

Index of National Fundraising Performance

2009 First Calendar Quarter Results

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Target Analytics Index of National Fundraising Performance

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About 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 Q1 2009, Target Analytics evaluated transactions from 79 organizations, including over 35 million donors and more than 66 million gifts totaling almost \$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 March 2009. 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.

New Sectors in the Index

We are introducing two new sectors to the index in 2009. The arts and culture sector provides a home for several museums and memorial organizations that had already been participating in the index but were previously unaffiliated with any sector. The religion sector includes organizations that are new to the index and are focused on worship and the administration or promotion of religious activities. Currently there are only four organizations in the religion sector and all four are Catholic organizations.

Q1 2009 Index Participants

Animal Welfare

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

Arts & Culture

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

Environment

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

Health

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

Human Services

American Indian Relief Council
Cal Farley's Boys Ranch
Covenant House
Feeding America
Missionary Association of Mary Immaculate
Paralyzed Veterans of America
St. Labre Indian School
United States Olympic Committee

International Relief

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

Religion

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
Center for Science in the Public Interest
Common Cause
Human Rights Campaign
NARAL
National Committee to Preserve
Social Security & Medicare
Planned Parenthood
Public Citizen
Southern Poverty Law Center

Non-Profit Direct Marketing Experienced Continued Revenue and Donor Declines in Q1 2009 as Economy Remained Weak

Q1 2009 Summary

In our last index analysis, for the full calendar year of 2008, most participating organizations had downturns in many key measures of fundraising health which appeared to be caused, or at least exacerbated, by the struggling economy. These negative trends have continued into the first quarter of 2009 and are now more widespread across the index.

All key metrics declined for the index as a whole for the first quarter of 2009 as compared to the first quarter of 2008. All of the industry sectors analyzed in the index had revenue declines over this period, and all but one sector had declines in donors as well. For the first time since the index began in 2002, overall revenue per donor declined; revenue per donor declines were experienced by two-thirds of the organizations in the index.

The index has been experiencing gradually falling donor numbers for more than three years, ever since the U.S. Gulf Coast hurricanes of 2005. These donor declines increased in magnitude in the fourth quarter of 2008 and in the first quarter of 2009, which suggests that the current recession is accelerating the rate of decrease.

Index donor declines are due primarily to declines in new donor numbers, which have fallen faster than overall donor numbers since the 2005 hurricanes, and have fallen three times faster since the recession began than they had in either of the previous two years.

In evaluating Q1 2009 trends, it is important to remember that first-quarter rates of growth and decline are often greater than eventual year-end results because they are calculated on relatively small numbers of gifts and revenue amounts. This is further exaggerated because, for many organizations, the first quarter of the calendar year is the slowest fundraising period, with smaller proportions of gifts and revenue coming in during that quarter than any other quarter of the year. We will track these trends into the second quarter of 2008 to see if current donor and revenue declines will moderate.

Overall Index Performance

All index results are medians unless otherwise specified.

Year-to-Year Change

All of the key metrics analyzed in the index were down from the first quarter of 2008 to the first quarter of 2009 (see Fig. 1).

Index revenue declined a median 7.8% from Q1 2008 to Q1 2009. This continues declines that we saw throughout most of 2008. Revenue declines were widespread across the index; only 23% of the organizations in the index had positive revenue growth from Q1 2008 to Q1 2009.

Donor numbers in the index fell a median 5.8% from Q1 2008 to Q1 2009. Donors have been declining consistently for the past three years; the index has not experienced positive year-to-year donor growth since the 2005 U.S. Gulf Coast hurricanes. 30% of the organizations in the index had positive donor growth from Q1 2008 to Q1 2009.

Donor declines are due primarily to declines in new donor numbers, which fell 12.9% from the first quarter of 2008 to the first quarter of 2009. One third (34%) of the organizations in the index had positive new donor growth over the period.

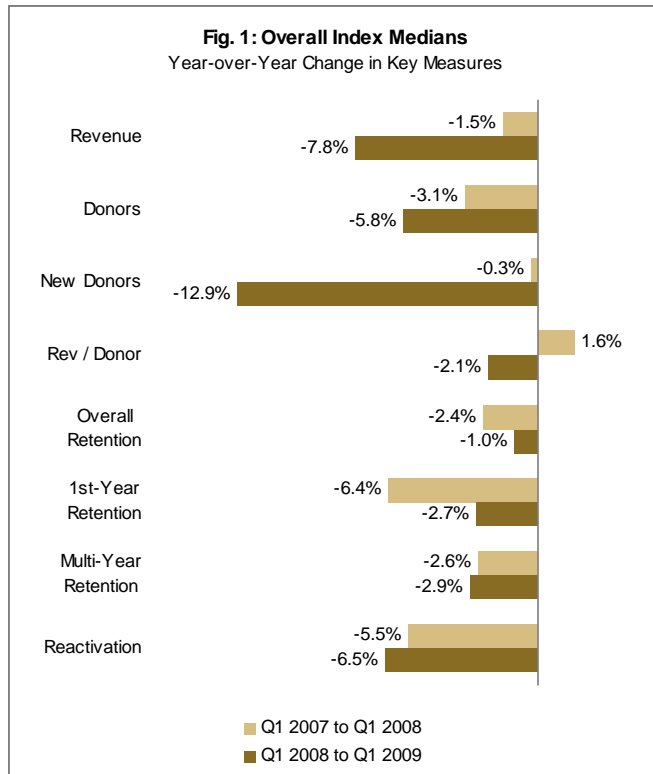
Declining new donor acquisition was not the only reason for the decline in overall donor populations; retention rates also fell in the first quarter of 2009 by a median 1.0% from the same period in the previous year and reactivation rates fell a median 6.5%. We evaluate retention and reactivation rates with particular caution in the first quarter of the year, however, since last year's donors have only had three months in which to renew.

Revenue per donor has generally increased for the past five years, with some slowdown in growth in 2008. In the past, revenue per donor increases usually made up for donor decreases, allowing overall revenue to continue to grow. In the first quarter of 2009, however, revenue per donor declined 2.1% from the same period the previous year. Just 34% of the organizations in the index had revenue per donor increases from Q1 2008 to Q1 2009.

It is important to remember that first-quarter rates of growth and decline are often greater than eventual year-end results because they are calculated on relatively small numbers of gifts and revenue amounts. This is further exaggerated because, for many organizations, the first quarter is the slowest fundraising period, with smaller proportions of gifts and revenue coming in during that quarter than any other quarter of the year. We will track these trends into the second quarter of 2008 to see if current donor and revenue declines will moderate.

Long-Term Revenue Trends

Rolling twelve-month quarterly medians of revenue growth can provide long-term context for these year-to-year index trends. A rolling analysis compares the twelve months of revenue ending in one quarter to the twelve months of revenue ending in a starting quarter. This smoothes out seasonal differences and allows us to see continuous movement from one quarter to the next, instead of simply comparing one full or partial year to the next full or partial year.

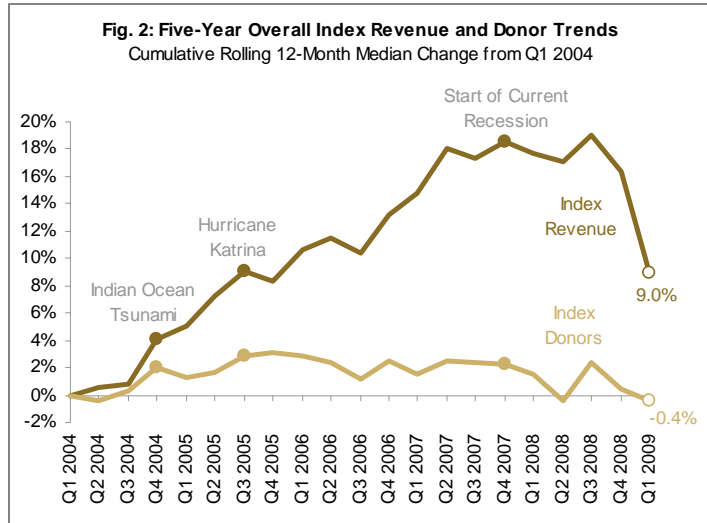


Historically, rolling index revenue has grown at an average of about 4% per year. Revenue grew faster than average during 2005, when organizations received record contributions after the Indian Ocean tsunami and the U.S. Gulf Coast hurricanes, and then returned to typical rates in 2006 and 2007. Revenue growth slowed throughout the first three quarters of 2008 and then declined substantially in the fourth quarter of 2008 and the first quarter of 2009, paralleling the weakening economy (see Fig. 2).

The result of these combined trends is that over the past five years, including the record tsunami and hurricane giving periods, index revenue has grown at significantly lower than normal rates. From the twelve months ending Q1 2004 to the twelve months ending Q1 2009, index revenue grew a cumulative median 9.0%. This is an effective annual growth rate of 1.9% per year over these five years.

Over the most recent three years – a period which did not include any natural disasters on the scale of the tsunami or the hurricanes – index revenue growth has been significantly slower than historic norms. From the twelve months ending Q1 2006 to the twelve months ending Q1 2009, revenue declined a median 2.1%, for an effective annual rate of decline of 0.7% per year (see Fig. 3).

Real index revenue has declined by 4.0% 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, unlike revenue declines, current donor declines are part of a longer-term pattern that may have been somewhat worsened by recent economic conditions.

Donor growth spiked immediately after the Indian Ocean tsunami and the U.S. Gulf Coast hurricanes of 2005. Donor numbers have generally been on a slow decline ever since, and the decline appears to have intensified slightly during the current recession (see Fig. 2).

The result of these combined trends is that donors have remained essentially flat over the past five years. Donors declined a cumulative median 0.4% from the twelve months ending Q1 2004 to the twelve months ending Q1 2009. This is an effective annual rate of decline of -0.1%.

Donor declines have been particularly large over the most recent three-year period since the 2005 Gulf Coast hurricanes, as would be expected after a large influx of new disaster-related donors. From the twelve months ending Q1 2006 to the twelve months ending Q1 2009, donors declined 5.6%, for an effective annual rate of decline of 1.8% each year (see Fig. 3). Just 37% of the organizations in the index had positive donor growth over this period.

As we have said in previous editions of the index, falling

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

	Five-Year Change Q1 '04 to Q1 '09	Four-Year Change Q1 '05 to Q1 '09	Three-Year Change Q1 '06 to Q1 '09	Two-Year Change Q1 '07 to Q1 '09	One-Year Change Q1 '08 to Q1 '09
Revenue					
Median Change	9.0%	1.5%	-2.1%	-2.9%	-4.7%
Effective Annual Change	1.9%	0.4%	-0.7%	-1.4%	-4.7%
% Orgs with Positive Change	62%	53%	48%	41%	35%
Donors					
Median Change	-0.4%	-8.8%	-5.6%	-4.2%	-3.7%
Effective Annual Change	-0.1%	-2.1%	-1.8%	-2.1%	-3.7%
% Orgs with Positive Change	49%	39%	37%	38%	35%

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.

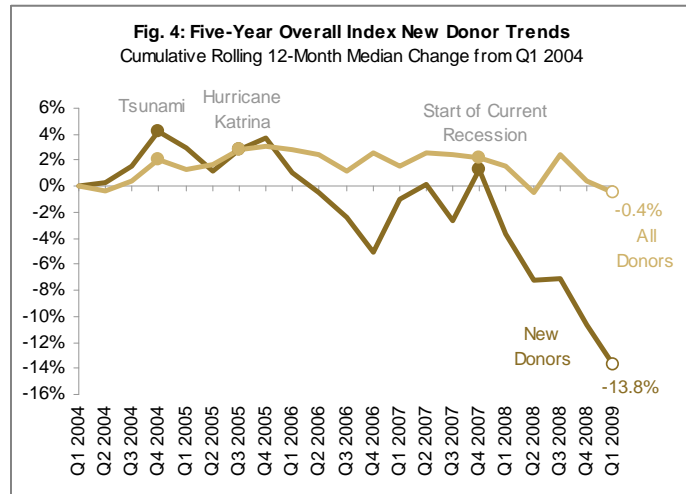
donor populations across the index may be due to a mix of factors including economic changes, a changing generational profile in the United States, changing attitudes of donors about giving, and a change in focus by fundraisers toward higher-dollar donors.

New Donor Declines

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

Over the past five years, from the twelve months ending Q1 2004 to the twelve months ending Q1 2009, new donor numbers have fallen a median 13.8% (see Fig. 4). This is an effective annual rate of decline of 2.6% per year.

New donor declines have been particularly steep since the start of the current recession. New donor numbers have fallen a cumulative median 9.4% from the twelve months ending Q4 2007, when the recession began, to the twelve months ending Q1 2009.



Effects of the Economy on Giving

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

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

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

According to the National Bureau of Economic Research, the United States economy has been in recession since December 2007³. Many of the economic indicators we track in our quarterly index analysis reflect this, performing weakly throughout 2008 and into the first quarter of 2009. Gross Domestic Product declined -5.7% in the first quarter of 2009, after a decline of -6.3% the previous quarter⁴. The unemployment rate was 8.5% in March 2009, up from 4.9% in December 2007⁵. Standard and Poor’s S&P 500 Index lost over 40% of its value from December 2007 to March 2009⁶.

Again, recent index results track recent economic patterns closely. We have reported overall revenue declines in the last four editions of the index (Q2 2008, Q3 2008, Q4 2008, and Q1 2009), with the most recent quarter showing the deepest downturns.

Industry Sector Performance

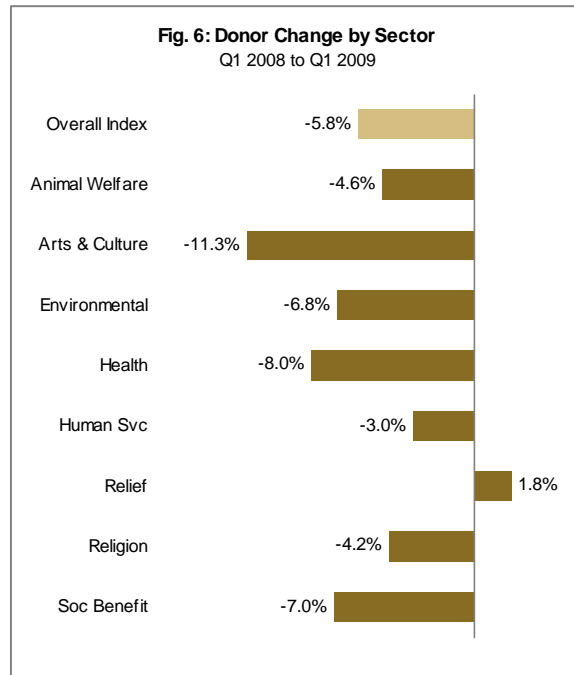
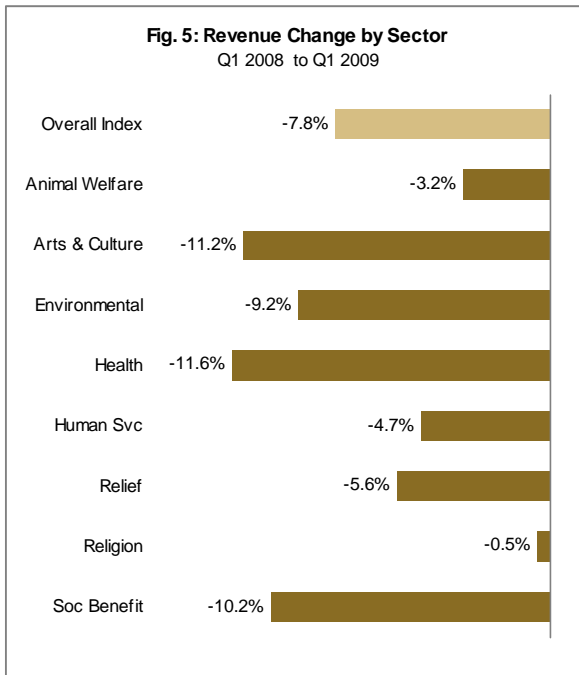
All sector results are medians unless otherwise specified.

Sector Summary

In the first quarter of 2009, almost all of the industry sectors in the index exhibited the trends that we saw in the index as a whole: declining revenue and donor numbers precipitated primarily by declining new donor acquisition.

All sectors saw decreases in revenue from the first quarter of 2008 to the first quarter of 2009 (see Fig. 5). The religion and animal welfare sectors had the smallest revenue declines and the arts and culture, health, and societal benefit sectors had the largest revenue declines.

The international relief sector was the only sector to have an increase in donor numbers this quarter, in contrast to the rest of the index (see Fig. 6). As with revenue, the arts and culture, health, and societal benefit sectors had the largest donor declines.

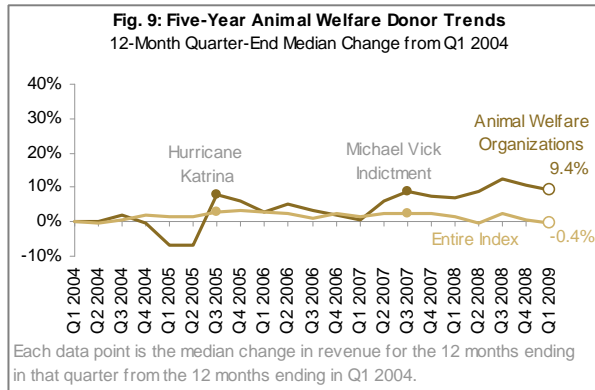
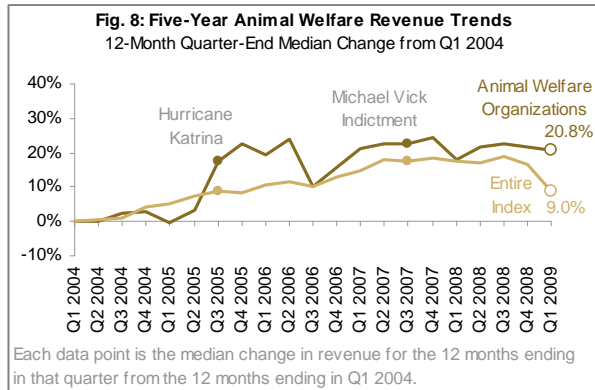
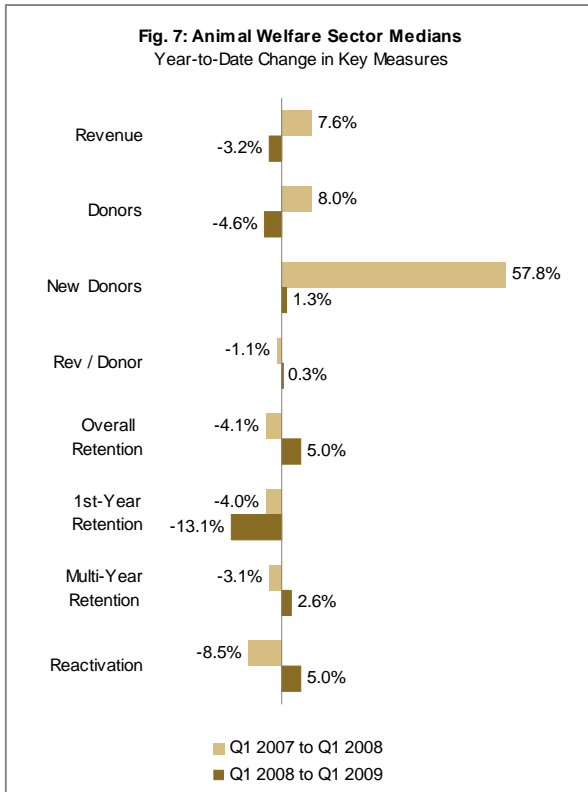


Individual sector results are explained in more detail on the following pages.

Animal Welfare

5 organizations

The animal welfare sector has been one of the strongest sectors in the index over the past several years. The negative effects of the struggling economy appear to have caught up with this sector a bit in the first quarter of 2009, as evidenced by declines in both revenue and donors. However, the sector is still performing more strongly than most other sectors; their revenue and donor declines are among the smallest in the index and they are the only sector this quarter to experience increases in new donor acquisition.



Although all sectors in the index saw revenue decreases in the first quarter of 2009, declines for the animal welfare sector were the second-smallest in the index. Animal welfare revenue declined a median 3.2% from Q1 2008 to Q1 2009 (see Fig. 7).

The sector had relatively small donor declines as well. Donors to animal welfare organizations declined a median 4.6% from Q1 2008 to Q1 2009, compared to an overall index median decline of 5.8%.

Sector new donor acquisition grew 1.3% from Q1 2008 to Q1 2009, making this the only sector to experience new donor growth this quarter. This growth is even more impressive in that it comes on top of 57.8% growth the previous year. Three of the five organizations in this sector saw positive new donor growth in Q1 2009.

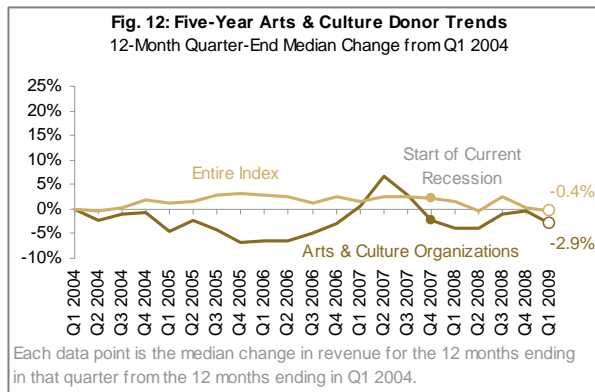
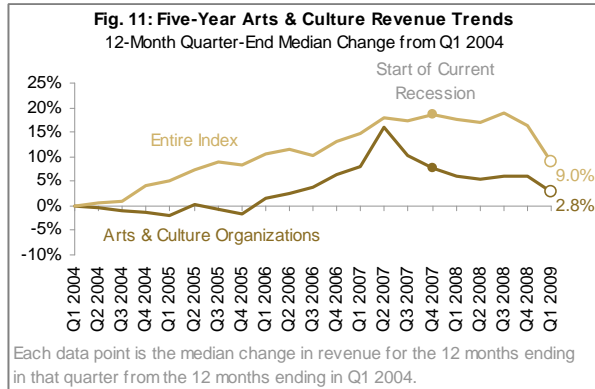
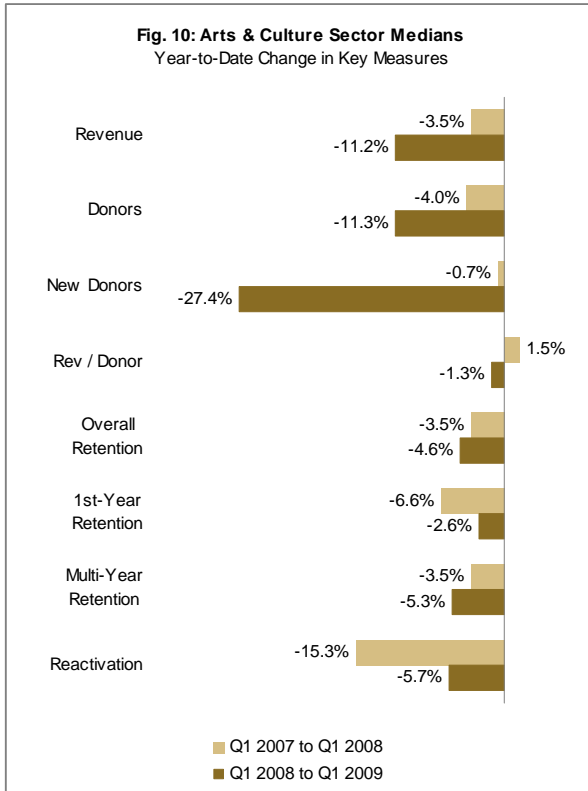
Rolling twelve-month revenue and donor trends show the long-term history of animal welfare organizations. The animal welfare sector has had two substantial event-related spikes in revenue over the last five years; one in the third quarter of 2005 following the U.S. Gulf Coast hurricanes and one in the second and third quarters of 2007 following the arrest of Michael Vick. Donor growth in the sector has generally followed a similar pattern to revenue but has been more volatile. 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 Q1 2004 to the twelve months ending Q1 2009, revenue growth for the animal welfare sector grew by a cumulative median 20.8%, while the index as a whole grew just 9.0% (see Fig. 8). Over the same five-year period, sector donors grew by a median 9.4% while the overall index saw a median donor decline of -5.2% (see Fig. 9).

Arts & Culture

6 organizations

Although it has had strong performances in the past, the arts and culture sector may now be the one suffering the most from the current recession. Organizations in the arts and culture sector experienced some of the greatest declines in key index measures from the first quarter of 2008 to the first quarter of 2009, including both revenue and donors and, in particular, new donor acquisition.



Arts and culture sector revenue declined a median 11.2% from Q1 2008 to Q1 2009 (see Fig. 10). This was the second-largest revenue decline in the index. None of the six organizations in the sector had positive revenue growth in the first quarter of 2009.

Sector donors declined a median 11.3% from Q1 2008 to Q1 2009. This was the largest overall donor decline in the index and was significantly greater than the overall index median decline of 5.8%. Only one of the six organizations in the sector had positive donor growth in the first quarter of 2009.

The area where this sector is perhaps struggling the most is in new donor acquisition. Arts and culture organizations had a median decline in new donors of 27.4% from Q1 2008 to Q1 2009. This was the largest new donor decline in the index and more than double the overall index median new donor decline of 12.9%. Only one of the six organizations in the sector had positive new donor growth in the first quarter of 2009.

Sector revenue per donor declined by a median 1.3% from Q1 2008 to Q1 2009, which was smaller than the overall index median decline of 2.1%.

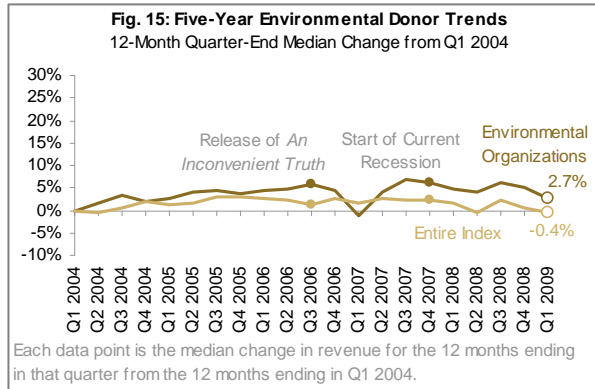
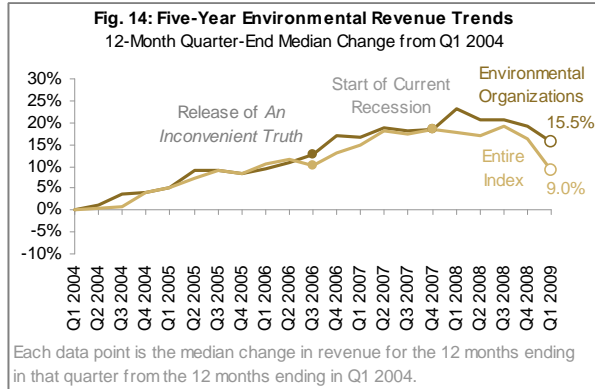
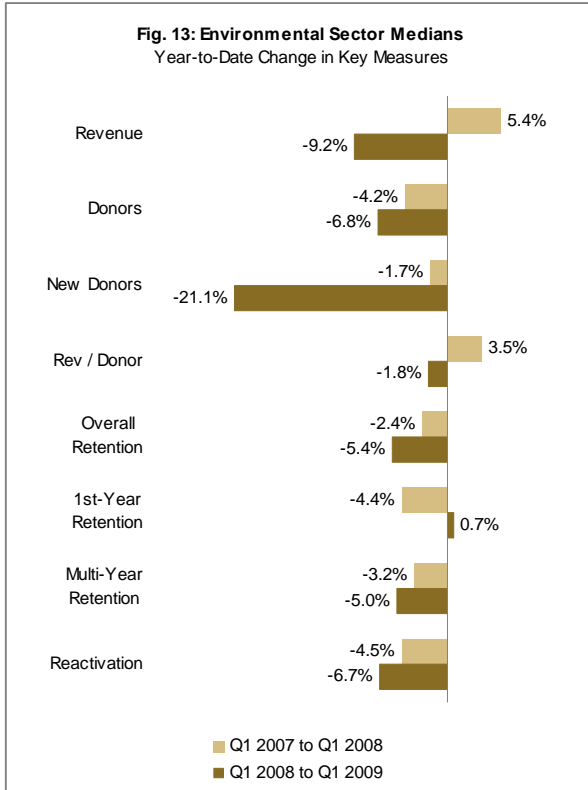
Twelve-month rolling revenue and donor growth can provide longer-term context for recent arts and culture sector results. The sector has generally underperformed the index for the past five years, but had a significant anomalous spike in both revenue and donors in the second quarter of 2007. This spike has enabled the sector to have cumulative revenue and donor growth similar to the overall index, in spite of recent downturns.

From the twelve months ending Q1 2004 to the twelve months ending Q1 2009, the arts and culture sector has had a cumulative revenue growth of 2.8%, compared to overall index growth of 9.0% (see Fig. 11). Over the same five-year period, the sector had cumulative median donor declines of 2.9%, compared to an overall index decline of 0.4% (see Fig. 12).

Environment

13 organizations

The environmental sector typically tracks overall index trends quite closely. Environmental organizations have seen recent declines in revenue and donors similar in scale to declines in the index as a whole. In the first quarter of 2009 the sector has particularly struggled, however, with declines in new donor acquisition.



The environmental sector had a median revenue decline of 9.2% from Q1 2008 to Q1 2009, relatively close to the overall index median revenue decline of 7.8% (see Fig. 13). 23% of the environmental organizations in the index had positive revenue growth in the first quarter of 2009.

Donors to the environmental sector declined a median 6.8% from Q1 2008 to Q1 2009, relatively close to the overall index median donor decline of 5.8%. 31% of the environmental organizations in the index had positive donor growth in the first quarter of 2009.

New donor acquisition has fallen significantly for the environmental sector in the first quarter of 2009, with a median decline in new donor acquisition of 21.1% from the first quarter of 2008. This was the second-largest new donor decline in the index. However, these new donor declines were not universal across the sector; 38% of the environmental organizations in the index had positive new donor growth from Q1 2008 to Q1 2009.

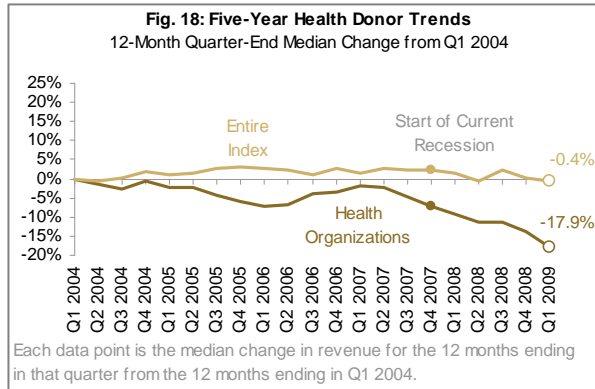
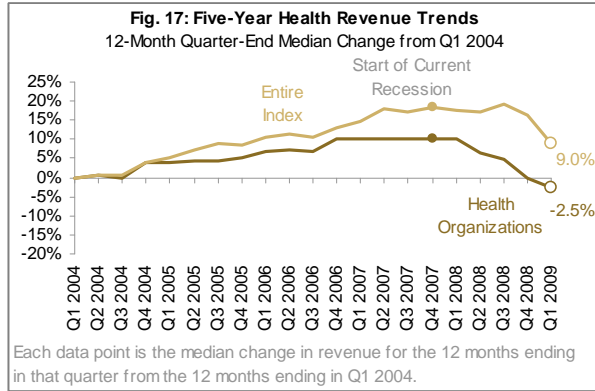
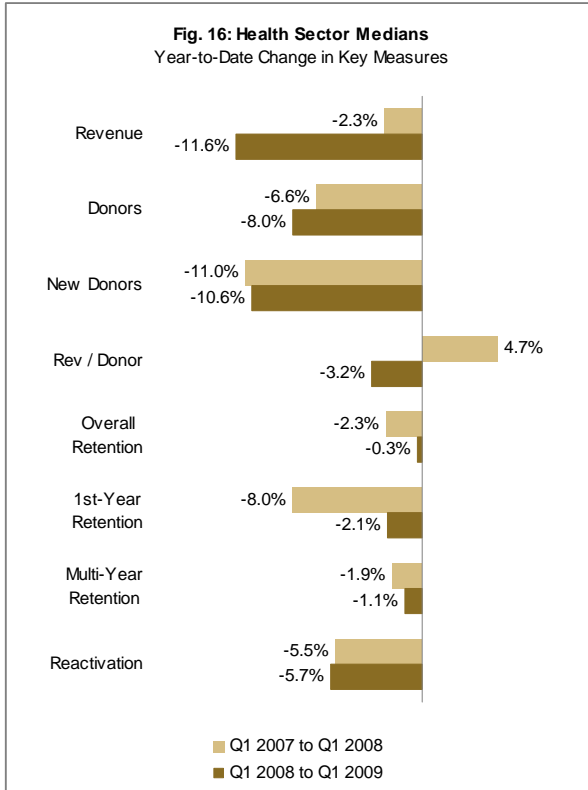
Twelve-month rolling revenue and donor growth can provide longer-term context for recent environmental sector trends. This analysis shows that environmental revenue growth essentially paralleled index medians from 2004 through 2007, but then slightly outperformed the index throughout 2008 and into the first quarter of 2009. From the twelve months ending Q1 2004 to the twelve months ending Q1 2009, the sector had median cumulative revenue growth of 15.5%, compared to overall index growth of 9.0% over the same five-year period (see Fig. 14).

Similarly, environmental donor growth tracked index medians closely from 2004 to 2007 but slightly outperformed the index since the middle of 2007. This has allowed the environmental sector to maintain positive donor growth while the index as a whole has seen essentially flat donor growth over the last five years. From the twelve months ending Q1 2004 to the twelve months ending Q1 2009, the sector had cumulative median 2.7% donor growth, compared to an overall index decline of 0.4% over the same period (see Fig. 15).

Health

18 organizations

In the first quarter of 2009 the health sector continued to have some of the greatest fundraising challenges of any sector in the index. All major metrics declined from the first quarter of 2008 to the first quarter of 2009 and the sector had among the highest revenue and donor declines of any sector in the index.



Health sector revenue declined a median 11.6% from Q1 2008 to Q1 2009 (see Fig. 16). This was the greatest revenue decline of any sector in the index; only 17% of the organizations in the health sector had positive revenue growth in the first quarter of 2009.

Health sector donors declined a median 8.0% from Q1 2008 to Q1 2009. This was the second-greatest decline of any sector in the index. Just 22% of the organizations in this sector had positive donor growth in the first quarter of 2009.

As in previous quarters, declines in overall donors were largely due to declines in new donor acquisition. New donor numbers for the sector fell 10.6% from Q1 2008 to Q1 2009, on top of an 11.0% decline over the same period one year before. This was a smaller decline than the overall index median decline of 12.9%.

While health sector donors declined in the first quarter of 2009, revenue per donor declined as well, by a median 3.2%. This was one of the largest revenue per donor declines in the index.

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

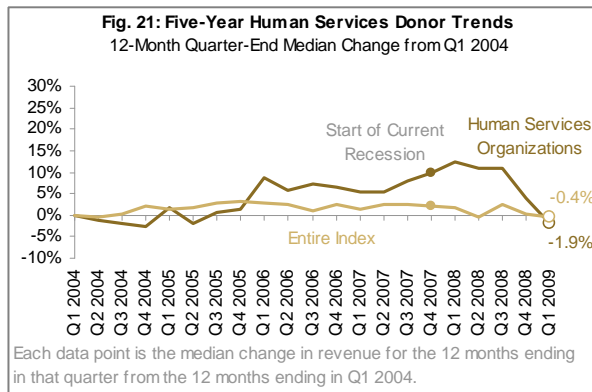
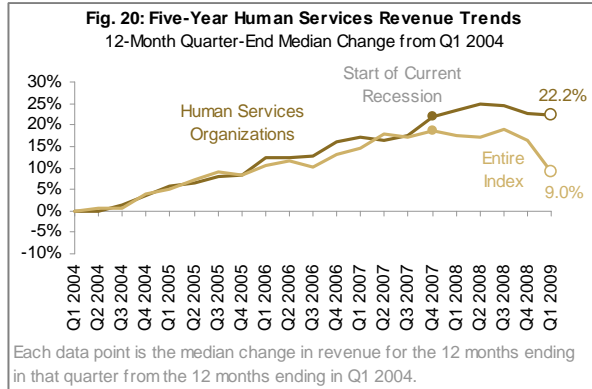
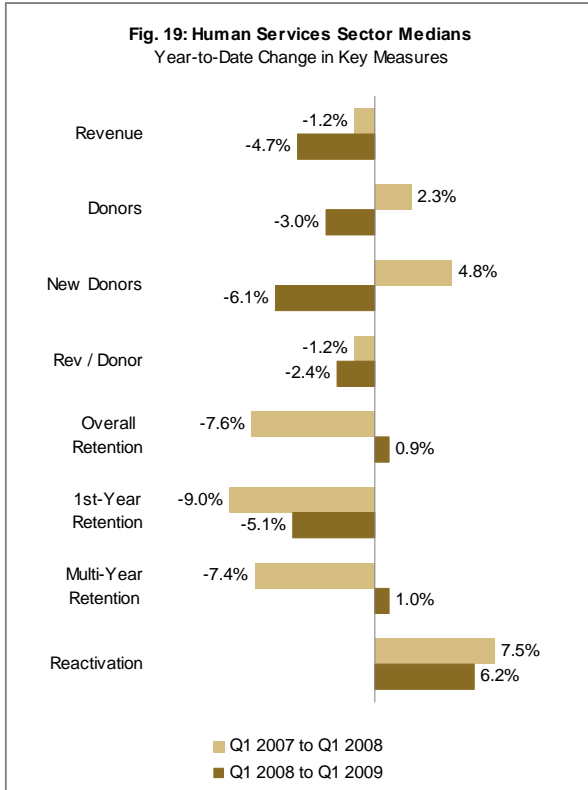
Over the most recent five-year period, from the twelve months ending Q1 2004 to the twelve months ending Q1 2009, health organizations had cumulative revenue declines of 2.5%, compared to 9.0% revenue growth for the index as a whole (see Fig. 17).

Over the same five-year period, health organizations had cumulative donor declines of -17.9%, compared to declines of -0.4% for the index as a whole (see Fig. 18).

Human Services

8 organizations

The human services sector tends to track most overall index trends relatively closely but its revenue growth has outperformed that of the rest of the index since the beginning of the current recession. Although the sector struggled with new donor growth, it had the highest growth in reactivation rate of any sector in the index.



Human services revenue declined a median 4.7% from Q1 2008 to Q1 2009, a much smaller decline than the overall index decline of 7.8% (see Fig. 19).

Overall donor numbers declined a median 3.0% from Q1 2008 to Q1 2009. This was the smallest donor decline and the second-best donor performance in the index; the only sector to have better results was international relief, which was the only sector to have an increase in donors. The sector continued to see declines in new donor acquisition, which fell a median 6.1% from Q1 2008 to Q1 2009. This was, however, the smallest new donor decline and the second-best new donor acquisition performance in the index this quarter.

Much of the comparatively good performance of this sector this quarter is due to growth in reactivation rates, which rose 6.2% from Q1 2008 to Q1 2009. This was the highest reactivation rate growth in the index; the sector had the highest year-over-year reactivation rate growth from 2007 to 2008 as well. Organizations in this sector provide direct aid to the most disadvantaged so it may be that they have a set of periodic donors who come back to them in times of particular need.

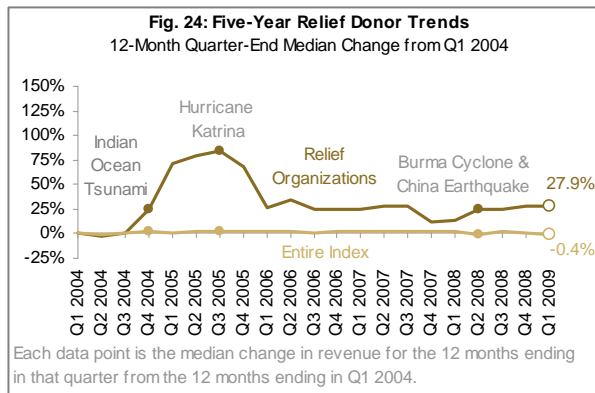
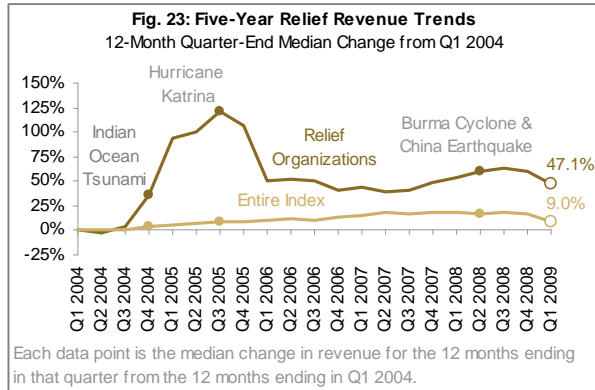
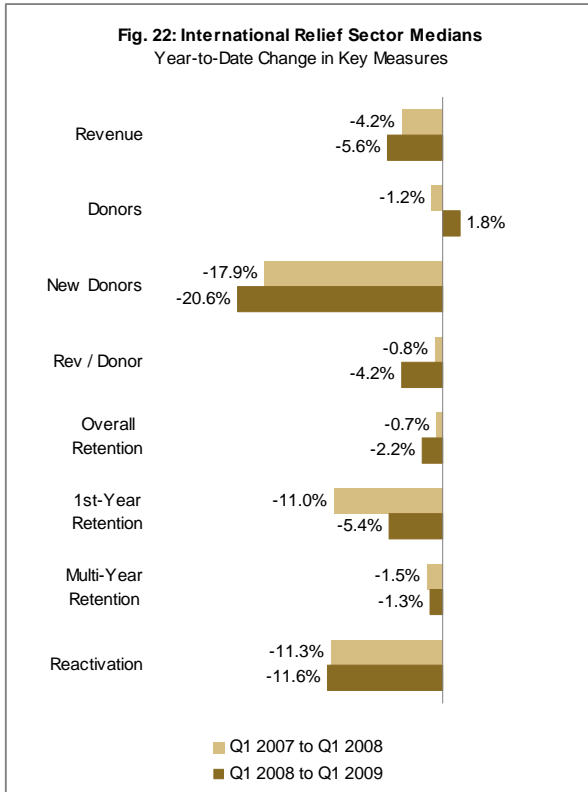
Rolling revenue and donor trends show that from 2004 to 2007 sector revenue growth tracked that of the overall index relatively closely, but that the sector has outperformed the overall index in recent quarters. From the twelve months ending Q1 2004 to the twelve months ending Q1 2009, human services revenue grew a cumulative median 22.2%, compared to overall index growth of 9.0% (see Fig. 20).

Sector donor growth has been somewhat more volatile but also generally tracked that of the overall index from 2004 through 2007. The sector had a spike in donors early in 2008 and then a steep readjustment in the last quarter of 2008 and the first quarter of 2009. From the twelve months ending Q1 2004 to the twelve months ending Q1 2009, human services sector donors have declined a cumulative median 1.9%, compared to an overall index decline of 0.4% over the same period (see Fig. 21).

International Relief

13 organizations

Over the past several years, and continuing into the first quarter of 2009, the international relief sector has been one of the strongest in the index. This was the only sector to experience positive donor growth in Q1 2009, while all other sectors had donor declines. Sector revenue did decline in Q1 2009, but at a slower rate than the index as a whole. The sector did see a substantial decline in new donor acquisition in the first quarter of 2009.



Revenue for the international relief sector declined a median 5.6% from Q1 2008 to Q1 2009, compared to an overall index median revenue decline of 7.8% over the same period (see Fig. 22). 38% of the organizations in the relief sector had revenue increases in the first quarter of 2009.

Donors to international relief organizations increased 1.8% from Q1 2008 to Q1 2009, making this the only index sector to see donor growth in the first quarter of 2009. 54% of the organizations in this sector had donor increases in the first quarter of 2009.

This sector has had strong new donor acquisition in the past but numbers of new donors fell for the sector by a median 20.6% from Q1 2008 to Q1 2009.

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

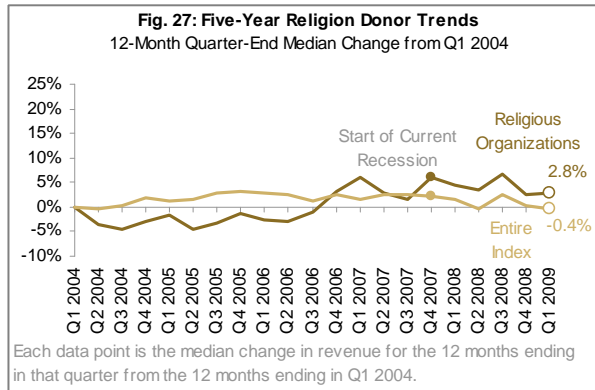
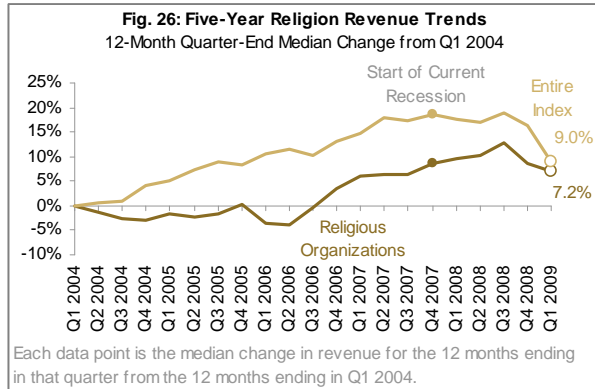
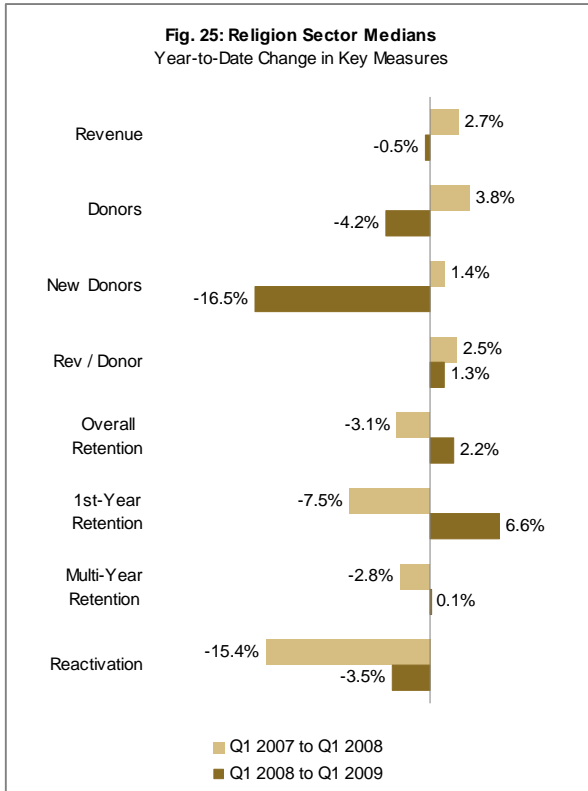
Over the long term, revenue and donors for the international relief sector are both up significantly over pre-tsunami numbers, indicating that relief organizations have been able to retain a substantial portion of the new donors they acquired as a result of disaster-related fundraising efforts.

Relief sector revenue grew a cumulative 47.1% from the twelve months ending Q1 2004 to the twelve months ending Q1 2009. The index as a whole had only 9.0% growth over the same five-year period (see Fig. 23). Donor numbers grew a cumulative 27.9% for the relief sector, compared to an overall index median donor decline of 0.4% (see Fig. 24).

Religion

4 organizations

Religious organizations in the Target index had the smallest revenue decreases of any sector in the first quarter of 2009. This sector was able to maintain essentially flat revenue growth at a time when all other sectors had much larger declines primarily because of increases in revenue per donor, which were the highest in the index. The sector did experience large declines in new donor acquisition, however.



The Religion sector had a median revenue decrease of 0.5% from the first quarter of 2008 to the first quarter of 2009 (see Fig. 25). This is the smallest decline of any sector in the index. Two of the four organizations in this sector had positive revenue growth in Q1 2009.

Sector revenue remained flat because of gains in revenue per donor, which increased a median 1.3% from Q1 2008 to Q1 2009. This was the greatest increase of any sector in the index. Three of the four organizations in this sector had increases in revenue per donor in the first quarter of 2009.

Sector donor numbers fell a median 4.2% from Q1 2008 to Q1 2009. These overall declines are mainly due to large declines in new donor acquisition, which fell 16.5% over the period. Sector retention rates increased 2.2% from Q1 2008 to Q1 2009, partially offsetting losses in acquisition and enabling the sector to beat the overall index median donor decline of 5.8%.

Revenue growth for the religion sector generally underperformed that of the overall index from 2004 through 2006, but then has outperformed the index since then. Similarly, religion sector donor growth lagged the overall index from 2004 through 2006 and then outperformed the index from 2007 through the first quarter of 2009. The end result is that, over the long term, religion sector revenue and donor growth is similar to overall index medians.

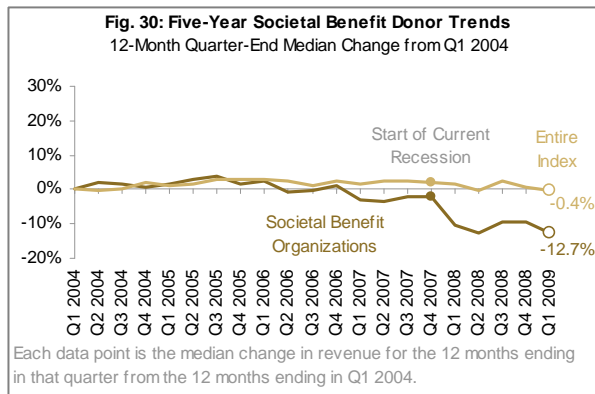
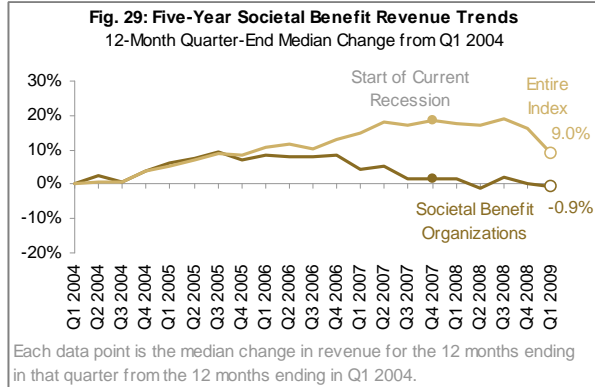
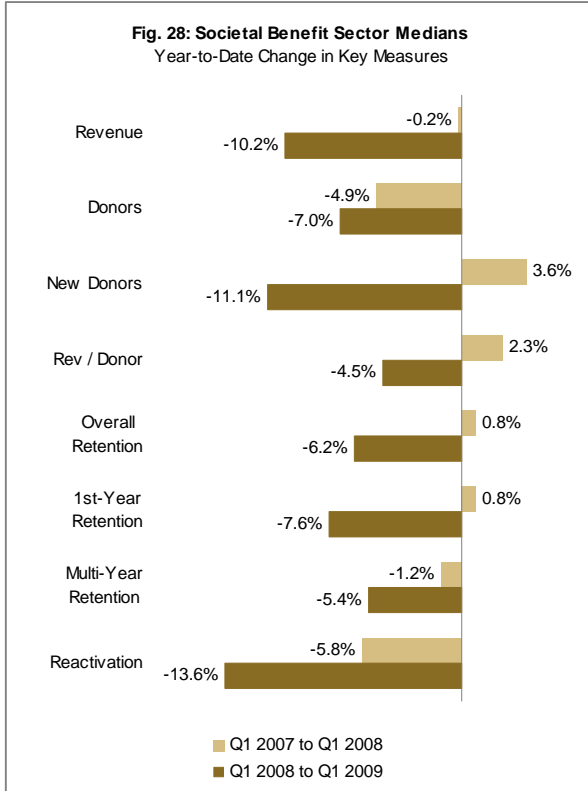
Over the past five years, from the twelve months ending Q1 2004 to the twelve months ending Q1 2009, religion sector revenue grew a cumulative median 7.2% (see Fig. 26). This is similar to overall index median growth of 9.0% over the same period.

Over the past five years religion donor numbers have grown a cumulative median 2.8% (see Fig. 27), compared to overall index median declines of -0.4%.

Societal Benefit

12 organizations

Since 2006, societal benefit organizations have experienced some of the greatest fundraising challenges of any sector in the index, with significant declines in most quarters in revenue, donors, new donor acquisition, retention, and reactivation. This has generally continued into the first quarter of 2009 although there are signs that some of these negative trends may have at least begun leveling off.



Revenue declined a median 10.2% from Q1 2008 to Q1 2009 (see Fig. 28). Donors declined a median 7.0% over the same period. Both of these declines were larger than the overall index median declines of 7.8% and 5.8%, respectively. They were also widespread across the sector; only 8% of the societal benefit organizations had positive revenue growth and only 25% had positive donor growth in the first quarter of 2009.

New donor acquisition for the sector fell a median 11.1% from the first quarter of 2008 to the first quarter of 2009. These declines were not universal throughout the sector, however, and there was wide disparity between those with the lowest new donor declines and those with the highest new donor growth. 42% of the organizations in the societal benefit sector had positive new donor growth in Q1 2009.

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

Rolling trends show that the societal benefit sector generally paralleled the index in 2004 and 2005 in revenue and donor growth. The sector has underperformed the index in both of these areas since 2006, but the negative trends appear to be leveling out somewhat in recent quarters.

The result of these combined trends is that over the past five years, cumulative revenue and donor growth for the societal benefit sector both lag overall index medians to a significant degree.

From the twelve months ending Q1 2004 to the twelve months ending Q1 2009, societal benefit revenue declined a cumulative median -0.9%, compared to overall index revenue growth of 9.0% (see Fig. 29). Over the same period, societal benefit donors declined -12.7%, compared to an overall index decline of -0.4% (see Fig. 30).

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6. Standard & Poor's, Inc. S & P 500 Index month-end close. <http://www.standardandpoors.com/indices>. Retrieved June 10, 2009.

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.

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

Looking Ahead

The next installment of the index, to be released in September 2009, will examine activity for the second quarter of 2009. 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.