

donorCentrics™ Index of Direct Marketing Fundraising

2015 Fourth Calendar Quarter Results

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About the donorCentrics Index of Direct Marketing Fundraising

The Target Analytics donorCentrics Index of Direct Marketing Fundraising analyzes direct marketing giving for many of the largest non-profit organizations in the country. For the twelve months ending Q4 2015, Target Analytics evaluated transactions from 71 organizations, including more than 34 million donors and more than 78 million gifts totaling over \$2.7 billion in revenue.

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

Quarterly results are reported on a calendar year basis. This report includes results through September 2015.

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.

Q4 2015 Index Participants

Animal Welfare

ASPCA
Best Friends Animal Society
Humane Society of the United States
International Fund for Animal Welfare
People for the Ethical Treatment of Animals

Arts & Culture

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

Environment

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

Health

ALSAC / St. Jude Children's Research Hospital
Alzheimer's Association
American Cancer Society
American Diabetes Association
American Heart Association
American Institute for Cancer Research
American Lung Association
BrightFocus Foundation
Cystic Fibrosis Foundation
Easter Seals
The Foundation for AIDS Research
Leukemia and Lymphoma Society
March of Dimes
Mayo Clinic
Muscular Dystrophy Association
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
United States Olympic Committee

International Relief

AmeriCares
CARE USA
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 USA
U.S. Fund for UNICEF

Societal Benefit

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

Index Revenue Grows Moderately in 2015

Increases in Revenue per Donor Compensate for Continuing Long-Term Donor Declines

Q4 2015 Summary

Overall revenue for the index grew slightly in 2015, increasing a median 1.3% from the same period a year before. 58% of the organizations in the index had revenue increases and 42% had revenue declines over the year.

Index donors declined a median 1.1% from 2014 to 2015, continuing a trend that predates the recession. Only 44% of the organizations in the index had positive donor growth in 2015.

Donor populations have been shrinking for more than ten years; the index has not experienced positive year-to-year donor growth since the Gulf Coast hurricanes in the third quarter of 2005, a decade ago. We write in greater detail about these long-term donor declines and their possible causes in a special section later in this analysis.

Declines in overall donor numbers have been driven primarily by declines in new donor acquisition. This continued in 2015, with new donor acquisition for the index as a whole declining a median 2.6% from the prior year. Only 46% of the organizations in the index had new donor population increases over the period.

In spite of overall donor declines, revenue has been able to increase at a modest pace because of increases in revenue per donor. Revenue per donor amounts increased a median 3.7% from 2014 to 2015, on top of a 4.1% increase the year before. These increases were widespread, with 73% of the organizations in the index having positive revenue per donor growth in 2015.

Revenue per donor shifts can be largely influenced by the mix of donors across different loyalty segments, since long-term donors typically contribute larger amounts than new donors. The increases in revenue per donor that we are seeing in the index may be driven by changes in organizational strategy, as organizations work to maximize net revenue by focusing efforts on higher value donors—bringing in fewer donors each year but acquiring them at higher gift amounts than in previous years.

Overall donor retention rates remained essentially flat from 2014 to 2015, increasing a median 0.4% over the year. First-year retention rates increased a median 1.7% and multi-year retention rates increased a median 0.4% in 2015.

The overall pattern seen in the index as a whole in 2015—increases in revenue per donor generally compensating for donor declines and resulting in flat or slightly increasing revenue—was the end result of widely mixed performance of the diverse industry sectors in the index.

- Four sectors experienced growth in both donors and revenue in 2015. As the result of a devastating earthquake in Nepal in the second quarter, as well as other emergency giving opportunities, the **relief** sector experienced particularly strong increases in almost all key measures of fundraising in 2015. The **animal welfare**, **arts & culture**, and **societal benefit** sectors also experienced increases in revenue, donors, and new donor acquisition during the year.
- The **environmental** sector had modest revenue growth and modest donor declines in 2015. As was true for the index as a whole, the sector was able to overcome donor declines due to an increase in revenue per donor.
- The **health** and **human services** sectors had declines in both revenue and donors in 2015. Both sectors were able to minimize revenue declines due to increases in revenue per donor.

Overall Index Performance

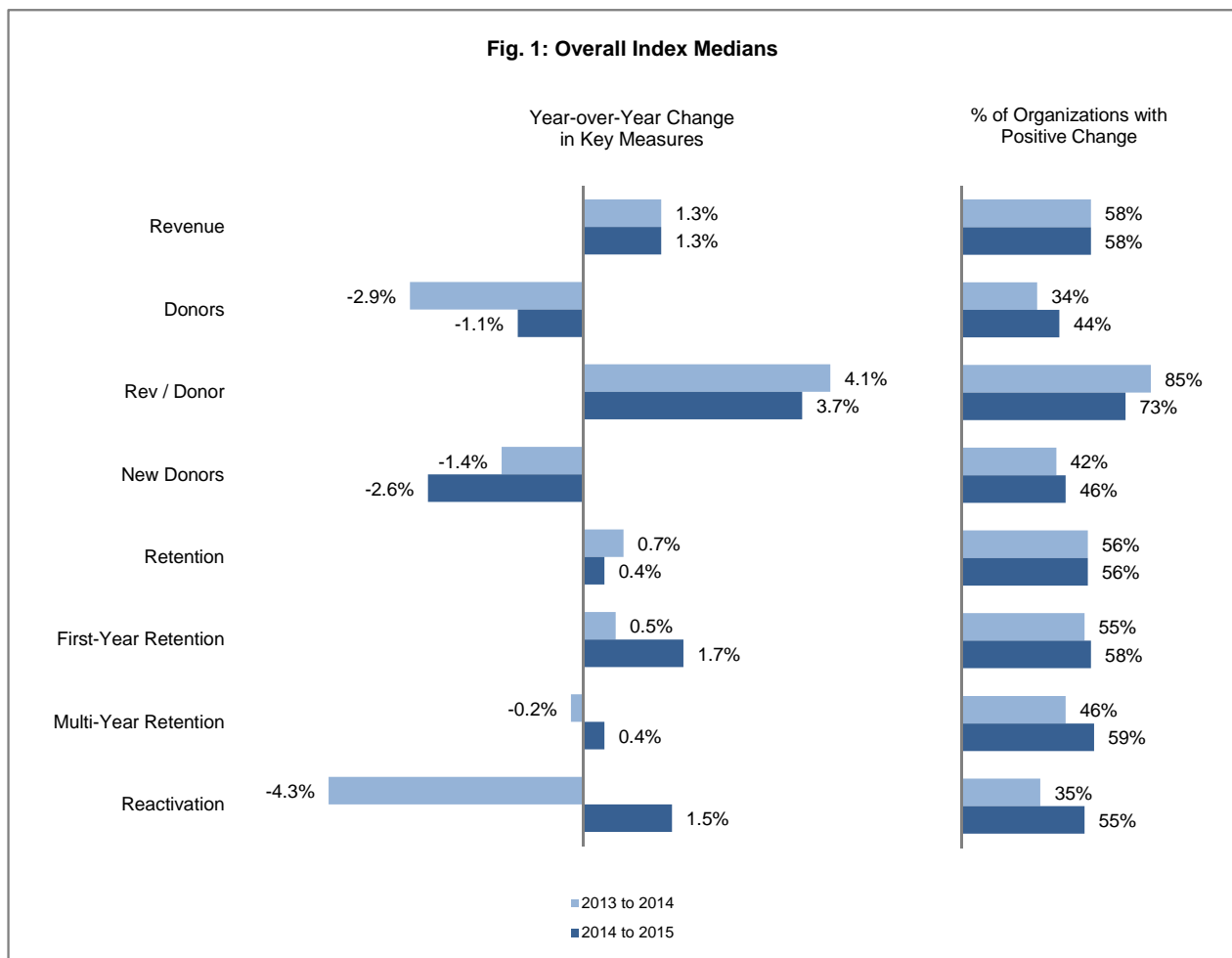
All index results are medians unless otherwise specified.

Year-to-Year Change

Overall **revenue** for the index grew slightly in 2015, increasing a median 1.3% from the same period a year before (see Fig. 1). 58% of the organizations in the index had revenue increases and 42% had revenue declines over the year.

Overall **donors** declined a median 1.1% from 2014 to 2015, continuing a trend that predates the recession. Only 44% of the organizations in the index had positive donor growth in 2015.

Donor populations have, in fact, been shrinking for a decade; the index has not experienced positive year-to-year donor growth since the Gulf Coast hurricanes in the third quarter of 2005, ten years ago. We write in greater detail about these long-term donor declines and their possible causes in a special section later in this analysis.



Declines in overall donor numbers have been driven primarily by declines in **new donor acquisition**. This continued in 2015, with new donor acquisition for the index as a whole declining a median 2.6% from the prior year. Only 46% of the organizations in the index had new donor population increases over the period. It is likely that a sizeable portion of this year's new donor acquisition was the result of disaster-related fundraising following an earthquake in Nepal in April 2015, as well additional emergency giving opportunities like the Syrian refugee crisis and an Ebola outbreak in Africa.

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 began growing again in 2014. Revenue per donor continued to grow in 2015, increasing a median 3.7% from 2014 to 2015 for the index as a whole. These increases were widespread, with 73% of the organizations in the index having revenue per donor growth in 2015, and follow a similar increase in the prior year.

Overall **donor retention rates** remained essentially flat from 2014 to 2015, increasing a median 0.4% over the year. First-year retention rates increased a median 1.7% and multi-year retention rates increased a median 0.4% over the same period.

Actual Median Values for Performance Metrics

In our index analyses, we typically focus on the change in metrics over time, such as year-to-year comparisons and long-term trends. In a fourth-quarter analysis, however, we can examine actual median values of key metrics based on a full year of data.

Median revenue per donor was \$79 for the index in 2015 (see Fig. 2). The international relief sector had the highest revenue per donor, with each donor giving \$179. The health sector had the lowest revenue per donor, with each donor giving \$43.

Fig. 2: 2015 Medians by Industry Sector

	<u>Revenue</u>	<u>Donors</u>	<u>Revenue per Donor</u>	<u>Average Gift</u>	<u>Gifts per Donor</u>
Overall Index	\$22,506,381	269,336	\$79	\$41	1.77
Animal Welfare	\$31,751,622	278,902	\$108	\$30	2.02
Arts & Culture	\$11,833,432	102,863	\$84	\$55	1.53
Environmental	\$16,499,242	262,783	\$71	\$40	1.78
Health	\$21,963,063	643,942	\$43	\$29	1.01
Human Services	\$20,434,991	262,267	\$56	\$35	1.76
International Relief	\$48,226,991	230,416	\$179	\$63	2.02
Societal Benefit	\$19,085,298	212,613	\$87	\$43	2.29

	<u>% New Donors</u>	<u>Overall Retention Rate</u>	<u>First-Year Retention Rate</u>	<u>Multi-Year Retention Rate</u>	<u>Reactivation Rate (1-5 Yrs Lapsed)</u>
Overall Index	25.9%	52.3%	29.0%	61.0%	8.4%
Animal Welfare	19.5%	56.6%	37.8%	61.7%	8.4%
Arts & Culture	17.5%	62.8%	32.3%	68.7%	10.9%
Environmental	25.6%	52.9%	27.8%	61.7%	8.7%
Health	25.3%	45.5%	25.4%	54.4%	7.1%
Human Services	25.3%	47.8%	30.6%	56.2%	8.1%
International Relief	27.9%	54.3%	29.6%	63.4%	7.8%
Societal Benefit	26.2%	54.8%	29.6%	64.4%	8.8%

Index donors each gave a median 1.77 gifts in 2015. Societal benefit organizations had the highest gift frequency of any sector, receiving a median 2.29 gifts per donor in 2015. The animal welfare and international relief sectors also had gift frequencies greater than 2. Sustainer giving programs, which are prevalent at both animal welfare and societal benefit organizations, will drive up gifts-per-donor metrics for organizations that have them.

The index as a whole had a median 52.3% donor retention rate in 2015. The arts and culture sector, which generally includes organizations with membership-driven programs, had the highest overall retention rate at a median 62.8%; the health and human services sectors had the lowest retention rates at a median 45.5% and 47.8% respectively.

The index as a whole had a median 29.0% first-year retention rate in 2015. The animal welfare sector had the highest first-year retention rate at a median 37.8%; the health sector had the lowest first-year retention rate at a median 25.4%.

The index as a whole had a median multi-year retention rate of 61.0% in 2015. The arts and culture sector had the highest median multi-year retention rate at 68.7%; the health sector had the lowest multi-year retention rate at 54.4%.

Five-Year Revenue Trends

Rolling twelve-month revenue growth can provide longer-term context for these year-to-year 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.

Since the end of the recession, the index has generally seen halting, inconsistent revenue growth punctuated by periodic disaster-related revenue spikes (see Fig. 3).

The end result is that overall index revenue has remained flat over the past five years, with cumulative median growth of 0.0% from the twelve months ending Q4 2010 to the twelve months ending Q4 2015.(see Fig. 4).

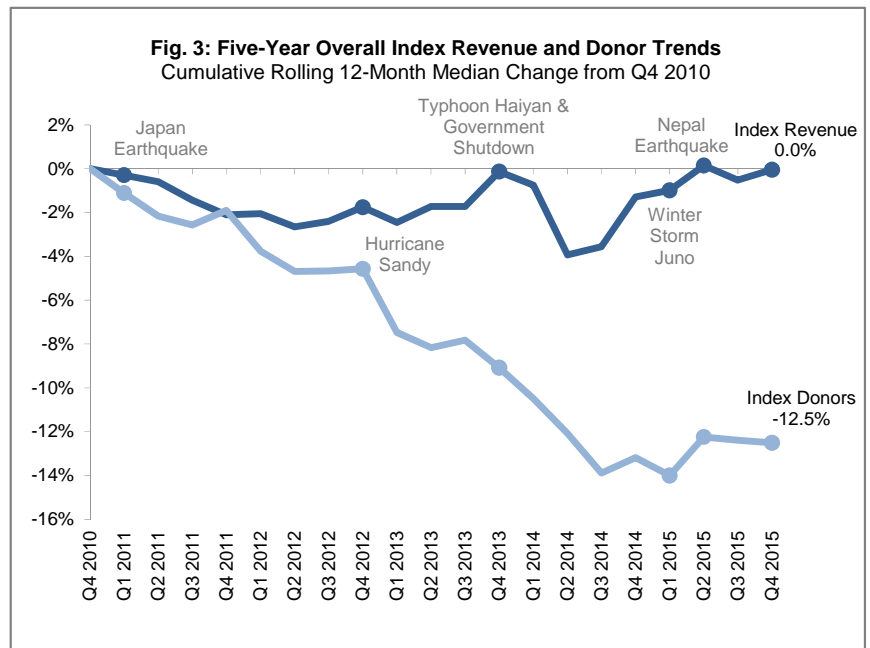


Fig. 4: Long-Term Index Revenue and Donor Trends

	Five-Year Change <u>2010 to 2015</u>	Four-Year Change <u>2011 to 2015</u>	Three-Year Change <u>2012 to 2015</u>	Two-Year Change <u>2013 to 2015</u>	One-Year Change <u>2014 to 2015</u>
Revenue					
Median Change	0.0%	3.3%	7.0%	2.8%	1.3%
Effective Annual Change	0.0%	0.8%	2.4%	1.4%	1.3%
% Orgs with Positive Change	49%	61%	65%	59%	58%
Donors					
Median Change	-12.5%	-6.9%	-3.6%	-3.1%	-1.1%
Effective Annual Change	-2.4%	-1.7%	-1.2%	-1.5%	-1.1%
% Orgs with Positive Change	39%	41%	38%	35%	44%

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 has declined by 7.5% over the past five years, however, when revenue dollar amounts are adjusted for inflation¹.

Five-Year Donor Trends

A rolling twelve-month analysis provides additional context for donor trends as well. It shows that donors have been declining at a relatively steady pace over the past five years since the end of the 2007-2009 recession.

The cumulative result is that donors declined a median 12.5% from the twelve months ending Q4 2010 to the twelve months ending Q4 2015 (see Fig. 3). This is an effective annual rate of decline of 2.4% per year (see Fig. 4).

As we will explain in more detail in a special section on donor declines later in this analysis, this is a continuation of a longer-term pattern. Overall donor numbers have generally been in decline since we first began conducting the index in 2001. The U.S. Gulf Coast hurricanes in Q3 2005 lifted donor numbers temporarily, and the 2007-2009 recession intensified the declines while it lasted, but at all other times donors have generally been declining at a slow but consistent pace of roughly 2% each year.

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 and sustaining 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 Q4 2010 to the twelve months ending Q4 2015, new donor numbers have fallen a cumulative median 17.6% (see Fig. 5). This is an effective annual rate of decline of 3.3% per year (see Fig. 6).

Declines in new donor acquisition were less severe in the past two years than they had been in the years immediately following the 2007-2009 recession. From the twelve months ending Q4 2013 to the twelve months ending Q4 2015, new donor numbers fell a cumulative median 3.1%, for an effective annual rate of decline of 1.6% per year—about half of the total 2010-2015 five-year annual rate. It is probable that new donor acquisition in 2014 and 2015 was buoyed somewhat from disaster relief efforts related to typhoon Haiyan and the Nepalese earthquake.

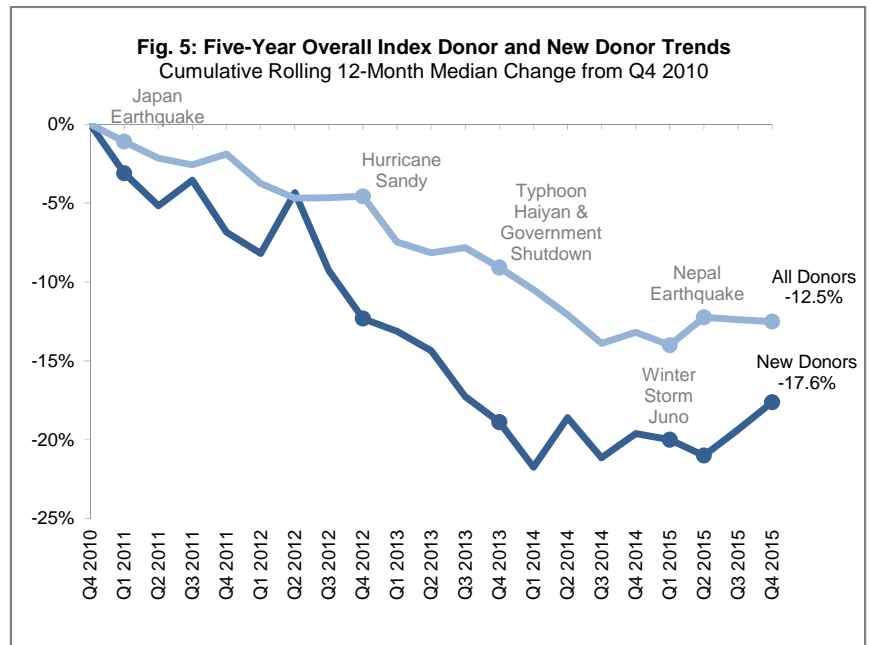


Fig. 6: Long-Term Index New Donor Trends

	Five-Year Change 2010 to 2015	Four-Year Change 2011 to 2015	Three-Year Change 2012 to 2015	Two-Year Change 2013 to 2015	One-Year Change 2014 to 2015
Median Change	-17.6%	-12.8%	-9.1%	-3.1%	-2.6%
Effective Annual Change	-3.3%	-3.0%	-2.9%	-1.6%	-2.6%
% Orgs with Positive Change	31%	31%	38%	48%	46%

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.

Retention Rates

Overall retention remained essentially flat in 2015. Retention rates increased a median 0.4% from 2014 to 2015 after growth of 0.7% the previous year (see Fig. 7). A little more than half (56%) of the organizations in the index had positive retention rate growth in 2015.

Lack of new donor growth is the primary cause of overall donor declines in the index, but flat first-year donor retention rates in recent years have also been partly responsible. From 2014 to 2015, however, first-year retention rates did increase modestly, by 1.7%. 58% of the organizations in the index had positive first-year retention growth in 2015 and 42% had declines. The international relief sector had the largest increases in first-year retention, likely driven by emergency-motivated donors acquired in 2014 continuing to support emergency efforts in 2015.

Fig. 7: Retention Rate Change

	Overall Retention		First-Year Donor Retention		Multi-Year Donor Retention	
	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015
Overall Index	0.7%	0.4%	0.5%	1.7%	-0.2%	0.4%
Animal Welfare	-0.4%	0.2%	8.3%	-1.7%	-0.4%	1.5%
Arts & Culture	1.0%	-0.3%	2.8%	-6.1%	-0.8%	0.3%
Environmental	2.7%	-0.1%	3.9%	0.1%	1.4%	0.2%
Health	2.5%	-0.6%	-1.6%	-0.1%	0.6%	-0.4%
Human Services	-3.6%	-1.0%	-8.1%	3.4%	-2.4%	-0.3%
International Relief	-3.8%	5.2%	-2.5%	26.9%	-1.7%	2.7%
Societal Benefit	3.2%	4.7%	2.2%	4.0%	1.0%	2.5%

Overall retention rates may not always fall between first-year and multi-year donor retention rates for a given sector, since each rate is a median of the rates of all organizations in that sector.

Overall, multi-year retention remained essentially flat, increasing a median 0.4% from 2014 to 2015. 59% of the organizations in the index had positive multi-year retention rate growth in 2015. Multi-year retention tends to be less volatile than first-year retention, and this was generally true across most index sectors. The international relief and societal benefit sectors had the greatest increases in multi-year retention rates, with increases of 2.7% and 2.5% respectively.

The Growth of Internet Giving

By the time of publication of this edition of the index, we were able to identify and verify gift channels for 49 of the 71 participating organizations, and so are able to include a giving channel analysis in this report.

The organizations that participate in the index are large direct marketing organizations that rely primarily on direct mail. Revenue from other channels, such as telemarketing and the internet, makes up a relatively small portion of the overall total, and revenue from large-scale events is generally not included in the index analysis.

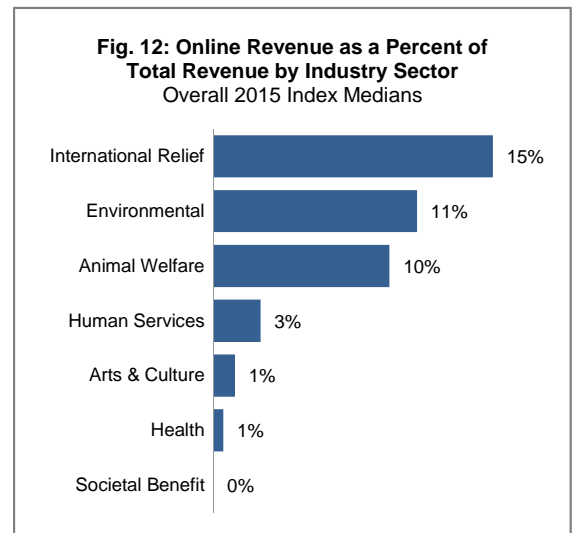
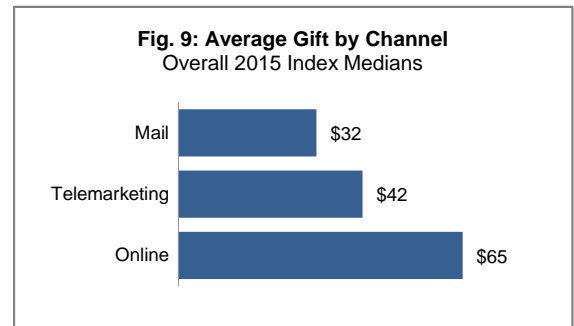
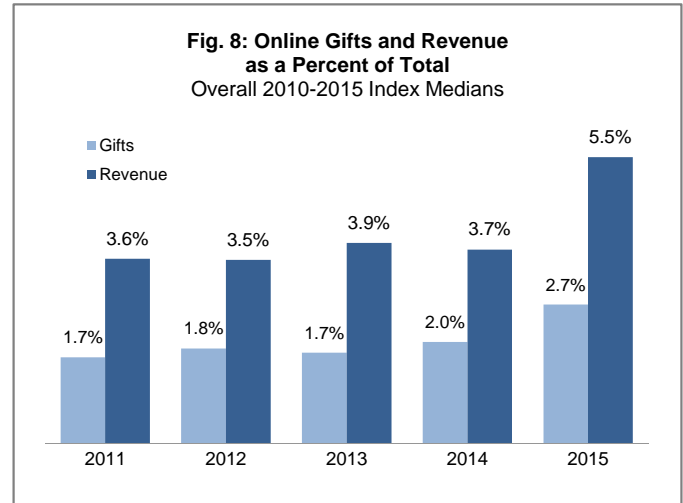
In 2015, a median 5.5% of all index revenue came in through online sources (see Fig. 8).

The percentages of gifts and revenue coming in online have both been growing over the past five years. In 2011, online giving accounted for 1.7% of all gifts and 3.6% of all revenue. By 2015, online giving accounted for 2.7% of all gifts and 5.5% of all revenue. However, while online giving has grown from 2011 to 2015, it continues to make up a relatively small percentage of overall revenue in the index as a whole.

There is a great difference in the relative sizes of mail and internet gifts; internet gifts tend to be significantly larger than gifts given through direct mail. For index organizations in 2015, the median mail gift was \$32 while the median online gift was \$65 (see Fig. 9). For this reason, online giving makes up a larger proportion of overall revenue than it does of overall gifts.

There is also a great deal of variation in the prevalence of online giving among the different industry sectors in the index (see Fig. 10). In general, international relief, environmental and animal welfare organizations currently receive proportionately more gifts online than do the other sectors in the index.

Relief organizations have taken good advantage of the online giving channel for several years, using it to enable their donors to respond immediately to emergency fundraising appeals. Environmental organizations have not had a great deal of online giving in the past, but are now seeing some success in shifting donors to the online channel—perhaps at least partly due to an emphasis on it in membership renewal appeals as a more environmentally responsible choice.



Effects of the Economy on Giving

Research by the Giving USA Foundation™ tells us that charitable giving rises during periods of strong economic growth and slows during periods of relative economic weakness². The donorCentrics index has consistently supported these findings. Median index revenue growth has generally followed national economic performance and tends to grow more slowly or even to decline during periods of relative economic hardship.

Although the stock market has performed well at times in recent years, most indicators of US economic health, including job growth and growth in GDP, have remained sluggish since the declared end of the 2007-2009 recession³. Not surprisingly, nonprofit revenue growth in the index has been weak since then as well.

Giving USA Foundation research has told us that, in the past, 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 levels⁴. The recession of 2007-2009 was the worst in recent memory, however, and the post-recession recovery one of the slowest; the Foundation predicted that total charitable giving in the U.S. would not recover completely until the end of 2015 or 2016⁵. And, indeed, we have found that most organizations participating in the index have only just in the past two years regained the ground they lost during the recession that started eight years ago.

Effects of Political Campaigns

With the 2016 presidential campaigns in full swing, many organizations are concerned about the effect that ongoing presidential campaigns may have on non-profit revenue.

The Giving USA Foundation, which estimates national charitable giving over a 40-year span, reports that campaign fundraising has historically had no discernible impact on overall individual giving⁶. And we, too, have seen no effect on overall index revenue growth from political campaigning in previous presidential election years.

Indeed, political campaign giving by ordinary individuals is dwarfed by their nonprofit charitable giving. In their publication *Giving USA 2013*, the Giving USA Foundation reported that individuals gave a total of \$228 billion to charity in 2012⁷, which was 164 times the total raised by all of the presidential campaigns and candidates in that same year⁸. And while an estimated 70% of the U.S. population gives to charity every year, less than half of one percent of the population gives reportable gifts to presidential candidates or campaigns in a given campaign cycle⁹.

Past index results do indicate, however, that while the nonprofit industry as a whole appears to be unaffected by political fundraising, election year campaigning may have an effect on specific sectors or individual organizations that are working on issues highlighted during those campaigns. The effect appears to be, if anything, a positive one; it may be that the organizations involved are benefiting from the heightened awareness of their causes.

Industry Sector Performance

All sector results are medians unless otherwise specified.

Revenue and Donors

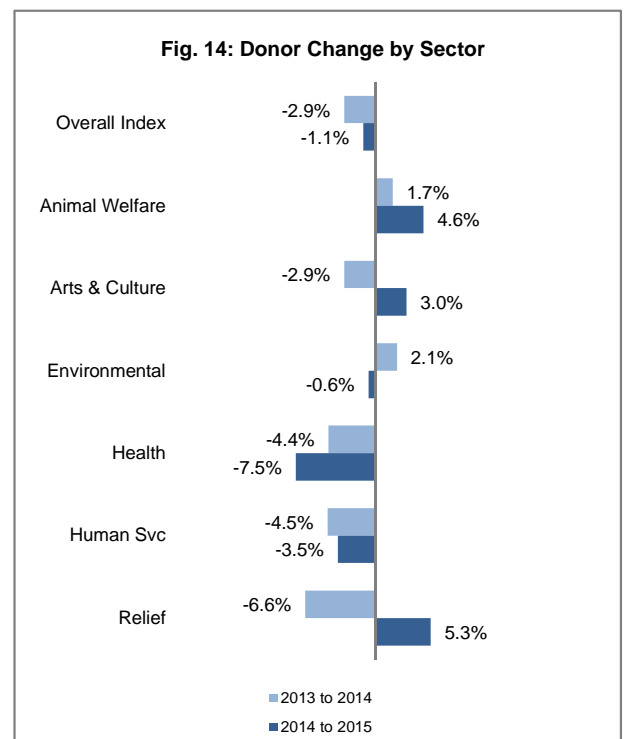
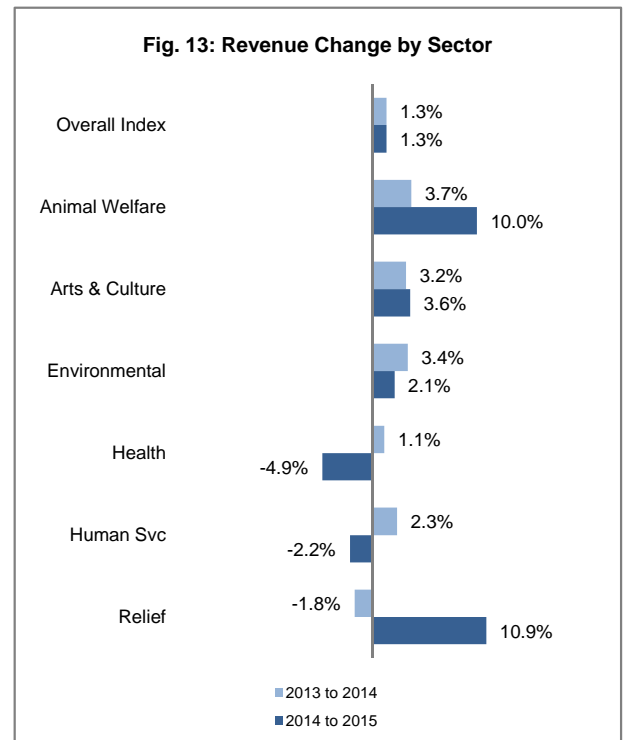
The overall pattern seen in the index as a whole in 2015—increases in revenue per donor generally compensating for donor declines and resulting in flat or slightly increasing revenue—was the end result of the widely mixed performance of the diverse industry sectors in the index.

Five of the seven sectors in the index experienced year-over-year increases in revenue from 2014 to 2015 while two had revenue declines (see Figs. 13-14).

Four of the seven sectors in the index had growth in donors from 2014 to 2015. Two sectors had donor declines while one sector was essentially flat over the period.

Six of the seven sectors had increases in revenue per donor over the period.

- Four sectors experienced growth in both donors and revenue in 2015. As the result of a devastating earthquake in Nepal in the second quarter, as well as other emergency giving opportunities, the relief sector experienced strong increases in almost all key measures of fundraising in 2015. The **animal welfare**, **arts & culture**, and **societal benefit** sectors also experienced increases in revenue, donors, and new donor acquisition during the year.
- The **environmental** sector had modest revenue growth and modest donor declines in 2015. The sector was able to overcome donor declines due to an increase in revenue per donor.
- The **health** and **human services** sectors had declines in both revenue and donors in 2015. Both sectors were able to minimize revenue declines due to increases in revenue per donor.



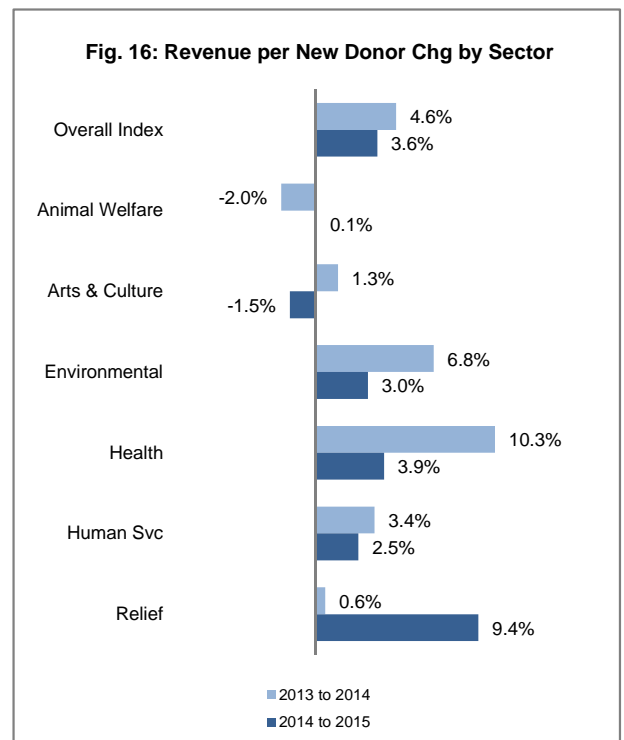
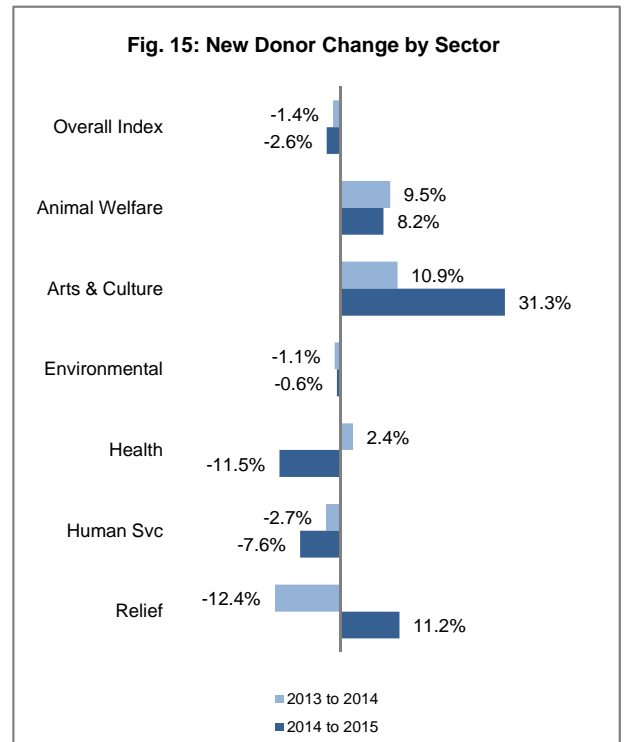
New Donor Acquisition

For most of the past five years, declines in overall donor numbers have been driven primarily by declines in new donor acquisition, which has generally been on the decline for the index as a whole since 2005. These declines have been partially mitigated at times due to large-scale disaster events affecting the relief sector, as is the case in 2015. However, more than half of the sectors in the index did have increases in new donors in 2015.

Four sectors in the index had increases in new donors from 2014 to 2015. Two sectors had new donor declines over the period while one sector remained essentially flat (see Fig. 15).

Five of the seven sectors experienced increases in revenue per new donor from 2014 to 2015, resulting in an index-wide increase in new donor value (see Fig. 16). This increase follows a similarly-sized overall increase during the same period in the prior year.

- The **arts and culture** and **relief** sectors had the largest increases in new donor acquisition in 2015, up 31.3% and 11.2% respectively over the period. The increase in new donors in the arts and culture also follows a large increase in the prior year. The relief sector also experienced significant growth of 9.4% in revenue per new donor; this sector's extraordinary performance in almost all areas is likely due in large part to fundraising surrounding the Nepal earthquake in April and ongoing emergency giving opportunities.
- The **animal welfare** and **societal benefit** sectors also experienced an increase in new donor acquisition from 2014 to 2015, up 8.2% and 4.7% respectively from the same period the year before. Both sectors had flat revenue per new donor growth.
- The **environmental** sector had flat growth in new donor acquisition, declining 0.6% from 2014 to 2015. The environmental sector has experienced increases in revenue per new donor for the last two years.
- The **health** and **human services** sectors had the largest declines in new donor acquisition in 2015, down 11.5% and 7.6% respectively over the period. The declines in both sectors follow declines during the same period in the prior year.



Retention Rates

Donor retention has been an area of concern in the index in recent years. While declining new donor acquisition has been primarily responsible for overall index donor declines, falling retention rates—particularly first-year retention rates—also certainly played a part.

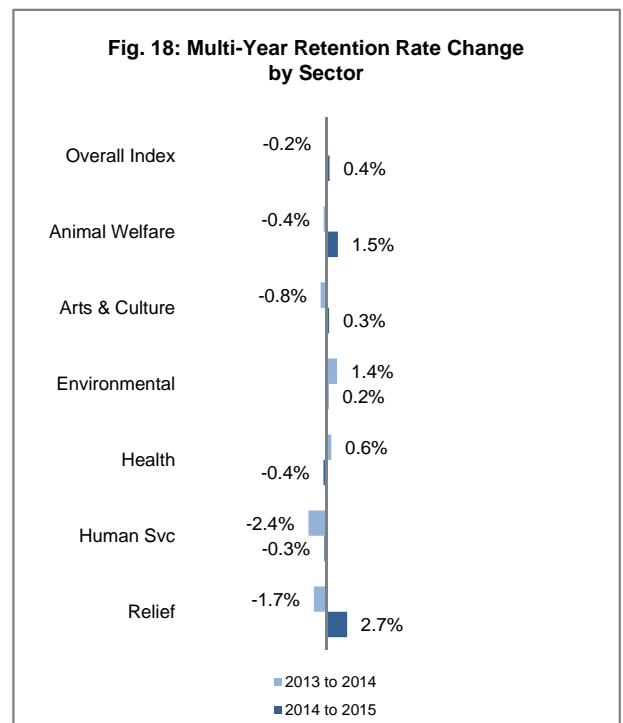
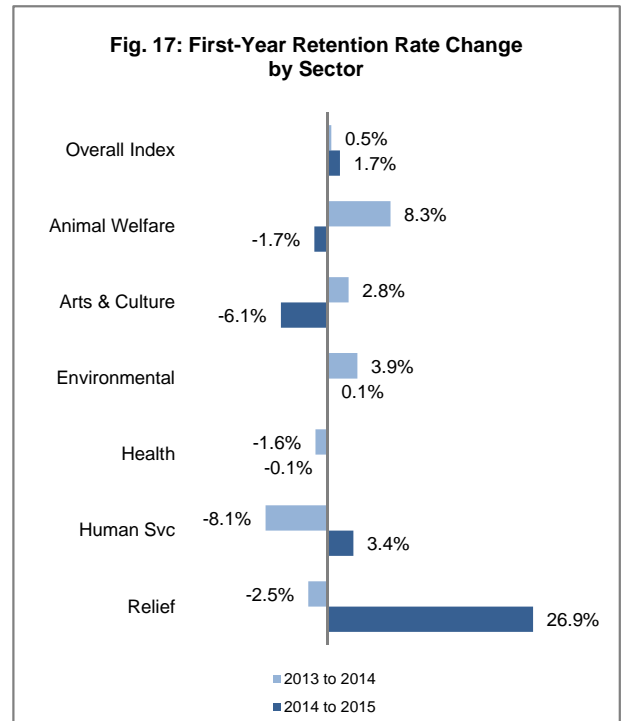
This year, first-year and multi-year retention rates both appear to have stabilized for the index as a whole—but this overall stability masks wide differences from sector to sector.

Three of the seven sectors in the index (**human services**, **relief**, and **societal benefit**) had increases in first-year donor retention rates from 2014 to 2015 (see Fig. 17). The relief sector's enormous increase, by far the greatest in the index at 26.9%, was likely due to in large part to emergency-related fundraising in 2015.

Two sectors (**environmental** and **health**) had essentially flat growth in first-year retention in 2015, while two sectors (**animal welfare** and **arts and culture**) had declines. The arts and culture sector's declines of 6.1% were the largest in the index, but may be at least in part due to dramatic growth in new donor acquisition the previous year.

Multi-year retention was, as always, more stable than first-year retention, increasing 0.4% from 2014 to 2015 (see Fig 18). Two sectors, **relief** and **societal benefit**, did have significant increases in multi-year retention, however, increasing 2.7% and 2.5% respectively.

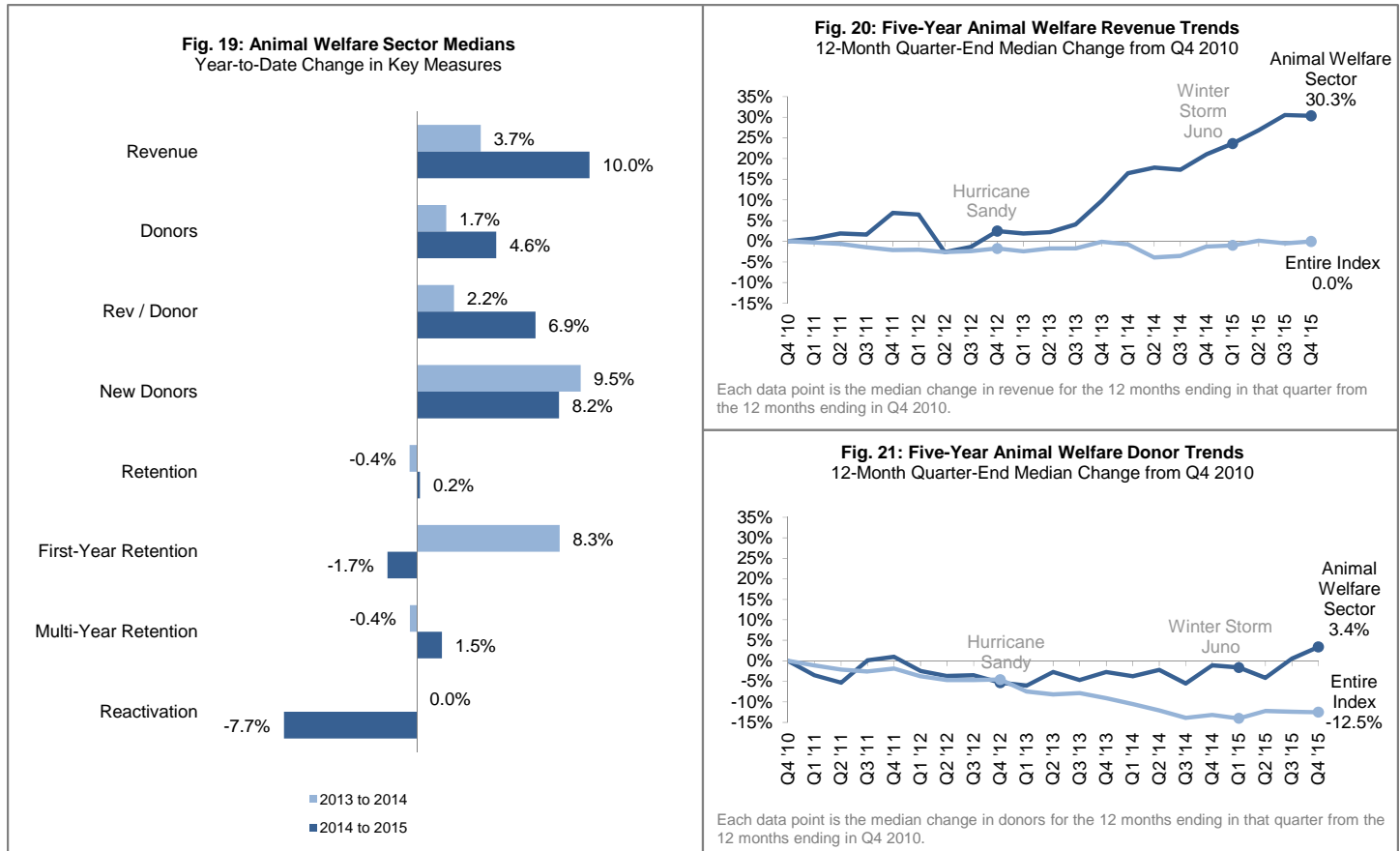
Individual sector results are explained in more detail on the following pages.



Animal Welfare

5 organizations

The animal welfare sector has consistently been one of the strongest in the index, experiencing significant revenue and donor growth even at times when most other sectors had flat or declining performance. This year, the animal welfare sector had among the highest growth in the index in both revenue and donors, well outpacing overall index medians. Over the last five years many animal welfare organizations have made strategic shifts to sustaining donor programs, which may be a factor in driving growth.



Animal welfare revenue increased a median 10.0% from 2014 to 2015, compared to an overall index median revenue increase of 1.3% (see Fig. 19). Four of the five organizations in this sector had revenue growth during the period.

Donors to animal welfare organizations increased a median 4.6% from 2014 to 2015, compared to an overall index median donor decline of 1.1%. Three of the five organizations in this sector had donor growth during the period. New donor acquisition increased a median 8.2% from 2014 to 2015, compared to an overall index median new donor decline of 2.6%. The increase in new donors follows an even larger increase in new donors in the prior year.

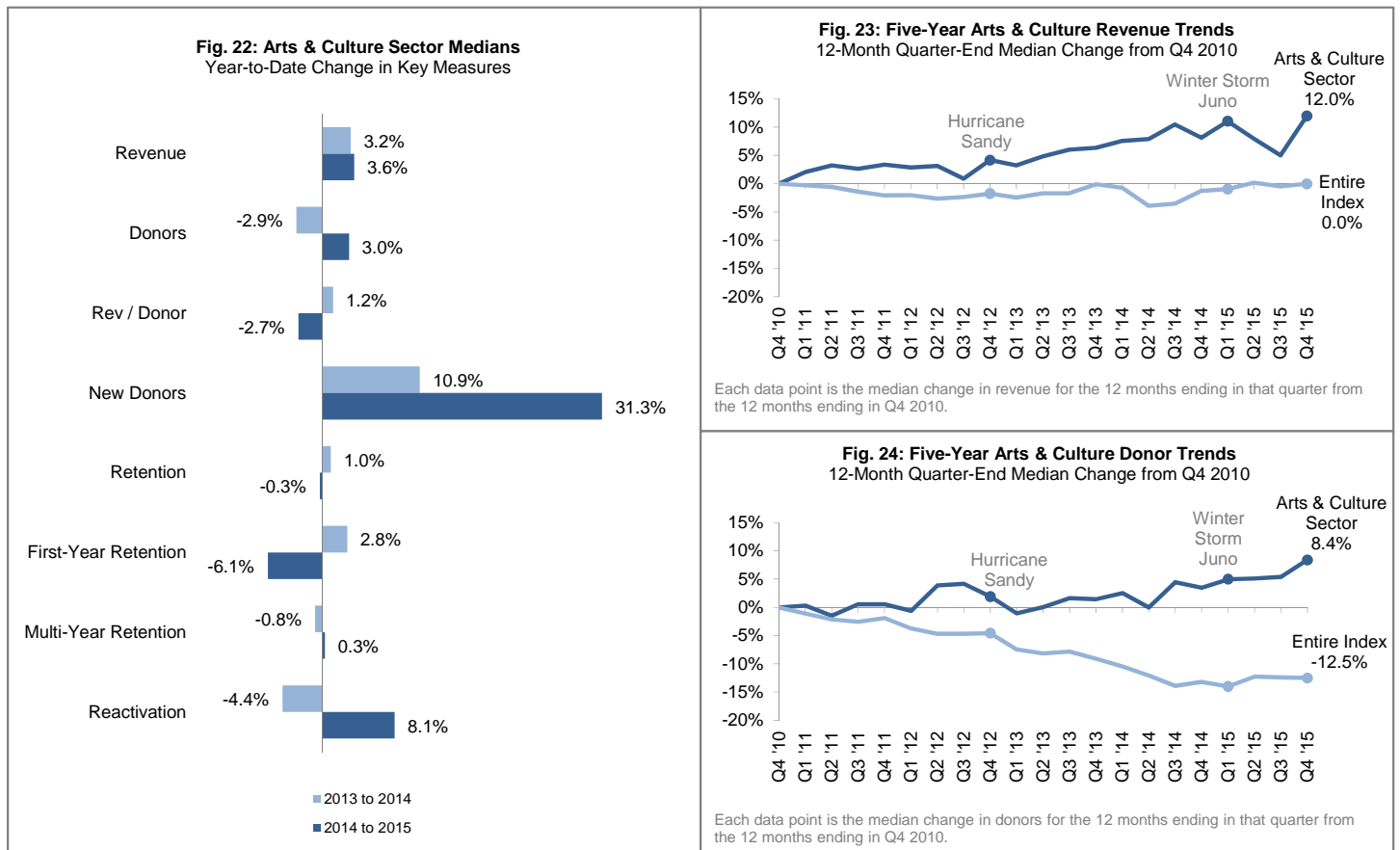
Rolling twelve-month trends give us more long-term context for recent animal welfare sector performance. While the sector roughly paralleled overall index trends from 2010 to 2012, the sector began outpacing the index in donors and especially revenue in 2013. The cumulative result is that the sector has well outpaced overall index performance over the past five years.

From the twelve months ending Q4 2010 to the twelve months ending Q4 2015, revenue growth for the animal welfare sector grew by a cumulative median 30.3%, while the index as a whole had no revenue change (see Fig. 20). Over the same period, sector donors grew by a median 3.4% while the overall index saw a median donor decline of 12.5% (see Fig. 21). Sector revenue growth has outpaced donor growth due to consistent increases in revenue per donor.

Arts & Culture

5 organizations

The arts and culture sector is a diverse group of organizations with quite a bit of fluctuation in performance from quarter to quarter. Despite this fluctuation, the sector has generally outperformed the overall index in both revenue and donor growth since 2010, largely because of spikes in new donor acquisition and lapsed donor reactivation.



Arts and culture sector revenue increased a median 3.6% from 2014 to 2015 (see Fig. 22), compared to overall index revenue increases of 1.3%. Three of the five organizations in the sector had revenue growth in 2015.

Arts and culture sector donors increased a median 3.0% from 2014 to 2015, while the index as a whole had donor declines of 1.1%. As with revenue, three of the five organizations in the sector had donor growth in 2015.

New donor acquisition grew significantly, increasing a median 31.3% from 2014 to 2015. Four of the five organizations in the sector had new donor growth in 2015. This is by far the largest increase in new donors across all sectors in the index.

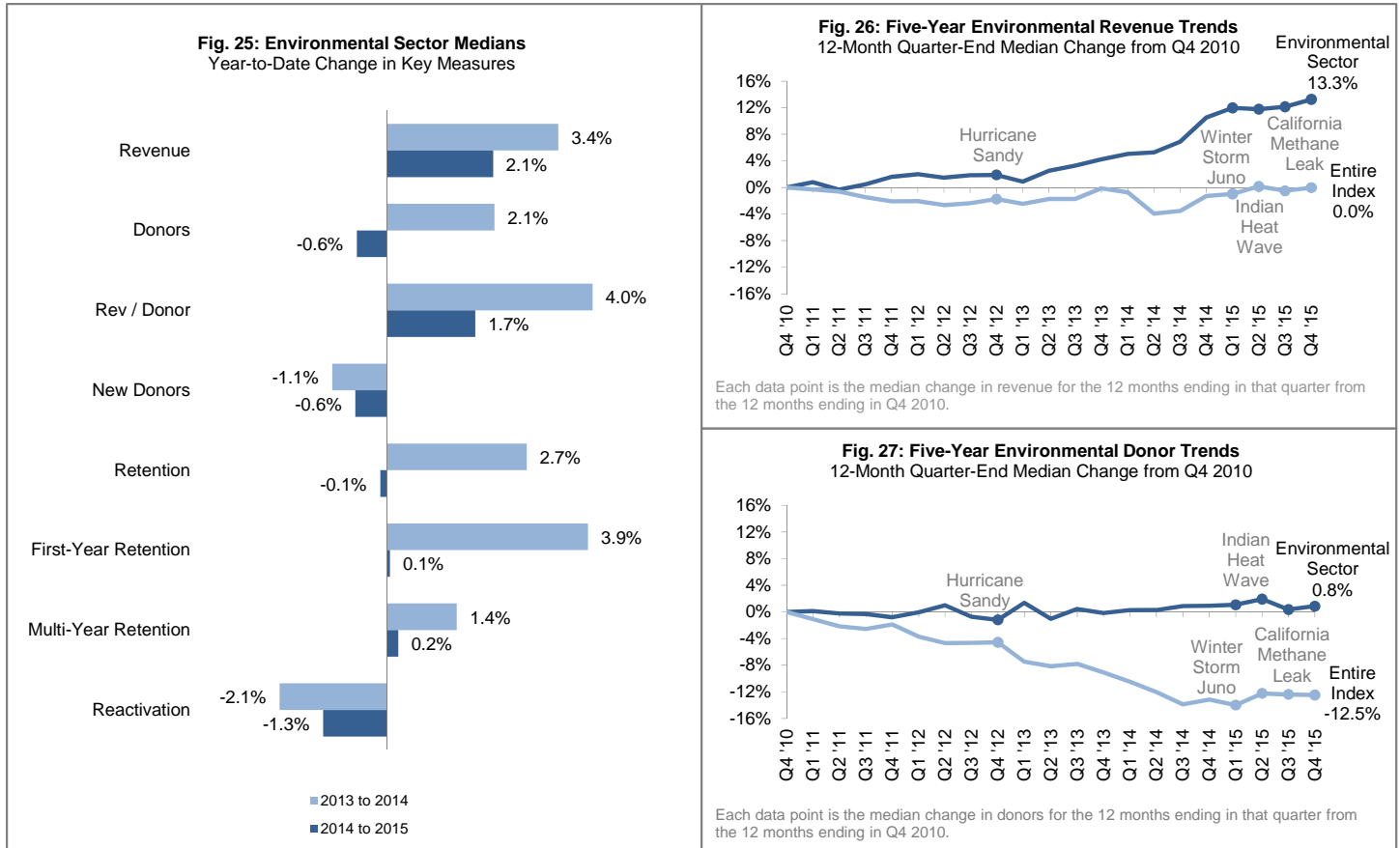
Twelve-month rolling trends can provide longer-term context for recent arts and culture sector results, and allow us to see beyond recent year-to-year fluctuations. While donor retention has been inconsistent, periodic spikes in new donor acquisition and, less frequently, reactivation have resulted in revenue and donor trends for the sector outperforming those of the overall index over the past five years.

From the twelve months ending Q4 2010 to the twelve months ending Q4 2015, the arts and culture sector has had a cumulative median revenue increase of 12.0%, compared to flat overall index revenue growth of 0.0% (see Fig. 23). Over the same period, the sector had a cumulative median donor increase of 8.4%, compared to an overall index decline of 12.5% (see Fig. 24).

Environment

14 organizations

The environmental sector does not typically see a great deal of fluctuation in giving from quarter to quarter or from year to year, and usually closely parallels the overall index in most key metrics. For the past two years, however, the sector has had moderate revenue growth, with flat or slightly declining donor counts being offset by increases in revenue per donor, which has enabled the sector to outperform the index over that time.



Revenue for the environmental sector increased a median 2.1% from 2014 to 2015 (see Fig. 25), compared to the somewhat smaller overall index median increase of 1.3%. 71%, or almost three quarters, of the environmental organizations in the index experienced increases in revenue over the period.

Environmental donors decreased a median 0.6% from 2014 to 2015, similar to the overall index decline of 1.1%. Only 43% of the environmental organizations in the index had positive donor growth over the period.

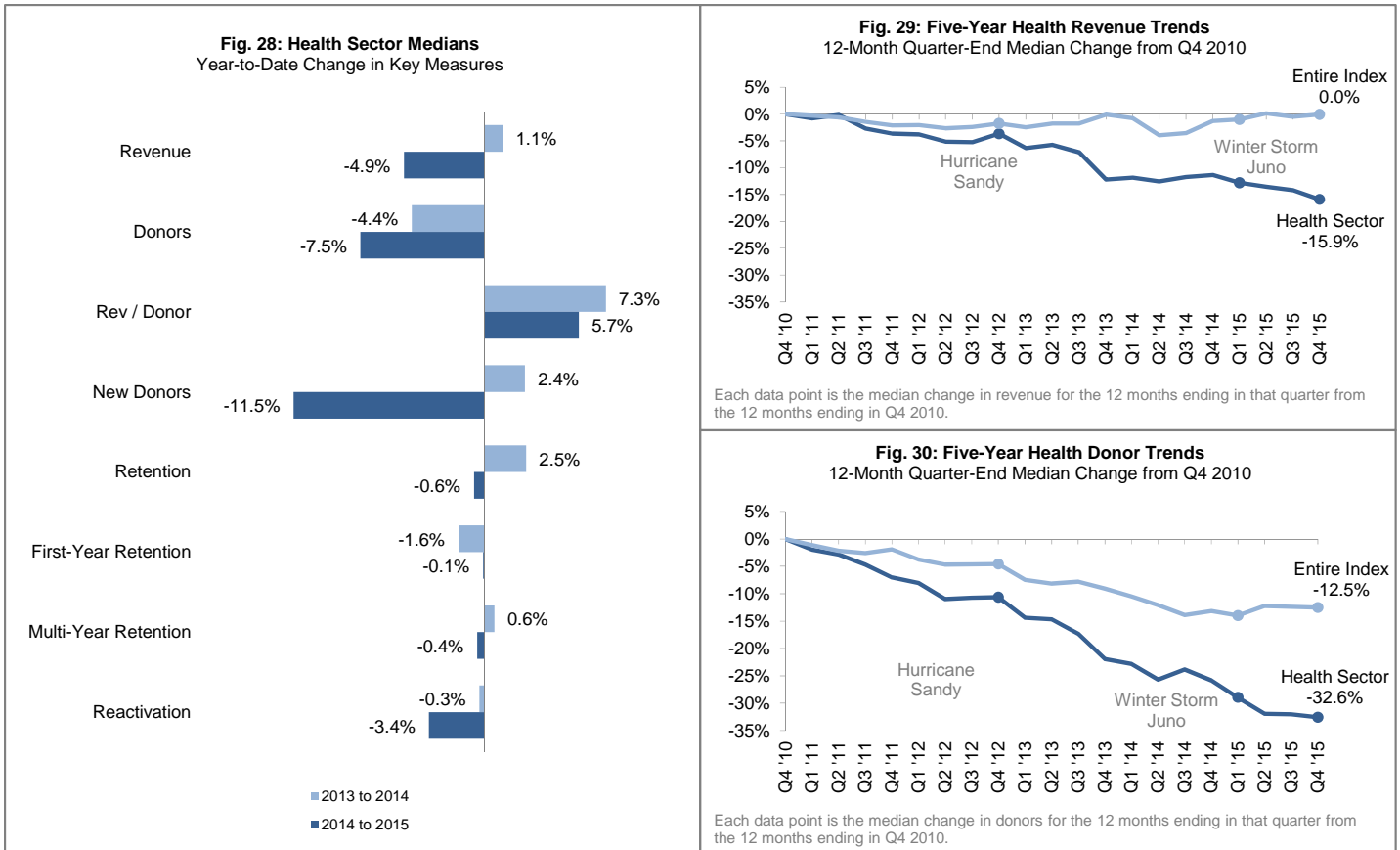
As with the overall index, the environmental sector has experienced increases in overall revenue per donor that have enabled revenue growth in the face of donor declines. From 2014 to 2015, sector revenue per donor increased 1.7% following a large increase in the prior year. 71% of the organizations in the sector experienced increases in revenue per donor over the period.

Twelve-month rolling trends can provide longer-term context for recent sector trends. This analysis shows that environmental revenue and donor growth both followed the index relatively closely in the past, but that recent increase in revenue per donor over the last two years has pushed the sector ahead of overall index medians. From the twelve months ending Q4 2010 to the twelve months ending Q4 2015, the environmental sector had cumulative median revenue increase of 13.3%, compared to flat overall index revenue growth of 0.0% (see Fig. 26). Similarly, from the twelve months ending Q4 2010 to the twelve months ending Q4 2015, the environmental sector had cumulative median donor increase of 0.8%, compared to an overall index decline of 12.5% (see Fig. 27).

Health

16 organizations

Health organizations have had some of the greatest fundraising challenges in the index for most of the fourteen years that we have been conducting this analysis. Although the health sector has seen significant increases in revenue per donor in recent years, overall revenue and donor growth continue to lag behind overall index trends.



Sector revenue declined a median 4.9% from 2014 to 2015, compared to an overall index revenue increase of 1.3% (see Fig. 28). Only 25% of the organizations in the health sector had positive revenue growth in 2015.

Sector donors declined a median 7.5% from 2014 to 2015, compared to overall index donor declines of 1.1%. This was the largest donor decline of any sector in the index, and was widespread: only 19% of the health organizations had positive donor growth over the period. The health sector also had the largest new donor decline in the index this quarter, with acquisition down 11.5% from 2014 to 2015. Only 19% of the health organizations had positive new donor growth over the period.

Revenue has declined at a slower rate than donors over the last 2 years due to increases in revenue per donor. Health sector revenue per donor increased 5.7% from 2014 to 2015, following a 7.3% increase in the prior year. 94% of the health organizations had an increase in revenue per donor over the period.

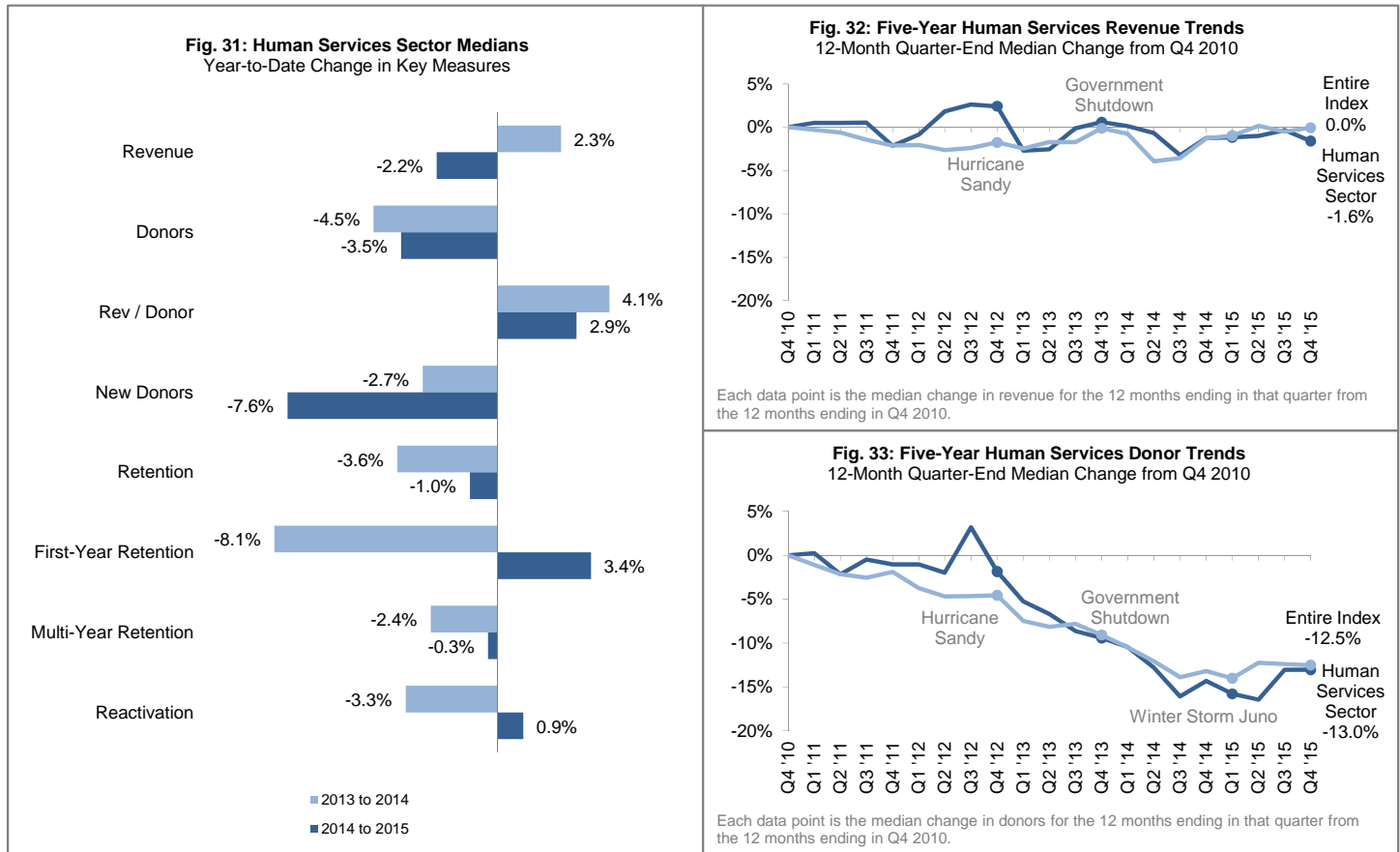
Sector revenue and donor growth have both lagged overall index median trends significantly over the long term. From the twelve months ending Q4 2010 to the twelve months ending Q4 2015, health organizations had cumulative revenue declines of 15.9%, compared to essentially flat revenue growth for the index as a whole (see Fig. 29). Over the same five-year period, health organizations had a cumulative donor decline of 32.6%, compared to a decline of 12.5% for the index as a whole (see Fig. 30).

This study considers direct marketing revenue, not event revenue. Several health charities have shifted their fundraising strategy to large-scale events over the last decade that are not included in this analysis.

Human Services

8 organizations

The human services sector has performed close to the overall index since the end of the recession, with similar increases in revenue per donor partially offsetting similar donor declines and resulting in essentially flat revenue growth. In 2015, the sector continued to experience flat to declining revenue change with continuing donor declines, but now with significantly greater declines in revenue and new donor acquisition than the index as a whole.



Revenue for the human services sector declined a median 2.2% from 2014 to 2015, compared to an overall index revenue increase of 1.3% (see Fig. 31). Three of the eight organizations in the sector had positive revenue growth over the period.

Human services donors declined a median 3.5% from 2014 to 2015, compared to an overall index donor decline of 1.1%. Only two of the eight organizations in this sector had positive donor growth in 2015.

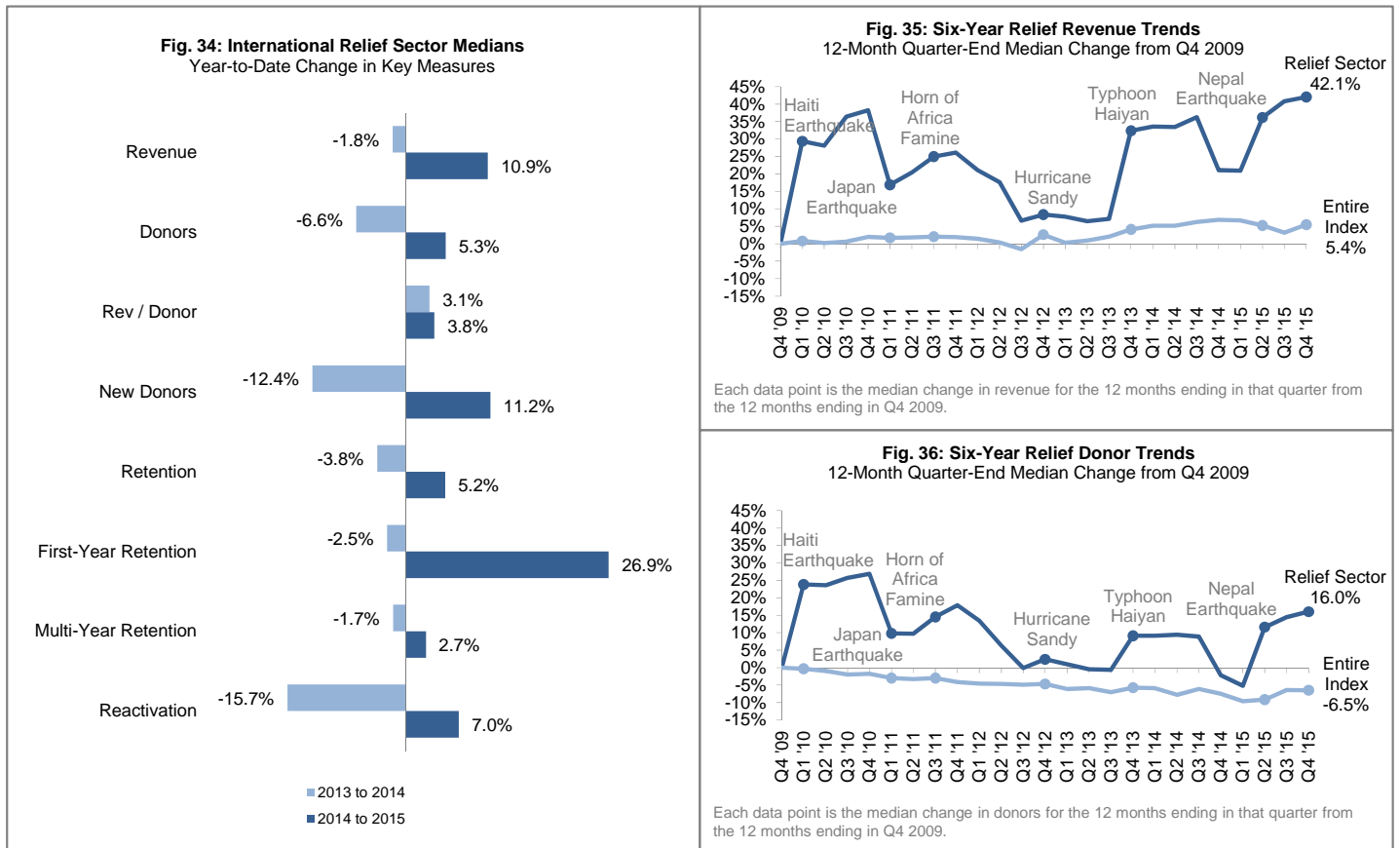
New human services donors declined by 7.6% from 2014 to 2015, compared to overall index new donor decline of 2.6%. This was the second-largest decline in new donors in the index. Two of the eight organizations in the sector had new donor growth over the period.

Rolling twelve-month trends give a longer-term context to these recent trends, and show that the human services sector has generally paralleled overall index performance quite closely over the long term. From the twelve months ending Q4 2010 to the twelve months ending Q4 2015, human services revenue declined a modest cumulative median 1.6%, while overall index revenue remained essentially flat (see Fig. 32). Over the same five-year period, sector donor numbers have declined a cumulative median 13.0%, similar to the overall index decline of 12.5% (see Fig. 33).

International Relief

14 organizations

The international relief sector is subject to dramatic volatility due to event-based emergency-related giving. Recent relief sector performance has been dominated by a spike in fundraising related to Typhoon Haiyan, which hit the Philippines in November 2013, and a major earthquake in Nepal in April 2015. Other ongoing relief efforts, such as those related to an Ebola outbreak in West Africa and the Syrian refugee crisis, have also likely contributed to increases in revenue and donors this year.



Revenue for the international relief sector increased a median 10.9% from 2014 to 2015 (see Fig. 34). This was the largest increase of any sector in the index, and was much greater than overall index growth of 1.3%. The increase in revenue was widespread across the sector; 86% of the organizations in the relief sector had positive revenue growth over the period.

Relief sector donors increased a median 5.3% from 2014 to 2015. This, too, was the largest increase of any sector in the index, and well outpaced overall index declines of 1.1%. Overall donor growth was driven by significant increases in both new donor acquisition and donor retention: new donors grew by a median 11.2% and overall donor retention grew by 5.2% over the period.

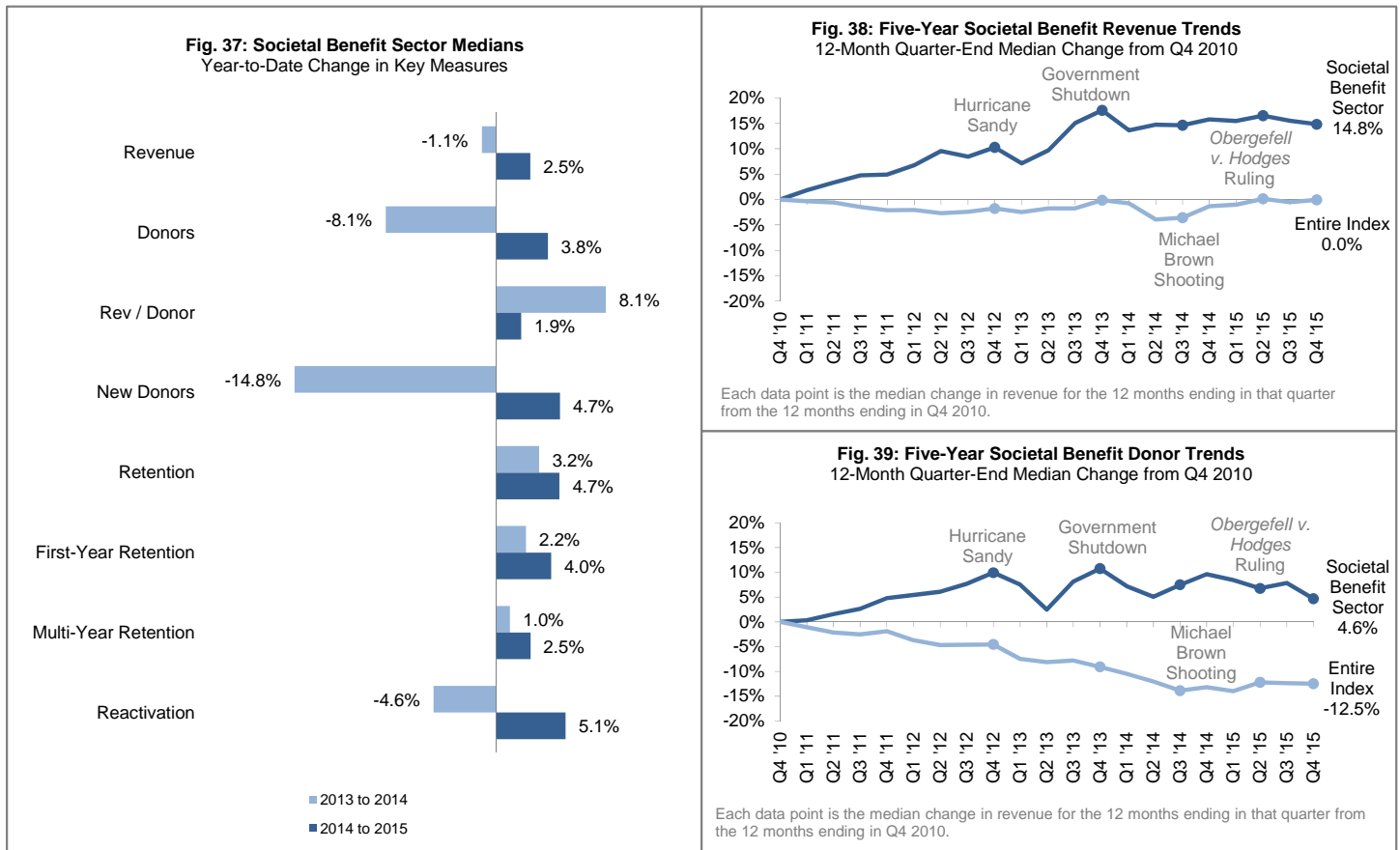
Rolling revenue and donor trends can give a longer-term context for recent relief sector performance. Since 2009, the sector has had several dramatic spikes in revenue and donors related to emergency giving events—in particular the Haitian earthquake in 2010 and Typhoon Haiyan in 2013. In years without significant emergency fundraising, sector revenue and donor growth have roughly paralleled overall index medians. This combined pattern has resulted in the sector far outperforming the index as a whole over the long term.

In this quarter we analyze a six-year trend for this sector, rather than a five-year trend, to provide a more accurate perspective on the dramatic spikes in both donors and revenue that resulted from Haitian earthquake relief efforts in 2010. Relief sector revenue increased a cumulative 42.1% from the twelve months ending Q4 2009 to the twelve months ending Q4 2015, while the index as a whole had only a 5.4% increase (see Fig. 35). Donor numbers increased a cumulative 16.0% for the relief sector over the same six-year period, compared to an overall index median donor decline of 6.5% (see Fig. 36).

Societal Benefit

8 organizations

Societal benefit organizations experienced some of the greatest challenges of any index sector during the 2007-2009 recession. This turned around completely after the recession's end, however, with most organizations in the sector experiencing robust revenue and donor growth from 2010 through the current quarter. Organizations in this sector arguably benefited from increased attention to their missions during the 2012 presidential election, but so far the effects of the current presidential race are inconclusive.



Societal benefit sector revenue increased a median 2.5% from 2014 to 2015 (see Fig. 37), while the overall index increased 1.3%. 63% of the societal benefit organizations in the index had positive revenue growth in 2015.

Societal benefit donor populations increased a median 3.8% over the same period, while the index as a whole experienced donor declines of 1.1%. 63% of the societal benefit organizations in the index had positive donor growth in 2015.

New donors for the sector increased a median 4.7% from 2014 to 2015, compared to the overall index decline of 2.6%. In addition to the increase in new donors, overall retention increased a median 4.7% from 2014 to 2015. The combined increases in acquisition and retention resulted in greater increases in donors than in revenue over the year.

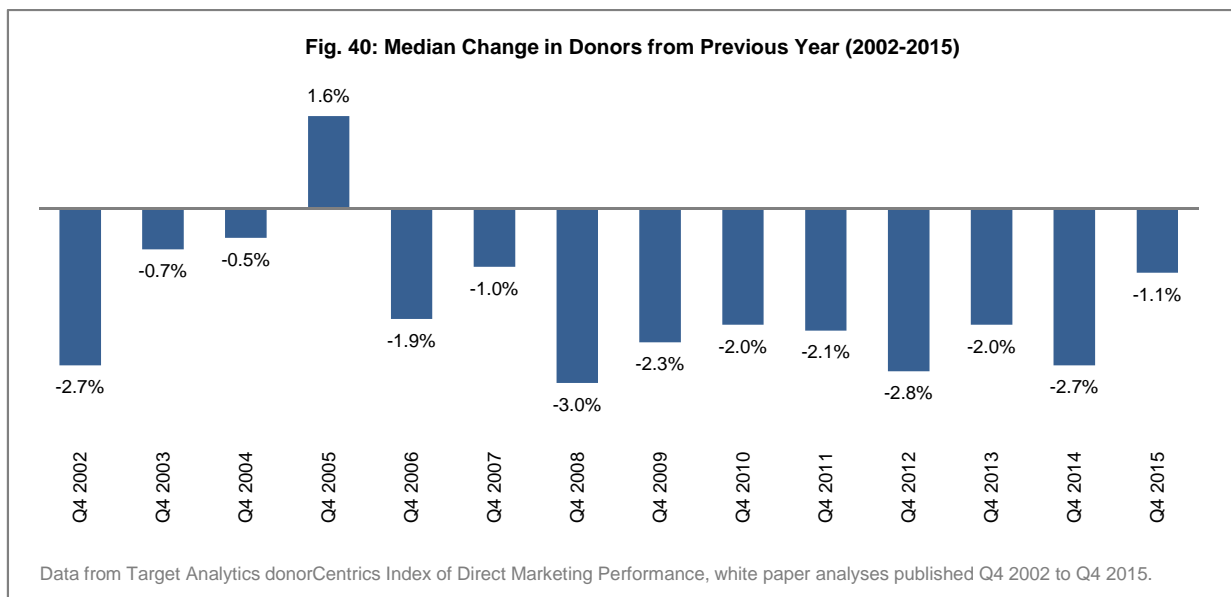
A rolling twelve-month revenue and donor analysis shows that, over the long run, the news is quite positive for this sector. In spite of some fluctuations year to year due to current events that may affect organizations in the sector, cumulative revenue and donor growth for the societal benefit sector over the past five years are both far above overall index medians. From the twelve months ending Q4 2010 to the twelve months ending Q4 2015, societal benefit revenue rose a cumulative median 14.8%, compared to flat overall index revenue growth of 0.0% (see Fig. 38). Over the same period, societal benefit donors increased a cumulative median 4.6%, compared to an overall index decline of 12.5% (see Fig. 39).

Fundraising in an Era of Donor Declines

Since 2002, we have analyzed national trends in nonprofit direct marketing giving in our donorCentrics Index of Direct Marketing Fundraising. Over that time, we have seen revenue rise and fall with booms, recessions, and disaster events. But we have seen donor counts decline steadily almost every year.

Donor populations in the index have been shrinking for thirteen of the past fourteen years (see Fig. 40). The only index-wide annual increase during that time came in 2005, a year which included unusually large disaster-related fundraising following the Indian Ocean tsunami in January and U.S. Gulf Coast hurricanes Katrina, Wilma, and Rita in the fall.

Donors declined even during the five years following the recession of 2007-2009, at a time when revenue was gradually recovering.



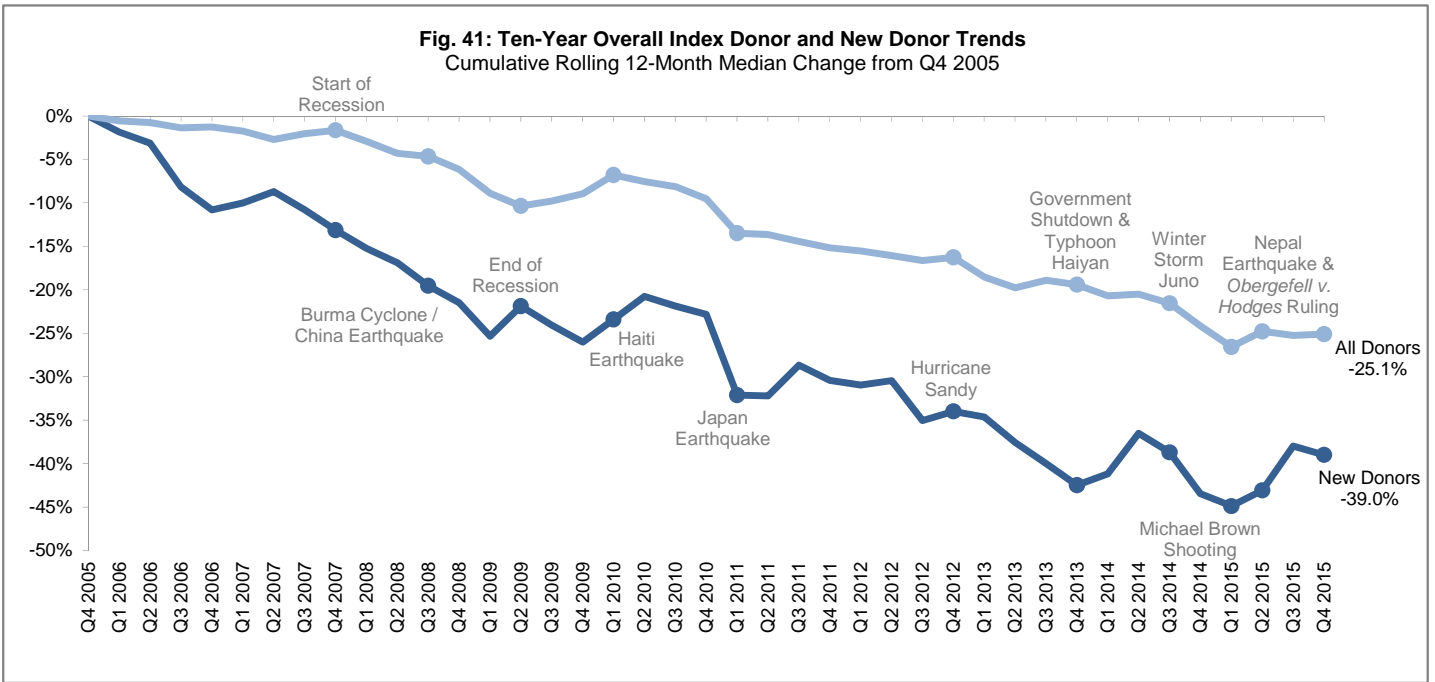
What Is Happening to Donor Counts?

Ten years have now passed since the Gulf Coast hurricanes of 2005. Thus this year we have, for the first time, a clear picture of the true extent of ten years of declining donor counts, unencumbered by the unprecedented anomalies of the hurricane disasters.

Rolling twelve-month quarterly medians of donor growth from the donorCentrics index can give us more specific information about these trends. A rolling analysis compares the twelve months of donors ending in each quarter to the twelve months of donors 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.

What this analysis allows us to see is that donors have been declining at a slow but remarkably consistent pace over the past ten years. From the twelve months ending Q4 2005 to the twelve months ending Q4 2015, overall index donors declined by a median 25.1% (see Fig. 41). This is an effective average annual decline of 2.8% per year. And this steady pace appears to have been only slightly intensified by the 2007-2009 recession, which indicates that its causes are more fundamental and long term.

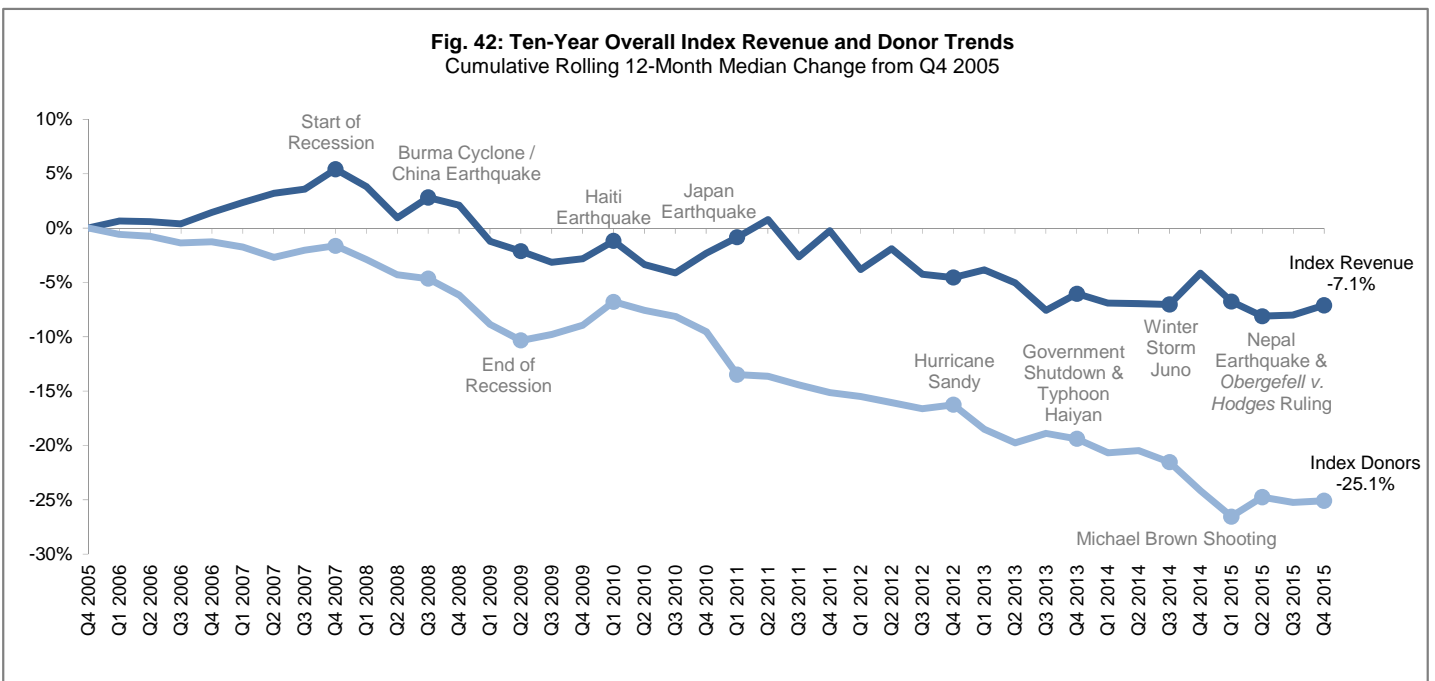
As we have said previously, overall donor declines are primarily due to declines in new donors, which have declined just as consistently but even more precipitously over the past ten years. From the twelve months ending Q4 2005 to the twelve months ending Q4 2015, new donor acquisition has declined a median 39.0%. This is an effective average annual decline of 4.7% per year.



How Is This Affecting Revenue Growth?

For the most part, this dramatic reduction in donors has not been reflected in similar reductions in overall revenue, because increases in revenue per donor have been largely compensating for donor losses. In fact, current-dollar index revenue--that is, revenue that has not been adjusted for inflation--has been able to remain flat or even to increase slightly each year for six of the past ten years.

The cumulative result of all of these trends is that while donor counts have declined significantly, overall revenue has declined only a median 7.1% over the past ten years, from the twelve months ending in Q4 2005 to the twelve months ending Q4 2015 (see Fig. 42).



But this relative revenue stability may be masking the significance of the underlying trend: nonprofits are receiving roughly the same amount of money from fewer and fewer donors each year. This is a strategy that may allow organizations to meet their revenue goals in the short term, but may not be sustainable over the long term.

It is also important to recognize that real revenue growth declined by -22.9% over the past ten years when adjusted for inflation over that time¹⁰.

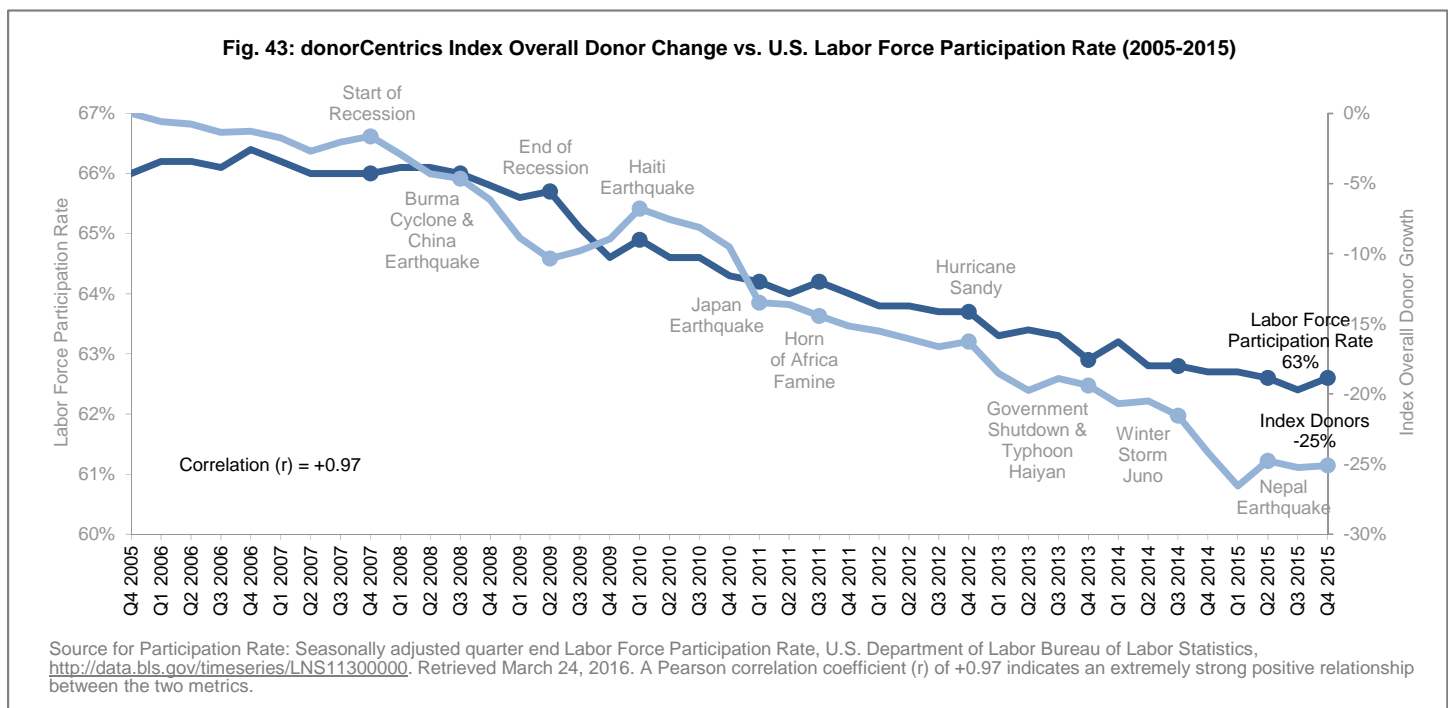
Why Is It Happening?

There is likely no single reason for these declines; declining donor populations are probably due to a mix of factors. We do know that macroeconomic conditions influence donor behavior, and that the recession of 2007-2009 certainly had a negative impact on donor numbers, and particularly on new donor acquisition. But the longevity and consistency of the declines we have seen indicate that they have deeper root causes than relatively short-term economic trends. We explore a few of these possible causes below.

Macroeconomic Factors: Employment

There is an extremely strong direct correlation between national rates of employment and donor counts in the donorCentrics index. While we do not have enough data to say that this is causative, these trends make intuitive sense; when people are not employed, they are likely to have less disposable income, and will not be as disposed to give to charity.

The unemployment rate is the number of unemployed people looking for work divided by the labor force. It does not include those who have stopped looking for work, which happens more and more as hard economic times drag on. Another measure of the workforce that includes people who have stopped looking for work, and which may better reflect true employment, is the labor force participation rate: this measures the percent of the population over the age of 16 who are employed¹¹.



The labor force participation rate has been steadily declining for the past ten years; as of December 2015, it reached a 36-year low of 62.6%. And the rolling twelve-month donor declines we have seen in the index have matched these declines in labor force participation very closely (see Fig. 43).

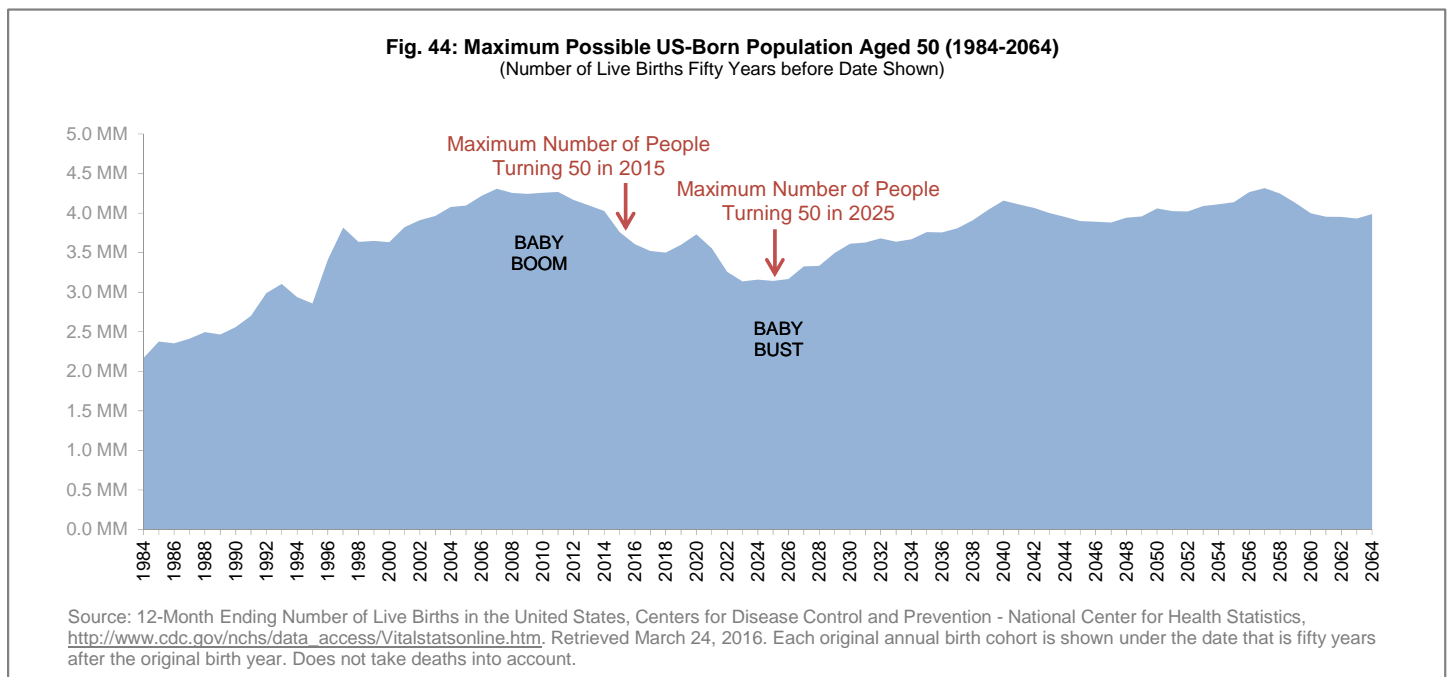
Macroeconomic Factors: The Pool of Potential Donors

Another major macroeconomic factor that may lie behind today's shrinking donor files is that the pool of possible donors is simply not as big now as it was even ten years ago.

Older people generally donate more to charity than younger people; they are more likely to give in the first place, they give more, and they give more consistently. The vast majority of donors to the organizations in our donorCentrics nonprofit benchmarking groups are people who are over fifty years old, and for many organizations the average donor age is in the seventies. If we assume that the likely nonprofit donor pool consists of people who are fifty years old or older, then the number of people most likely to give to charity is lower now than it was ten years ago, and is destined to get even lower over the next decade.

There was a baby boom in the 1950s and early 1960s when birth rates skyrocketed after World War II (see Fig. 44). The tail end of this boom generation is just entering their fifties now. Following the baby boom, birth rates plummeted, creating what became known as the "baby bust" of the late 1960s and 1970s. The people born during these bust years are the people who will be entering their fifties over the next ten or fifteen years.

In our donorCentrics Index, donor counts last peaked in 2005. Part of the reason for that peak was the extraordinary giving in response to the Gulf Hurricanes and the Indian Ocean Tsunami, but it also happened to be the time when the population of US-born people turning 50 was at its peak.



For the past few decades, lifespans have not been changing fast enough to make a significant difference in the pool¹², and, although there is immigration, most immigrant populations do not become donors until the second or third generation living in the United States. Given this, if we assume all other factors to be equal, we should not be surprised by dropping donor populations, and we should not be surprised if they continue to drop for the next several years.

Deliberate Organizational Strategy

From organizations participating in our donorCentrics benchmarking groups, we know that many national nonprofits have reduced their level of investment in new donor acquisition over the past ten years. In some cases, acquisition has been cut quite extensively. Since fewer new donors coming into the fundraising stream inevitably results in fewer donors overall over the long term, this strategic change could be having a significant impact on industry donor populations.

Many fundraisers have also begun changing their focus toward higher-dollar donors and sustaining donors. There are fewer potential higher-dollar donors and, at least right now in the United States, fewer potential sustaining donors than there are of the lower-dollar direct mail donors that have been the backbone of traditional fundraising.

Depending on the organization, maximizing net revenue by bringing in more revenue from fewer donors can be a perfectly sound policy. But it is important to be aware of the trade-offs inherent in such a decision, and to work towards a sustainable balance.

Generational Change

Another factor that may be having an impact on donor populations is a changing generational profile in the United States.

Applying current theories of generational behavior (primarily those of William Strauss and Neil Howe¹³) to the nonprofit industry, there is an argument to be made that fundraisers are currently experiencing a transition from generations who are constitutionally predisposed to give consistently and at high levels (the G.I. Generation and the Silent Generation), to generations who are predisposed to give inconsistently, if at all (Baby Boomers and Generation Xers).

We may now be in transition from generations of reliable, loyal donors to generations of comparatively uncommitted, inconsistent donors. If there is a bright spot on the horizon, it is that members of the Millennial generation, which comes after Generation X, appear to exhibit much of the idealism, social connectedness, and institutional confidence of their G.I. Generation predecessors. It may be that when the Millennials reach their peak giving years, we will see donor populations rise again.

What Does this Mean for Nonprofits?

As we wrote in a recent paper about macroeconomic trends¹⁴, we do not believe that the challenges currently faced by nonprofit organizations can be entirely ameliorated or reversed by focusing entirely on internal tactics. In order to expand, organizations need to focus on strategies that address the changing environment in which we find ourselves.

Traditional methods for reaching donors will likely continue to reach older Americans, but are less and less effective at bringing in new, young donors. Direct mail, in particular, will become less viable as a means of fundraising. In our donorCentrics benchmarking groups, direct mail still currently represents close to 80% of all gifts, but that percentage has been steadily shrinking for the past ten years.

Many nonprofits have looked to online fundraising as a replacement for direct mail. As it is currently used by most nonprofits, online fundraising techniques mirror the techniques used for direct mail; by and large, this has proven effective, but online giving still represents just 5% of all giving. It will not soon make up for the decline in direct mail for most organizations.

The challenge for fundraisers is to devise ways to make the case for giving using the full range of channels available to them. These include direct response television and radio, face-to-face and door-to-door canvass, events, inserts in publications, catalogs of symbolic gifts, and telemarketing, in addition to the internet and traditional direct mail. Fundraisers will also have to learn to use the newer channels of crowd sourcing, micro loans, text giving, do-it-yourself fundraising, and other social media driven activities.

- The fastest growing innovation in fundraising in the United States, and one that may help to address these issues, is **monthly giving**. In other parts of the world, monthly giving is widely used, but it is relatively new in this country. Until recently the only nonprofits with large monthly giving programs were those raising funds through child sponsorship, but monthly giving now makes up a substantial proportion of giving to animal welfare and public radio organizations, as well as the segment of the market represented by international non-governmental organizations. These organizations have encouraged, and invested in, the implementation of monthly giving programs at their U.S. offices—and, in response to their investment, there are more direct response television programs and more vendors available for canvass.

The good news about monthly giving is that it is attractive to younger donors. Most people who are acquired as monthly donors are 10-20 years younger than the average 50+ year old donor acquired through other channels¹⁵.

- Another encouraging trend is an increased emphasis on **planned giving**. More than 80% of Americans donate to charity each year¹⁶, but fewer than 6% leave any part of their estate to charity¹⁷. The biggest reason for this disparity is the lack of investment in planned giving by most charities: people do not leave gifts because they were not asked to do so. Planned giving can include some complicated vehicles, such as charitable remainder trusts, and so seem complicated to fundraisers,

but most planned gifts are actually relatively simple bequests. Fundraisers need to implement donor education programs around planned giving, and need to ask for the gifts.

- As evidenced by the success of micro-loans and crowd sourcing, today's donors are looking for tangible, substantial results from charities and they want more control over where their money goes. This can be accomplished by giving donors **choices**. Choice does not necessarily have to mean restricted giving; it can be executed in a way that allows the donors to voice their opinion about what they feel is most important, while still supporting the organization as a whole.

Americans are philanthropic. They respond in great numbers to disaster relief efforts; they volunteer at local events; they participate in walk-a-thons and bike-a-thons. Fundraising in the nonprofit sector will grow if fundraisers are able to reach new, younger donors in ways that meet the needs of both the donors and the organizations.

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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 July 2016, will examine activity for the first quarter of 2016. Findings can be found at <http://www.blackbaud.com/donorcentrics>.

Index Methodology

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

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 division of Blackbaud, delivers data-driven, collaborative solutions designed to help non-profit organizations maximize their fundraising potential. 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.