively affected by campaign fundraising, or from heightened awareness of their issues brought out in campaigns, national non-profit fundraising in general should experience no effect from it.



## Industry Sector Performance

All sector results are medians unless otherwise specified.

### Revenue and Donors

In the first three quarters of 2012, fundraising performance varied widely across different industry sectors in the index (see Figs. 6-7).

Most notably, the **relief** sector experienced significant declines in key measures, following even larger declines in the same period in the previous year. This sector experienced extraordinary giving two years ago, in January 2010, following a severe earthquake in Haiti. Some organizations in the sector experienced emergency giving in the first quarter of 2011 from an earthquake and tsunami in Japan as well and throughout 2011 due to the ongoing crisis in the Horn of Africa. The declines the sector has seen for the past two years are a return to normal giving patterns from those periods of emergency giving.

**Societal benefit** organizations in the index appear to be actively recovering from the 2007-2009 recession. These organizations are experiencing strong performances in most key areas this quarter as they did in 2011. Current performance for this sector is encouraging, especially in the area of new donor acquisition and organizations in this sector may be benefiting from current events that impact these organizations.

Three sectors experienced mixed results with flat revenue and donor declines during the first three quarters of 2012. The **environmental**, **human services** and **religion** sectors were able to offset donor declines with increases in other key metrics like increased revenue per donor in the first three quarters of 2012.

The **health** sector, however, is not experiencing a recovery. Health organizations in the index continued to see flat or declining performance in most key measures in Q3 2012, as they have for most of the past five years. Increases in revenue per donor in the sector have helped to minimize the revenue declines in the first three quarters of 2012.

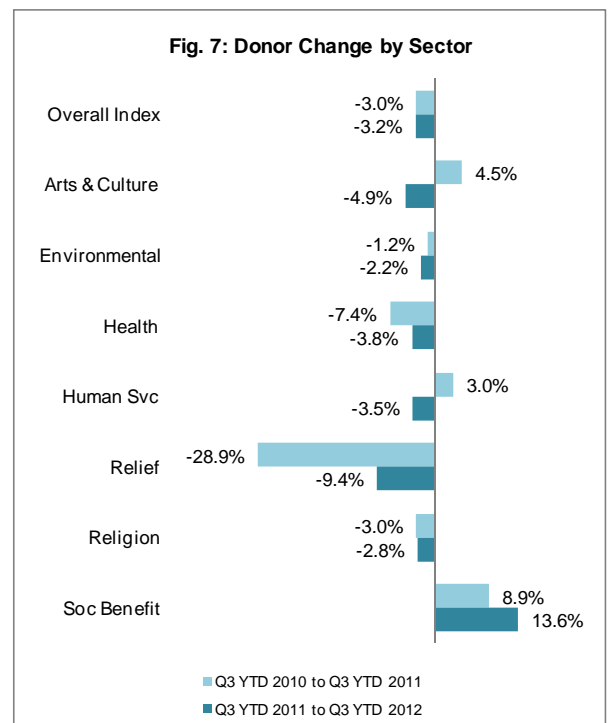
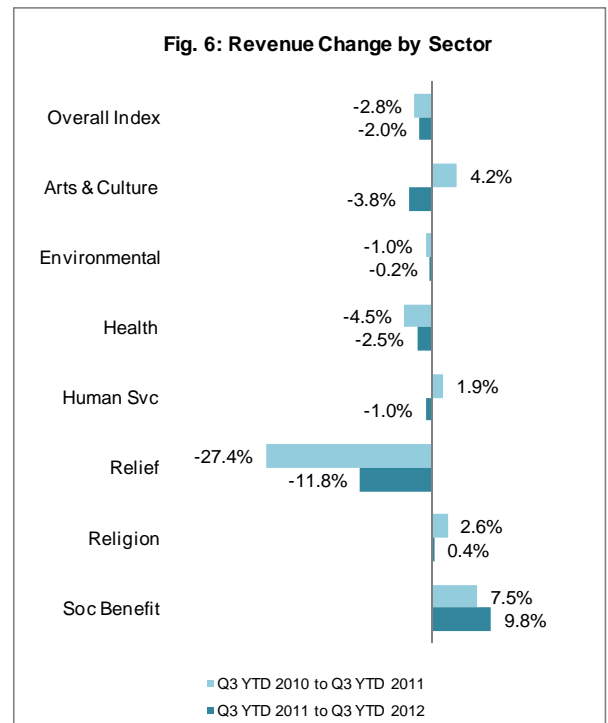
The **arts and culture** sector had declines in both revenue and donors in the first three quarters of 2012, but did have some growth in revenue per donor amounts.

### New Donor Growth

For most of the past five years, declines in overall donor numbers have been driven primarily by declines in new donor acquisition. Except for a temporary increase in the first half of 2012, new donor numbers have been on the decline since 2005.

New donor performance varies a great deal by sector, however. And in the first three quarters of 2012, three sectors in the index did see new donor growth.

Societal benefit organizations had by far the greatest new donor growth of any sector in the index, with their new donor populations increasing 37.1% from the first three quarters of 2011 to the first three quarters of 2012 (see Fig. 8).

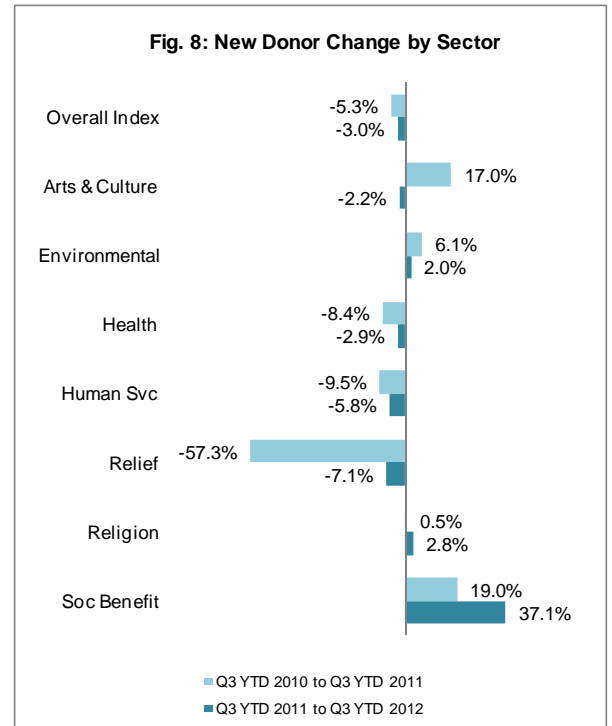


Environmental and religion organizations also experienced moderate new donor growth in the first three quarters of 2012.

For some sectors—particularly environmental and religion —this growth appears at least over the short term to be more of a return to normal levels of acquisition than real increases in new donor numbers. But for societal benefit organizations, the growth is real and significant.

The sector to experience the greatest declines in acquisition was the international relief sector, which has been experiencing post-disaster fundraising declines for the past two years.

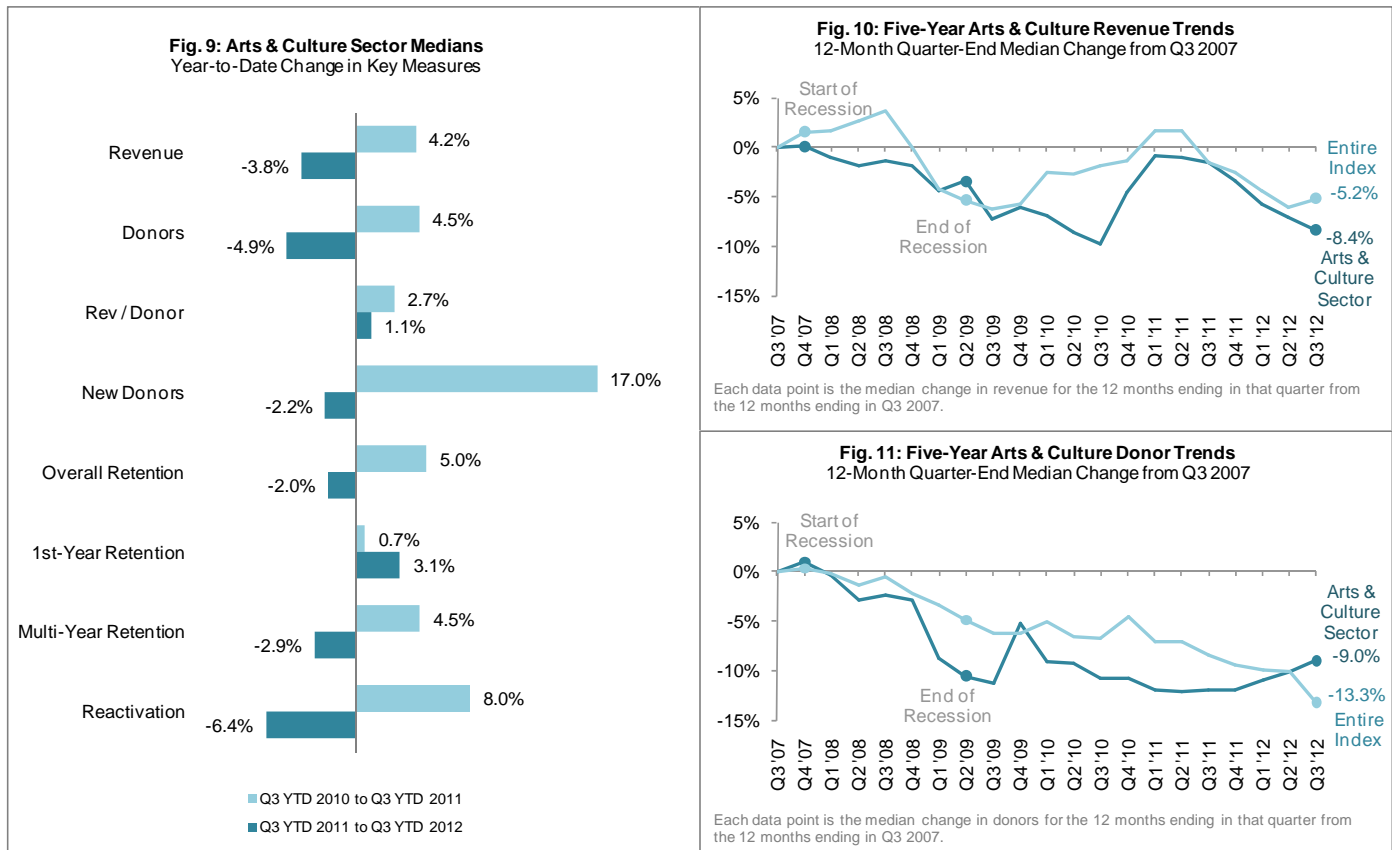
Individual sector results are explained in more detail on the following pages.



## Arts & Culture

5 organizations

During the recent recession, arts and culture organizations had flat to negative trends in most key measures that were similar to or slightly more negative than those of the index as a whole. Afterwards, throughout 2010, 2011 and into the first half of 2012, the sector experienced stabilization, with particular growth in new donor acquisition. Those increases in acquisition have stopped in the third quarter of 2012, although the sector has also been able to increase retention rates for the new donors it acquired last year.



Arts and culture sector revenue declined a median 3.8% from Q3 YTD 2011 to Q3 YTD 2012 (see Fig. 9), compared to overall index revenue declines of 2.0%. Two of the five organizations in the sector had positive revenue growth in the first three quarters of 2012.

After experiencing donor increases in the first half of the year, sector donors declined a median 4.9% from Q3 YTD 2011 to Q3 YTD 2012, compared to overall index donor declines of 3.2%. Two of the five organizations in the sector had positive donor growth in the first three quarters of 2012.

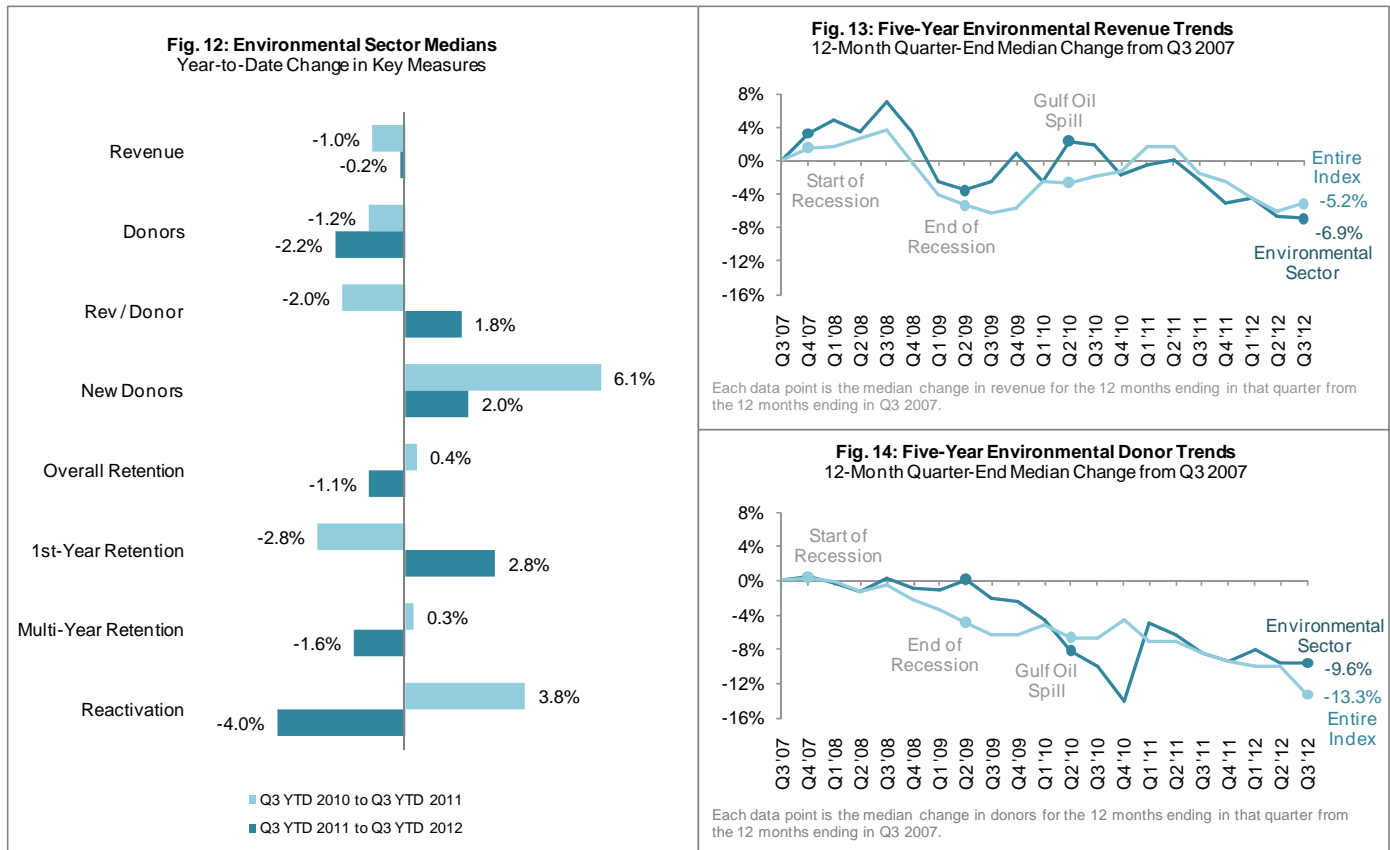
New arts and culture donors declined by 2.2% from Q3 YTD 2011 to Q3 YTD 2012 following large increases in new donor acquisition in the first half of 2012. Two of the five organizations in the sector had positive new donor growth in the first three quarters of 2012.

Twelve-month rolling trends can provide longer-term context for recent arts and culture sector results. Revenue and donor growth for the sector have both been somewhat volatile over the past five years; although revenue continues to decline, increases in new donor acquisition in 2011 and the first half of 2012 have been helping the sector recover their donor base.

The result of these combined trends is that over the past five years, the sector has ended up performing close the index median in revenue and slightly above the index in donors. From the twelve months ending Q3 2007 to the twelve months ending Q3 2012, the arts and culture sector has had a cumulative median revenue decline of 8.4%, similar to the overall index decline of 5.2% (see Fig. 10). Over the same period, the sector had a cumulative median donor decline of 9.0%, compared to the overall index decline of 13.3% (see Fig. 11).

**Environment**  
13 organizations

Unlike many index sectors, the environmental sector does not typically see a great deal of fluctuation in giving from quarter to quarter or from year to year. In fact, environmental sector trends tend to follow those of the overall index quite closely. The sector experienced declines in both revenue and donors during the recession, and particularly large declines in new donor acquisition in 2010 and 2011, but has had strong increases in new donor acquisition and first-year donor retention in the first three quarters of 2012.



Revenue for the environmental sector was essentially flat, declining a median 0.2% from Q3 YTD 2011 to Q3 YTD 2012 (see Fig. 12). 46% of the environmental organizations in the index had positive revenue growth in the first three quarters of 2012.

Environmental donors declined a median 2.2% from Q3 YTD 2011 to Q3 YTD 2012, while the index as a whole declined 3.2%. 46% of the environmental organizations in the index had positive donor growth in the first three quarters of 2012.

In 2010 and the first half of 2011, the greatest area of concern for environmental organizations was new donor acquisition. In the second half of 2011 and into 2012, however, the sector has so far experienced significant new donor growth, with new donor numbers increasing 2.0% from Q3 YTD 2011 to Q3 YTD 2011. 54% of the environmental organizations in the index had positive new donor growth in the first three quarters of 2012.

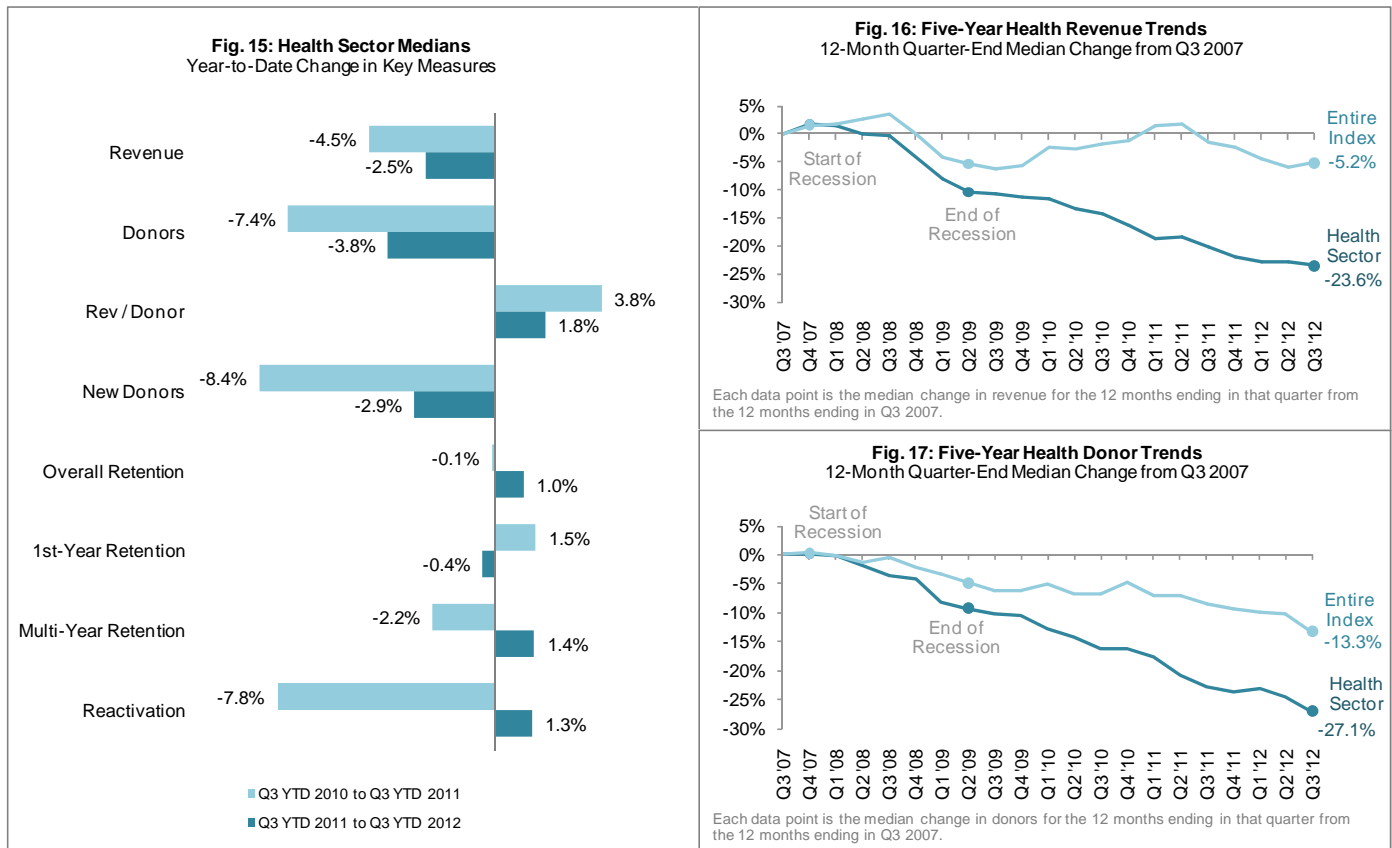
The environmental sector also had among the highest increase in first-year donor retention in the index, with 2.8% growth from Q3 YTD 2011 to Q3 YTD 2012.

Twelve-month rolling trends can provide longer-term context for recent sector trends. This analysis shows that ever since 2007, environmental revenue and donor growth have both followed index medians quite closely. From the twelve months ending Q3 2007 to the twelve months ending Q3 2012, the environmental sector had median cumulative revenue decline of 6.9%, similar to the overall index decline of 5.2% (see Fig. 13). From the twelve months ending Q3 2007 to the twelve months ending Q3 2012, the sector had cumulative median donor declines of 9.6% compared to the overall index decline of 13.3% (see Fig. 14).

Health

16 organizations

Health organizations have had some of the greatest fundraising challenges in the index for much of the past five years. Negative health sector trends predated the recent recession but were significantly intensified by it. In the first three quarters of 2012 the sector continued to see declines in donors with flat results in many other key measures. The health sector most closely follows the overall index trends so far in 2012.



Health sector revenue declined a median 2.5% from Q3 YTD 2011 to Q3 YTD 2012 compared to overall index revenue declines of 2.0% (see Fig. 15). Only 35% of the organizations in the health sector had positive revenue growth in the first three quarters of 2012.

Health sector donors declined a median 3.8% from Q3 YTD 2011 to Q3 YTD 2012 compared to overall index donor declines of 3.2%. This was the second largest donor decline of any sector in the index and only 19% of the organizations in this sector had positive donor growth in the first three quarters of 2012.

Past declines in health donors have been due mainly to declines in donor acquisition. The sector saw an atypical rise in new donor acquisition in the first half of 2012. But that temporary increase disappeared in the third quarter, leaving health sector organizations with a more typical median 2.9% decrease over the same period last year.

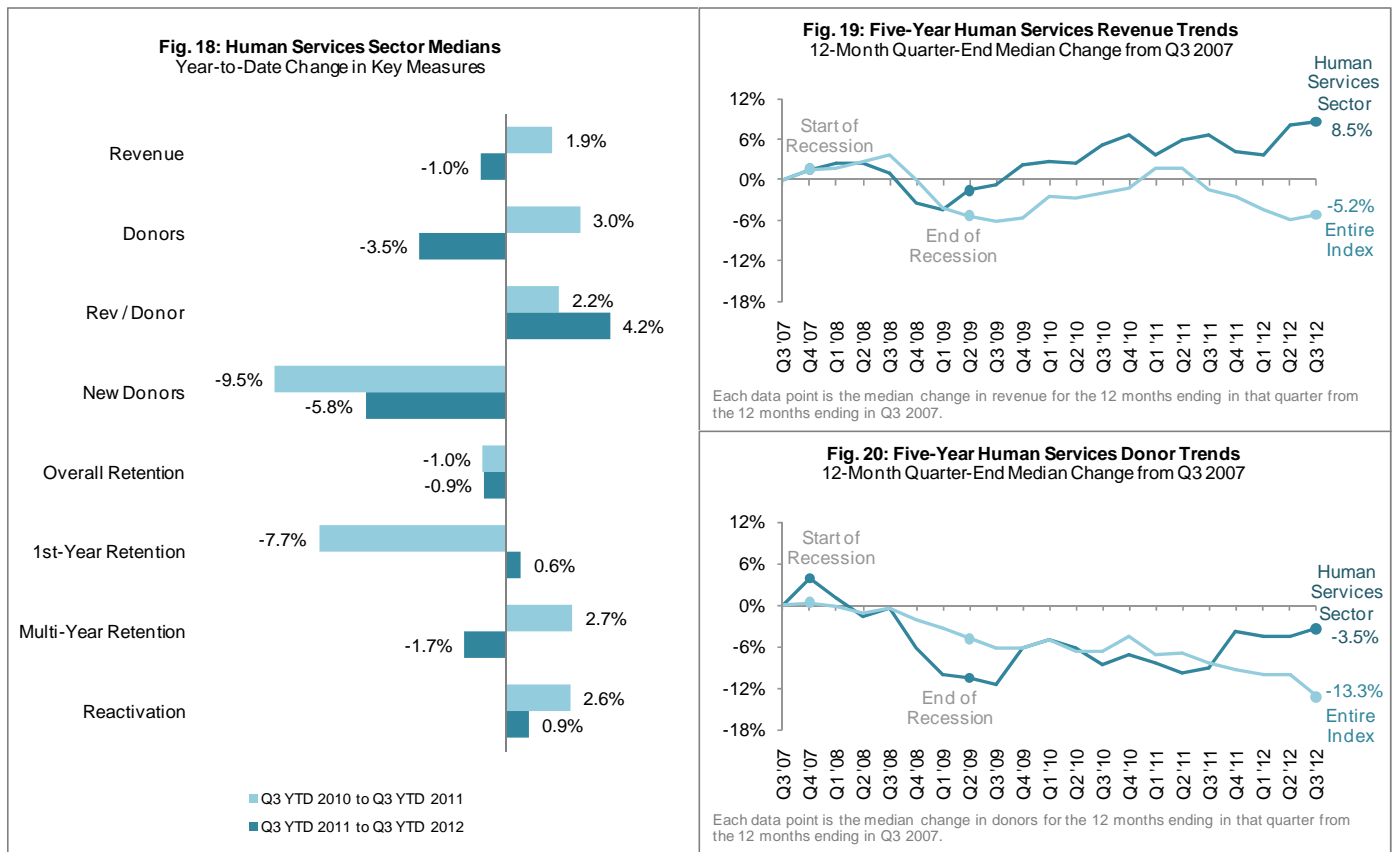
Health sector revenue and donor growth have both lagged overall index median trends significantly over the long term. From the twelve months ending Q3 2007 to the twelve months ending Q3 2012, health organizations had cumulative revenue declines of 23.6%, compared to a decline of only 5.2% for the index as a whole (see Fig. 16). Over the same five-year period, health organizations had a cumulative donor decline of 27.1%, compared to a decline of only 13.3% for the index as a whole (see Fig. 17).

This study considers direct marketing revenue, not event revenue. Several health charities have large-scale fundraising events that are not included in this analysis.

## Human Services

9 organizations

The human services sector was one of the strongest in the index during the recent recession, well outperforming the index in both revenue and donor growth during both 2008 and 2009. During that time of great need, donors may have deliberately concentrated their giving on organizations in this sector, which provide direct aid to the disadvantaged. Human services organizations struggled with acquisition and retention in the two years following the recession, but have stable revenue due to improvements in other key metrics.



Revenue for the human services sector was essentially in the first three quarters of 2012, with median decline of 1.0% from Q3 YTD 2011 to Q3 YTD 2012 (see Fig. 18). Four of the seven organizations in the sector had positive revenue growth over the period.

Human services donors declined a median 3.5% from Q3 YTD 2011 to Q3 YTD 2012, while the index as a whole had donor declines of 3.2%. Four of the seven organizations in this sector had positive donor growth in the first three quarters of 2012.

The human services sector experienced strong growth in new donor acquisition in the first half of 2012, but those increases disappeared in the third quarter. New donor numbers declined 5.8% from Q3 YTD 2011 to Q3 YTD 2012.

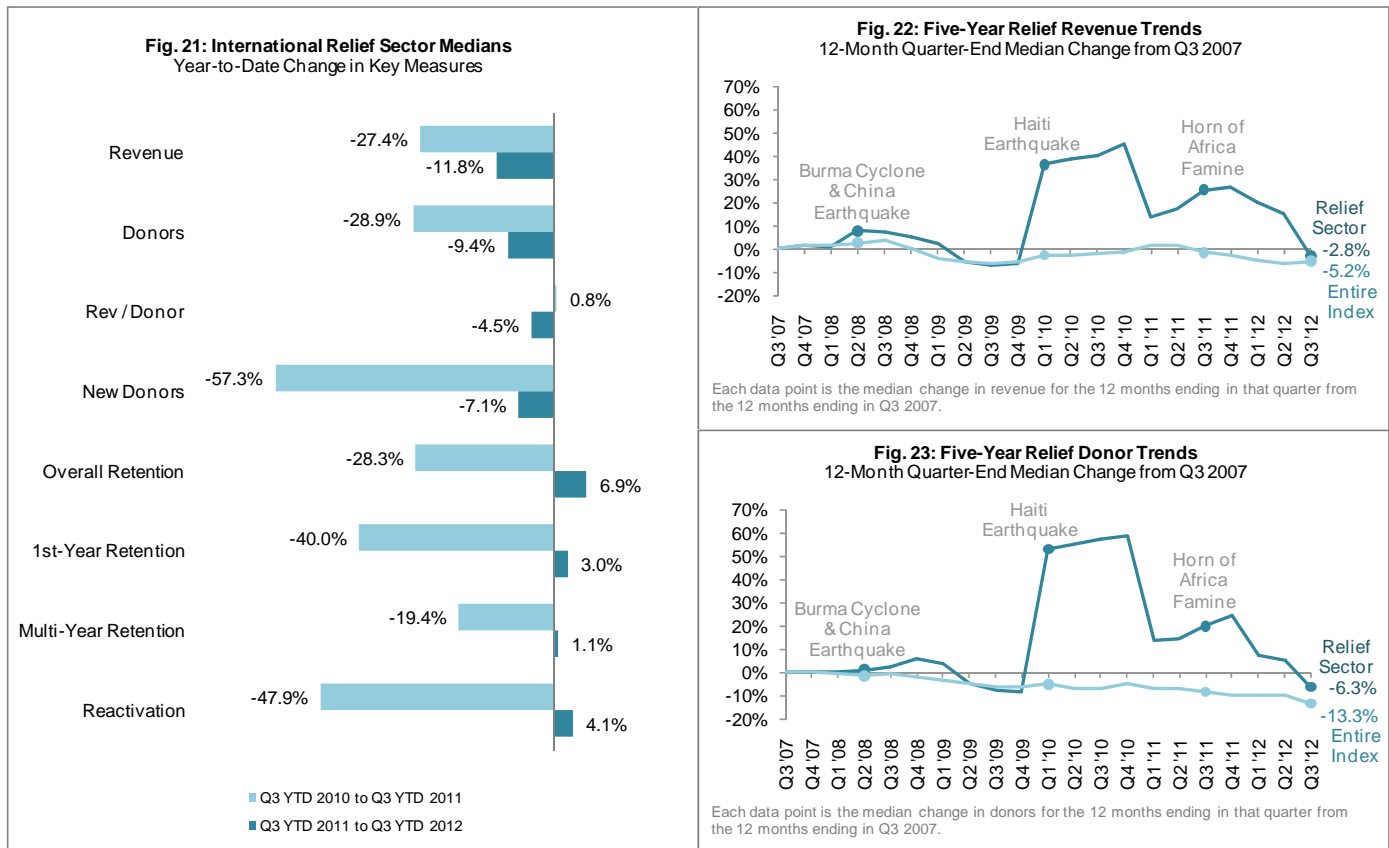
During the 2007-2009 recession, human services organizations achieved donor growth primarily through increased retention of their existing donor file. After the recession was over, the sector then had some of the largest retention rate declines in the index. This has continued into the first three quarters of 2012; overall retention declined a median 0.9% from Q3 YTD 2011 to Q3 YTD 2012. Retention rates should be analyzed with caution in the first three quarters of the year, however, since donors have only had nine months in which to renew.

Rolling twelve-month trends show that the sector has well outperformed the index in both revenue and donor growth over the past five years. From the twelve months ending Q3 2007 to the twelve months ending Q3 2012, human services revenue grew a cumulative median 8.5% while overall index revenue declined by 5.2% (see Fig. 19). Over the same five-year period, sector donor numbers have declined a cumulative median 3.5%, compared to an overall index decline of 13.3% (see Fig. 20).

## International Relief

13 organizations

Recent relief sector performance has been dominated by a spike in fundraising related to a devastating earthquake in Haiti on January 12, 2010, followed by declines in all key metrics in 2011 as giving returned to normal levels. An earthquake in Japan and a famine in the Horn of Africa in 2011 may have helped to temper post-Haiti declines in 2011. With no significant emergency giving occurring in the first three quarters of 2012, the sector is adjusting to pre-disaster levels.



Revenue for the international relief sector declined a median 11.8% from Q3 YTD 2011 to Q3 YTD 2012 (see Fig. 21). This was the largest revenue decline in the index. Only two of the organizations in the relief sector had revenue increases in the first three quarters of 2012.

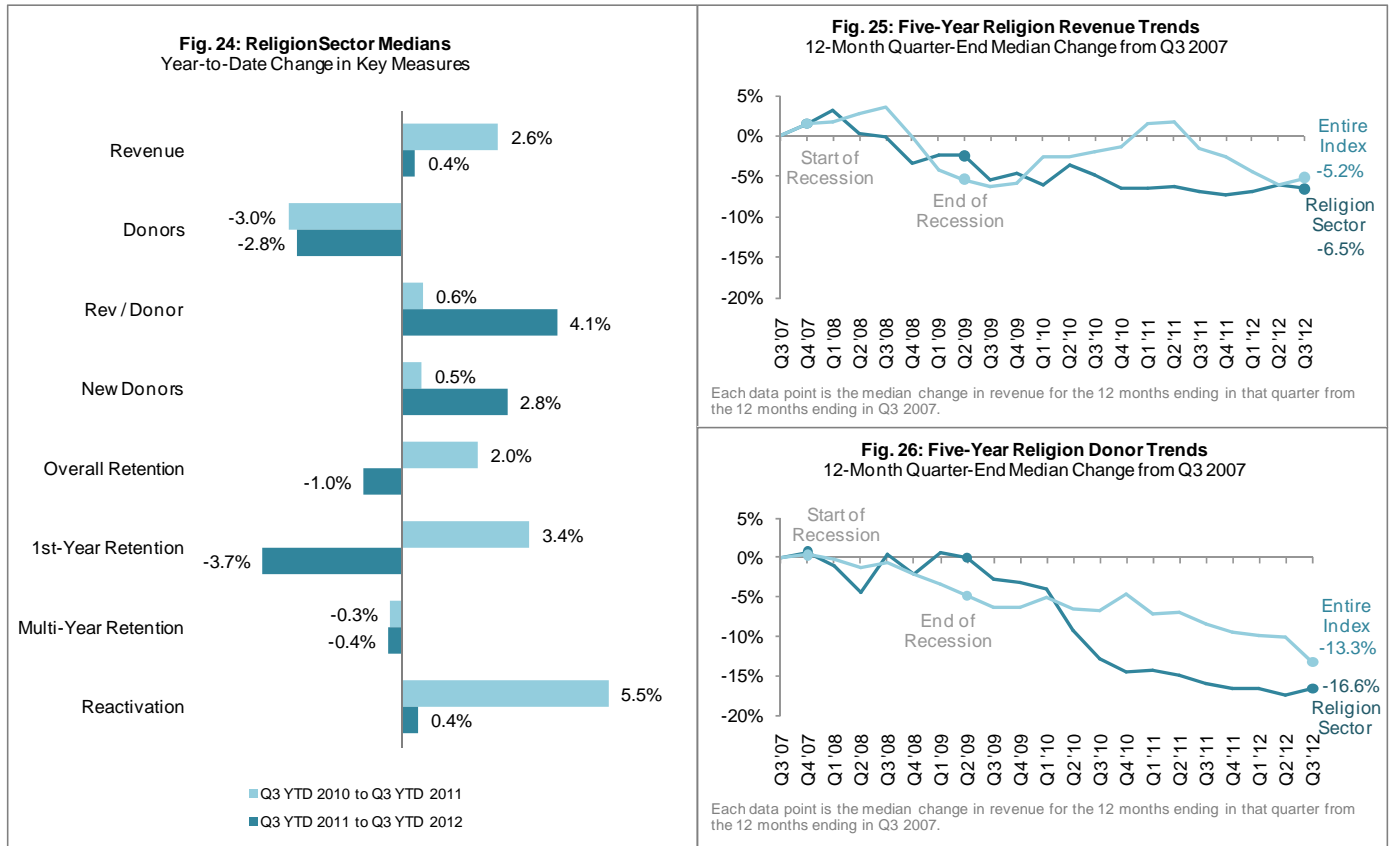
Relief organizations had the largest donor declines in the index as well, with a 9.4% decline in overall donors and a 7.1% decline in new donors from Q3 YTD 2011 to Q3 YTD 2012. Both of these also followed much larger post-Haiti declines over the same period in the previous year. Only two of the organizations in the sector had positive donor growth and one had positive new donor growth in the first three quarters of 2012.

Rolling revenue and donor trends can give a longer-term context for recent relief sector performance. Since 2007, sector revenue and donors have roughly paralleled overall index medians, with the exception of a small spike related to emergency-related giving in 2008, the dramatic Haiti-related spike in 2010 and smaller emergency giving events in 2011.

This emergency giving has helped the relief sector to outperform the index as a whole significantly over the past five years although performance in 2012 has brought current results closer to the index. Relief sector revenue declined a cumulative 2.8% from the twelve months ending Q3 2007 to the twelve months ending Q3 2012, while the index as a whole had a 5.2% decline (see Fig. 22). Donor numbers declined a cumulative 6.3% for the relief sector over the same five-year period, compared to an overall index median donor decline of 13.3% (see Fig. 23).

**Religion**  
5 organizations

Religious organizations in the index have experienced mixed results and a fair amount of volatility over the past several years. The sector performed better than most throughout the 2007-2009 recession, but nevertheless did see revenue and donor declines during that time. Retention rates improved in 2011 but have been in decline in the first three quarters of 2012. New donor acquisition and revenue per donor improved in the current reporting period, but overall revenue was flat and donor numbers declined slightly.



Religion sector revenue increased a median 0.4% from Q3 YTD 2011 to Q3 YTD 2012 (see Fig. 24), while the index as a whole had revenue declines of 2.0%. Three of the five organizations in this sector had positive revenue growth in the first three quarters of 2012. Sector donors declined a median 2.8% from Q3 YTD 2011 to Q3 YTD 2012, while the index as a whole had donor declines of 3.2%. One of the five organizations in this sector had positive donor growth in the first three quarters of 2012.

The religion sector did have positive new donor growth in the first three quarters of 2012; new donors to religious organizations increased a median 2.8% from Q3 YTD 2011 to Q3 YTD 2012, compared to overall index declines of 2.9%. The religion sector is one of three sectors with positive new donor growth.

Revenue per donor increased for religious organizations by a median 4.1% from Q3 YTD 2011 to Q3 YTD 2012, while the index as a whole increased 1.1%.

Retention was a key area of concern for the religion sector in 2010, when the sector had large retention rate declines. Retention rates improved in 2011 but have declined again in the first three quarters of 2012. First-year retention rates declined a median 3.7% compared to the index as a whole that increased 1.1%.

The sector has generally underperformed the index as a whole over the long term. From the twelve months ending Q3 2007 to the twelve months ending Q3 2012, sector revenue declined a cumulative median 6.5%, compared to overall index declines of 5.2% (see Fig. 25). Over the same period, sector donor numbers declined 16.6%, compared to overall index declines of 13.3% (see Fig. 26).

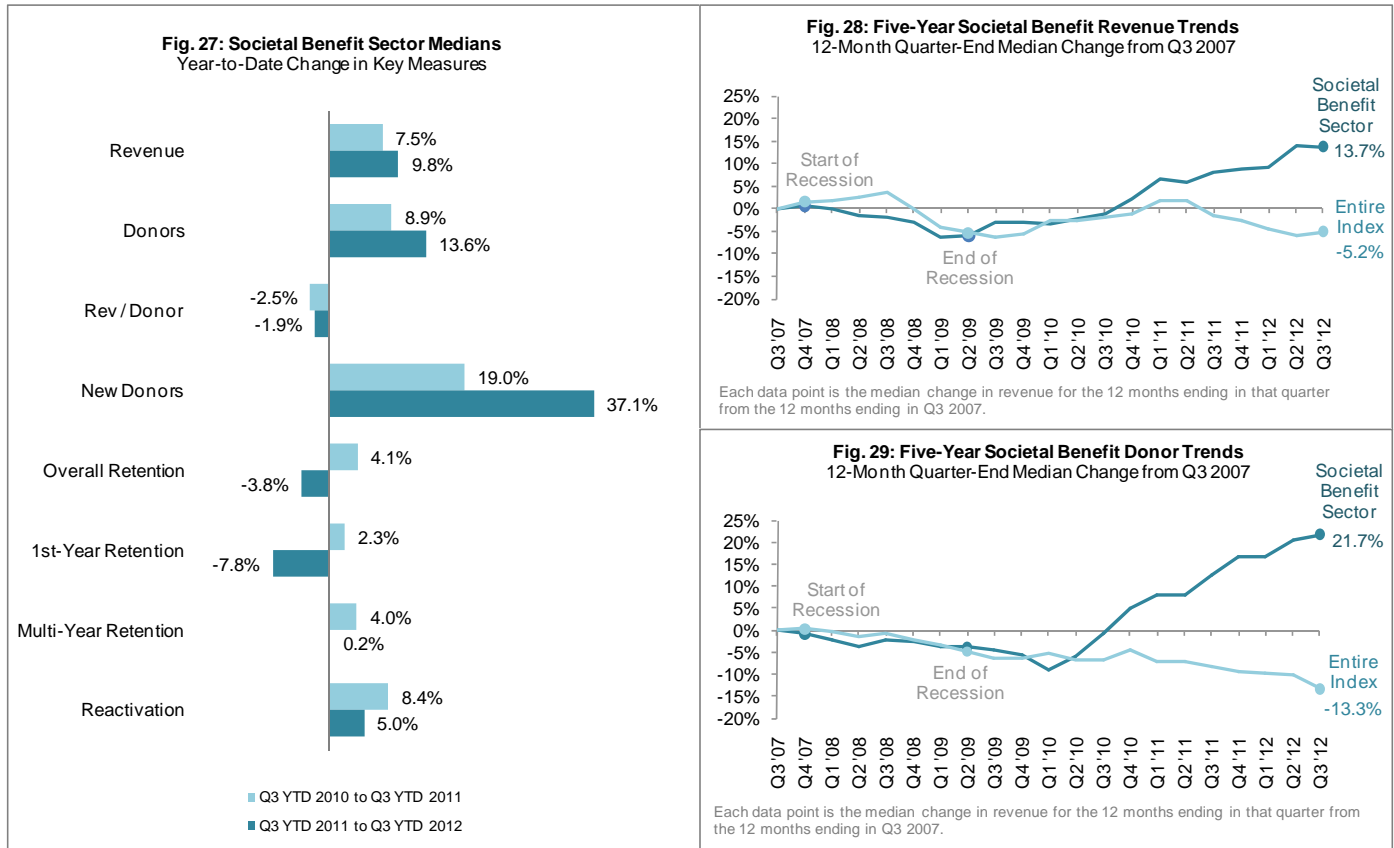
All five of the organizations in this sector are Catholic faith-based organizations.



**Societal Benefit**

10 organizations

From 2006 to 2009, societal benefit organizations experienced some of the greatest fundraising challenges of any sector in the index. These negative trends leveled off in 2010, and turned around completely in 2011, with most organizations in the sector experiencing robust revenue, donor, and new donor growth throughout the year. This strong performance continued into the first three quarters of 2012, due in part to current events that highlighted the missions of several of the organizations across the sector.



Societal benefit sector revenue grew a median 9.8% from Q3 YTD 2011 to Q3 YTD 2012 (see Fig. 27), compared to overall index median declines of 2.0%. And societal benefit donor populations grew an impressive 13.6% over the same period, while the index as a whole experienced donor declines of 3.2%. These were the largest revenue and donor increases in the index, and were widespread across the sector; 90% of the societal benefit organizations in the index had positive revenue and donor growth in the first three quarters of 2012.

Unlike most index sectors, societal benefit organizations had relatively strong new donor growth between 2009 and 2011, and this growth has continued into the first three quarters of 2012. New donors for the sector grew by a median 37.1% from Q3 YTD 2011 to Q3 YTD 2012. This was the largest growth in new donors in the index and came on top of 19.0% growth in the same period in the previous year. 90% of the organizations in this sector had positive new donor growth in the first three quarters of 2012.

A rolling twelve-month revenue and donor analysis can provide a longer-term perspective on these recent trends. It shows that the sector largely followed the index in revenue and donor growth from 2007 to 2009, but that the sector began regaining ground in 2010 and had passed and well outstripped the index by the beginning of 2011.

The result is that cumulative revenue and donor growth for the societal benefit sector over the past five years have both been far above overall index medians. From the twelve months ending Q3 2007 to the twelve months ending Q3 2012, societal benefit revenue rose a cumulative median 13.7%, compared to an overall index revenue decline of 5.2% (see Fig. 28). Over the same period, societal benefit donors increased a cumulative median 21.7%, compared to an overall index decline of 13.3% (see Fig. 29).

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7. Giving USA Foundation, *Giving USA 2008*, 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.

### **Arts & Culture Organizations**

Organizations that promote enjoyment or understanding of the visual, performing, folk, or media arts or the humanities; communications organizations; and organizations that promote the appreciation or understanding of historical events, including historical societies and genealogical or heredity-based organizations.

### **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.

### **Religious Organizations**

Programs operated for the purpose of worship, religious training or study, governance or administration of organized religions, or the promotion of religious activities.

### **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.

Sector definitions are 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 2013, will examine activity for the fourth quarter of 2012. 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 \$10,000, 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 Amanda Williams at [Amanda.williams@blackbaud.com](mailto:Amanda.williams@blackbaud.com). Please direct questions or requests to reproduce these findings to [targetindex@blackbaud.com](mailto: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.