

Target Analytics donorCentrics™

Index of National Fundraising Performance

2011 Second 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 Q2 2011, Target Analytics evaluated transactions from 80 organizations, including over 39 million donors and more than 80 million gifts totaling over \$2.4 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 June 2011.

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.

Q2 2011 Index Participants

Animal Welfare

ASPCA
Humane Society of the United States
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 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 Institute for Cancer Research
American Lung Association
Arthritis Foundation
Children's Cancer Research Fund
Cystic Fibrosis Foundation
Easter Seals
The Foundation for AIDS Research
Juvenile Diabetes Research Foundation
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
Feeding America
Paralyzed Veterans of America
St. Labre Indian School
United States Olympic Committee

International Relief

AmeriCares
CARE
Catholic Relief Services
ChildFund International
Doctors Without Borders
Habitat for Humanity International
Heifer Project International
International Rescue Committee
Mercy Corps
Operation Smile
Oxfam America
Plan USA
Project HOPE
Save the Children
U.S. Fund for UNICEF

Religion

Association of Marian Helpers
Missionary Association of Mary Immaculate
National Shrine of St. Jude
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
Anti-Defamation League
Human Rights Campaign
NAACP
NARAL
National Committee to Preserve Social Security & Medicare
Planned Parenthood
Public Citizen
Southern Poverty Law Center

Index Revenue Down Slightly in First Half of 2011

Continuing Increases in Revenue per Donor Do Not Compensate for Donor Declines

Q2 2011 Summary

After relatively stable post-recessionary performance throughout 2010, overall index revenue declined slightly again in the first half of 2011. Revenue in the Target Index of National Fundraising Performance declined a median 1.3% from Q2 YTD 2010 to Q2 YTD 2011.

This was in some part due to the fact that the first half of 2010 included extraordinary emergency-related giving for Haitian earthquake relief, so even typical giving in 2011 might be expected to suffer somewhat by comparison. But prior-year emergency giving was not the only cause of overall index declines, which were widespread throughout the index and were not limited only to international relief organizations. Only 43% of the organizations in the index had year-over-year revenue increases in the first half of 2011.

While revenue declined only slightly, donor numbers dropped significantly. Index donors declined a median 4.2% from Q2 YTD 2010 to Q2 YTD 2011. Only 31% of the organizations in the index had year-over-year donor increases in the first half of 2011.

This continues a trend that predates the recession. Donor populations have been shrinking for the past five years, primarily because of declines in new donor acquisition. The index has not experienced positive year-to-year overall donor growth or new donor growth since the U.S. Gulf Coast hurricanes in the third quarter of 2005.

In the first half of 2011, revenue per donor amounts rose, as they have ever since the end of the 2007-2009 recession. This growth was widespread throughout the index; 66% of the organizations in the index had positive revenue per donor growth over the period. However, declining overall revenue shows that, so far this year, revenue per donor increases are not making up for continuing donor declines.

Q2 2011 results vary considerably by industry sector.

- So far this year, the **international relief** sector has had the largest declines in the index in every key measure. Relief organizations experienced extraordinary giving in the first half of 2010 following a severe earthquake in Haiti; the declines the sector is seeing now are primarily a return to normal giving patterns from that phenomenal growth, rather than a concerning decline.
- **Animal welfare** organizations had the second-largest declines in almost every key measure in the index this period. This is unusual for this sector, which has been one of the strongest in the index for more than five years, experiencing high donor growth even as most other sectors were experiencing dramatic declines. It remains to be seen whether current trends are just a return to more normal giving patterns as well.
- **Health** organizations in the index continued to see flat or declining performance in most key measures, as they have for most of the past five years.
- The **environmental** sector continues to have mixed results. Revenue and donor numbers both declined slightly for the sector in the first half of 2011, closely paralleling the declines in the overall index, but retention and reactivation rate growth were relatively strong.
- Two sectors in the index currently appear to be actively recovering from the recent recession. **Arts and culture** and **religious** organizations are experiencing strong performances in most key areas this year to date, as they return to more normal levels of giving from previous years of decline.
- The Human services and societal benefit sectors continued to be the brightest spots in the index this period. **Human services** organizations had some of the greatest increases in revenue, donor, and new donor acquisition while also managing to increase revenue per donor. **Societal benefit** organizations had strong growth in many areas – in particular, new donor acquisition – for the second year in a row.

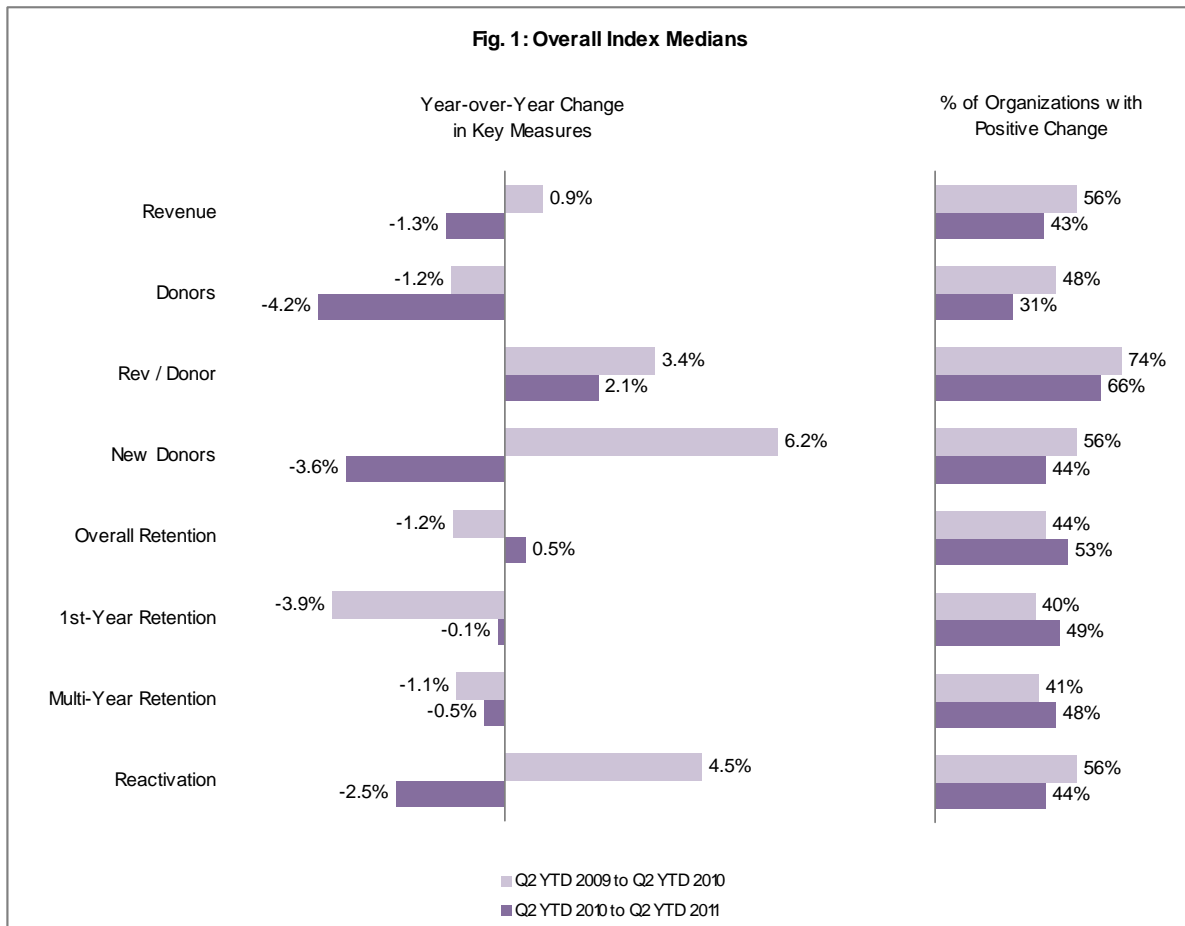
Overall Index Performance

All index results are medians unless otherwise specified.

Year-to-Year Change

Revenue for the Target index fell slightly in the first half of 2011, declining a median 1.3% from the first half of 2010 (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 4.2% from Q2 YTD 2010 to Q2 YTD 2011. 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 31% of the organizations in the index had positive donor growth in the first half of 2011.



Overall donor declines have been primarily due to declines in new donors, which have also generally been in decline since 2005. New donor acquisition fell a median 3.6% from Q2 YTD 2010 to Q2 YTD 2011, following a Haiti-boostered increase of 6.2% the previous year.

Under normal circumstances, revenue per donor amounts tend to increase – most likely 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, but returned to growth again in 2010 after the recession was over. In the first half of 2011, revenue per donor amounts have continued to rise at typical rates, increasing a median 2.1% from Q2 YTD 2010 to Q2 YTD 2011 for the index as a whole. 66% of the organizations in the index had positive revenue per donor growth in the quarter.

So far this year, however, increases in revenue per donor have not allowed index organizations to maintain revenue levels in the face of falling donor populations.

Donor retention rates remained essentially flat from Q2 YTD 2010 to Q2 YTD 2011, rising a median 0.5% over the period. New donor and multi-year donor retention were both similarly stable, following declines in the previous year. These are early results, however; it is important to analyze retention rates with caution in the first half of the year, since donors have only had six months in which to return.

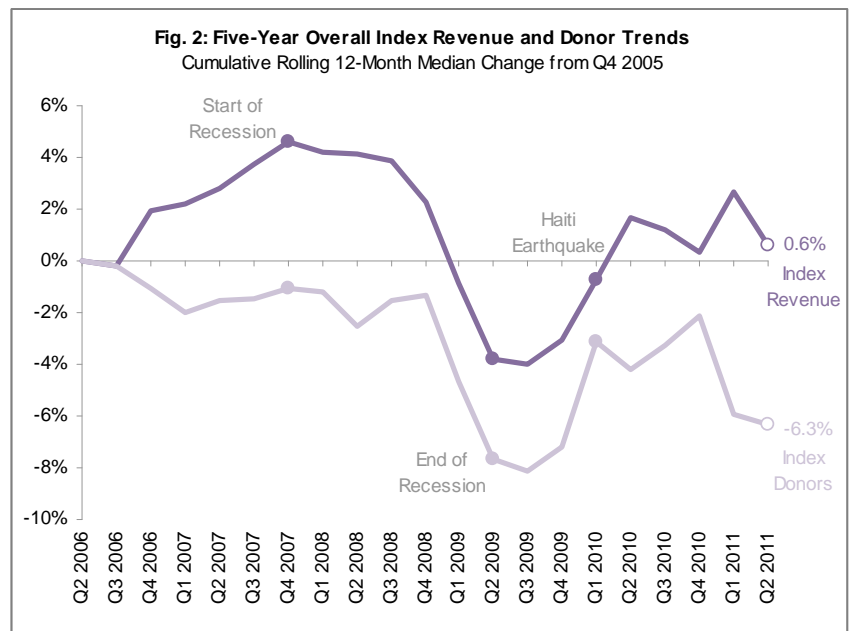
Long-Term Revenue Trends

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 2006 and 2007 (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 leveled off, spiked in 2010 following the Haitian earthquake, and then leveled off again in the current quarter.

The result of these trends is that cumulatively, over the past five years, overall index revenue has remained essentially flat. From the twelve months ending Q2 2006 to the twelve months ending Q2 2011, index revenue grew a cumulative median 0.6%.

Real index revenue has declined by 9.8% over the past five years when revenue dollar amounts are adjusted for inflation¹.

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 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 6.3% from the twelve months ending Q2 2006 to the twelve months ending Q2 2011, for an effective annual rate of decline of 1.2% 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, and a change in focus by fundraisers toward higher-dollar donors.

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

	Five-Year Change Q2 2006 to Q2 2011	Four-Year Change Q2 2007 to Q2 2011	Three-Year Change Q2 2008 to Q2 2011	Two-Year Change Q2 2009 to Q2 2011	One-Year Change Q2 2010 to Q2 2011
Revenue					
Median Change	0.6%	3.2%	-1.4%	2.3%	-1.0%
Effective Annual Change	0.1%	0.8%	-0.5%	1.2%	-1.0%
% Orgs with Positive Change	50%	54%	46%	58%	45%
Donors					
Median Change	-6.3%	-7.7%	-7.1%	-1.6%	-3.6%
Effective Annual Change	-1.2%	-1.9%	-2.3%	-0.8%	-3.6%
% Orgs with Positive Change	39%	38%	38%	48%	31%
New Donors					
Median Change	-20.8%	-16.7%	-13.8%	-4.4%	-6.6%
Effective Annual Change	-3.8%	-3.9%	-4.4%	-2.2%	-6.6%
% Orgs with Positive Change	32.5%	36.3%	30.0%	46.3%	31.3%

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.

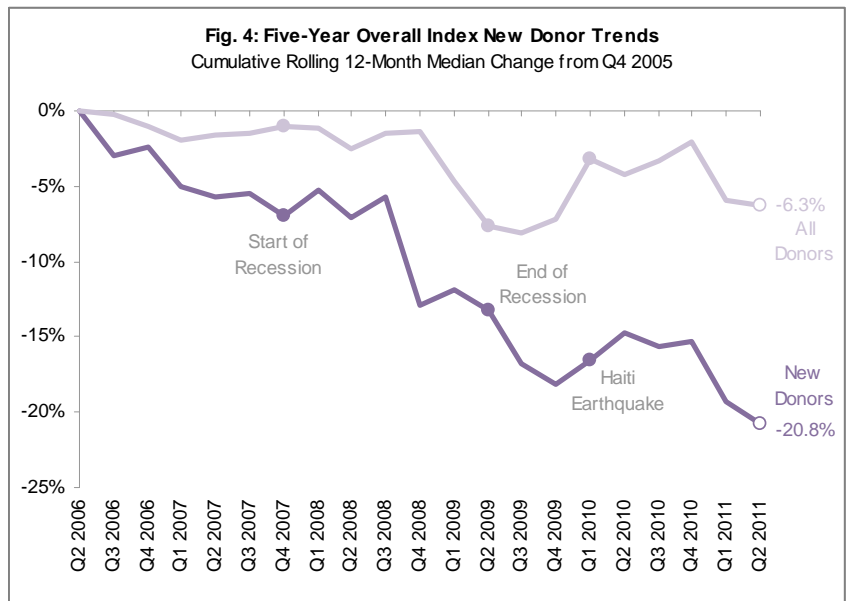
New Donors

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

Over the past five years, from the twelve months ending Q2 2006 to the twelve months ending Q2 2011, new donor numbers have fallen a cumulative median 20.8% (see Fig. 4). This is an effective annual rate of decline of 3.8% per year (see Fig. 3).

Although these new donor declines predate the recent recession, the recession did accelerate them. Over the most recent three years, from the twelve months ending Q2 2008 to the twelve months ending Q2 2011, new donor numbers fell a cumulative median 13.8%, for an effective annual rate of decline of 4.4% per year.

Fig. 4: Five-Year Overall Index New Donor Trends
Cumulative Rolling 12-Month Median Change from Q4 2005



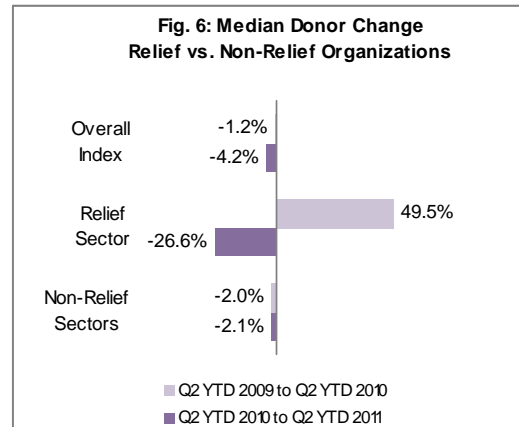
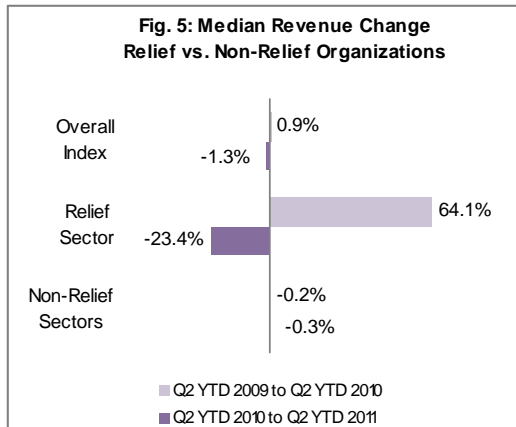
The Impact of the Relief Sector on Overall Index Performance

The international relief sector had a dramatic spike in giving immediately following a severe earthquake in Haiti in January 2010. Now, one year after the earthquake, the relief sector is experiencing almost equally dramatic declines in all key measures as their giving returns to more typical levels.

The purpose of the index is to allow participating organizations to compare their own performance to that of other sectors. Performance metrics based on aggregate index revenue or donors would be dominated by dramatic gains or losses by a few organizations – such as emergency-related fluctuations in the relief sector – and would not be useful for benchmarking purposes.

For this reason, all index results are reported as medians – the middle value of the relevant group of organizations.

The index as a whole had slightly declining revenue in the first half of 2011, with a median revenue decline of 1.3% from Q2 YTD 2010 to Q2 YTD 2011. When relief organizations are removed from the calculations, index revenue remained essentially flat, declining a median 0.3% over the period (see Fig. 5).



The index as a whole had median donor declines of 4.2% from Q2 YTD 2010 to Q2 YTD 2011. When relief organizations are removed from the calculations, the index donor decline is somewhat smaller, at a median 2.1% (see Fig. 6).

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 Product².

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 2009³. Since then, some indicators of US economic growth have certainly improved; in particular, positive GDP growth for the past two years⁴. However, other indicators – particularly job growth – have not been as encouraging⁵.

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 in the index leveled off after the declared end of the recession but has remained essentially flat since then. Overall, it appears that most participating organizations have not yet begun to regain any significant portion of the ground lost over the past four years.

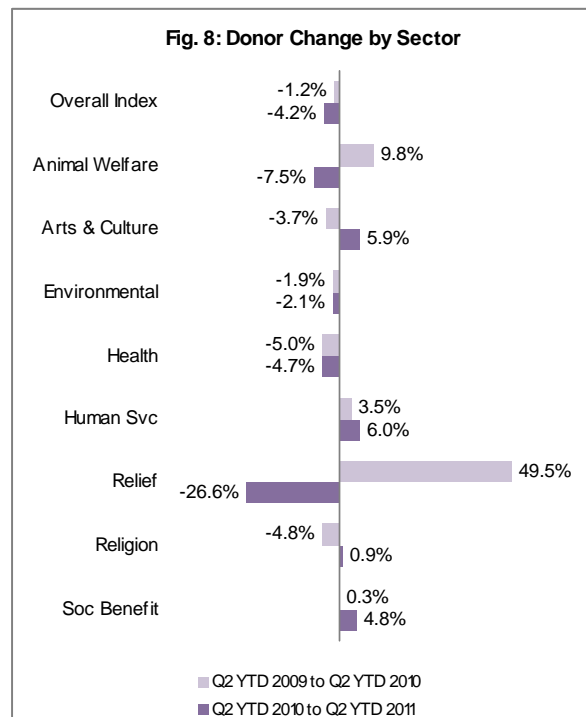
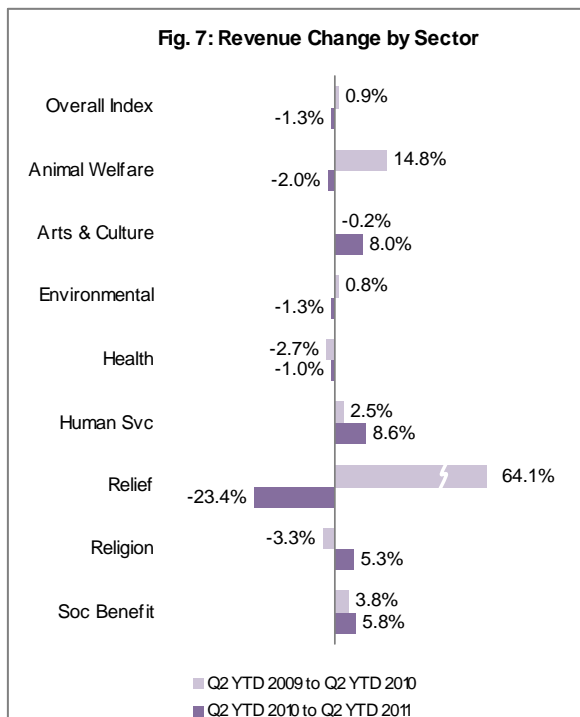
This may not be unexpected. Further research by the Giving USA Foundation indicates that once a recession is over, it has taken an average of three to four years for inflation-adjusted charitable giving to rise back up to pre-recession levels⁶.

Industry Sector Performance

In the first half of 2011, fundraising performance varied widely across different industry sectors in the index (see Figs. 8-9).

The **international relief** sector experienced the largest declines in the index every key measure. This sector experienced extraordinary giving in the first quarter of 2010 following a severe earthquake in Haiti; the declines the sector is seeing now are primarily a return to normal giving patterns from that phenomenal growth, rather than a concerning decline.

Animal welfare organizations had the second-largest declines in almost every key measure in the index this period. This is unusual for this sector, which has been one of the strongest in the index for more than five years, experiencing high donor growth even as most other sectors were experiencing dramatic declines. It remains to be seen whether current trends are cause for concern or rather more of a return to more normal giving patterns.



Health organizations in the index continued to see flat or declining performance in most key measures, as they have for most of the last five years, although revenue decreases were not as pronounced in the first half of 2011 as they have been in the past.

The **environmental** sector continues to have mixed results. Revenue and donor numbers both declined slightly for the sector in the first half of 2011, closely paralleling the declines in the overall index, but retention and reactivation rate growth were relatively strong.

Two sectors in the index currently appear to be actively recovering from the recent recession. **Arts and culture** and **religious** organizations are experiencing strong performances in most key areas this year to date. Current performance for both of these sectors is encouraging after a difficult three years.

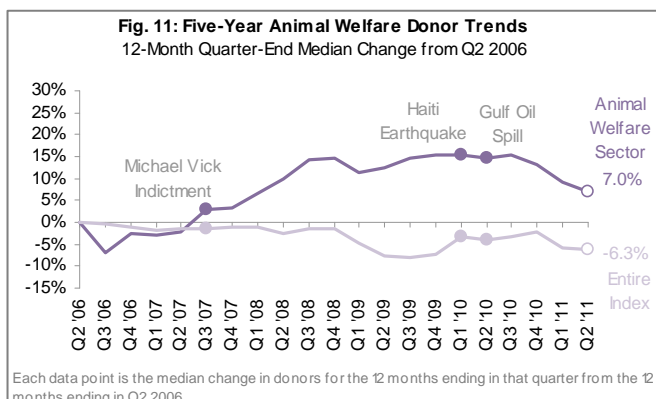
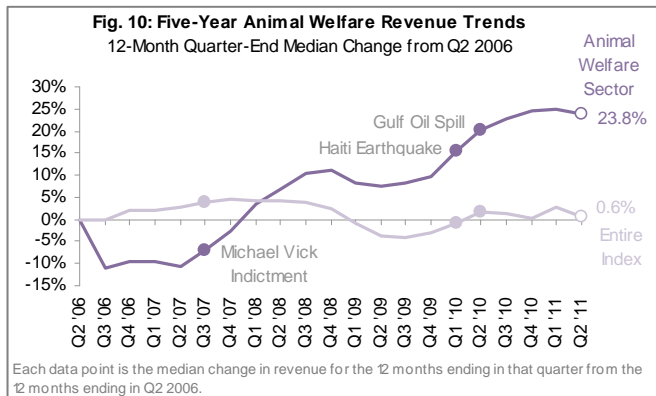
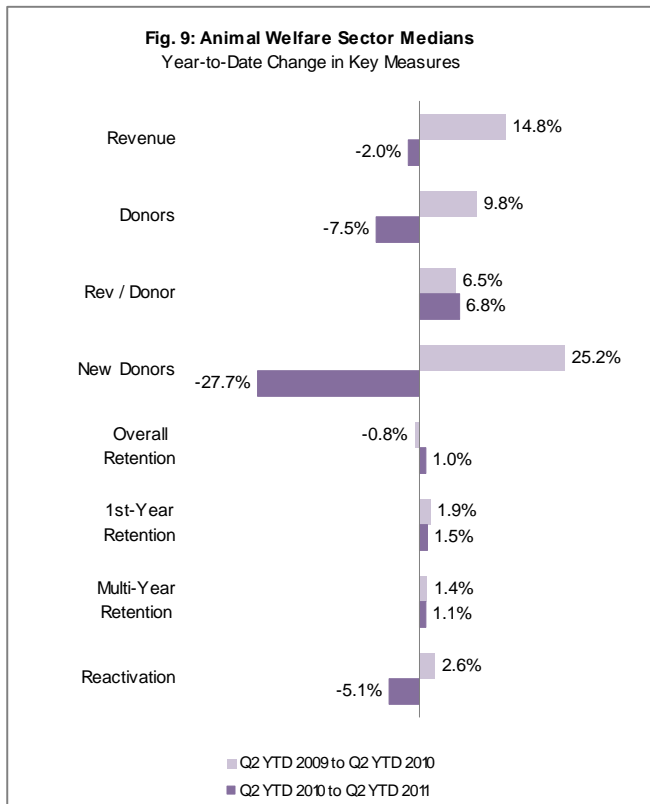
The human services and societal benefit sectors appear to be the brightest spots in the index this period. **Human services** organizations had some of the greatest increases in revenue, donor, and new donor acquisition while also managing to increase revenue per donor. **Societal benefit** organizations had strong growth in many areas – in particular, new donor acquisition – for the second year in a row.

Individual sector results are explained in more detail on the following pages. All sector results are medians unless otherwise specified.

Animal Welfare

4 organizations

The animal welfare sector has been one of the strongest sectors in the index for more than five years, with strong donor growth during a time when most other sectors had significant donor declines. In the first half of 2011, however, this sector has seen marked declines in revenue, donors, and new donor acquisition, all of which are among the largest declines in the index. At least some of this pattern may be a return to normal giving following extraordinary fundraising in 2010 after the Haitian earthquake and the Gulf Coast oil spill.



Animal welfare revenue declined a median 2.0% from Q2 YTD 2010 to Q2 YTD 2011 (see Fig. 9). This was the second-largest revenue decline in the index, next to that of the international relief sector, which had a much larger response to Haitian earthquake relief appeals in 2010. Two of the four organizations in this sector did have revenue increases in the first half of 2011.

Donors to animal welfare organizations declined significantly, a median 7.5% from Q2 YTD 2010 to Q2 YTD 2011, compared to an overall index median donor decline of 4.2%. Sector donor declines were primarily due to declines in new donor acquisition, which was down 27.7% from Q2 YTD 2010 to Q2 YTD 2011. Only one of the four organizations in this sector had donor increases and none had increases in acquisition in the first half of 2011. These declines were also the second-largest overall donor and new donor declines in the index.

Rolling twelve-month trends give us more long-term context for recent animal welfare sector performance. The sector received a substantial amount of giving in late 2005 surrounding the U.S. Gulf Coast hurricanes and had an accompanying decline in revenue and donors one year later, in 2006. Since then, the sector has had two significant event-related spikes in revenue and donors over the past five years; one in 2007 following the conviction of professional football player Michael Vick on dog fighting charges, and one in the first half of 2010 following the Haitian earthquake and the BP oil spill.

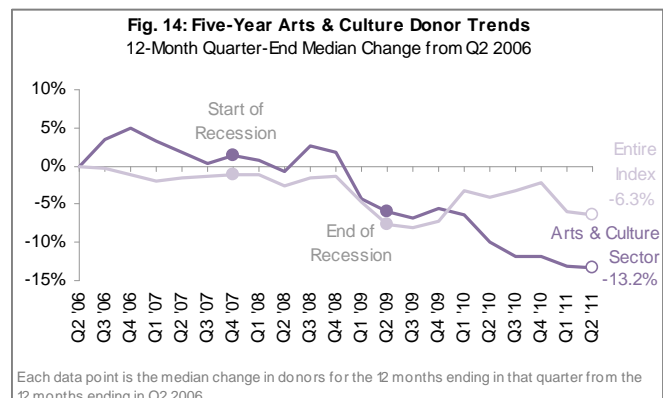
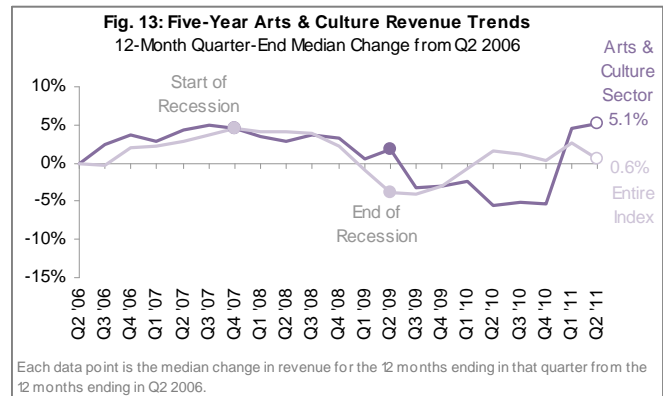
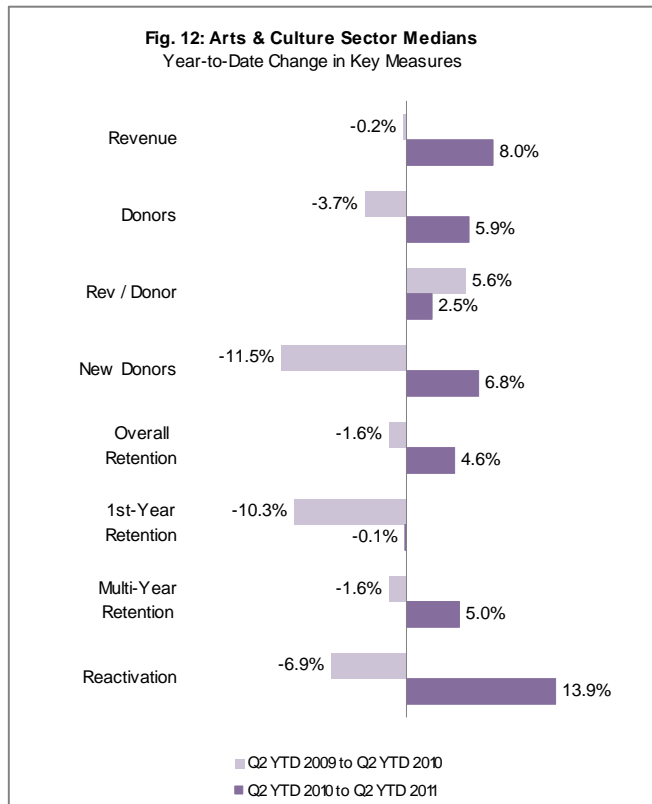
These spikes have enabled the animal welfare sector to outperform index revenue and donor medians significantly over the past five years. From the twelve months ending Q2 2006 to the twelve months ending Q2 2011, revenue growth for the animal welfare sector grew by a cumulative median 23.8%, while the index as a whole had revenue growth of 0.6% (see Fig. 10). Over the same period, sector donors grew by a median 7.0% while the overall index saw a median donor decline of 6.3% (see Fig. 11).

When evaluating results for this sector, it is important to be aware that it includes only four organizations.

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. The sector particularly struggled with new donor acquisition and first-year donor retention. In the first half of 2011, however, large increases in revenue, donors, and new donor acquisition indicate that the sector may be experiencing at least a stabilization, if not the beginning of a recovery.



Arts and culture sector revenue increased a median 8.0% from Q2 YTD 2010 to Q2 YTD 2011 (see Fig. 12), compared to overall index revenue declines of 1.3%. This was one of the largest revenue increases in the index over the period. Three of the five organizations in the sector had positive revenue growth in the first half of 2011.

Sector donors increased a median 5.9% from Q2 YTD 2010 to Q2 YTD 2011, compared to overall index donor declines of 4.2%. This was one of the largest donor increases of any sector in the index. Three of the five organizations in the sector had positive donor growth in 2010.

New arts and culture donors increased by 6.8% from Q2 YTD 2010 to Q2 YTD 2011. This was one of the largest new donor increases in the index but is likely at least in part a rebound from 11.5% declines over the same period the previous year. Three of the five organizations in the sector had positive new donor growth in the first half of 2011.

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 volatile; both generally outperformed the overall index from 2007 to 2009 but underperformed it in 2010. The spike in revenue in the first quarter of 2011 appears to be driven primarily by two of the five organizations in the sector.

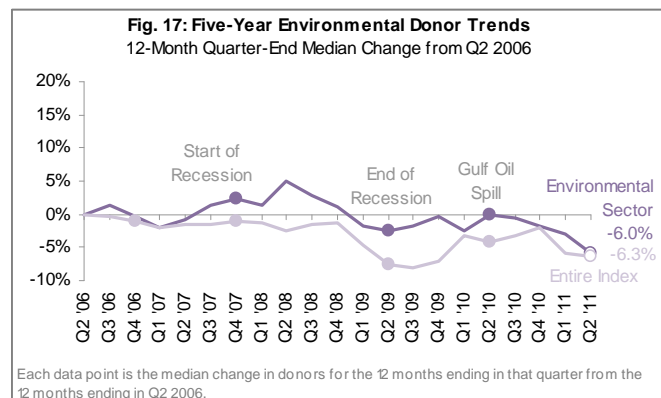
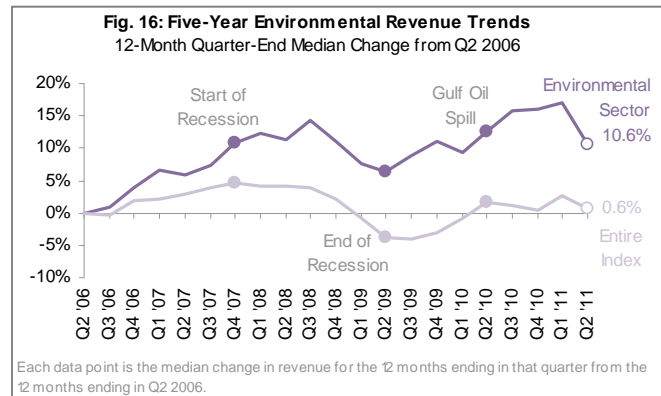
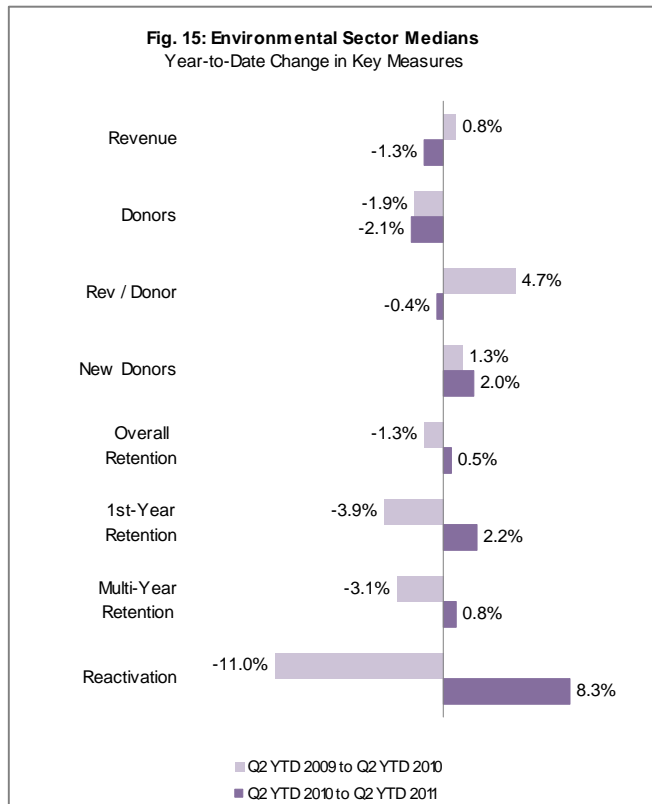
The result of these combined trends is that over the past five years, from the twelve months ending Q2 2006 to the twelve months ending Q2 2011, the arts and culture sector has had a cumulative median revenue growth of 5.1%, compared to overall index growth of 0.6% (see Fig. 13). Over the same period, the sector had a cumulative median donor decline of 13.2%, significantly greater than the overall index decline of 6.3% (see Fig. 14).

When evaluating results for this sector, it is important to be aware that it includes only five organizations.

Environment

13 organizations

Unlike many index sectors, the environmental sector does not tend to see a great deal of fluctuation in giving from quarter to quarter or from year to year. Environmental organizations maintained their revenue levels better than most during and after the recent recession. And while environmental donors have declined over the past five years, these declines have generally not been as severe as they have been for other sectors, holding close to overall index medians.



Revenue for the environmental sector declined 1.3% from Q2 YTD 2010 to Q2 YTD 2011, identical to the overall index median (see Fig. 15). Only a third, or 31%, of the environmental organizations in the index had positive revenue growth in the first half of 2011.

Environmental donors declined a median 2.1% from Q2 YTD 2010 to Q2 YTD 2011, while the index as a whole declined 4.2%. 31% of the environmental organizations in the index had positive donor growth in the first half of 2011.

New donor acquisition grew a modest 2.0% for the sector from Q2 YTD 2010 to Q2 YTD 2011, significant at a time when the index as a whole was experiencing new donor declines of 3.6%. 54% of the organizations in the sector had positive new donor acquisition over the period.

Reactivation rates rose significantly for the sector in the first half of 2011, increasing 8.3% from Q2 YTD 2010 to Q2 YTD 2011, following steep declines of -11.0% in the same period the previous year.

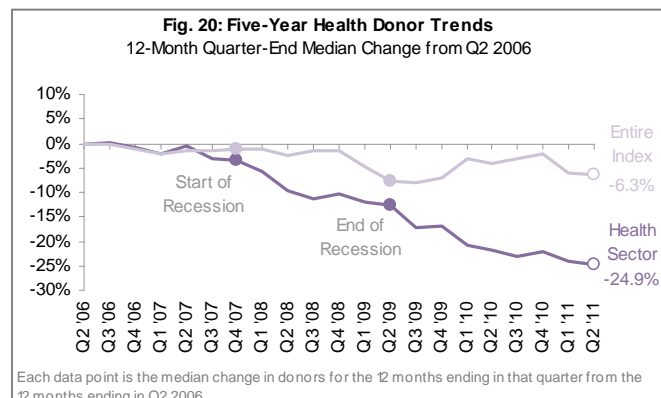
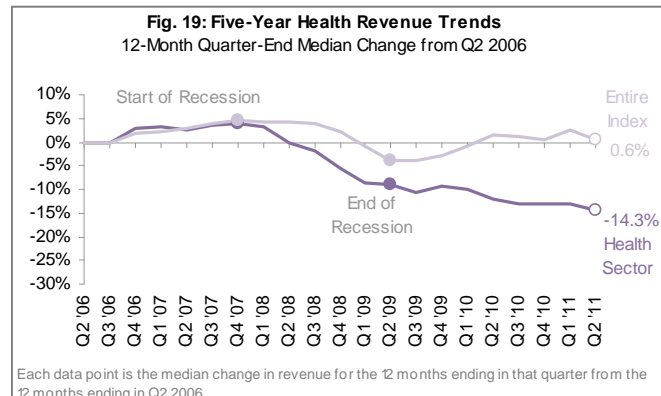
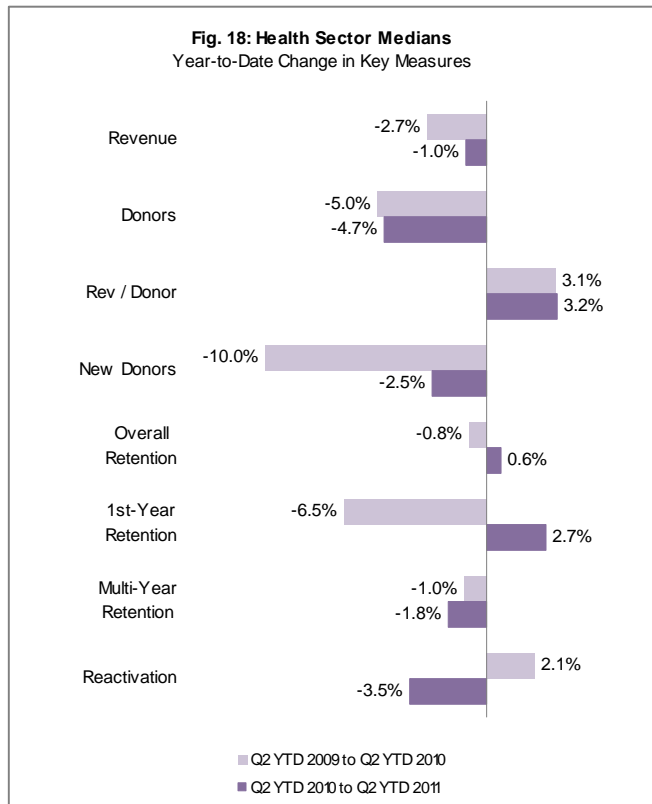
Twelve-month rolling trends can provide longer-term context for recent sector trends. This analysis shows that ever since a 2007 pre-recessionary boost in revenue, environmental revenue and donor growth have followed index medians relatively closely. The result is that the sector has been able to outperform the index in revenue growth over the last five years, while remaining even with it in donor growth.

From the twelve months ending Q2 2006 to the twelve months ending Q2 2011, the environmental sector had median cumulative revenue growth of 10.6% while overall index revenue grew a median 0.6% over the same period. (see Fig. 16). From the twelve months ending Q2 2006 to the twelve months ending Q2 2011, the sector had cumulative median donor declines of 6.0%, while the index as a whole had similar donor declines of 6.3% (see Fig. 17).

Health

19 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 half of 2011 revenue stabilized somewhat, but sector donor and new donor acquisition declines continued to be among the largest in the index, and came on top of significant declines over the same period in the previous year.



Health sector revenue remained essentially flat, declining a median 1.0% from Q2 YTD 2010 to Q2 YTD 2011 (see Fig. 18). 42% of the organizations in the health sector did have positive revenue growth in the first half of 2011.

Health sector donors declined a median 4.7% from Q2 YTD 2010 to Q2 YTD 2011, after a 5.0% decline over the same period in the previous year. This was one of the largest donor declines of any sector in the index; only 16% of the organizations in this sector had positive donor growth in the first half of 2011.

New donors for the sector fell a comparatively modest amount, 2.5%, from Q2 YTD 2010 to Q2 YTD 2011, but this follows a significant 10.0% decline over the same period the year before. 42% of the organizations in the health sector had positive new donor growth in the first half of 2011.

Revenue per donor did increase for the sector in the first half of 2011, rising 3.2% from Q2 YTD 2010 to Q2 YTD 2011. However, these increasing revenue per donor amounts may be a reflection of the declining numbers of relatively low-dollar new donors.

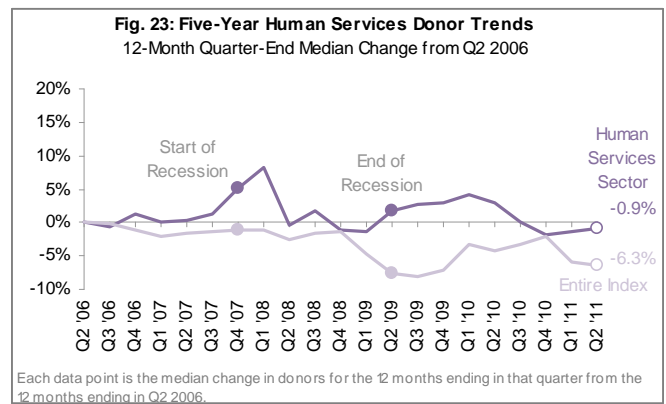
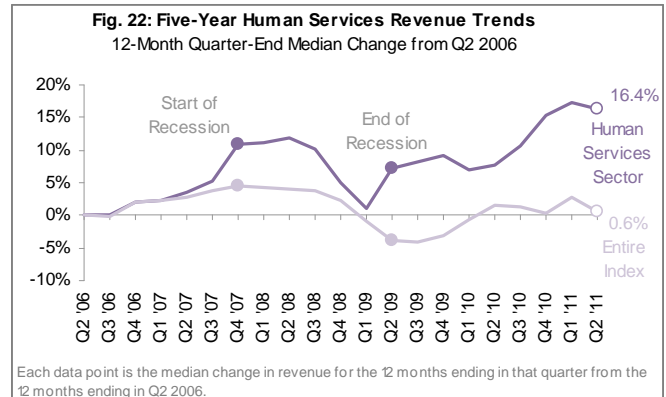
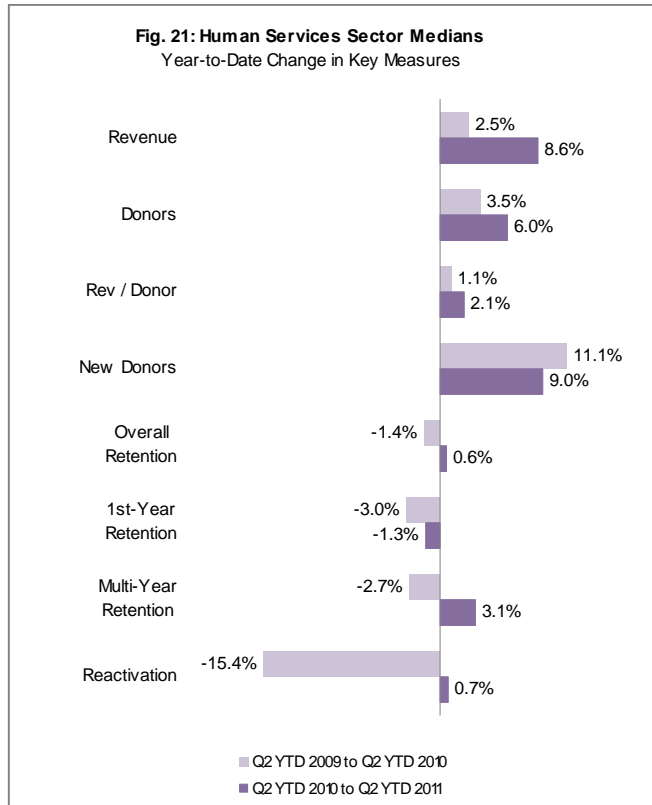
Health sector revenue and donor growth have both lagged overall index median trends significantly over the long term. From the twelve months ending Q2 2006 to the twelve months ending Q2 2011, health organizations had cumulative revenue declines of 14.3%, compared 0.6% growth for the index as a whole (see Fig. 19). Over the same five-year period, health organizations had a cumulative donor decline of 24.9%, compared to a decline of only 6.3% for the index as a whole (see Fig. 20).

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

7 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 this time of greatest need, donors may have deliberately concentrated their giving on organizations in this sector, which provide direct aid to the disadvantaged. After the end of the recession, human services organizations had mixed results, maintaining revenue levels but struggling with acquisition and retention. In the first half of 2011, however, the sector appeared to be going through another surge in giving, with the highest rates of revenue and donor growth in the index.



Human services sector revenue grew a median 8.6% from Q2 YTD 2010 to Q2 YTD 2011 (see Fig. 21), while the index as a whole had revenue declines of 1.3%. This was the largest revenue increase of any sector in the index and was widespread; five of the seven organizations in this sector had positive revenue growth in the first half of 2011.

Human services donors grew by a median 6.0% from Q2 YTD 2010 to Q2 YTD 2011. This was the largest donor growth of any sector in the index and came at a time when the index as a whole had donor declines of 4.2%. Four of the seven organizations in this sector had positive donor growth in the first half of 2011.

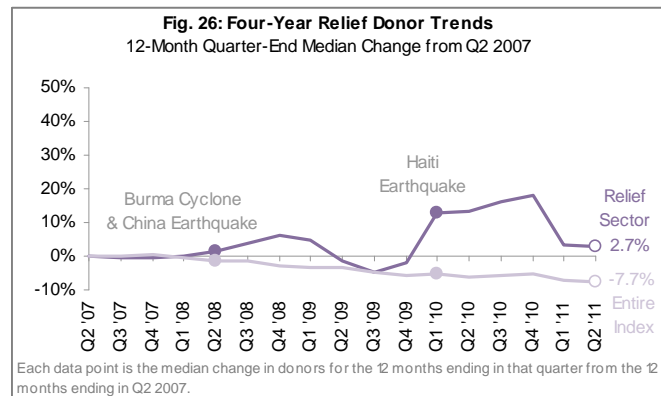
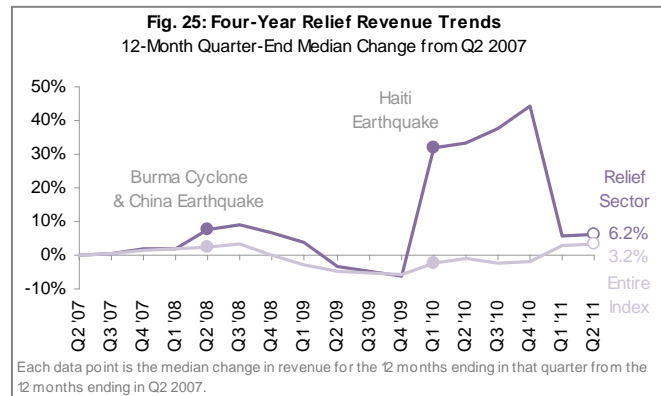
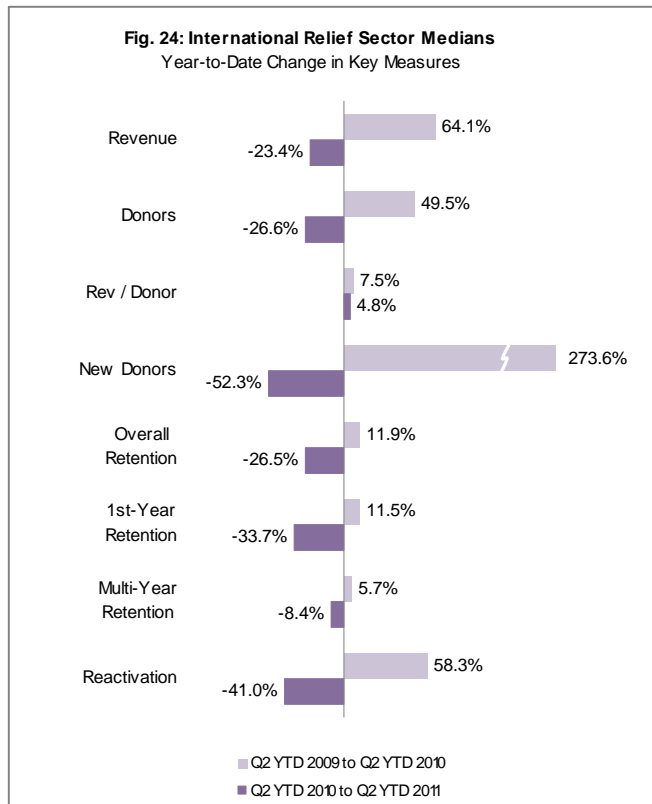
New donor acquisition was similarly strong, up 9.0% from Q2 YTD 2010 to Q2 YTD 2011. This was the second-largest acquisition increase in the index, after that of the societal benefit sector. Five of the seven organizations in this sector had positive new donor growth in the first half of 2011.

Rolling twelve-month trends can give a longer-term perspective to current results and show that the sector has well outperformed the index in revenue growth over the past five years. From the twelve months ending Q2 2006 to the twelve months ending Q2 2011, human services revenue grew a cumulative median 16.4% while overall index revenue grew by only 0.6% (see Fig. 22). Over the same five-year period, sector donors have remained relatively flat, declining only a cumulative median 0.9%, while the index as a whole has declined 6.3% (see Fig. 23).

International Relief

15 organizations

Recent relief sector performance has been dominated by fundraising following a devastating earthquake in Haiti on January 12, 2010. The sector experienced extraordinary growth in all key areas last year, on a scale almost equal to the period after the Indian Ocean tsunami of 2004. The sector is now seeing the dramatic declines in all key measures that would be expected as giving returns to more typical levels.



Revenue for the international relief sector declined a median 23.4% from Q2 YTD 2010 to Q2 YTD 2011 (see Fig. 24). This was by far the largest revenue decline in the index. Only one of the organizations in the relief sector had revenue increases in the first half of 2011.

Relief organizations had the largest donor declines in the index as well, with a 26.6% decline in overall donors and a 52.3% decline in new donors from Q2 YTD 2010 to Q2 YTD 2011. Only one of the organizations in the sector had positive donor growth and one had positive new donor growth in the first half of 2011.

Revenue per donor for the sector was the only key metric to increase in the first half of 2011, rising a median 4.8% from Q2 YTD 2010 to Q2 YTD 2011. This may indicate that relief organizations have been relatively successful in maintaining giving amounts from those donors they were able to retain after the Haitian earthquake. This is particularly notable considering that emergency gifts tend to be significantly larger than non-emergency gifts, and that relief organizations already receive the largest gifts of any sector.

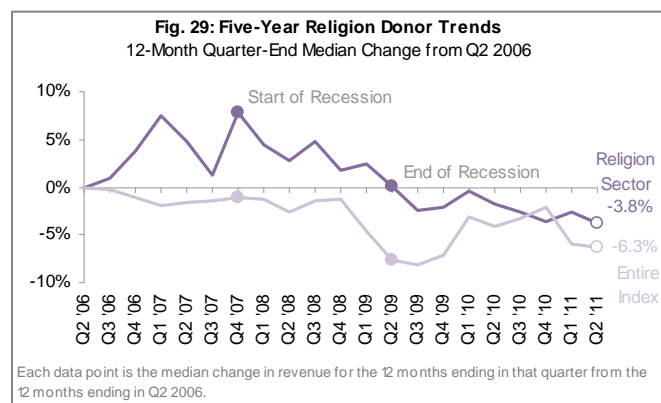
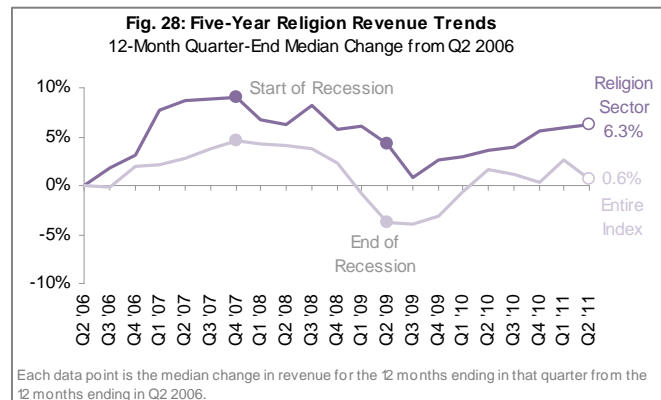
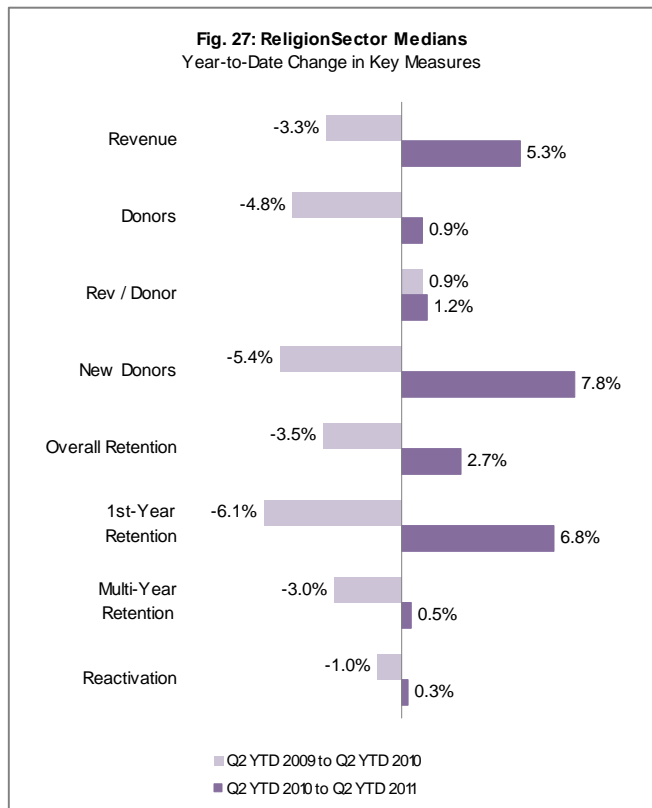
Rolling revenue and donor trends can give a longer-term context for recent relief sector performance. Since 2007, sector revenue and donors have roughly paralleled overall index medians, with the exception of a small spike related to emergency-related giving in 2008 and the dramatic Haiti-related spike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

This emergency giving has helped the relief sector to outperform the index as a whole over the past four years. Relief sector revenue is up a cumulative 6.2% from the twelve months ending Q2 2007 to the twelve months ending Q2 2011, while the index as a whole had only 3.2% growth (see Fig. 25). Donor numbers are up 2.7% for the relief sector over the same four-year period, compared to an overall index median donor decline of 7.7% (see Fig. 26).

Religion

6 organizations

Religious organizations in the index have experienced a fair amount of volatility over the past several years. The sector saw strong growth in all key measures in the first half of 2011, but this comes after steep declines in almost all key measures in the same period the previous year, and is likely more of a recovery or a return to normal giving patterns than a spike in fundraising.



Religion sector revenue rose a median 5.3% from Q2 YTD 2010 to Q2 YTD 2011 (see Fig. 27), while the index as a whole had revenue declines of 1.3%. Four of the six organizations in this sector had positive revenue growth in the first half of 2011. Sector donors remained essentially flat, rising a median 0.9% from Q2 YTD 2010 to Q2 YTD 2011, while the index as a whole had donor declines of 4.2%. Three of the six organizations in this sector had positive donor growth in the first half of 2011.

The religion sector had strong new donor growth in the first half of 2011; new donors to religious organizations rose a median 7.8% from Q2 YTD 2010 to Q2 YTD 2011, at a time when the index as a whole had new donor declines of 3.6%. Four of the six organizations in this sector had positive new donor growth over the period.

Retention was an area of particular concern for the religion sector in 2010, when the sector had large retention rate declines. Retention rates appear to have recovered somewhat in the first half of 2011, but it is important to analyze Q2 retention rates with caution because donors have only had six months in which to renew.

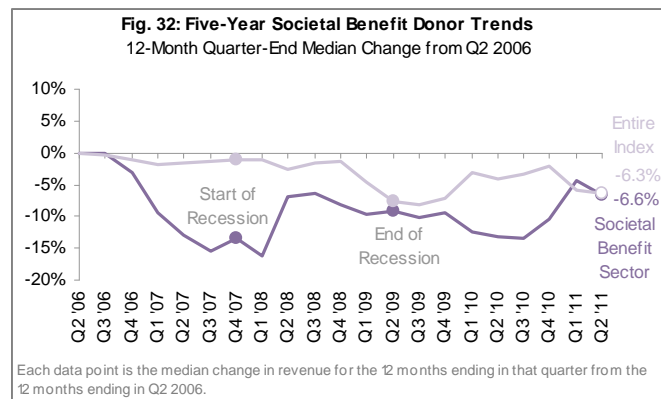
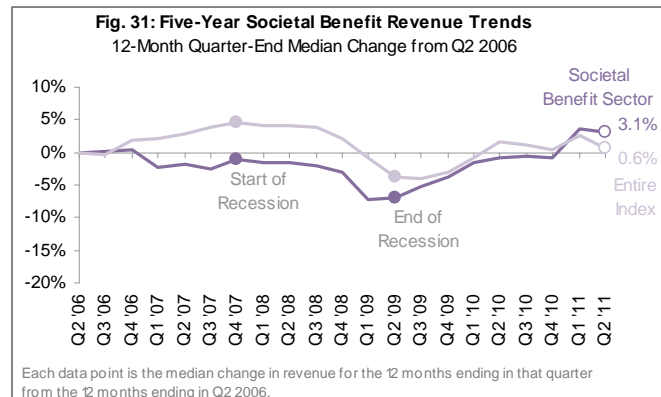
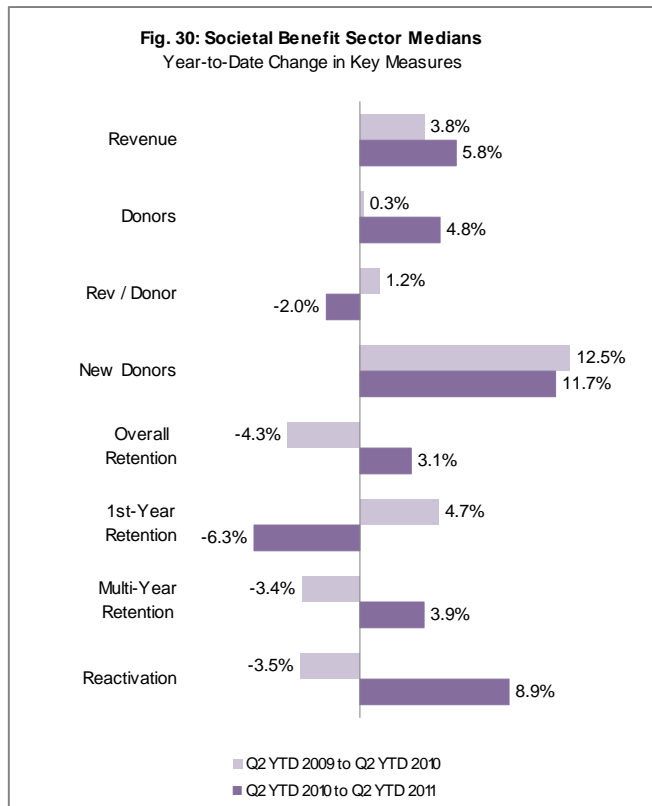
The religion sector has generally outperformed the index in both revenue and donor growth over the past five years. From the twelve months ending Q2 2006 to the twelve months ending Q2 2011, sector revenue grew a cumulative median 6.3%, compared to overall index median growth of 0.6% (see Fig. 28). Over the same period, sector donor numbers declined a median 3.8%, compared to overall index declines of 6.3% (see Fig. 29).

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

Societal Benefit

11 organizations

From 2006 to 2009, societal benefit organizations experienced some of the greatest fundraising challenges of any sector in the index. These negative trends appear to have turned around for the sector in 2010 and the first half of 2011. Societal benefit organizations had strong revenue increases and the greatest increases in new donor acquisition of any sector in the index this period, and had one of the largest increases in overall donor numbers as well.



Societal benefit sector revenue increased a median 5.8% from Q2 YTD 2010 to Q2 YTD 2011 (see Fig. 30), compared to overall index median declines of 1.3%. Revenue growth was relatively widespread; 64% of the organizations in the sector had positive revenue growth in the first half of 2011. Societal benefit donor populations grew a median 4.8% from Q2 YTD 2010 to Q2 YTD 2011, while the index as a whole experienced donor declines of 4.2%. 55% of the organizations in the sector had positive donor growth in the first half of 2011.

Unlike most index sectors, societal benefit organizations had relatively strong new donor growth throughout 2009 and 2010, and this growth has continued into the first half of 2011. New donors for the sector grew by a median 11.7% from Q2 YTD 2010 to Q2 YTD 2011. This was the largest growth in new donors in the index and came on top of 12.5% growth in the same period in the previous year. 55% of the organizations in this sector had positive donor growth in the first half of 2011.

Revenue per donor was down by a median 2.0% in the first half of 2011, but this may be due at least in part to the sustained influx of comparatively lower-dollar new donors.

A rolling twelve-month revenue and donor analysis can provide a longer-term perspective on these recent trends. It shows that the sector generally underperformed the index in revenue and donor growth from 2006 to 2009, but that the sector regained ground in 2010 and in the first half of 2011.

The result is that cumulative revenue and donor growth for the societal benefit sector over the past five years have both been close to overall index medians. From the twelve months ending Q2 2006 to the twelve months ending Q2 2011, societal benefit revenue rose a cumulative median 3.1%, compared to overall index revenue growth of 0.6% (see Fig. 31). Over the same period, societal benefit donors declined a cumulative median 6.6%, essentially equal to the overall index decline of 6.3% (see Fig. 32).

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6. Giving USA Foundation, "Giving Recovery after Economic Depression or Recession," *Giving USA Spotlight*, Issue 2, 2009, p. 8. Article written by Melanie Miller, Sarah Schaefer, and Corinne Wagner of the Center on Philanthropy at Indiana University.

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 January 2012, will examine activity for the third quarter of 2011. 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.