

Index of National Fundraising Performance

2008 Second Calendar Quarter Results

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Target Analytics Index of National Fundraising Performance

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The Index of National Fundraising Performance

The Target Analytics Index of National Fundraising Performance analyzes direct marketing giving for many of the largest non-profit organizations in the country. For the twelve months ending Q2 2008, Target Analytics evaluated transactions from 74 organizations, including over 37 million donors and more than 69 million gifts totaling over \$2 billion in revenue.

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

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

Q2 2008 Index Participants

Animal Welfare

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

Environment

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

Health

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

Human Services

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

International Relief

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

Societal Benefit

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

Unassigned

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

Direct Marketing Revenue and Donors Lower in First Half of 2008

Overall Index Results

All index results are medians unless otherwise specified.

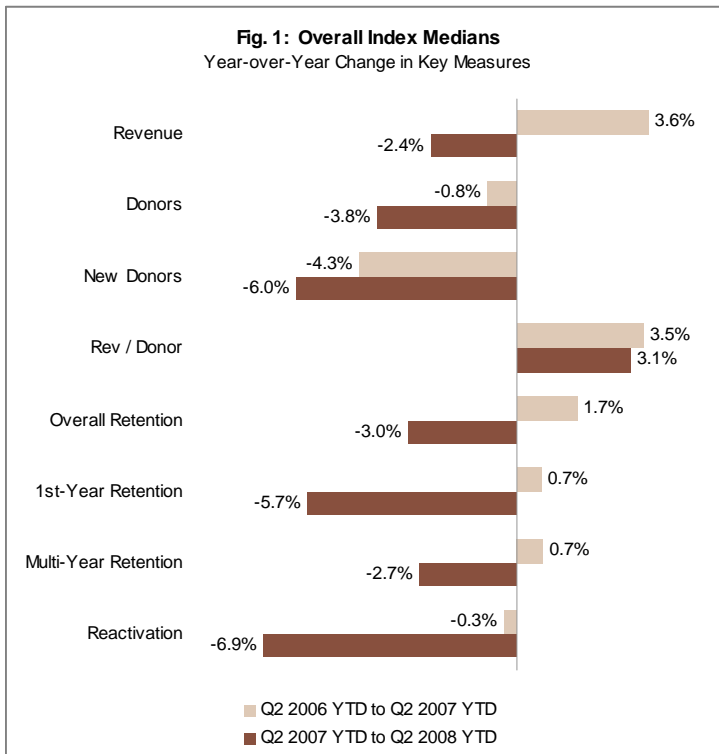
Q2 2008 Summary

Most of the organizations in the Target Analytics Index of National Fundraising Performance faced fundraising challenges in the first half of 2008 (January through June). Overall direct marketing donors and revenue both declined in Q2 year-to-date 2008 over the same period last year, and these declines were evident across most of the sectors in the index. Revenue per donor rose, as it has for most of the past two years.

Year-to-Year Trends

Index revenue declined a median -2.4% from the first half of 2007 to the first half of 2008, continuing a revenue decline that began last quarter. Before 2008, the last time that real revenue in the index declined was in the aftermath of the U.S. Gulf Coast hurricanes in the fall of 2005.

Revenue declines were not universal across the index, however; 45% of the organizations in the index did have positive revenue growth from Q2 YTD 2007 to Q2 YTD 2008.



Donor numbers in the index fell a median -3.8% from the first half of 2007 to the first half of 2008. Donors have been declining consistently for the past two and a half years; the index has not experienced positive donor growth since the 2005 hurricanes.

Fewer than one third (31%) of the organizations in the index had positive donor growth in the first half of 2008 over the same period one year before. This is a change from the last edition of the Target index in Q1 2008, when donor declines were less widespread.

Revenue per donor has been steadily increasing for the past two and a half years and this has continued into 2008. Revenue per donor grew 3.1% from Q2 YTD 2007 to Q2 YTD 2008, after 3.5% growth over the same period one

year before. More than two thirds (68%) of the organizations in the index had revenue per donor increases.

Until 2007, increases in revenue per donor had compensated for donor declines, allowing overall revenue to continue to grow. In the first half of 2008, however, continued revenue per donor growth no longer made up for the donor decreases and overall revenue declined.

Long-Term Revenue and Donor Trends

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

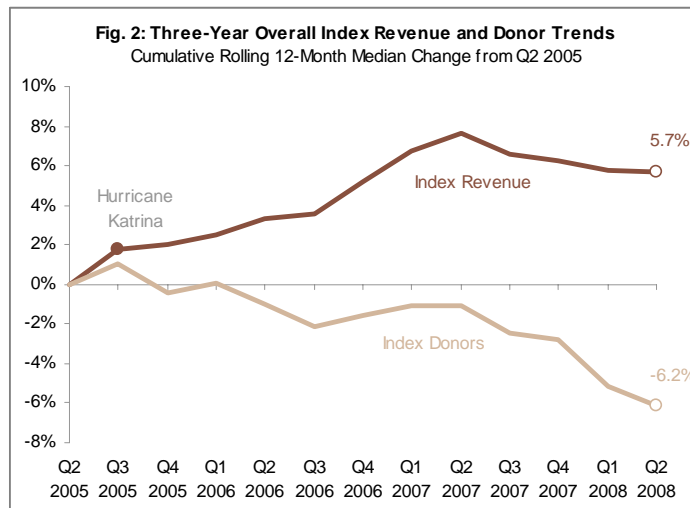
Longer-term trends are more evident when looking at rolling twelve-month quarterly medians of revenue and donor growth. A rolling analysis compares the twelve months of revenue ending in one quarter to the twelve months of revenue ending in a starting quarter. This smoothes out seasonal differences and allows us to see continuous movement from one quarter to the next, instead of simply comparing one full or partial year to the next full or partial year.

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

The end result is that cumulative index revenue growth has been slower than historic norms over the past three years. From the twelve months ending Q2 2005 to the twelve months ending Q2 2008, revenue grew a cumulative median 5.7%.

This revenue growth has not kept up with inflation; when adjusted for inflation, revenue has actually declined a cumulative median -5.8% in real dollars over the same time period¹.

A rolling twelve-month analysis provides additional context for recent donor trends as well, making it clear that current donor declines are part of a longer-term pattern. In spite of a disaster-related spike in 2005, donors are down significantly over the past three years. From the twelve months ending Q2 2005 to the twelve months ending Q2 2008, donors declined a cumulative median -6.2%. Just over a third (39%) of the organizations in the index had positive donor growth over that period.



Components of Donor Declines

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

For most organizations, overall donor declines have been most influenced by declines in new donor acquisition. New donors declined -6.0% from Q2 YTD 2007 to Q2 YTD 2008, on top of a -4.3% decline over the same period one year before. 41% of the organizations in the index had positive new donor growth in the first quarter of 2008.

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

Retention rates dropped by -3.0% from Q2 YTD 2007 to Q2 YTD 2008. Fewer than a third (32%) of the organizations in the index had positive retention rate growth in the first half of 2008. The greatest decreases in retention came in first-year donor retention, which declined -5.7% in Q2 YTD 2008 over the same period one year before. Reactivation rates of lapsed donors declined -6.9% from Q2 YTD 2007 to Q2 YTD 2008.

Economic Influences on Giving

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

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

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

With the sub-prime lending crisis, rising gas prices, rising unemployment and falling consumer confidence, many aspects of the economy slowed during 2007 and the first half of 2008. Q2 2008 trends may be reflecting the effects of this weakened economy on non-profit fundraising.

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 giving³. In their publication *Giving USA 2007*, the Foundation points out that individuals gave a total of \$229 billion to charity in 2007, which was 390 times the total raised by all candidates running for president that same year. While 70% of the U.S. population gives to charity every year, only 1% to 2% of the population gives to presidential candidates or campaigns.

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

Industry Sector Performance

All sector results are medians unless otherwise specified.

Sector Summary

Almost every industry sector is experiencing the same set of trends that we have seen in the index as a whole – declining donors and often declining revenue as well, precipitated by declining acquisition and retention, in combination with rising revenue per donor.

Animal welfare, environmental, and international relief organizations had revenue increases in the first half of 2008, while health, human services, and societal benefit organizations had declines.

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

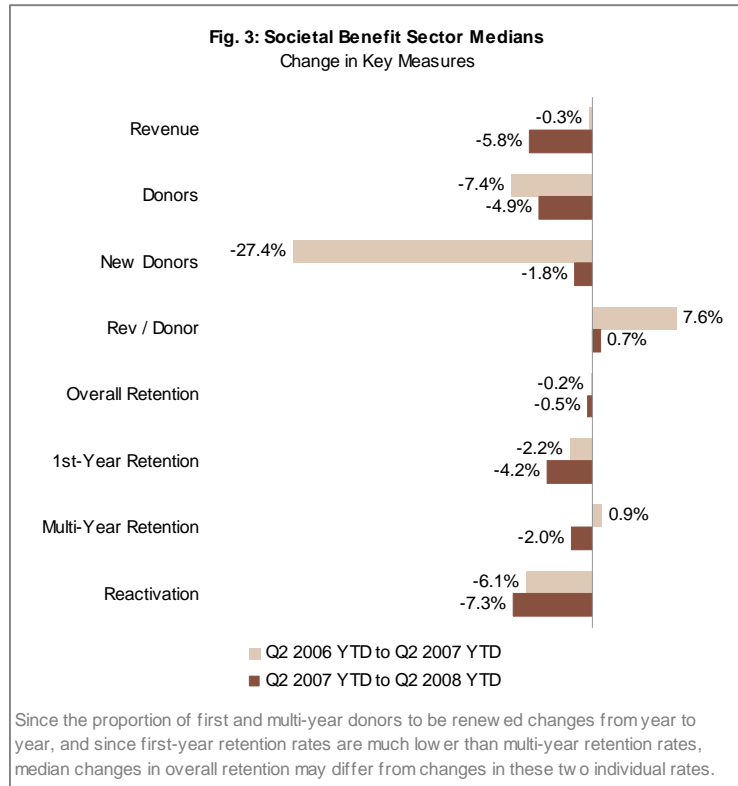
For a table of complete second quarter year-to-date results for all key metrics by index sector for 2006-2007 and 2007-2008, please see page 19.

Societal Benefit Sector

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

Revenue declines continued in the first half of 2008, with revenue dollars falling -5.8% from Q2 YTD 2007 to Q2 YTD 2008. This was the greatest decrease in revenue of any sector in the index this quarter. Revenue declines were widespread across the sector, with only 33% of the societal benefit organizations experiencing positive revenue growth in Q2 2008.

Overall donor numbers continued to decline as well. The societal benefit sector had a median decline of -4.9% in donors from the first half of 2007 to the first half of 2008. This was the second-greatest donor decrease in the index, after the health sector. Just one quarter (25%) of the organizations in the societal benefit sector had positive donor growth in Q2 2008.



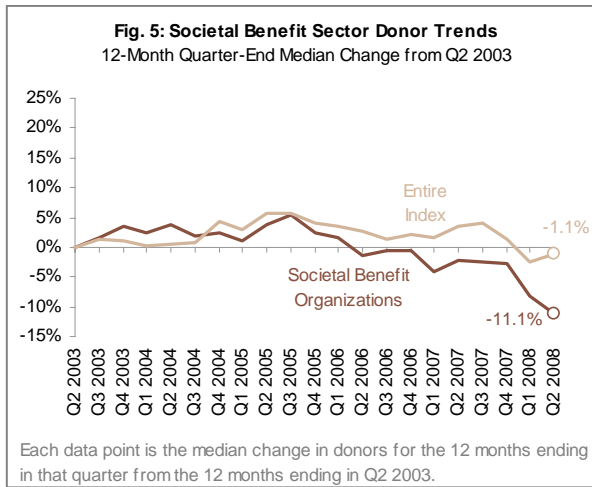
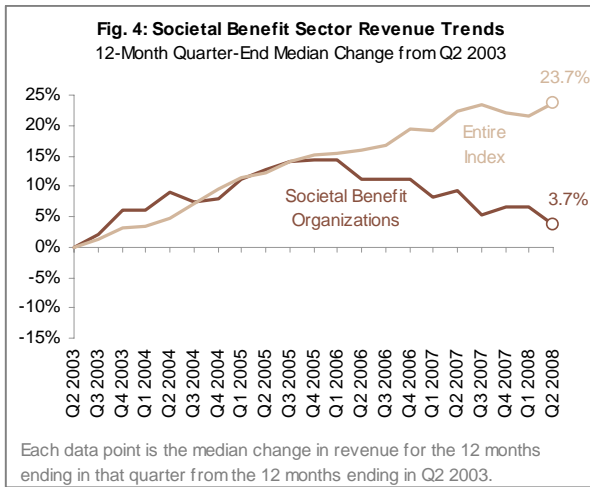
New donor acquisition for the sector fell a median -1.8% from Q2 YTD 2007 to Q2 YTD 2008. This is a relatively small decline by itself but comes after significant new donor declines of -27.4% over the same period one year earlier; acquisition therefore still remains a concern for this sector.

Retention rates for the sector remained relatively flat, falling a median -0.5% from the first half of 2007 to the first half of 2008. This was relatively good compared to the index median -3.0% over the period and may be partly because of the declines in the population size of lower-retaining new donors one year earlier.

Since this sector saw significant declines in acquisition and retention over 2007, the small declines in both this quarter may be a sign that these negative trends are leveling off. For example, the sector's median -1.8% new donor acquisition decline in this first half of the year comes after a median decline of -27.4% in new donors over the same time period one year before.

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

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



From the twelve months ending Q2 2003 to the twelve months ending Q2 2008, societal benefit revenue rose a total 3.7%, compared to overall index growth of 23.7%.

Over the same period, societal benefit donors declined -11.1%, compared to an overall index decline of -1.1%.

International Relief Sector

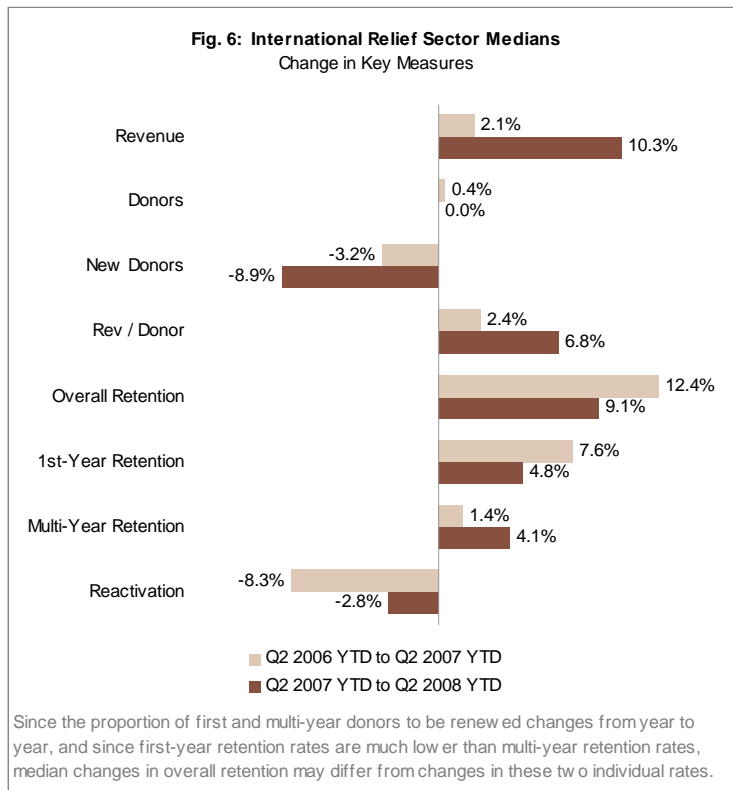
International relief fundraising over the past three years has been dominated by the after-effects of the Indian Ocean tsunami in December 2004, which generated record disaster-related revenue in both 2004 and 2005. Much of the positive performance of relief organizations throughout 2007 was due to the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

The relief sector has experienced significant revenue growth in 2008 to date. Revenue increased a median 10.3% from the first half of 2007 to the first half of 2008, after an increase of only 2.1% the previous year. These increases were quite widespread; 83% of the organizations in this sector saw revenue increases over the current period.

Two significant international disasters occurred in May 2008; Cyclone Nargis in Myanmar and an 8.0-magnitude earthquake in Sichuan, China. It is possible that some of the revenue growth that relief organizations are experiencing this sector may be due to fundraising around these events.

Donors to international relief organizations, however, remained flat from Q2 YTD 2007 to Q2 YTD 2008, and new donors to the relief sector declined a median -8.9% over the same period. This was one of the largest declines in new donor populations in the index, second only to the declines in the health sector.

This indicates that current revenue growth came not from new acquisitions but from returning donors. The relief sector did have the greatest increase in retention rate of any sector in the second quarter of 2008, increasing a median 9.1% from the first half of 2007 to the first half of 2008. All other sectors had declining retention rates.



This sector's rising retention rates may be due to donors returning to give to Myanmar or China relief efforts, but may also be due to declining new donor populations in the previous year. New donors tend to renew at lower rates, so a decrease in new donors in one year often has the effect of increasing overall retention rates the next year.

Relief revenue per donor rose more than that of any other sector in the first half of 2008, with an increase of 6.8% over the same period one year before.

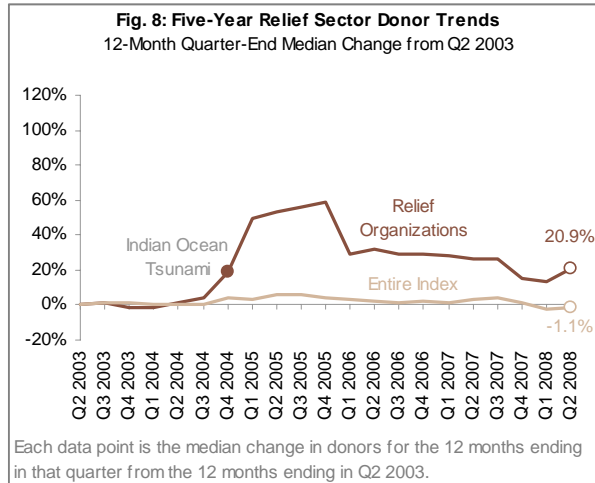
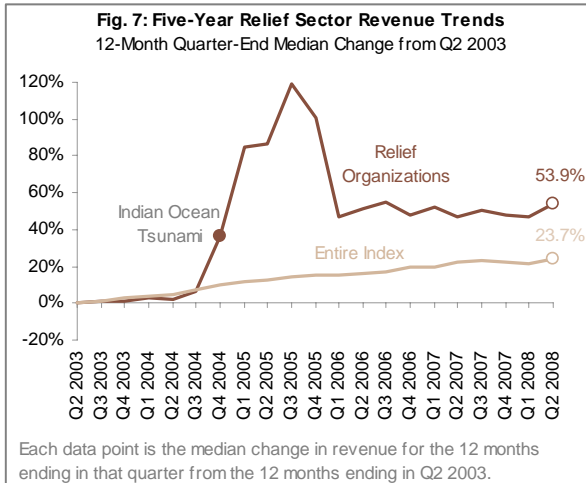
Lapsed donor reactivation rates, which had fallen significantly in the first quarter of 2008, declined by another -2.8% from Q2 YTD 2007 to Q2 YTD 2008.

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

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

In the second quarter of 2008, however, the sector experienced an upturn in both revenue and donors. This small spike may in part reflect cyclone- or earthquake-related disaster giving in May and June.

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



Relief sector revenue grew a cumulative 53.9% over the past five years, from the twelve months ending Q2 2003 through the twelve months ending Q2 2008. The index as a whole had only 23.7% growth over that period. Donor numbers grew a cumulative 20.9% for the relief sector over the past five years, compared to an overall index donor decline of -1.4% over that same period.

Human Services Sector

Over the long term, the human services sector has generally stayed close to or slightly outperformed overall index trends. In the last few quarters, human services organizations maintained their donor populations well compared to the rest of the index, but had relatively large declines in revenue.

Human services revenue fell a median -3.0% from the first half of 2007 to the first half of 2008. This was close to the index median decline of -2.4%. Just over a third (38%) of the organizations in the human services sector had positive revenue growth in Q2 2008.

Donors for the sector declined a median -2.3% from Q2 YTD 2007 to Q2 YTD 2008. Although this is a decline, this is somewhat better performance compared to the rest of the index; most other sectors saw more significant donor decreases. The overall index declined a median -3.8% in donors over the same period.

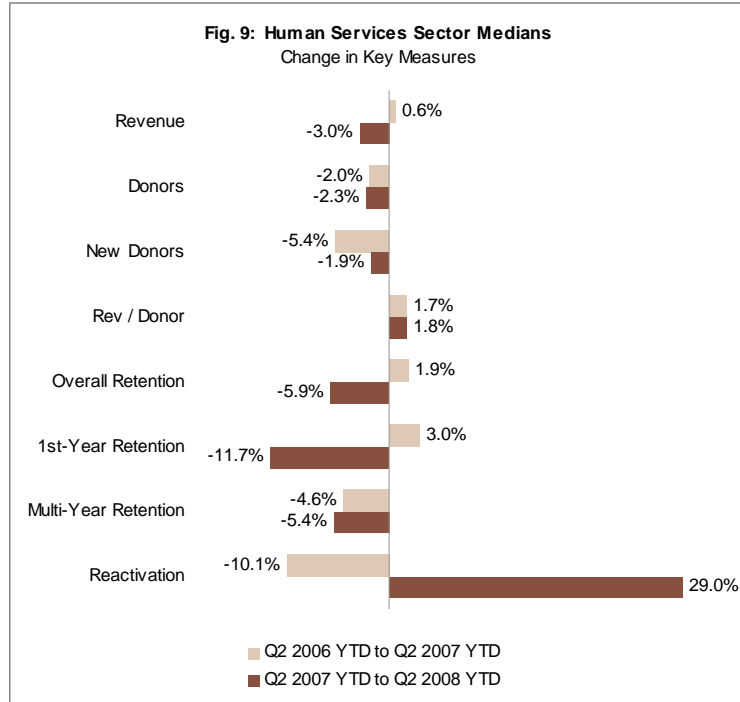
New donor acquisition for the sector fared better too, declining a median -1.9% from Q2 YTD 2007 to Q2 YTD 2008. This compared well to the overall index median decline of -6.0% over the same period. Half of the organizations in the human services sector had positive growth in new donors in the first quarter of 2008.

Unlike the index as a whole, where donor declines are due mainly to declining acquisition, human services donor declines appear to be due primarily to a significant drop in retention rates. Human services donor retention declined more than for any other sector, with a median -5.9% decline from

Q2 YTD 2007 to Q2 YTD 2008. Just over one third (38%) of the organizations in this sector had positive retention rate growth over this period.

Revenue per donor rose a median 1.8% from Q2 YTD 2007 to Q2 YTD 2008. This was slower growth than most of the other sectors in the index, but relatively close to the overall index median increase of 3.1%. The human services sector may not have seen the same kinds of increases in revenue per donor that other sectors did over this period in part perhaps because their new donor declines were not as great.

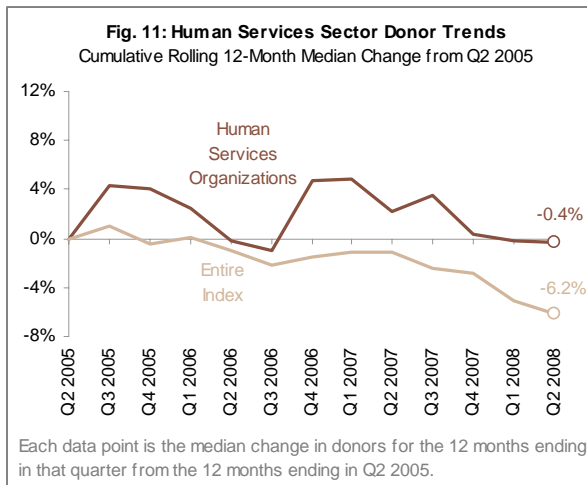
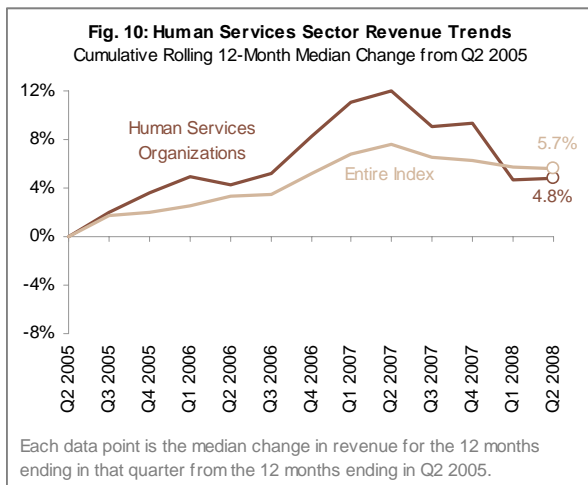
The human services sector had unusually high reactivation rate growth over the current period; sector reactivation grew by a median 29.0% from Q2 YTD 2007 to Q2 YTD 2008.



A deeper analysis of reactivation rates by individual organizations shows that this was relatively consistent across the sector; five out of the eight organizations in the human services sector had reactivation rate growth of over 28% during this period. These five organizations had significant increases in reactivation rate regardless of the number of years the donor had been lapsed, and regardless of the donor's loyalty in the year they lapsed. We will revisit this at the end of the year to see if this trend holds.

Rolling revenue and donor trends for the past several years show recent human services sector results in a longer-term context.

In general, sector revenue and donor growth underperformed the index prior to hurricane Katrina, grew significantly during the disaster year of 2005, and then outperformed the index through almost all of 2006 and 2007.



In the last quarter of 2007 and the first two quarters of 2008, human services donor growth continued to outpace the index, but revenue declined significantly. The result is that over the past three years the human services sector has significantly outperformed the overall index in donor growth, but significantly underperformed the index in revenue growth.

From the twelve months ending Q2 2005 to the twelve months ending Q2 2008, human services revenue grew a cumulative median 4.8%, compared to overall national index growth of 5.7%. 50% of the organizations in the sector had positive cumulative revenue growth over that period.

Over the same time period, human services donor numbers remained essentially flat, declining a cumulative -0.4%, compared to an overall national index decline of -6.2%.

Health Sector

In Q2 2008, the health sector experienced the same trends as the overall index – declining revenue and donors, increasing revenue per donor – but at a greater magnitude. Health organizations saw some of the largest revenue declines and the greatest donor declines in the index, particularly in new donor acquisition.

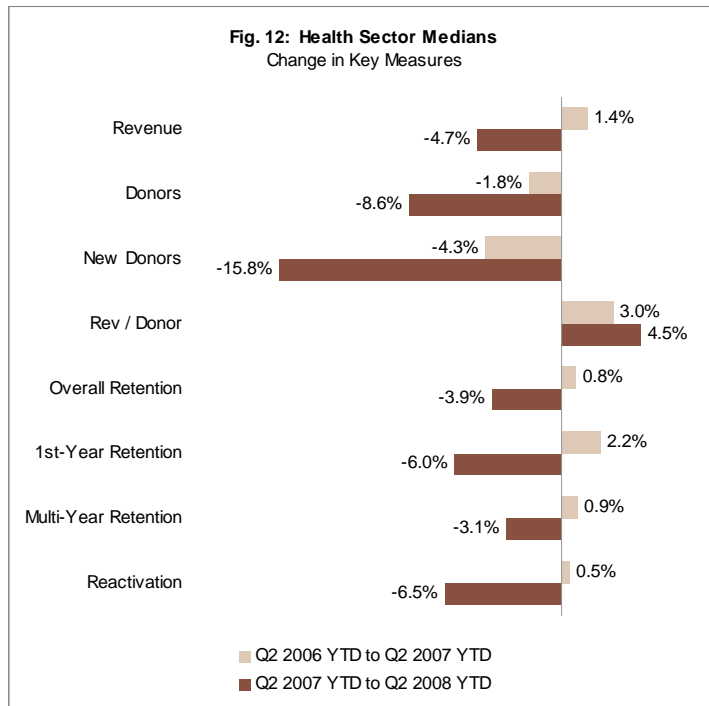
Health sector revenue declined a median -4.7% from Q2 YTD 2007 to Q2 YTD 2008, compared to a median index decline of -2.4%. Fewer than a quarter (22%) of the organizations in the health sector had positive revenue growth in Q2 2008.

Health sector donors decreased a median -8.6% from the first half of 2007 to the first half of 2008. This was the greatest decline of any sector in the index, more than double the index decline of -3.8% over the same period. Again, 22% of the organizations in this sector had positive donor growth in Q2 2008.

As in previous quarters, declines in health donors were primarily due to declines in new donor acquisition, which remains an area of concern. New donors for the sector fell -15.8% from Q2 YTD 2007 to Q2 YTD 2008. As with overall donor populations, this was the greatest decline of any sector in the index. Only 17% of the health organizations in the index had positive new donor growth this quarter.

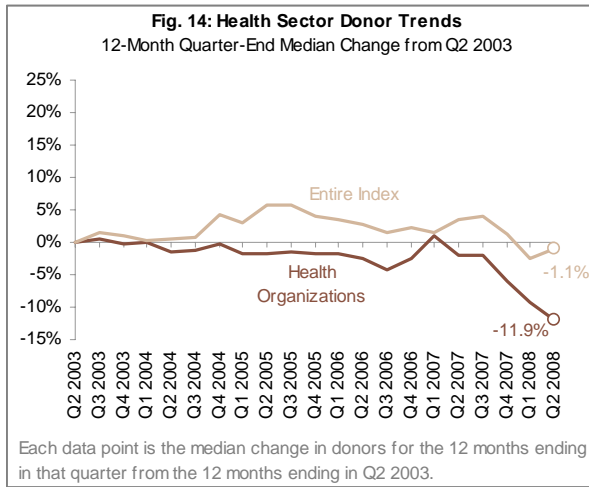
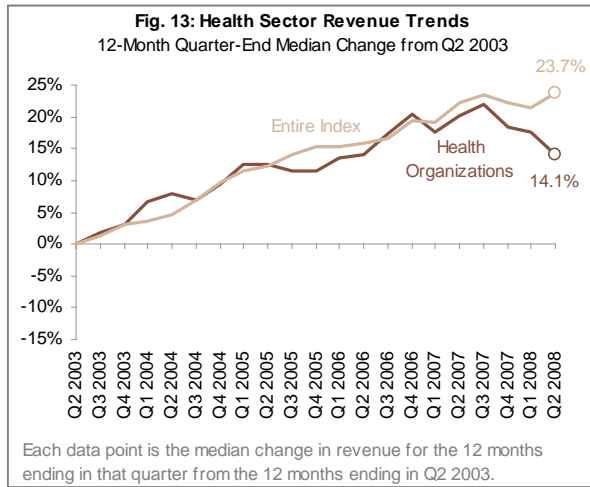
Health organizations experienced increases of 4.5% in revenue per donor from Q2 YTD 2007 to Q2 YTD 2008, comparatively close to the index median of 3.1%.

Health sector retention and reactivation rates both declined in the first half of 2008, with a decline of -3.9% in retention rate and a decline of -6.5% in reactivation rate from Q2 YTD 2007 to Q2 YTD 2008. These are both relatively similar to the overall index medians of -3.0% (for retention rate) and -6.9% (for reactivation rate) over the same period.



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

In the past, health sector revenue growth has been generally similar to that of the overall index but has lagged in recent quarters. The result is that over the past five years, cumulative revenue growth for the health sector is behind overall index medians. From the twelve months ending Q2 2003 to the twelve months ending Q2 2008, health organizations had total revenue growth of 14.1% compared to 23.7% revenue growth for the index as a whole over the same period.

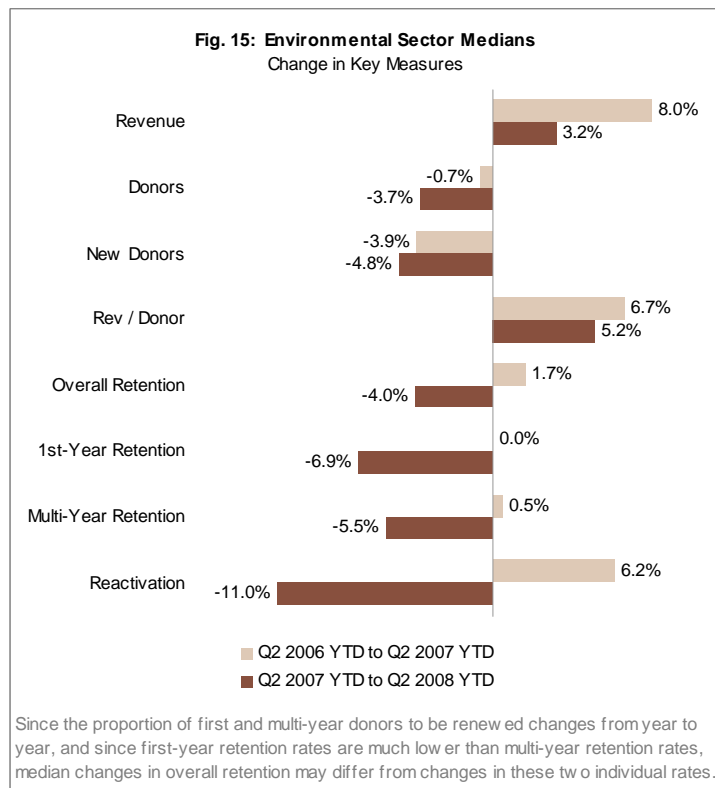


While health sector revenue has, until recently, tracked close to the index, health sector donors have generally underperformed the index for most of the past five years, with a particularly sharp downturn in the most recent few quarters. From the twelve months ending Q2 2003 to the twelve months ending Q2 2008, health organizations had total donor declines of -11.9%, compared to declines of -1.1% for the index as a whole.

Environmental Sector

After underperforming the overall index for most of 2005 and 2006, the environmental sector turned around in recent years and is now outperforming the index in several areas.

This was one of only three sectors in the index to have increases in revenue in the current quarter. Environmental organizations had a median 3.2% revenue growth from Q2 YTD 2007 to Q2 YTD 2008, on top of 8.0% growth over the same period one year before. These revenue increases were widespread across the sector; 62% of the environmental organizations in the index had positive revenue growth in Q2 2008.



Sector revenue grew this quarter because of significant increases in revenue per donor, which rose a median 5.2% from the first half of 2007 to the first half of 2008. This was the second-greatest revenue per donor growth in the index (after the international relief sector) and came after 6.7% growth the year before.

This revenue per donor growth made up for substantial decreases in donors in the first half of the year. Environmental donors declined a median -3.7% from Q2 YTD 2007 to Q2 YTD 2008 and the decreases were widespread throughout the sector; 23% of the environmental organizations in the index had positive donor growth in the first half of the year.

Environmental donor declines in the first half of 2008 appear to be due somewhat more to falling retention and reactivation rates rather than declines in new donor acquisition.

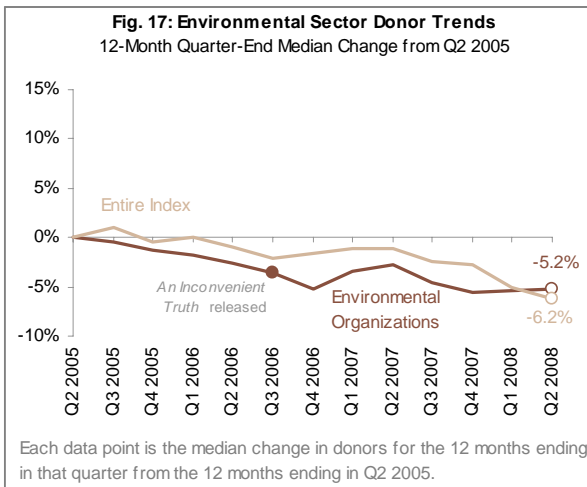
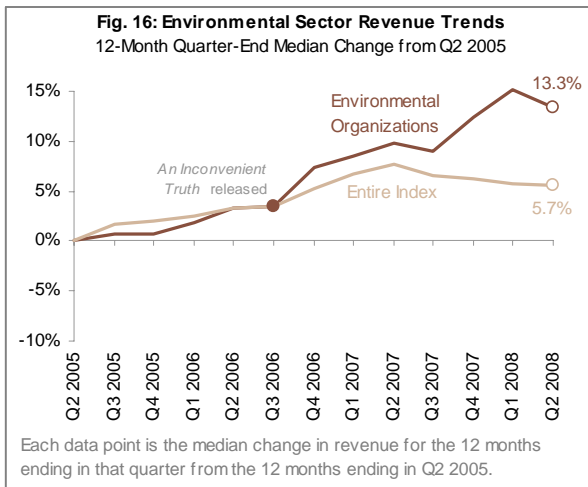
New donors to environmental organizations declined a median -4.8% from Q2 YTD 2007 to Q2 YTD 2008, which was less than the index median decline of -6.0%. Almost half, or 46%, of the organizations in the environmental sector had positive new donor growth in Q2 2008.

Sector retention rates, on the other hand, fell -4.0% from the first half of 2007 to the first half of 2008, compared to an overall index median decline of -3.0%. Environmental reactivation rates declined -11.0% over the same period, compared to an overall index decline of -6.9%.

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

Rolling revenue growth for the environmental sector closely matched the overall index from 2004 through the middle of 2006. From that point on, however, environmental organizations have had noticeably higher revenue growth than the index as a whole. Perhaps not entirely coincidentally, this correlates with the summer 2006 release of the environmental documentary *An Inconvenient Truth*.

This recent revenue acceleration has resulted in the environmental sector having the highest cumulative revenue growth of any sector over the past three years. Environmental groups had cumulative revenue growth of 13.3% from the twelve months ending Q2 2005 to the twelve months ending Q2 2008, compared to overall index growth of 5.7%. 77% of the organizations in this sector had positive revenue growth over that period.

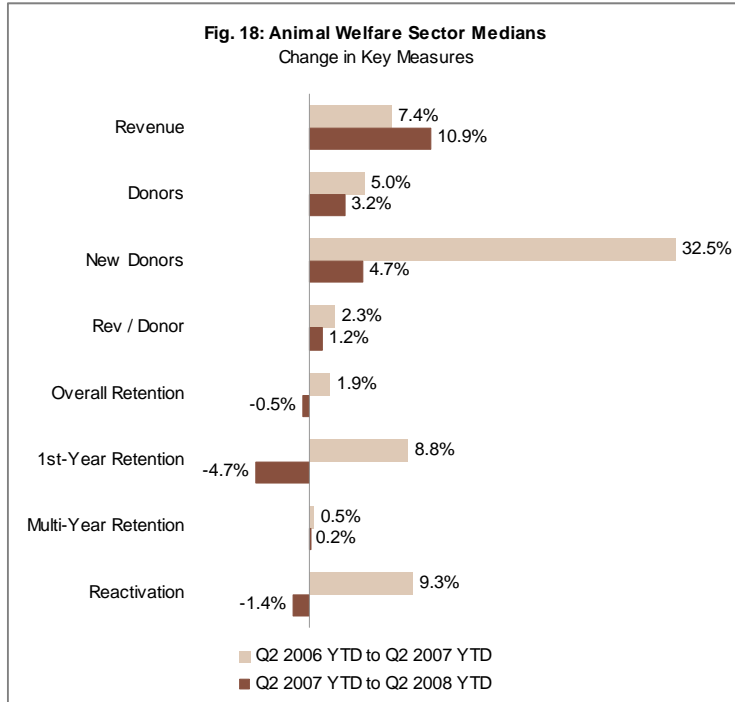


Environmental donors were in decline during 2005 and 2006 but a 2007 spike and a subsequent leveling-off have enabled the sector to outperform the index over the past three years. Environmental organizations had a -5.2% cumulative donor decline from the twelve months ending

Q2 2005 to the twelve months ending Q2 2008, compared to an overall index decline of -6.2%.

Animal Welfare Sector

The animal welfare sector has been arguably the highest-performing sector in the index over the past year, and this has continued into the first half of 2008. During a period when most other sectors experienced declines in both revenue and donors, animal welfare organizations had strong growth in most key measures.



Animal welfare organizations had the highest revenue growth of any sector, with a median increase of 10.9% from Q2 YTD 2007 to Q2 YTD 2008. Their growth outpaced even that of relief organizations, which had a small spike in revenue in the second quarter from cyclone- and earthquake-related relief efforts.

The animal welfare sector was the only one to see positive donor growth this quarter, with median 3.2% donor growth from the first half of 2007 to the first half of 2008.

This was also the only sector to experience positive new donor growth; new donor acquisition increased 4.7% from Q2 YTD 2007 to Q2 YTD 2008. This new donor growth came on top of

32.5% growth over the same period one year before, when animal welfare organizations saw a large influx of new donors after the arrest and indictment of professional football player Michael Vick on dog-fighting charges.

Revenue per donor increases were relatively small for this sector, growing a median 1.2% from Q2 YTD 2007 to Q2 YTD 2008. As in previous quarters, this small increase in donor value is likely mainly due to the increase in new donors over that period.

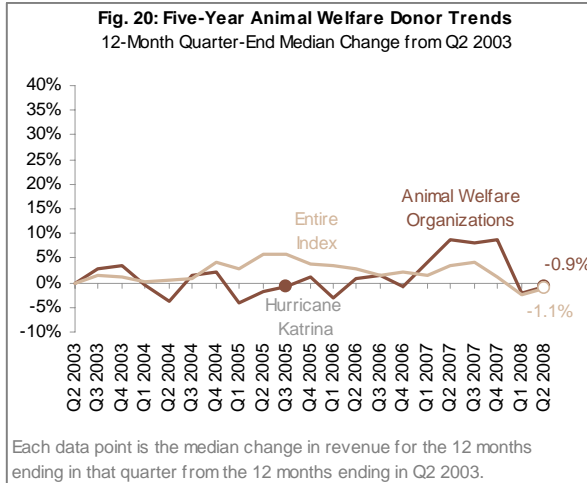
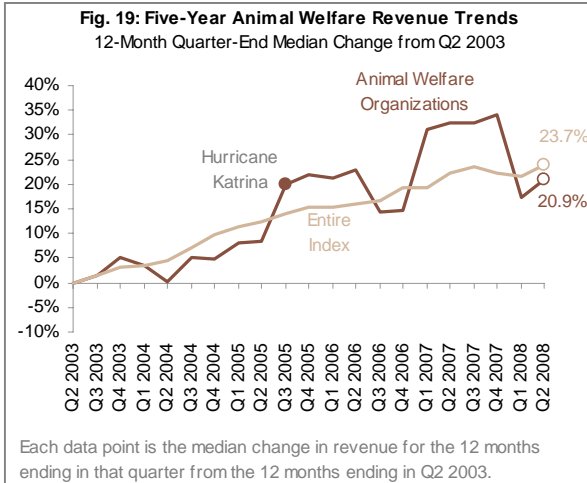
Retention rates remained flat, declining -0.5% for the animal welfare sector in Q2 2008.

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

The animal welfare sector has had two substantial event-related spikes in revenue over the last five years; one in the third quarter of 2005 following the U.S. Gulf Coast hurricanes and one in the second and third quarters of 2007 following the arrest of Michael Vick.

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

Over the past five years, animal welfare and overall index performance have been roughly even. From the twelve months ending Q2 2003 to the twelve months ending Q2 2008, animal welfare revenue grew by a median 20.9%, close to the overall index median of 23.7%. Similarly, sector donors declined a median -0.9% over that same five-year period, while overall index donors have declined a median -1.1%.



However, the recent spikes in giving related to the hurricane and Michael Vick have enabled the animal welfare sector to well outperform the index in both revenue and donor growth over the most recent three years. From the twelve months ending Q2 2005 to the twelve months ending Q2 2008, sector revenue grew by a median 11.6%, compared to an overall index median of 5.7%. Over the same period, sector donors grew by 3.2% while the overall index saw a decline of -6.2%.

References

1. Bureau of Labor Statistics, U.S. Department of Labor. Seasonally adjusted month-end Consumer Price Index, U.S. city average, all items. <http://www.bls.gov/>. Retrieved September 10, 2008.
2. Giving USA Estimates, *Giving USA 2006*, pp. 22, 29.
3. Giving by Individuals, *Giving USA 2007*, p. 50.

Industry Sectors Used in the Index

Animal Welfare Organizations

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

Environmental Organizations

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

Health Organizations

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

Human Services Organizations

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

International Relief Organizations

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

Societal Benefit Organizations

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

Most sector definitions based on a modification of the Foundation Center's National Taxonomy of Exempt Entities.
<http://fdncenter.org/ntee/index.html>

Looking Ahead

The next installment of the index, to be released in January 2009, will examine activity for the third quarter of 2008. Findings can be found at <http://www.blackbaud.com/targetanalytics>.

Index Methodology

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

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

About Medians

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

Participation

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

Online Resources

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

About Target Analytics

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

Change in Key Measures (Q2 YTD 2007 and Q2 YTD 2008)

		National Index	Animal Welfare	Environmental	Health	Human Services	International Relief	Societal Benefit
Donors	06-07	-0.8%	5.0%	-0.7%	-1.8%	-2.0%	0.4%	-7.4%
	07-08	-3.8%	3.2%	-3.7%	-8.6%	-2.3%	0.0%	-4.9%
Revenue	06-07	3.6%	7.4%	8.0%	1.4%	0.6%	2.1%	-0.3%
	07-08	-2.4%	10.9%	3.2%	-4.7%	-3.0%	10.3%	-5.8%
Revenue Per Donor	06-07	3.5%	2.3%	6.7%	3.0%	1.7%	2.4%	7.6%
	07-08	3.1%	1.2%	5.2%	4.5%	1.8%	6.8%	0.7%
Gifts Per Donor	06-07	0.8%	-1.6%	0.7%	0.2%	-1.6%	0.8%	2.9%
	07-08	0.5%	3.8%	0.6%	0.1%	2.6%	2.9%	0.2%
Number of New Donors	06-07	-4.3%	32.5%	-3.9%	-4.3%	-5.4%	-3.2%	-27.4%
	07-08	-6.0%	4.7%	-4.8%	-15.8%	-1.9%	-8.9%	-1.8%
New Donor Revenue	06-07	-2.5%	29.9%	-0.2%	-0.9%	-2.8%	-13.3%	-22.8%
	07-08	-5.4%	29.4%	2.1%	-11.7%	-5.8%	-3.9%	-2.7%
Revenue Per New Donor	06-07	5.1%	-2.0%	8.8%	4.4%	2.5%	-1.8%	9.2%
	07-08	2.4%	0.1%	2.3%	4.7%	4.7%	9.7%	0.0%
Donor Retention Rate	06-07	1.7%	1.9%	1.7%	0.8%	1.9%	12.4%	-0.2%
	07-08	-3.0%	-0.5%	-4.0%	-3.9%	-5.9%	9.1%	-0.5%
1st-Year Retention Rate	06-07	0.7%	8.8%	0.0%	2.2%	3.0%	7.6%	-2.2%
	07-08	-5.7%	-4.7%	-6.9%	-6.0%	-11.7%	4.8%	-4.2%
Multi-Year Retention Rate	06-07	0.7%	0.5%	0.5%	0.9%	-4.6%	1.4%	0.9%
	07-08	-2.7%	0.2%	-5.5%	-3.1%	-5.4%	4.1%	-2.0%
Donor React Rate (1-5yrs)	06-07	-0.3%	9.3%	6.2%	0.5%	-10.1%	-8.3%	-6.1%
	07-08	-6.9%	-1.4%	-11.0%	-6.5%	29.0%	-2.8%	-7.3%
Revenue Per Gift	06-07	2.3%	0.1%	3.3%	2.2%	3.6%	2.1%	3.7%
	07-08	2.4%	1.8%	4.4%	5.1%	2.7%	2.7%	0.6%
		-50% 0% 50%	-50% 0% 50%	-50% 0% 50%	-50% 0% 50%	-50% 0% 50%	-50% 0% 50%	-50% 0% 50%
		Q2 YTD (Jan-Jun) Median % Change	Q2 YTD (Jan-Jun) Median % Change	Q2 YTD (Jan-Jun) Median % Change	Q2 YTD (Jan-Jun) Median % Change	Q2 YTD (Jan-Jun) Median % Change	Q2 YTD (Jan-Jun) Median % Change	Q2 YTD (Jan-Jun) Median % Change