

Target Analytics donorCentrics™ Index of National Fundraising Performance

2013 Second Calendar Quarter Results

By Helen Flannery, Paige Grainger, Rob Harris, and Carol Rhine

Contents

About the Index of National Fundraising Performance	1
Q2 2013 Index Participants	2
Q2 2013 Summary	3
Overall Index Performance.....	4
Industry Sector Performance.....	8
Arts & Culture.....	10
Environment.....	11
Health.....	12
Human Services.....	13
International Relief	14
Religion	15
Societal Benefit	16
References	17
Industry Sectors Used in the Index.....	18
Looking Ahead	19
Index Methodology	19
About Medians	19
Participation.....	19
Online Resources.....	19
About Target Analytics	19

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 2013, Target Analytics evaluated transactions from 72 organizations, including over 35 million donors and more than 77 million gifts totaling over \$2.3 billion in revenue.

The Target Index reports on direct marketing giving only. Direct mail is the dominant revenue source for most organizations but web, telemarketing, canvassing, and other gifts considered to be direct marketing are also included. Individual payments greater than \$10,000, soft credits, and matching gift payments are excluded.

Quarterly results are reported on a calendar year basis. This report includes results through June 2013.

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 2013 Index Participants

Animal Welfare

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

Arts & Culture

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

Environment

Defenders of Wildlife
Earthjustice
Environmental Defense Fund
Greenpeace USA
National Parks Conservation Association
National Wildlife Federation
Natural Resources Defense Council
The Nature Conservancy
The Ocean Conservancy
Sierra Club
Trout Unlimited
The Wilderness Society
World Wide Fund for Nature

Health

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

Human Services

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

International Relief

CARE
Catholic Relief Services
ChildFund International
Doctors without Borders
Habitat for Humanity International
Heifer Project International
International Rescue Committee
Mercy Corps
Operation Smile USA
Oxfam America
Project HOPE
Save the Children

Religion

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

Societal Benefit

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

Index Revenue Remains Essentially Flat in the First Half of 2013 while Donor Declines Continue

Increases in Revenue per Donor Largely Offset Donor Losses

Q2 2013 Summary

Revenue for the Target index was essentially flat in the first half of 2013, declining a median 0.6% from the first half of 2012. 46% of the organizations in the index had revenue increases and 54% had revenue declines over the period.

While revenue was flat, donor numbers declined at a greater rate. Index donors declined a median 4.0% from Q2 YTD 2012 to Q2 YTD 2013. This continues a trend that predates the recession. Donor populations have been shrinking for more than seven years; the index has not experienced positive year-to-year overall donor growth since the U.S. Gulf Coast hurricanes in the third quarter of 2005.

Declines in overall donor numbers have been driven primarily by declines in new donor acquisition. In the first half of 2013, new donor acquisition continues to decline. New donor acquisition declined a median 7.5% from Q2 YTD 2012 to Q2 YTD 2013 and was widespread across all sectors.

In spite of continued donor declines, revenue has remained flat because of increases in revenue per donor. In the first half of 2013, revenue per donor amounts increased a median 3.8% from Q2 YTD 2012 to Q2 YTD 2013. These increases were widespread; 76% of the organizations in the index had positive revenue per donor growth over the period.

Revenue per donor shifts tend to be largely influenced by the mix of donors across different loyalty segments, since long-term donors typically contribute larger amounts than new donors. Organization strategy may also be impacting overall revenue per donor as organizations work to maximize net revenue by focusing efforts on higher value donors and acquiring donors at higher gift amounts than previous years.

Fundraising performance in the first half of 2013 was generally flat or declining across most sectors.

- The **relief** sector saw phenomenal disaster-related growth in most key measures in 2010 and 2011, and corresponding declines through most of 2012. It now appears to be stabilizing at giving patterns typical of the index as a whole. The sector maintained flat revenue in the first half of 2013, overcoming new donor declines with increases in revenue per donor and retention.
- In 2012 and 2013 the **societal benefit** sector actively recovered from the recent recession and made significant gains in revenue, overall donors, and new donor acquisition. Recent small-scale declines in revenue, donors and new donor acquisition are likely a return to normal giving patterns following emergency-style giving in 2012 to many organizations in the sector.
- Four sectors in the index experienced donor declines but due to strong performance in other key areas were able to maintain flat revenue: the **arts and culture**, **environmental**, **human services**, and **religion** sectors were all able to overcome donor declines with increases in revenue per donor and other metrics.
- **Health** organizations in the index saw declines in most key measures including donors, revenue, new donor acquisition and retention rates, as they have for most of the past ten years. However, there were continuing increases in revenue per donor which resulted in slower revenue declines.
- We were unable to do an analysis of giving for the **animal welfare** sector for this period, as there were only three animal welfare organizations participating in the index in the second quarter of 2013.

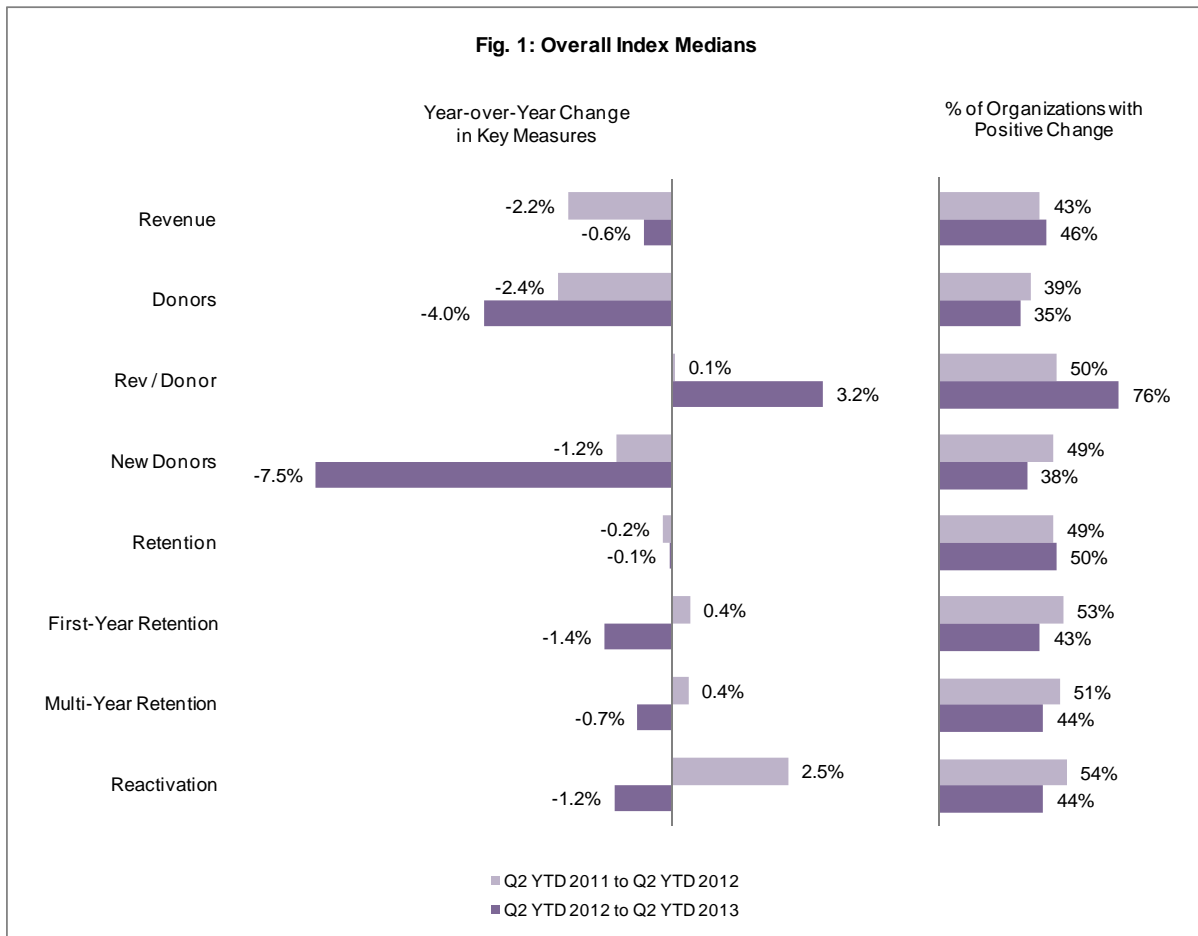
Overall Index Performance

All index results are medians unless otherwise specified.

Year-to-Year Change

Revenue for the Target index was essentially flat in the second quarter of 2013, declining a median 0.6% from the same period one year before (see Fig. 1). 46% of the organizations in the index had revenue increases and 54% had revenue declines over the period.

Continuing a trend that predates the recession, index donors declined a median 4.0% from Q2 YTD 2012 to Q2 YTD 2013. Donor populations have been shrinking for more than seven 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 35% of the organizations in the index had positive donor growth in the first half of 2013.



New donor acquisition has also been in decline since 2005, and has been the primary reason for overall donor declines over that period. New donor acquisition declined 7.5% from Q2 YTD 2012 to Q2 YTD 2013. Only 38% of the organizations in the index had new donor increases in the first half of 2013. New donor acquisition declines were widespread across most sectors and will be reviewed later in this analysis.

Under normal circumstances, revenue per donor amounts tend to increase, due to a combination of organizational practice and inflationary adjustments by donors. During the 2007-2009 recession, revenue per donor amounts went into an atypical decline, and then returned to growth again from 2010 to 2012 after the recession was over. Revenue per donor continued growing in the first half of

2013, increasing a median 3.2% from Q2 YTD 2012 to Q2 YTD 2013 for the index as a whole. These increases were widespread with 76% of the organizations in the index had growth in revenue per donor in the second quarter of 2013.

Donor retention rates declined slightly from Q2 YTD 2012 to Q2 YTD 2013, declining a median 0.1% over the period. First-year retention rates declined a median 1.4% in Q2 YTD 2013 compared to Q2 YTD 2012 while multi-year retention rates declined a median 0.7% during the same time period. These are early results, however; it is important to analyze retention rates with caution in the second quarter of the year, since donors have only had six months in which to return.

Single Quarter Trends

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

We have done some analysis on year-to-year trends for 2013, however, to evaluate the impact of recent current events and economic changes in more detail.

This analysis shows that all giving, particularly new donor acquisition, was down in the first quarter of 2013 (see Fig. 2). Performance improved in the second quarter, with smaller declines in both overall donors and new donors and positive revenue growth of 1.5%.

Fig. 2: Median Single-Quarter Year-to-Year Change

	Q1 2012 to Q1 2013	Q2 2012 to Q2 2013
Revenue	-2.5%	1.5%
Donors	-3.8%	-1.6%
New Donors	-10.3%	-7.0%
% of Orgs With Positive Revenue Change	40%	56%
% of Orgs With Positive Donor Change	33%	42%
% of Orgs With Positive New Donor Change	35%	46%

Long-Term Revenue Trends

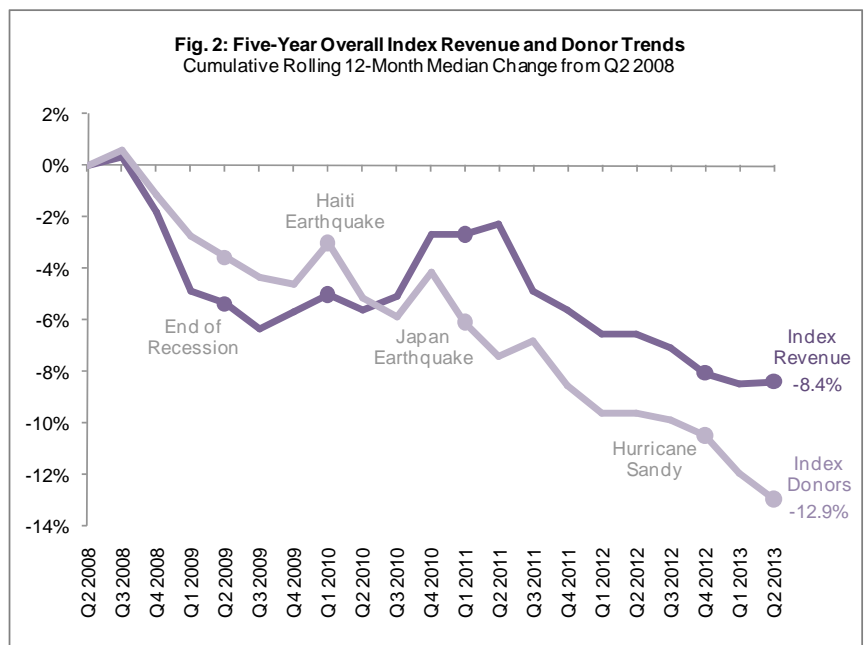
Rolling twelve-month quarterly medians of revenue growth can provide longer-term context for year-over-year index trends.

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.

Prior to 2008, rolling index revenue had grown at approximately 4% per year. Revenue grew at typical rates throughout the first part of 2008

Revenue growth then declined substantially throughout most of 2008 and 2009, roughly paralleling the weak economy during the recession (see Fig. 2). Since the end of the recession, revenue performance has been unstable and volatile, with spikes in the first quarters of 2010 and 2011 following disasters in both years and then flat or declining results through most of the rest of 2011 and 2012.

Fig. 2: Five-Year Overall Index Revenue and Donor Trends
Cumulative Rolling 12-Month Median Change from Q2 2008



The long-term effect of all of these trends is that overall index revenue remains significantly lower now than it was at the start of the recession which began five years ago. From the twelve months ending Q2 2008 to the twelve months ending Q2 2013, index revenue declined a cumulative median 8.4% (see Fig. 3).

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

	Five-Year Change Q2 2008 to Q2 2013	Four-Year Change Q2 2009 to Q2 2013	Three-Year Change Q2 2010 to Q2 2013	Two-Year Change Q2 2011 to Q2 2013	One-Year Change Q2 2012 to Q2 2013
Revenue					
Median Change	-8.4%	-0.4%	-1.0%	-0.9%	-0.4%
Effective Annual Change	-1.6%	-0.1%	-0.3%	-0.4%	-0.4%
% Orgs with Positive Change	40%	50%	47%	49%	46%
Donors					
Median Change	-12.9%	-5.7%	-7.2%	-5.4%	-4.3%
Effective Annual Change	-2.5%	-1.4%	-2.3%	-2.7%	-4.3%
% Orgs with Positive Change	29%	35%	29%	35%	29%

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.

Real index revenue declined by 14.5% over the past five years when revenue dollar amounts are adjusted for inflation¹.

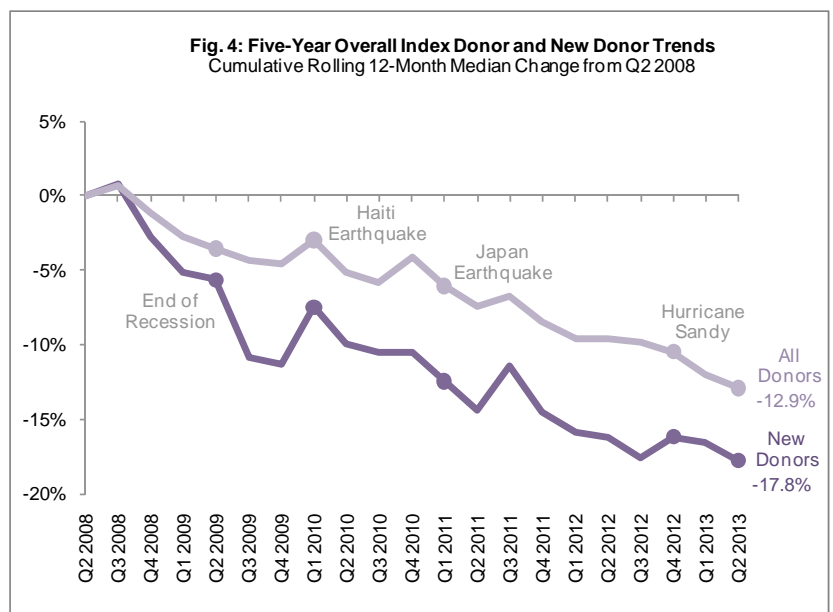
Long-Term Donor Trends

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. 4). A positive spike in the first half of 2010 is likely at least partly due to disaster-related giving following a January earthquake in Haiti.

The result of these combined trends is that donor numbers have declined significantly over the past five years. Donors declined a cumulative median 12.9% from the twelve months ending Q2 2008 to the twelve months ending Q2 2013, for an effective annual rate of decline of 2.5% per year (see Fig. 3).

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



New Donors

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

Over the past five years, from the twelve months ending Q2 2008 to the twelve months ending Q2 2013, new donor numbers have fallen a cumulative median 17.8% (see Fig. 4). This is an effective annual rate of decline of 3.3% per year (see Fig. 5).

New donor declines have not abated since the end of the recession. Over the most recent two years, from the twelve months ending Q2 2011 to the twelve months ending Q2 2013, new donor numbers fell a cumulative median 8.1%, for an effective annual rate of decline of 4.0% per year.

Fig. 5: Long-Term Index New Donor Trends

	<u>Five-Year Change</u> <u>Q2 2008 to Q2 2013</u>	<u>Four-Year Change</u> <u>Q2 2009 to Q2 2013</u>	<u>Three-Year Change</u> <u>Q2 2010 to Q2 2013</u>	<u>Two-Year Change</u> <u>Q2 2011 to Q2 2013</u>	<u>One-Year Change</u> <u>Q2 2012 to Q2 2013</u>
Median Change	-17.8%	-12.4%	-14.2%	-8.1%	-7.4%
Effective Annual Change	-3.3%	-3.0%	-4.5%	-4.0%	-7.4%
% Orgs with Positive Change	25%	31%	24%	39%	25%

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

Effects of the Economy on Giving

Research by the Giving USA Foundation™ tells us that charitable giving revenue growth rises during periods of strong economic growth and slows during periods of relative economic weakness. Non-profit giving trends are not limited to simple parallels with national economic growth, however. The Foundation has reported in their publication *Giving USA* that during harder economic times, charitable giving falls as a percentage of the Gross Domestic 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. Many indicators of US economic health, such as GDP growth⁴ and unemployment rates⁵, have remained sluggish and inconsistent since then, although the stock market had a bit of a resurgence in late 2012 and early 2013.

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. We reported overall revenue declines in seven consecutive editions of the index (Q2 2008 through Q4 2009), with some of the steepest downturns coming in the first half of 2009.

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

Giving USA Foundation research further 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. However, this recession has been one of the worst in recent memory and the post-recession recovery one of the slowest. Together, this may mean that the nonprofit industry may continue to struggle for a while longer.

Industry Sector Performance

All sector results are medians unless otherwise specified.

Revenue and Donors

In the first half of 2013, fundraising performance was generally flat with continuing donor declines while one sector returned to stable giving trends and others continued to see donor and revenue declines (see Figs. 6-7).

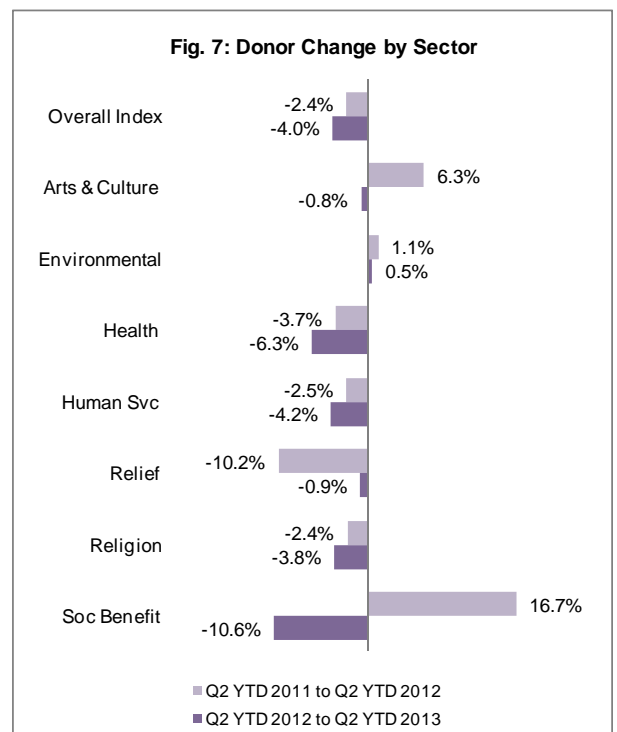
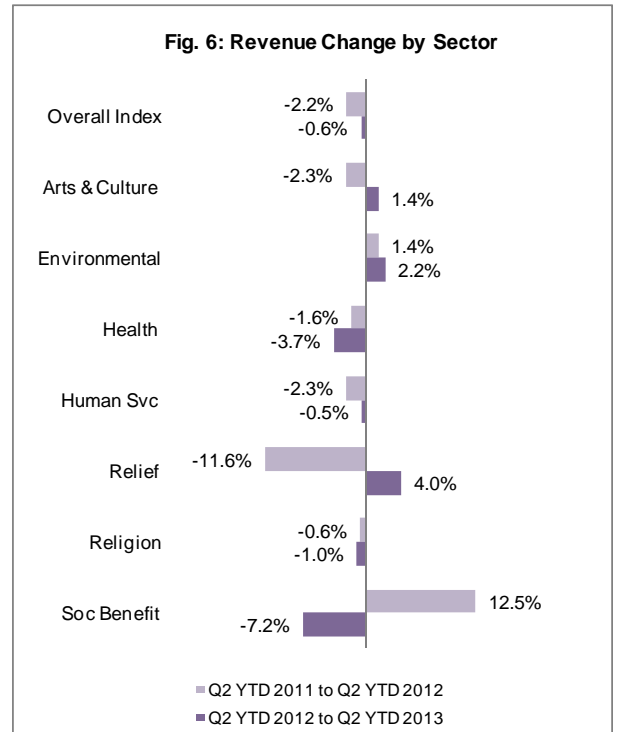
Societal benefit organizations experienced strong growth in key metrics in both 2011 and 2012. Current declines in performance for revenue, donors and new donor acquisition in this sector are more of a return to normal giving patterns, similar to relief organizations following periods of large emergency giving.

The **relief** sector experienced significant declines in key measures throughout 2011 and 2012 following large scale emergency giving in January 2010 due to a severe earthquake in Haiti. In the first half of 2013, this sector returned to more stable giving patterns and was able to increase revenue with overall donor declines due to increases in overall revenue per donor.

The **health sector** had declining donor and revenue performance in the first half of 2013 following flat revenue in the same period in the previous year. Continuing increases in revenue per donor in the sector have helped to minimize the revenue declines although new donor declines are continuing and stalling any revenue stabilization.

Two sectors experienced small increases in revenue during the first half of 2013. The **environmental** sector was able to slightly increase revenue and maintain donor counts at the same level in the first half of 2013 as in the first half of 2012. The **arts and culture** sector also had a small increase in revenue with flat donor counts from Q2 YTD 2012 to Q2 YTD 2013.

The **religion** sector had flat revenue along with donor declines in the first half of 2013. The sector did have an increase in revenue per donor, although it is important to note that this sector does have the lowest overall revenue per donor of the entire index. The **human services** sector was able to maintain flat revenue with declines in donor counts also due to an increase in revenue per donor from Q2 YTD 2012 to Q2 YTD 2013.



New Donor Acquisition

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

In the first half of 2013, new donor performance declined in every sector with double digit declines occurring in the arts & culture, environmental, health, and societal benefit sectors (see Fig. 8). With the exception of one sector, every sector experienced in an increase in revenue per new from Q2 YTD 2012 to Q2 YTD 2013.

Societal benefit organizations new donor populations declined 28.2% from Q2 YTD 2012 to Q2 YTD 2013 but this is following extraordinary growth of 28.8% in the previous period. The **arts & culture** sector follows a similar pattern with new donor acquisition declining 18.2% from Q2 YTD 2012 to Q2 YTD 2013 following large increases in the same period the previous year.

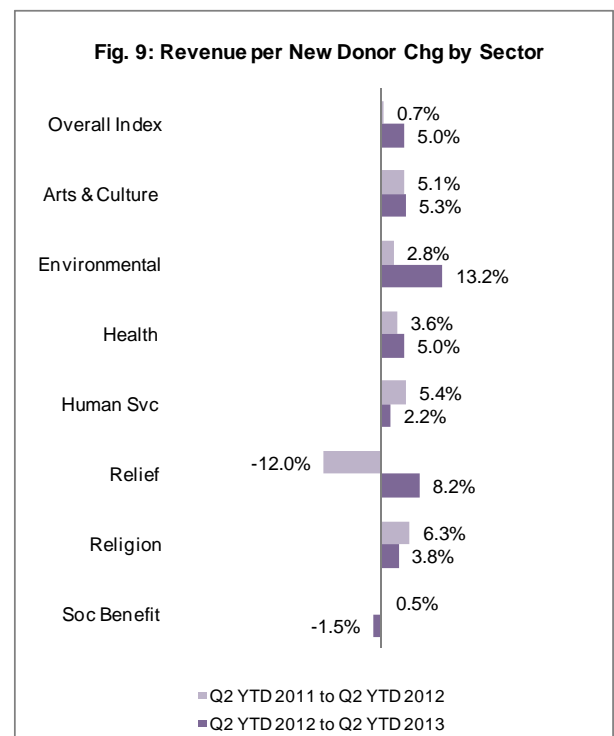
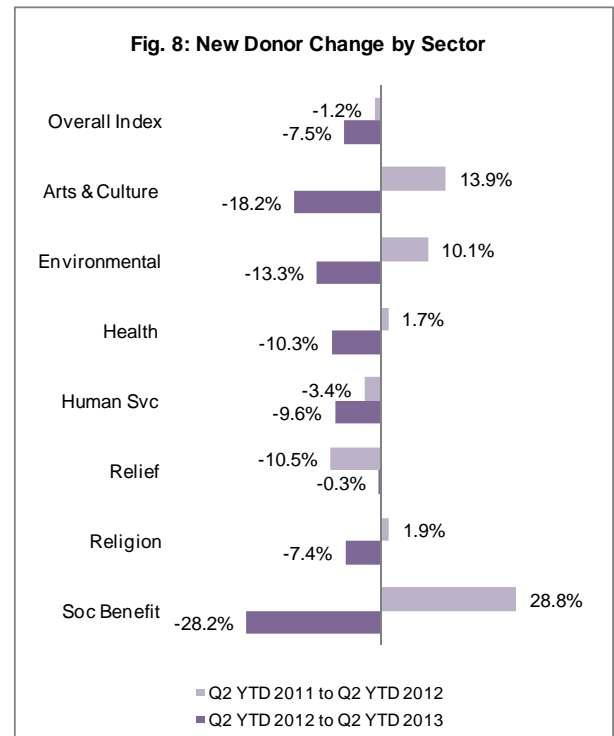
The **international relief** sector had the smallest median decline in new donor acquisition, declining 0.3% from Q2 YTD 2012 to Q2 YTD 2013. This represents some stabilization following post-disaster fundraising declines in the past two years.

New donors to **environmental, health and human services** organizations all declined by 10% or more from Q2 YTD 2012 to Q2 YTD 2013. The religion sector also experienced a large decrease declining 7.4% from Q2 YTD 2012 to Q2 YTD 2013.

Revenue per new donor has increased markedly across the index, with every sector except for societal benefit seeing strong increases in Q2 YTD 2013 (see Fig. 9). Much of this year's growth comes on top of increases in the previous year.

The trend of fewer new donors giving at higher average amounts is a significant one and may or may not be due to intended organizational strategy.

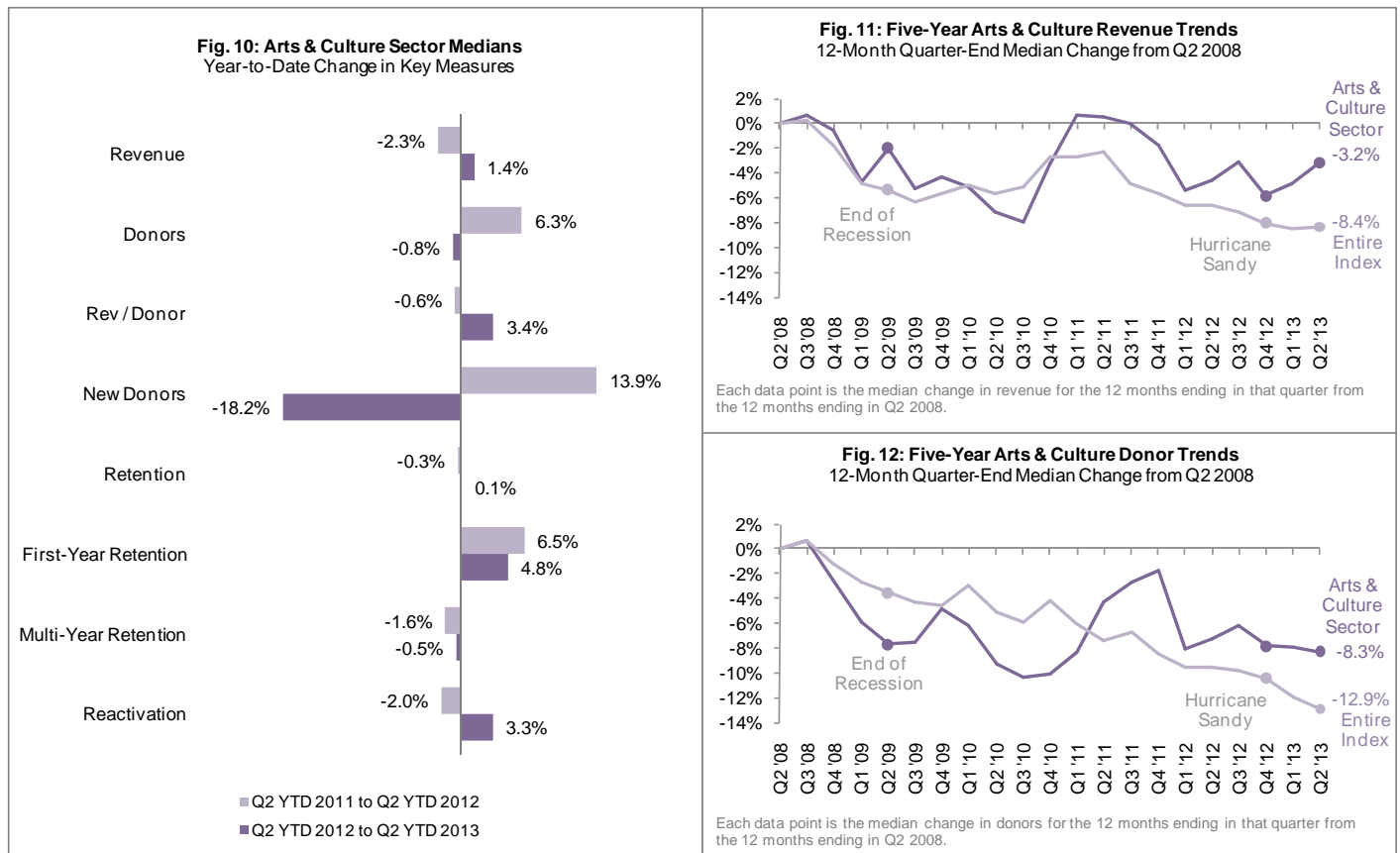
Individual sector results are explained in more detail on the following pages.



Arts & Culture

5 organizations

During the recent recession, arts and culture organizations had flat to negative trends in most key measures that were similar to those of the index as a whole. With a spike in new donor acquisition in 2011, the arts and culture sector has mostly followed overall index trends and is currently outperforming the index in revenue and donor counts.



Arts and culture sector revenue increased a median 1.4% from Q2 YTD 2012 to Q2 YTD 2013 (see Fig. 10), compared to overall index revenue declines of 0.6%. Three of the five organizations in the sector had positive revenue growth in the first half of 2013.

Sector donors also remained essentially flat, declining a median 0.8% from Q2 YTD 2012 to Q2 YTD 2013, compared to overall index donor declines of 4.0%. Two of the five organizations in the sector had positive donor growth in the first half of 2013.

New arts and culture donors declined by 18.2% from Q2 YTD 2012 to Q2 YTD 2013 following large increases in new donor acquisition in the first half of 2012. Only two of the five organizations in the sector had positive new donor growth in the first half of 2013.

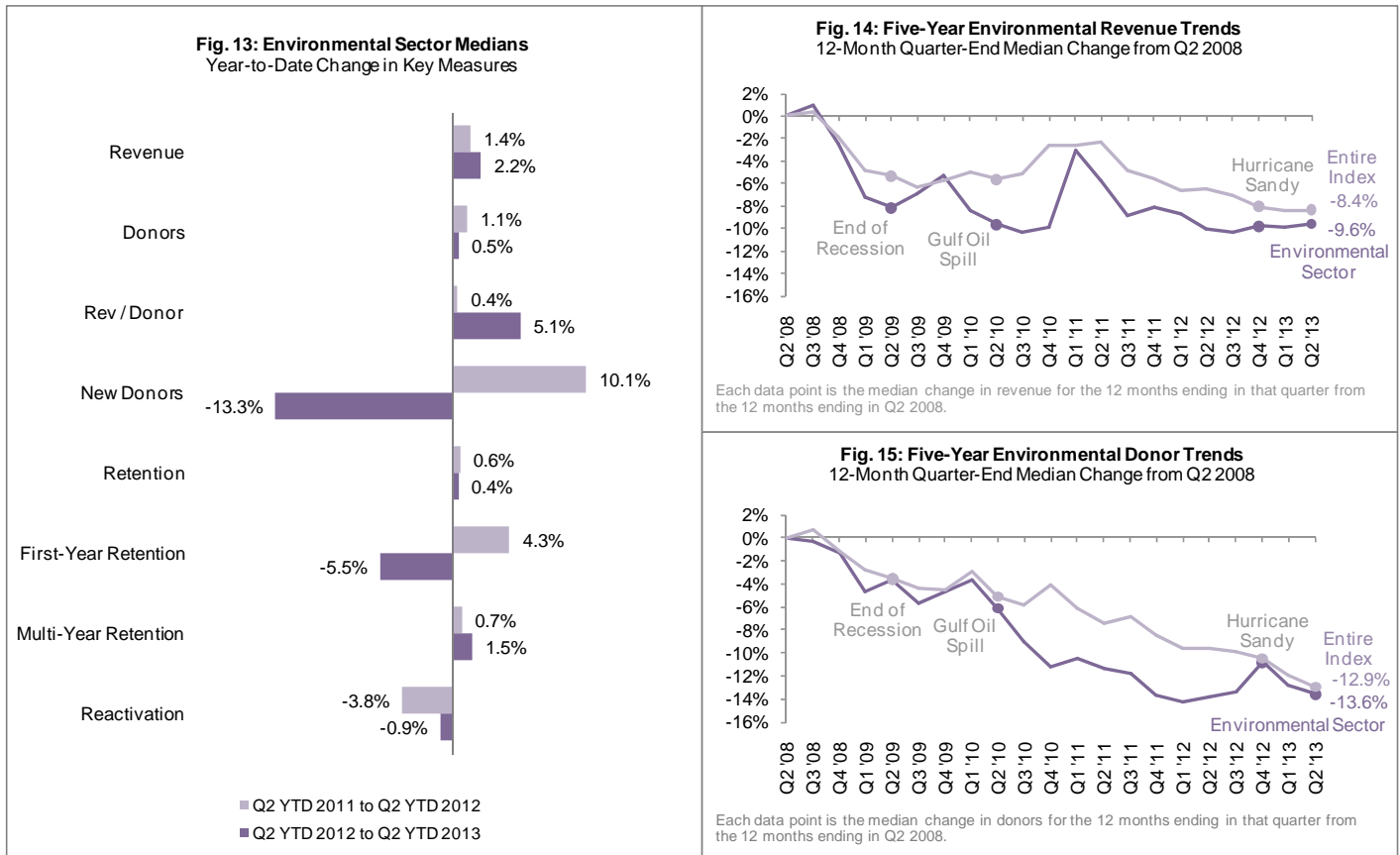
Twelve-month rolling trends can provide longer-term context for recent arts and culture sector results. Revenue and donor growth for the sector have both been somewhat volatile over the past five years; although revenue follows the overall index median, new donor growth in 2011 has resulted in donor and revenue trends performing slightly ahead of the over index median.

The result of these combined trends is that over the past five years, the sector has ended up performing above the index in revenue and donor trends. From the twelve months ending Q2 2008 to the twelve months ending Q2 2013, the arts and culture sector has had a cumulative median revenue decline of 3.2%, less than the overall index decline of 8.4% (see Fig. 11). Over the same period, the sector had a cumulative median donor decline of 8.4%, compared to the overall index decline of 12.9% (see Fig. 12).

Environment

13 organizations

Unlike many index sectors, the environmental sector does not typically see a great deal of fluctuation in giving from quarter to quarter or from year to year. Environmental organizations have generally been able to maintain overall revenue while overall donor counts declined by increasing overall revenue per donor. This trend continued in the first half of 2013.



Revenue for the environmental sector increased slightly from Q2 YTD 2012 to Q2 YTD 2013, increasing a median 2.2% (see Fig. 13). 62% of the environmental organizations in the index had positive revenue growth in the first half of 2013.

Environmental donors increased a median 0.5% from Q2 YTD 2012 to Q2 YTD 2013, while the index as a whole declined 4.0%. 54% of the environmental organizations in the index had positive donor growth in the first half of 2013.

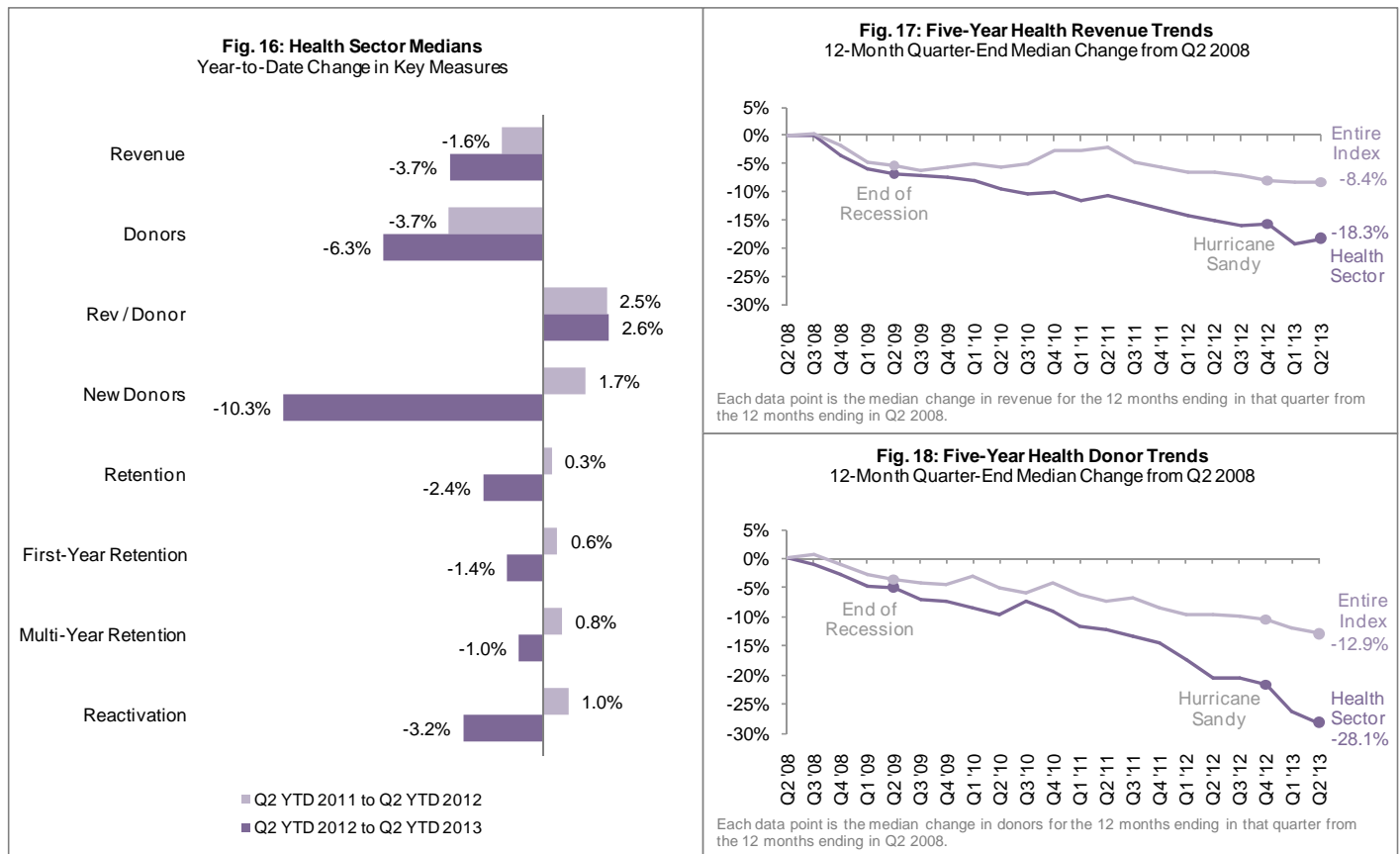
Over the past two years, the area of greatest concern for environmental organizations was new donor acquisition. This year the sector continued to experience new donor declines, with new donors declining 13.3% from Q2 YTD 2012 to Q2 YTD 2013 following large increases in the previous year. 31% of the environmental organizations in the index did have positive new donor growth in the first half of 2013.

Twelve-month rolling trends can provide longer-term context for recent sector trends. This analysis shows that ever since 2008, environmental revenue and donor growth have both followed index medians quite closely. From the twelve months ending Q2 2008 to the twelve months ending Q2 2013, the environmental sector had a median cumulative revenue decline of 8.4%, similar to the overall index decline of 9.6% (see Fig. 14). From the twelve months ending Q2 2008 to the twelve months ending Q2 2013, the sector had cumulative median donor declines of 13.6% compared to the overall index decline of 12.9% (see Fig. 15).

Health

16 organizations

Health organizations have had some of the greatest fundraising challenges in the index for much of the past five years. Negative health sector trends predated the recent recession but were significantly intensified by it. In the first half of 2013 the sector continued to see declines in revenue and donors although with increasing overall revenue per donor.



Health sector revenue declined a median 3.7% from Q2 YTD 2012 to Q2 YTD 2013 compared to overall index revenue declines of 0.6% (see Fig. 16). Only 31% of the organizations in the health sector had positive revenue growth in the first half of 2013.

Health sector donors declined a median 6.3% from Q2 YTD 2012 to Q2 YTD 2013 compared to overall index donor declines of 4.0%. Only 25% of the organizations in this sector had positive donor growth in the first half of 2013.

Past declines in health donors have been due mainly to declines in donor acquisition. This trend continued in the first half of 2013 with new health sector donors declining 10.3% from Q2 YTD 2012 to Q2 YTD 2013 compared to overall index new donor declines of 7.5%. 25% of the health organizations in the index did have positive new donor growth in the first half of 2013.

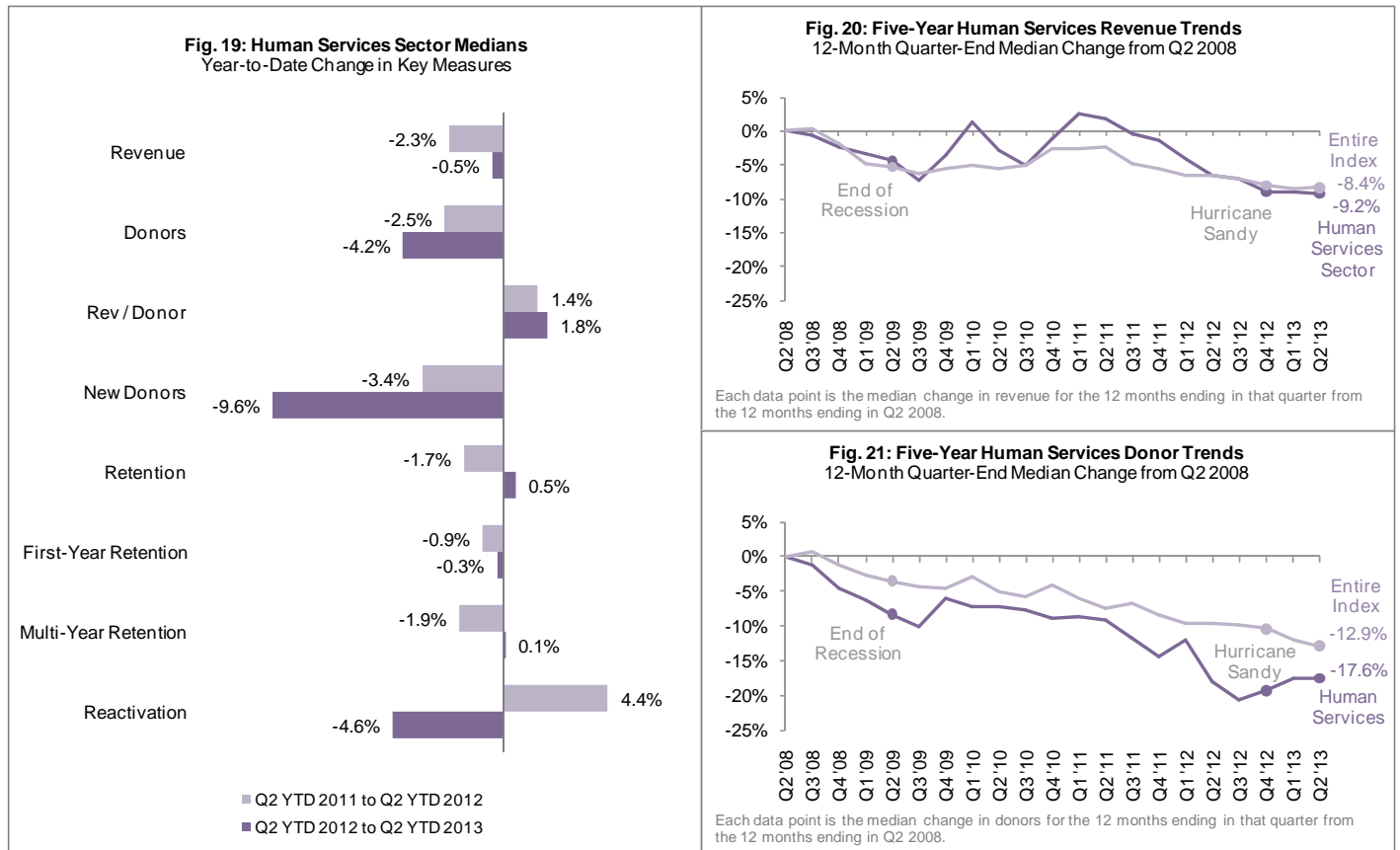
Health sector revenue and donor growth have both lagged overall index median trends significantly over the long term. From the twelve months ending Q2 2008 to the twelve months ending Q2 2013, health organizations had cumulative revenue declines of 18.3%, compared to a decline of only 8.4% for the index as a whole (see Fig. 17). Over the same five-year period, health organizations had a cumulative donor decline of 28.1%, compared to a decline of only 12.9% for the index as a whole (see Fig. 18).

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

Human Services

9 organizations

The human services sector was one of the strongest in the index during the recent recession, well outperforming the index in revenue growth during from 2007-2009. During that time of great need, donors may have deliberately concentrated their giving on organizations in this sector, which provide direct aid to the disadvantaged. Since then, while they have been able to maintain relatively stable revenue, human services organizations have struggled with donor acquisition and retention.



Revenue for the human services sector was essentially flat in the first half of 2013, with median decline of 0.5% from Q2 YTD 2012 to Q2 YTD 2013 (see Fig. 19). Four of the nine organizations in the sector had positive revenue growth over the period.

Human services donors declined a median 4.2% from Q2 YTD 2012 to Q2 YTD 2013, while the index as a whole had donor declines of 4.0%. Three of the nine organizations in this sector had positive donor growth in the first half of 2013. The sector has so far been largely able to compensate for donor declines with increased revenue per donor; this trend continued into the first half of 2013. Overall revenue per donor increased 1.8% from Q2 YTD 2012 to Q2 YTD 2013.

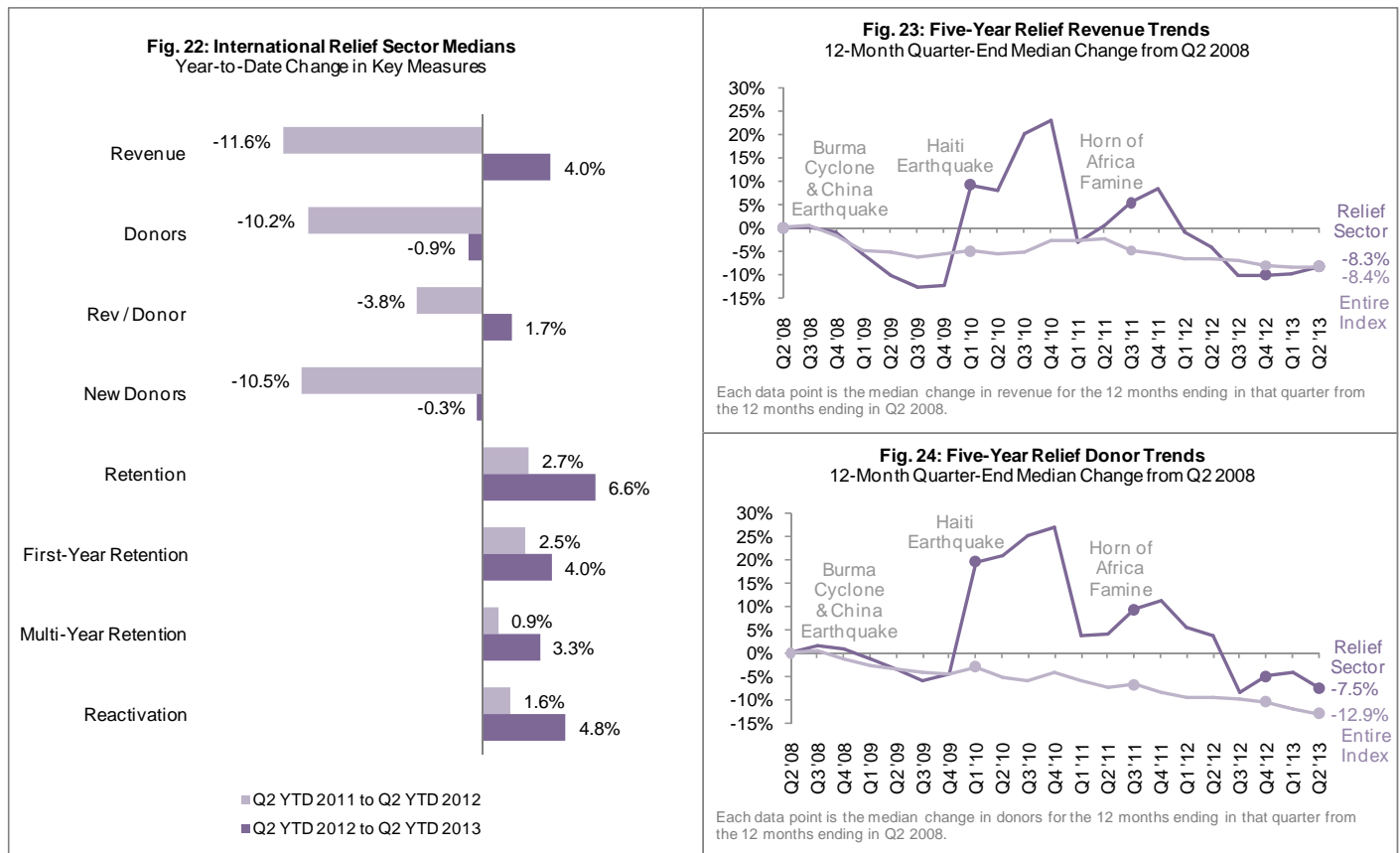
New human services donors declined by 9.6% from Q2 YTD 2012 to Q2 YTD 2013, compared to overall new donor declines of 7.5%.

Rolling twelve-month trends show that the sector has performed close to the index in revenue while tracking below the index donor growth over the past five years. From the twelve months ending Q2 2008 to the twelve months ending Q2 2013, human services revenue declined a cumulative median 9.2% while overall index revenue declined by 8.4% (see Fig. 20). Over the same five-year period, sector donor numbers have declined a cumulative median 17.6%, compared to an overall index decline of 12.9% (see Fig. 21).

International Relief

12 organizations

Recent relief sector performance has been dominated by a spike in fundraising related to a devastating earthquake in Haiti on January 12, 2010, followed by other emergency giving opportunities in 2011 & 2012 including an earthquake in Japan, a famine in the Horn of Africa and Hurricane Sandy that may have resulted in some level of emergency giving for particular organizations in the sector.



Revenue for the international relief sector increased a median 4.0% from Q2 YTD 2012 to Q2 YTD 2013 (see Fig. 22). The increase in revenue may indicate a return to normal giving patterns for the sector following a 11.6% decline during the same period in the prior year. 58% of the organizations in the relief sector had revenue increases in the first half of 2013.

Relief donors remained essentially flat, declining a median 0.9% from Q2 YTD 2012 to Q2 YTD 2013, while the index as a whole had donor declines of 4.0%. 42% of the organizations in the sector had positive donor growth in the first half of 2013. New donor acquisition remained essentially flat for the sector as well over the period.

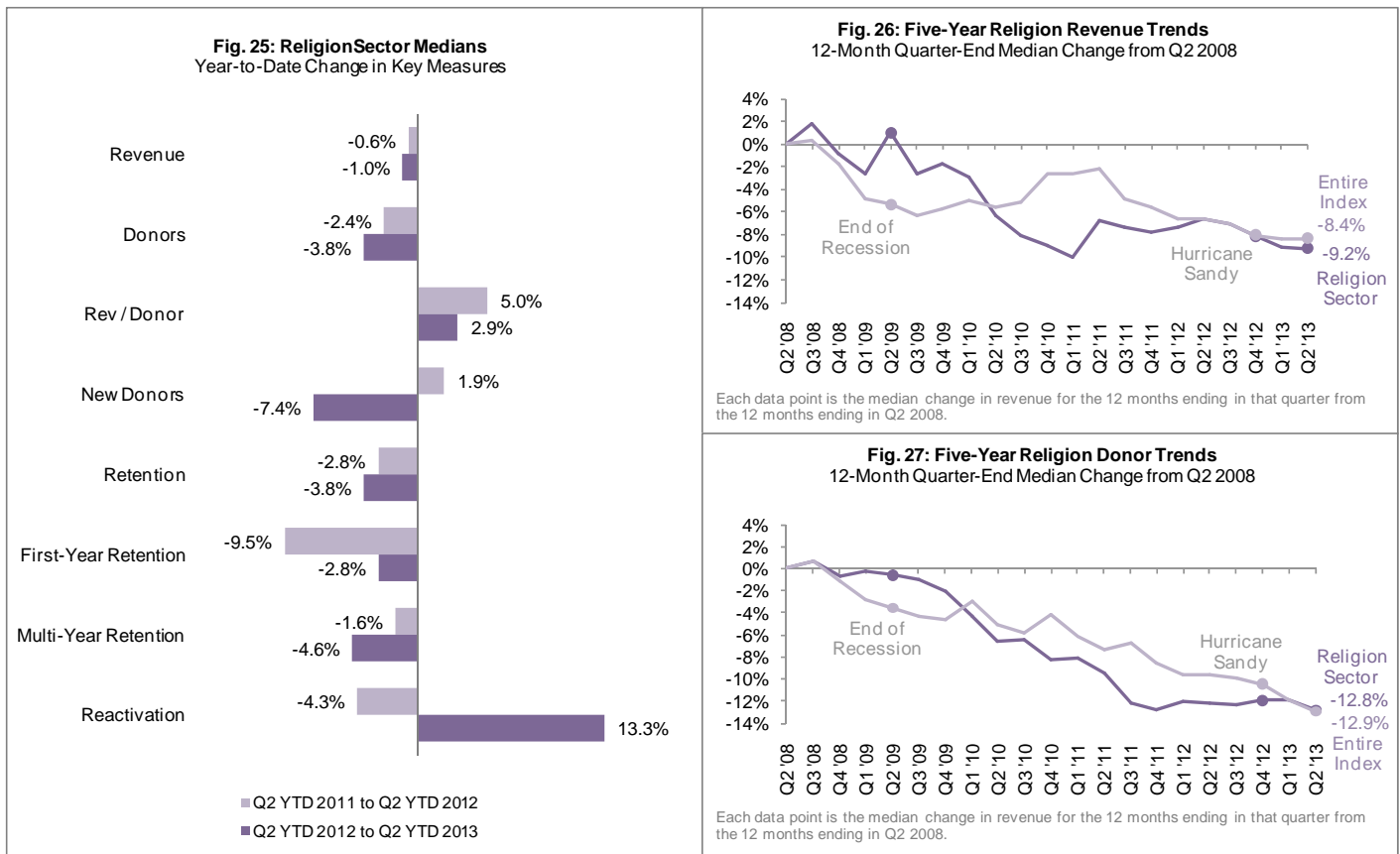
Rolling revenue and donor trends can give a longer-term context for recent relief sector performance. Since 2008, sector revenue and donors have roughly paralleled overall index medians, with the exception of the dramatic Haiti-related spike in 2010 and smaller emergency giving events in 2011 and 2012.

This emergency giving has helped the relief sector to outperform the index as a whole significantly during the past five years although recent declines in emergency giving have brought current results closer to the index. Relief sector revenue declined a cumulative 8.3% from the twelve months ending Q2 2008 to the twelve months ending Q2 2013, while the index as a whole had a 8.4% decline (see Fig. 23). Donor numbers declined a cumulative 7.5% for the relief sector over the same five-year period, compared to an overall index median donor decline of 12.9% (see Fig. 24).

Religion

5 organizations

Religious organizations in the index have experienced mixed results and a fair amount of volatility over the past several years. The sector performed better than the index in terms of donor counts, but nevertheless did see revenue declines during that time. In the first half of 2013 the religion sector performed very close to the overall index in donor and revenue trends.



Religion sector revenue declined a median 1.0% from Q2 YTD 2012 to Q2 YTD 2013 (see Fig. 25), essentially the same as the index as a whole, which had revenue declines of 0.6%. Two of the five organizations in this sector had positive revenue growth in the first half of 2013.

Sector donors declined a median 3.8% from Q2 YTD 2012 to Q2 YTD 2012, essentially the same as the index as a whole, which had donor declines of 4.0%. Two of the five organizations in this sector had positive donor growth in the first half of 2013.

New donors to religious organizations declined a median 7.4% from Q2 YTD 2012 to Q2 YTD 2013, similar to overall index declines of 7.5%.

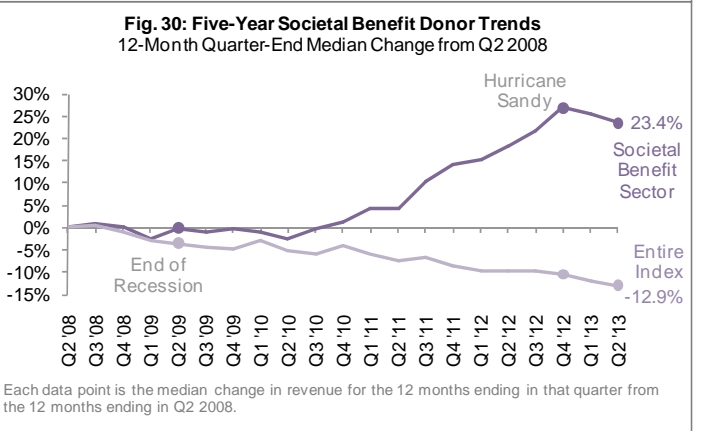
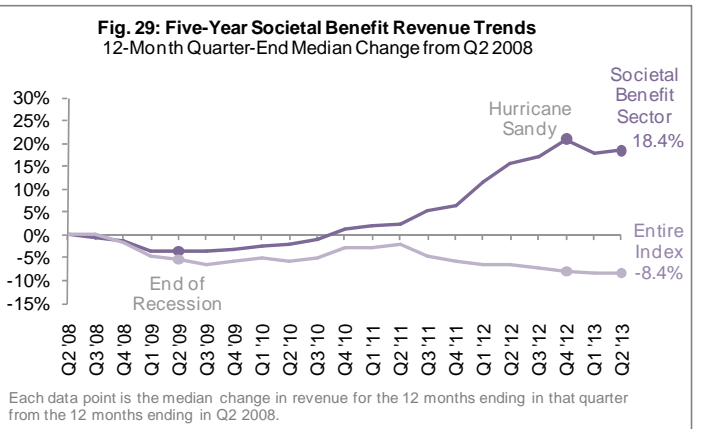
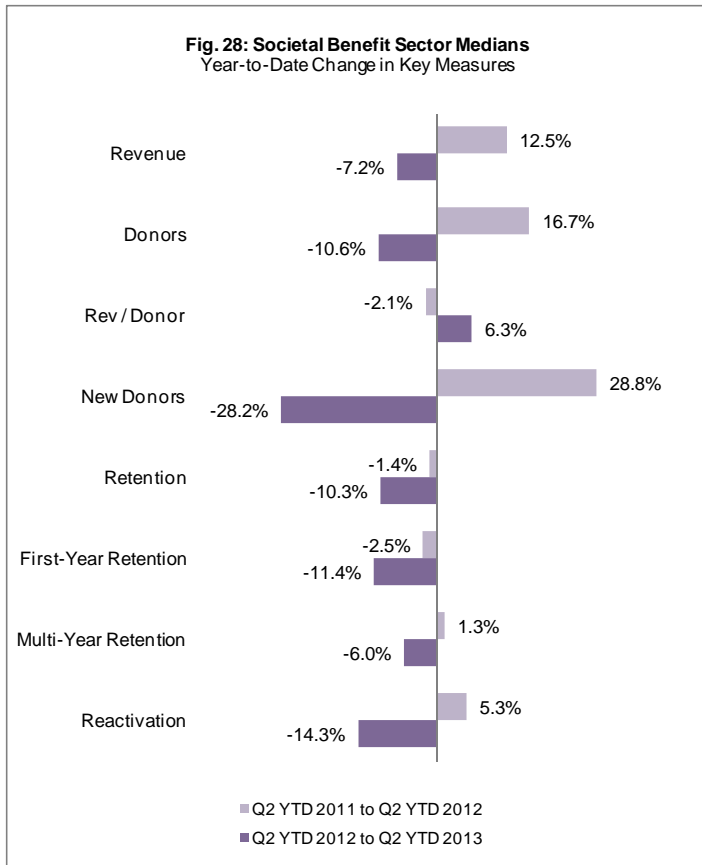
Over the last five years, the sector has generally outperformed the index and is currently tracking very close to overall index trends. From the twelve months ending Q2 2008 to the twelve months ending Q2 2013, sector revenue declined a cumulative median 9.2%, compared to overall index declines of 8.4% (see Fig. 26). Over the same period, sector donor numbers declined 12.8%, compared to overall index declines of 12.69 (see Fig. 27).

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

Societal Benefit

8 organizations

From 2006 to 2009, societal benefit organizations experienced some of the greatest fundraising challenges of any sector in the index. These negative trends leveled off at the end of the recession and turned around completely in 2011, with most organizations in the sector experiencing robust revenue, donor, and new donor growth throughout the year. This strong performance continued in 2012, due in part to current events that highlighted the missions of several of the organizations across the sector. The Giving USA Foundation has indicated that campaign fundraising historically has had no discernible impact on individual giving⁷, but this sector was the most likely to be impacted—either positively or negatively—by increased messaging around their missions during the 2012 presidential election.



Societal benefit sector revenue declined a median 7.2% from Q2 YTD 2012 to Q2 YTD 2013 (see Fig. 28), compared to overall index median declines of 0.6%. Societal benefit donor populations declined 10.6% over the same period, while the index as a whole experienced donor declines of 4.0%. These were the largest revenue and donor declines in the index following the extraordinary growth in 2012, and were widespread across the sector; only 25% of the societal benefit organizations in the index had positive revenue growth while only 13% had donor growth in the first half of 2013.

Unlike most index sectors, societal benefit organizations have had relatively strong new donor growth from 2009 to 2012. In the first half of 2013, new donors for the sector declined by a median 28.2% from Q2 YTD 2012 to Q2 YTD 2013. This decline is the largest sector decline in the index and comes after an extraordinary increase in new donors over the same period in the previous year. 38% of the organizations in this sector had positive new donor growth in the first half of 2013.

A rolling twelve-month revenue and donor analysis can provide a longer-term perspective on these recent trends. It shows that the sector largely followed the index in revenue and donor growth from 2008 to mid-2010, but that the sector began gaining ground in the second half of 2010. The result is that cumulative revenue and donor growth for the societal benefit sector over the past five years are both far above overall index medians. From the twelve months ending Q2 2008 to the twelve months ending Q2 2013, societal benefit revenue rose a cumulative median 18.4%, compared to an overall index revenue decline of 8.4% (see Fig. 29). Over the same period, societal benefit donors increased a cumulative median 23.4%, compared to an overall index decline of 12.9% (see Fig. 30).

References

1. U.S. Department of Labor Bureau of Labor Statistics Analysis, Seasonally adjusted month-end Consumer Price Index (U.S. city average, all items), <http://www.bls.gov/>. Retrieved September 18, 2013.
2. Giving USA Foundation, *Giving USA 2006*, pp. 22 and 29.
3. National Bureau of Economic Research, *NBER Business Cycle Dating Committee Announces Trough Date*, September 20, 2010, <http://www.nber.org/cycles/sept2010.html>. Retrieved March 22, 2012.
4. U.S. Department of Commerce Bureau of Economic Analysis, *Gross Domestic Product, 2nd Quarter 2013 (Second Estimate)*, August 29, 2013, <http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>. Retrieved September 23, 2013.
5. U.S. Department of Labor Bureau of Labor Statistics, *Employment Situation Summary*, September 6, 2013, <http://www.bls.gov/news.release/empsit.nr0.htm>. Retrieved September 23, 2013.
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.
7. Giving USA Foundation, *Giving USA 2008*, p. 50.

Industry Sectors Used in the Index

Animal Welfare Organizations

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

Arts & Culture Organizations

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

Environmental Organizations

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

Health Organizations

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

Human Services Organizations

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

International Relief Organizations

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

Religious Organizations

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

Societal Benefit Organizations

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

Sector definitions are based on a modification of the Foundation Center's National Taxonomy of Exempt Entities.

<http://fdncenter.org/ntee/index.html>

Looking Ahead

The next installment of the index, to be released in January 2014, will examine activity for the third quarter of 2013. Findings can be found at <http://www.blackbaud.com/targetanalytics>.

Index Methodology

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

Individual payments greater than \$10,000, soft credits, and matching gift payments are excluded. Direct mail is the dominant or only revenue source for most organizations; however, web, telemarketing, event, and other sources are included. Indicators are calculated on a cash payment basis, as opposed to a pledge basis. Gifts or donors are defined as new, retained, or reactivated according to relative gift dates rather than organization-specific business rules or source codes. Retention rates for quarterly analysis are calculated by dividing the number of donors giving in the current year-to-date quarter(s) who also gave during the previous calendar year by the total number of donors who gave in the previous calendar year. Revenue per donor refers to the cumulative giving per donor per current period.

About Medians

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

Participation

Participation in the index is limited to organizations that meet size and geographic requirements as well as other terms and conditions. For information about index eligibility contact Amanda Williams at Amanda.williams@blackbaud.com. 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.