

Index of National Fundraising Performance

2007 Fourth Calendar Quarter Results

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Target Analytics Index of National Fundraising Performance

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The Index of National Fundraising Performance

The Index of National Fundraising Performance is produced by Target Analytics. For the twelve months ending Q4 2007, Target Analytics evaluated transactions from 70 organizations, including over 35 million donors and more than 64 million gifts totaling over \$1.8 billion in revenue.

Quarterly results are reported on a calendar year basis. This report includes results through December 2007. 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 2007 Index Participants

Animal Welfare

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

Environment

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

Health

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

Human Services

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

International Relief

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

Societal Benefit

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

Unassigned

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

Slowing Index Revenue Growth in 2007 Parallels Slowing Economy

Donors Continue Two-Year Decline

Q4 2007 Summary

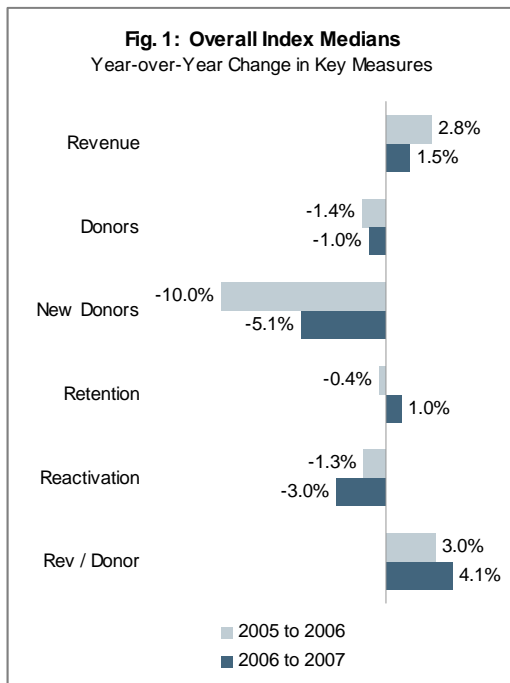
Revenue for the organizations in the Target Analytics Index of National Fundraising Performance grew a modest median 1.5% from 2006 to 2007. After the disaster-heavy, record-growth year of 2005, index revenue reverted back to typical growth rates in 2006. Revenue growth in 2007, however, was below historical averages.

Index donors declined a median -1.0% from 2006 to 2007 following a -1.4% decline the year before. The index has not experienced positive donor growth since the U.S. Gulf Coast hurricanes in the fall of 2005.

Overall Index Results

Recent Year-to-Year Trends

Index revenue grew a median 1.5% from calendar year 2006 to calendar year 2007 (see Fig. 1). This comes after revenue growth of 2.8% the previous year and is below historical average rates of roughly 4% annual growth.



Index donors declined a median -1.0% from 2006 to 2007 on top of a -1.4% decline the year before. Only 41% of the organizations in the index saw positive donor growth in 2007. Donors have been on an uninterrupted decline since the third quarter of 2005, when many organizations had a spike in donors related to hurricane Katrina relief efforts.

These overall donor declines continue to be due primarily to declines in new donors. New donor acquisition in the index was down a median -5.1% from 2006 to 2007, on top of a -10.0% decline the previous year. The animal welfare sector was the only industry sector in the index with positive new donor growth in 2007. Several sectors – including societal benefit, international relief, and human services – experienced particularly large declines.

To a smaller extent, declines in lapsed donor reactivation have also contributed to overall donor declines. Reactivation rates have fallen for two years in a row, declining a median -3.0% from 2006 to

2007 after a drop of -1.3% the year before. Only the animal welfare and environmental sectors saw an increase in reactivation rates in 2007.

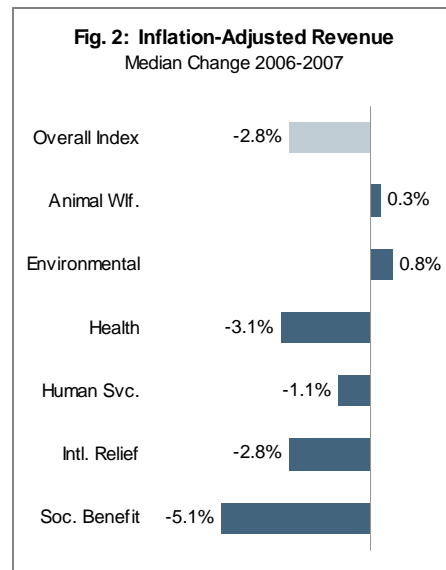
Retention rates have been essentially flat for the past two years, declining a median -0.4% from 2005 to 2006 and increasing a median 1.0% from 2006 to 2007. The decline in overall retention two years ago is due to declines in first-year donor retention following the disaster year of 2005. First year retention rates dropped -3.6% in 2006 but then rebounded to flat 0.1% growth in 2007. Multi-year retention rates remained flat in both years, with a -0.1% decline in 2006 and 0.1% growth in 2007.

Ongoing, persistent donor declines over the past two years have meant that the revenue growth that most index participants experienced in 2006 and 2007 was almost entirely due to increases in revenue per donor rather than increases in donor population. Overall index revenue per donor increased a median 4.1% from 2006 to 2007, on top of a 3.0% increase the previous year. Almost three-quarters (74%) of the organizations in the index experienced positive revenue per donor growth in 2007.

Effects of Inflation

When dollar amounts are adjusted for inflation, real index revenue declined a median -2.8% from 2006 to 2007 (see Fig. 2)¹.

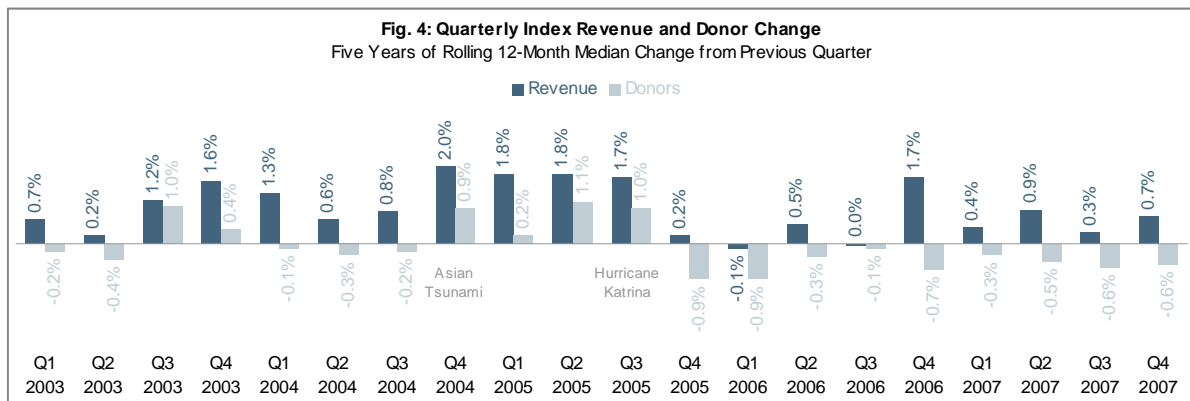
The animal welfare and environmental sectors experienced relatively flat inflation-adjusted revenue growth in 2007, with 0.3% and 0.8% median growth respectively. All other sectors had inflation-adjusted revenue declines for the year.



Rolling Twelve-Month Revenue and Donor Trends

A rolling twelve-month quarterly analysis compares the twelve months of revenue ending in one quarter to the twelve months of revenue ending in the previous quarter. This smoothes out seasonal differences and allows us to see more detailed, continuous movement from one quarter to the next, instead of simply from one full or partial year to the next full or partial year.

Historically, rolling index revenue has generally grown at an average of 1% per quarter. Revenue grew at faster rates during each quarter of 2005 when organizations received record contributions after the Indian Ocean tsunami and the U.S. Gulf Coast hurricanes (see Fig. 4). Lower-than-average



growth rates in 2006 represented a rebound back toward relatively normal growth rates. In 2007, the influence of the major disasters had faded but index revenue nevertheless grew at relatively slow rates throughout the year. For the most recent quarter, Q4 2007, annualized revenue grew at a median 0.7% from the previous quarter. 54% of the organizations in the index had an increase in revenue over that period.

A rolling twelve-month analysis provides additional context for recent donor trends as well. It makes it clear that the year-over-year decline in donors from 2006 to 2007 is a continuation of a consistent longer-term pattern. The index has experienced donor declines every quarter for the past two and a half years, ever since hurricane Katrina in the third quarter of 2005. For the most recent quarter, Q4 2007, annualized donors declined a median -0.6% from the previous quarter. 40% of the organizations in the index had an increase in donors over that period.

In this index, we do not typically report on performance in one discrete quarter in one year compared to the same quarter one year earlier. Results can be volatile because organizations shift direct mail drop schedules from year to year and may bump mailings from one quarter into another. Rolling twelve-month revenue change tends to be more representative of actual performance since it smoothes out this volatility.

With that caution in mind, median revenue growth from the fourth quarter of 2006 (October to December) to the fourth quarter of 2007 was 2.4%. 59% of the index organizations had an increase in revenue over this period. Median donor declines from the fourth quarter of 2006 to the fourth quarter of 2007 were -2.2%. 41% of the index organizations had an increase in donors over this period.

Long-Term Revenue and Donor Trends

Index revenue growth has progressively slowed every year since 2003. The result is that in spite of disaster-related spikes in 2005, total index revenue growth over the past three years was below historical averages.

Over the three years from 2004 to 2007, index revenue grew a median total 8.1%, for an effective annual growth rate of 2.8% each year over that period. In comparison, for the five years from 2002

to 2007 index revenue grew a median 21.9%, for an effective annual growth rate of 4.8% each year over that period (see Fig. 5). The 1.5% revenue increase from 2006 to 2007 was the slowest growth of any of the past five years.

Fig. 5: Long-Term Index Revenue and Donor Trends

	Five-Year Change '02 to '07	Four-Year Change '03 to '07	Three-Year Change '04 to '07	Two-Year Change '05 to '07	One-Year Change '06 to '07
Revenue					
Median Change	21.9%	21.0%	8.1%	4.1%	1.5%
Effective Annual Change	4.8%	5.7%	2.8%	2.1%	1.5%
% Orgs with Positive Change	79%	76%	74%	56%	61%
Donors					
Median Change	4.3%	1.2%	-3.1%	-2.7%	-1.0%
Effective Annual Change	0.9%	0.3%	-1.0%	-1.3%	-1.0%
% Orgs with Positive Change	57%	56%	37%	37%	41%

Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

The result of recent donor declines is that in spite of disaster-related spikes in 2005, index

donor numbers are down a median total -3.1% over the past three years from 2004 to 2007, for an effective annual decline of -1.0% per year. Only 37% of the organizations in the index had positive donor growth over this three year period.

2004 does include some tsunami-related giving at the end of the year, particularly for relief organizations. For this reason, four-year change can best provide a picture of long-term revenue and donor growth essentially free of major disaster influences.

Over the four years from 2003 to 2007, index revenue grew a median total 21.0%, for an effective annual revenue growth rate of 5.7%. Over the same period, index donors grew a median total 1.2%, for an effective annual donor growth rate of 0.3%.

Economic Factors

Research by the Center on Philanthropy at Indiana University has shown that charitable giving revenue rises during periods of strong economic growth and flattens out during periods of relative economic weakness².

Non-profit giving trends are not limited to simple parallels with national economic growth, however. The Center has reported that during hard economic times, charitable giving falls as a percentage of national Gross Domestic Product (GDP)³.

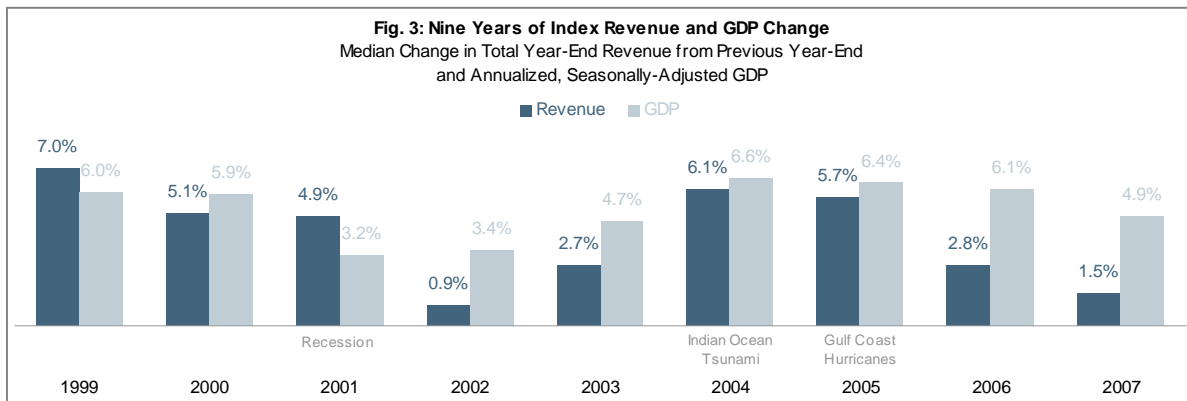
This means that as the economy slows down, not only does giving generally slow down as well, but it also declines as a proportion of the average American’s spending dollar. In recessionary periods in particular, financially strapped people shift their spending priorities away from charities, compounding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

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

It is clear that the U.S. economy slowed at the end of 2007. GDP grew only 0.6% from the third quarter to the fourth quarter of 2007⁴. Consumer confidence declined throughout 2007 and was at a two-year low by the end of the year⁵. Unemployment rose from 4.6% in January to 5.0% by December⁶. Stock prices went through a series of downturns, precipitated in part by the subprime lending crisis and concern over inflation.

The relatively slow revenue growth in the index over the previous year matched this overall national economic slowdown. And an analysis of index revenue growth versus growth in GDP shows that giving appears to have fallen in 2007 as a percentage of national spending as well.

Index revenue growth exceeded GDP growth during the dot-com boom of the late 1990s, when non-profit giving reached an all-time high percentage of people’s spending dollars (see Fig. 3). Non-profit giving then grew more slowly than GDP following the recession of 2001. Revenue growth



temporarily surged again during 2004 and 2005 during the disasters of the Indian Ocean tsunami and the U.S. Gulf Coast hurricanes. Over the past two years, median index revenue growth trailed growth in GDP more significantly.

Part of this slowdown may be because charitable giving is still reverting back to historically normal levels of Americans' spending after the highs of the dot-com boom. But a large part of it is likely due to general economic performance. It will be important to monitor this trend as many leading economic indicators continued to fall in the first quarter of 2008.

Causes for Donor Declines

As we have seen, non-profit organizations have experienced aggregate declines in donor numbers, particularly in new donor acquisition, over the past five years which have intensified during the past two years.

These declines are likely due to a mix of factors including a changing generational profile in the U.S., changing attitudes of donors about giving, and a change in focus by fundraisers toward higher-dollar donors.

In the past we have cautioned that if current trends continue, at some point increases in revenue per donor may not sustain overall net revenue growth. With the slowing of revenue growth over the past three quarters it is important to mention again that, depending on the reasons for the donor declines, this could be a cause for concern.

Industry Sector Performance

For a table of complete fourth quarter year-to-date results for all key metrics by index sector for 2005-2006 and 2006-2007, please see page 21.

Animal Welfare Sector

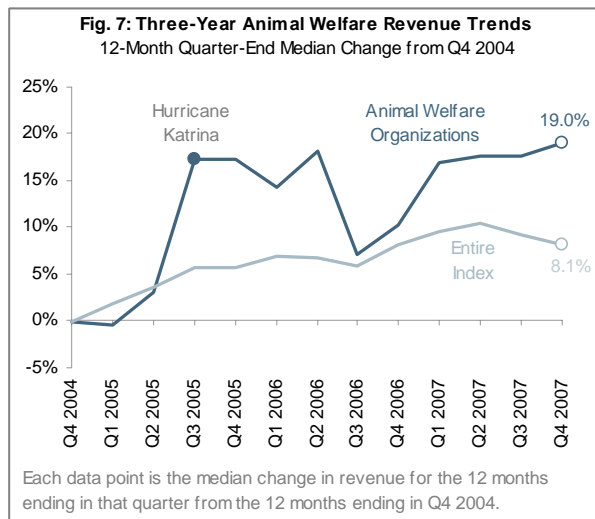
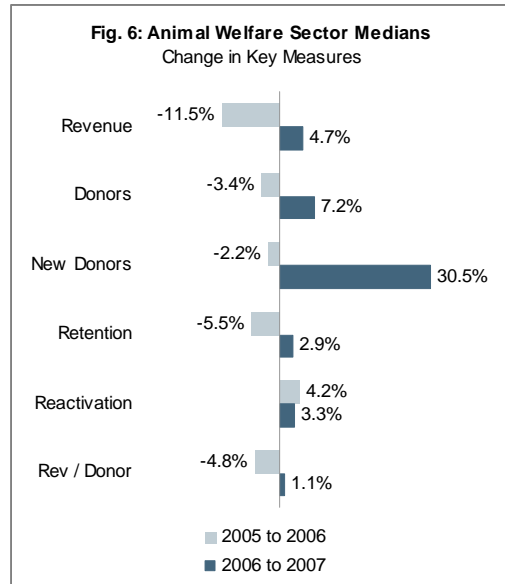
The animal welfare sector was arguably the highest-performing sector in the index over the past year. Animal welfare organizations had strong growth in almost every key measure in 2007 over 2006.

This was the only sector to experience positive overall donor growth and also the only sector to experience positive new donor growth. Overall donor growth for the sector was up a median 7.2% from 2006 to 2007 and new donor growth was up a median 30.5% over that same period (see Fig. 6). All five of the organizations in this sector experienced overall donor and new donor increases in 2007.

Animal welfare organizations had the second-highest revenue growth of any sector with a median increase of 4.7% in 2007. This made them one of only two sectors that still had positive revenue growth for the year even after adjusting for inflation. All five of the organizations in this sector experienced revenue increases in 2007.

Revenue per donor remained relatively flat at 1.1% growth and retention rates stayed close to the overall index median with 2.9% growth from 2006 to 2007. These are both healthy increases, however, considering how much sector donor numbers – particularly new donor numbers – grew over the same time period.

One possible explanation for the strong performance of the animal welfare sector this year is that 2007 results are being compared to a relatively weak post-disaster recovery year in 2006. In addition, many animal welfare organizations saw revenue increases after the indictment of professional football player Michael Vick on dog-fighting charges in July 2007.



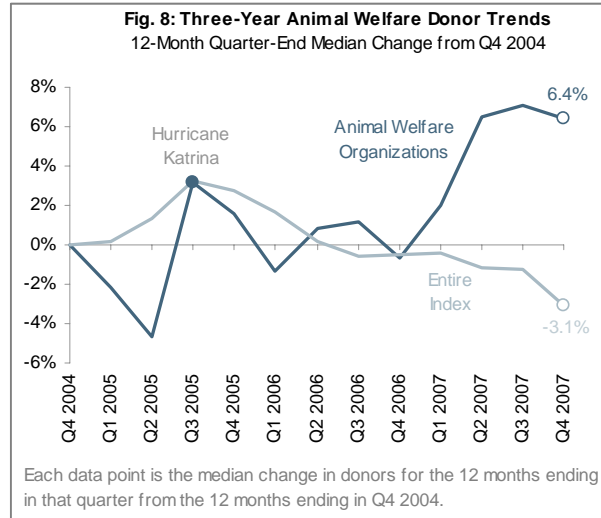
Rolling twelve-month revenue and donor trends can help to paint a picture of the performance of animal welfare organizations before and after the hurricane Katrina disaster.

The animal welfare sector had large hurricane-related increases in giving during Q3 2005 (see Fig. 7). Revenue then dropped substantially in Q3 2006 relative to the disaster-related fundraising of the previous year but then outperformed the overall index throughout 2007.

Donor increases in the sector have been more volatile but generally followed the same pattern as revenue over the past three years, with a hurricane-related spike in 2005, a post-disaster drop in 2006 and then another spike in 2007 (see Fig. 8).

Donor and revenue growth in the sector were particularly strong in the second and third quarters of 2007, coinciding with the publicity surrounding Michael Vick.

The cumulative effect of these trends is that the animal welfare sector has significantly outperformed index medians in revenue and donor growth over the long term.



Animal welfare sector performance over the most recent three years is particularly striking. From 2004 to 2007, sector revenue grew a total median 19.0% compared to an index median of 8.1%. Over the same period, sector donors grew 6.4% while the overall index saw a median decline of -3.1% (see Fig. 9).

Fig. 9: Long-Term Animal Welfare Revenue and Donor Trends

	Five-Year Change '02 to '07	Four-Year Change '03 to '07	Three-Year Change '04 to '07	Two-Year Change '05 to '07	One-Year Change '06 to '07
Revenue					
Median Change	31.0%	26.7%	19.0%	-1.6%	4.7%
Effective Annual Change	7.0%	7.4%	6.7%	-0.8%	4.7%
% Orgs with Positive Change	100%	100%	100%	40%	100%
Donors					
Median Change	6.1%	8.0%	6.4%	3.6%	7.2%
Effective Annual Change	1.3%	2.1%	2.2%	1.8%	7.2%
% Orgs with Positive Change	80%	80%	80%	80%	100%

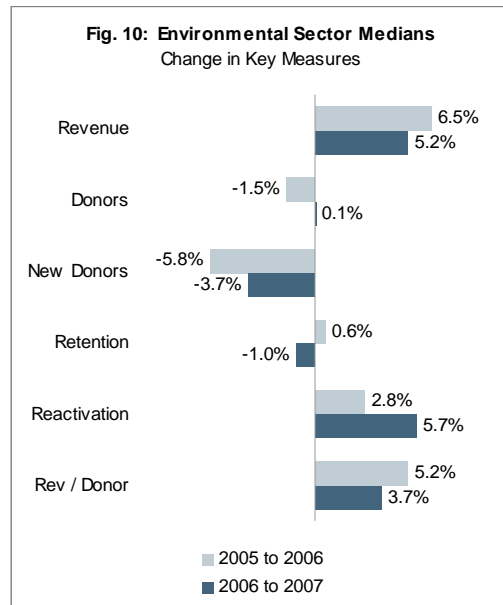
Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

Over the five years from 2002 to 2007, animal welfare sector revenue was up a median 31.0% compared to the index median of 21.9%. Over the same five-year period, sector donors were up a cumulative median 6.1% compared to the overall index median of 4.3%.

Environmental Sector

Environmental sector performance in 2007 was encouraging in many respects. Environmental organizations had the greatest revenue increases of any industry sector in the index, growing a median 5.2% from 2006 to 2007, while the index as a whole saw only 1.5% growth (see Fig. 10). Revenue per donor growth was also strong, up a median 3.7% in 2007 on top of 5.2% growth the previous year.

In addition, during a year when most sectors experienced donor declines, environmental donor populations remained essentially flat, with median 0.1% growth from 2006 to 2007.



The sector also has had substantial increases in lapsed donor reactivation. Reactivation rates increased a median 5.7% from 2006 to 2007, on top of a 2.8% increase the year before.

Some sector trends may be cause for concern, however. New donor acquisition has declined for two years in a row; new environmental donors were down -3.7% from 2006 to 2007, following a decline of -5.8% the year before.

Retention rates fell moderately for the environmental sector, down a median -1.0% from 2006 to 2007. But these declining retention rates are primarily due to declining retention among the sector's more loyal donors. Environmental organizations had the greatest multi-year retention rate declines of any sector in the index this year, down a median -1.3% from 2006 to 2007.

Twelve-month rolling revenue and donor growth can provide a longer-term context for recent trends, particularly over the past three years. Rolling revenue growth for the environmental sector generally matched overall index medians from 2004 through the middle of 2006. From that point on, however, environmental organizations noticeably began to outperform the index (see Fig. 11).

Perhaps not entirely coincidentally, the start of this revenue spike correlates with the summer 2006 release of the environmental documentary *An Inconvenient Truth*.

Twelve-month rolling donors for environmental organizations have been more volatile than revenue. Sector donor trends stayed relatively close to index median donor trends from 2004 through 2007, slightly outperforming the index as a whole for those three years in total (see Fig. 12).

Whatever the cause, the recent revenue surge has resulted in the environmental sector having the highest total revenue growth of any sector over the past three years.

Environmental groups had a median growth of 19.8% from 2004 through 2007 compared to an overall index

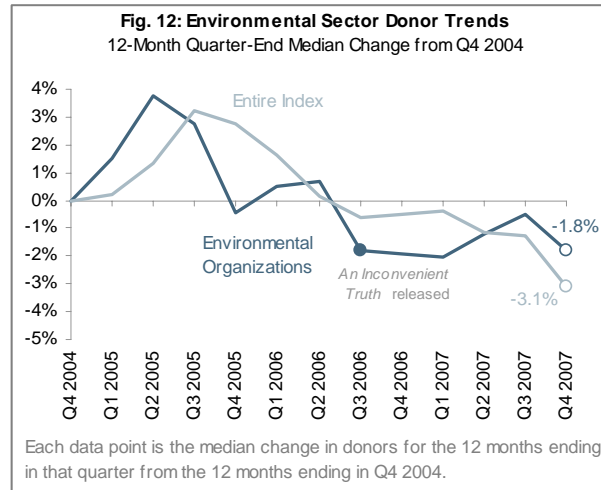
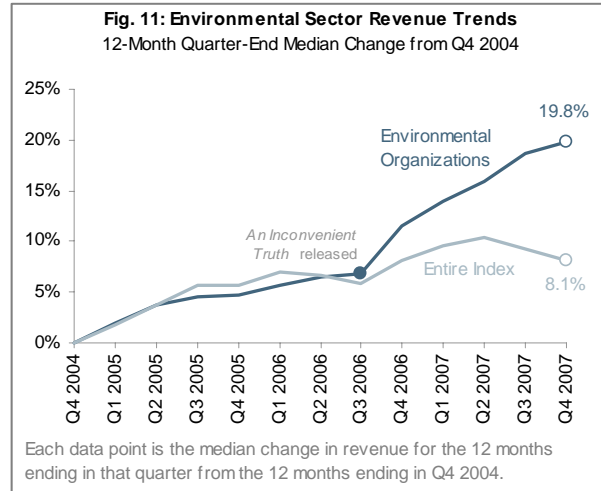


Fig. 13: Long-Term Environmental Revenue and Donor Trends

	Five-Year Change '02 to '07	Four-Year Change '03 to '07	Three-Year Change '04 to '07	Two-Year Change '05 to '07	One-Year Change '06 to '07
Revenue					
Median Change	20.0%	23.5%	19.8%	10.0%	5.2%
Effective Annual Change	4.3%	6.4%	7.0%	5.1%	5.2%
% Orgs with Positive Change	85%	85%	92%	85%	77%
Donors					
Median Change	2.1%	4.5%	-1.8%	1.1%	0.1%
Effective Annual Change	0.4%	1.1%	-0.6%	0.6%	0.1%
% Orgs with Positive Change	62%	62%	39%	54%	54%

Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

median of 8.1% (see Fig. 13). 92% of the organizations in this sector had positive revenue growth over the past three years.

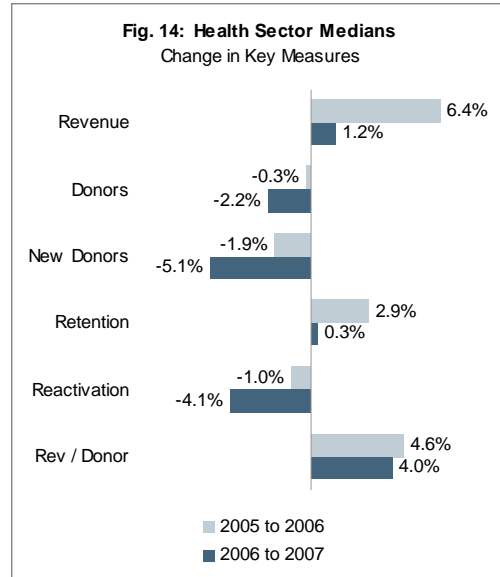
Environmental organizations had a -1.8% cumulative median donor decline over the three years from 2004 to 2007 compared to an overall index median decline of -3.1% over that same period. The sector did experience moderate donor declines in the last two quarters of 2007, along with almost all other sectors.

Health Sector

Health organizations have experienced some of the greatest revenue and donor declines in the index. In 2007, however, some of these negative trends appear to be leveling out.

Overall revenue for the sector grew a median 1.2% from 2006 to 2007, close to the index median of 1.5% (see Fig. 14). Sector donor numbers declined a median -2.2% from 2006 to 2007, compared to the index median -1.0%.

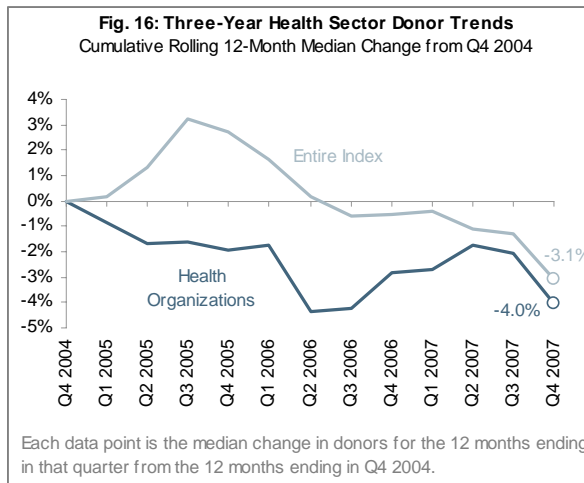
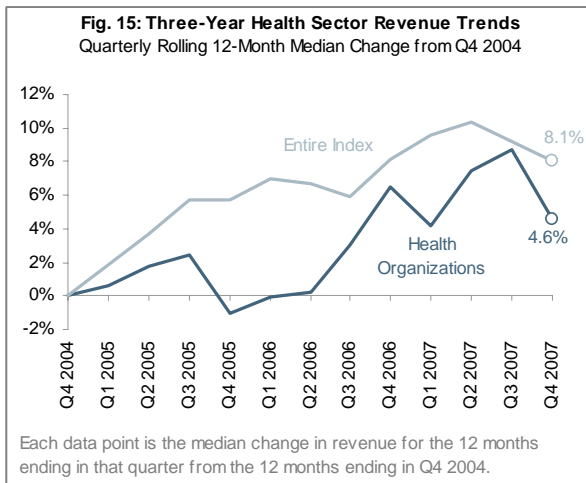
As with the index as a whole, the health sector's donor declines were primarily due to declines in new donors; new donor acquisition declined -5.1% from 2006 to 2007, which was equal to the overall index median. However, only 29% of the health organizations in the index had positive increases in donors from 2006 to 2007, compared to 41% of the organizations in the index as a whole.



Health sector retention rates remained flat with 0.3% growth from 2006 to 2007.

Health organizations experienced the second-highest increases in revenue per donor with a median increase of 4.0% from 2006 to 2007, essentially equal to the index median of 4.1%.

Rolling revenue and donor trends show health sector trends in a longer-term context. Twelve-month rolling health sector revenue grew more slowly than the overall index during 2005 and 2006 (see Fig. 15). The sector particularly lagged behind the index during 2005 when other sectors saw



record-breaking growth related to disasters that year.

In 2007, however, revenue growth for health organizations was close to overall index growth for the year. This may be an indication that the slow health sector revenue growth of the previous four years has begun to rise to meet index norms.

Health sector donor growth lagged the overall index to an even greater degree than revenue for all three years from 2004 through 2007 but growth in 2007 was closer to index medians than in previous years (see Fig. 16).

The end result of these trends is that over the three years from 2004 to 2007, health organizations had a median total revenue growth of 4.6%, compared to 8.1% growth for the index as a whole (see Fig. 17).

Health donors declined a median -4.0%, slightly exceeding the overall index decline of -3.1% over the same period.

Fig. 17: Long-Term Health Revenue and Donor Trends

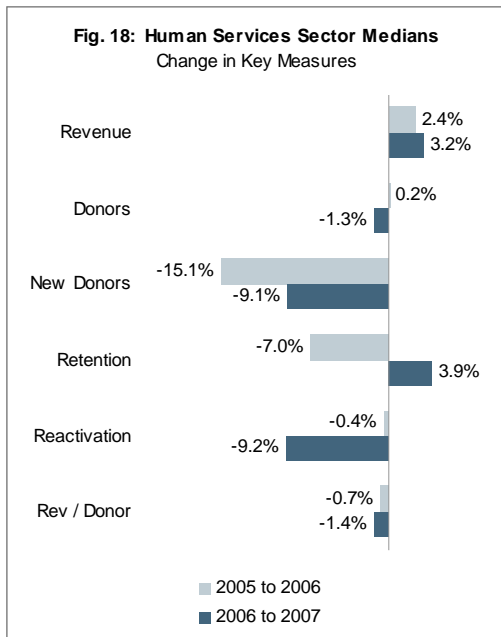
	Five-Year Change '02 to '07	Four-Year Change '03 to '07	Three-Year Change '04 to '07	Two-Year Change '05 to '07	One-Year Change '06 to '07
Revenue					
Median Change	18.7%	14.6%	4.6%	5.9%	1.2%
Effective Annual Change	4.0%	3.9%	1.6%	3.0%	1.2%
% Orgs with Positive Change	71%	77%	77%	71%	53%
Donors					
Median Change	-13.8%	-6.2%	-4.0%	-2.4%	-2.2%
Effective Annual Change	-2.6%	-1.5%	-1.3%	-1.2%	-2.2%
% Orgs with Positive Change	47%	36%	24%	24%	29%

Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

Human Services Sector

Performance of the human services sector has generally followed the overall index median over recent years. In spite of unusual revenue per donor declines in 2007, the sector was able to outperform the index in overall revenue growth primarily through increased donor retention.

Revenue growth for human services organizations was a median 3.2% from 2006 to 2007 while index median revenue growth was 1.5% (see Fig. 18). Four out of the seven organizations in this sector had positive revenue growth in 2007.



Overall donor numbers for the sector declined a median -1.3% from 2006 to 2007, close to the overall index median of -1.0%. And, as with the index as a whole, the bulk of the donor declines for this sector were due to declines in new donors. New donor acquisition by human services organizations was down a median -9.1% from 2006 to 2007, on top of a decline of -15.1% the previous year. Note that the median is quite volatile for this group of seven organizations; three out of the seven did have positive new donor growth in 2007.

Human services organizations had the second-greatest increase in retention rates of any sector in the index in 2007, with a median increase of 3.9%. Retention rate growth was widespread across the sector; five of the seven human services organizations in the index had positive increases in retention in 2007. Much of this is to be expected, however, since the large new donor

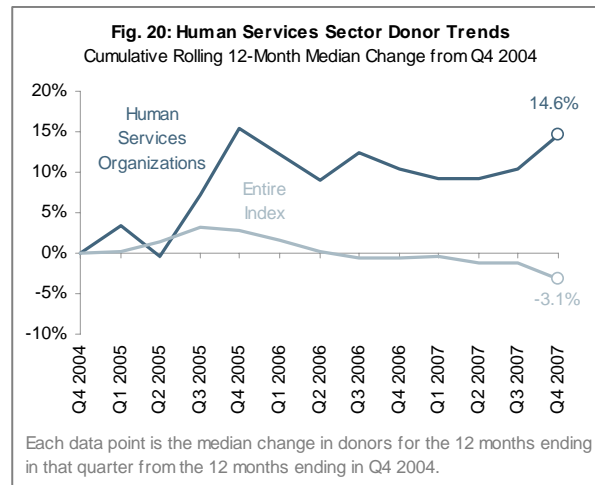
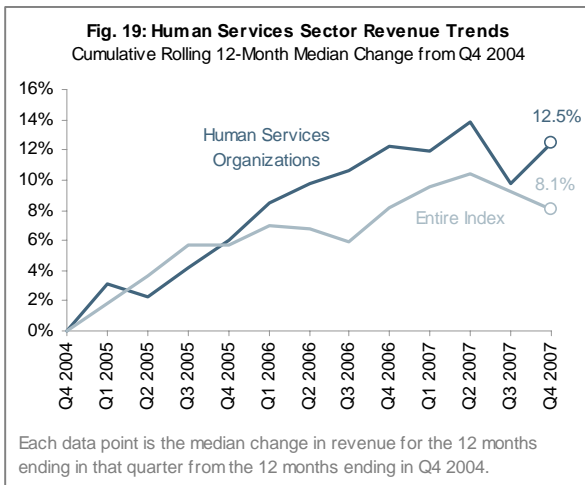
declines of 2006 would necessarily result in a smaller proportion of lower-retaining first-year donors in the overall donor file.

Reactivation rates for the sector declined -9.2% from 2006 to 2007, contributing to donor declines.

It is notable that the human services sector was the only sector in the index for which revenue per donor declined in 2007. Revenue per donor fell a median -1.4% from 2006 to 2007, after a relatively small decline of -0.7% the previous year. Only three of the seven organizations in the sector had positive revenue per donor growth in 2007. Revenue per new donor declined -3.2% from 2006 to 2007, after a -2.5% decline the previous year.

It is unusual that these declines in revenue per donor occurred simultaneously with drops in both overall donor and new donor populations. Revenue per donor typically tends to increase when donor numbers fall.

Rolling revenue and donor trends for the past several years show recent human services sector results in a longer-term context. In general, sector revenue growth underperformed the index prior to hurricane Katrina and then outperformed the index from then on through the end of 2007. The most significant growth for the sector came during the disaster year of 2005 (see Fig. 19).



Human services donor growth has tended to be more volatile than revenue growth, but generally followed the same pattern (see Fig. 20).

The result of these trends is that sector revenue and donor growth have both been greater than index growth over the past three years. From 2004 to 2007, health revenue grew a median total 12.5%, compared to median growth of 8.1% for the entire index over that same time period (see Fig. 21).

Fig. 21: Long-Term Human Services Revenue and Donor Trends

	Five-Year Change '02 to '07	Four-Year Change '03 to '07	Three-Year Change '04 to '07	Two-Year Change '05 to '07	One-Year Change '06 to '07
Revenue					
Median Change	25.4%	17.3%	12.5%	-0.1%	3.2%
Effective Annual Change	5.6%	4.6%	4.3%	0.0%	3.2%
% Orgs with Positive Change	57%	71%	86%	43%	57%
Donors					
Median Change	5.2%	7.6%	14.6%	-5.3%	-1.3%
Effective Annual Change	1.1%	2.0%	5.1%	-2.6%	-1.3%
% Orgs with Positive Change	71%	71%	57%	29%	43%

Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

Over the same three-year period, donor growth to the human services sector increased a median total 14.6% while the index declined a median -3.1%.

International Relief Sector

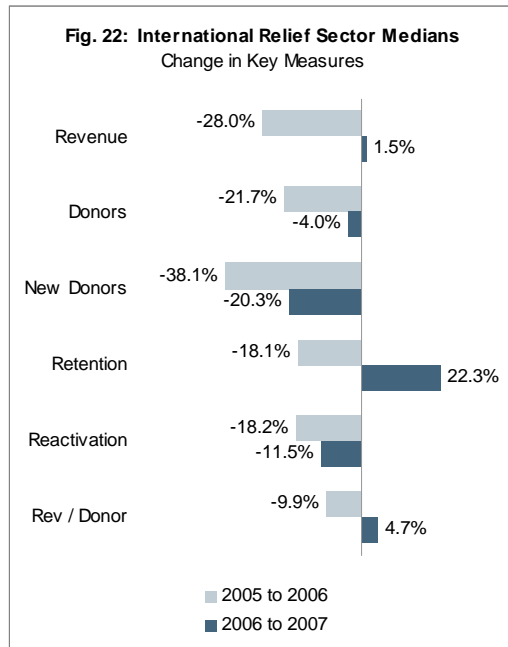
International relief fundraising over the past three years was dominated by the after-effects of the Indian Ocean tsunami in December 2004. Much of the positive performance of relief organizations throughout 2007 was due to the fact that 2006 was a post-disaster year for this sector, and therefore appeared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

This is evident in measures such as donor retention rate, which increased a median 22.3% for the sector from 2006 to 2007 (see Fig. 22). First-year retention and multi-year retention both had growth; first-year retention was up 28.2% and multi-year retention was up 3.7% in 2007.

These are significant increases at a time when most other sectors experienced flat or declining retention rates but they are likely mostly due to a rebounding from the lower 2006 retention rates of the prior year's disaster-motivated donors.

Other measures, however, show some indication that the after-effects of the tsunami disaster may be lessening in their influence on relief fundraising.

For example, overall revenue growth for the international relief sector was a moderate median 1.5% from 2006 to 2007, exactly equal to the overall index median.



In addition, donors to the international relief sector declined -4.0% from 2006 to 2007. This was the second-greatest decline of any sector in the index; only societal benefit organizations had a greater decline.

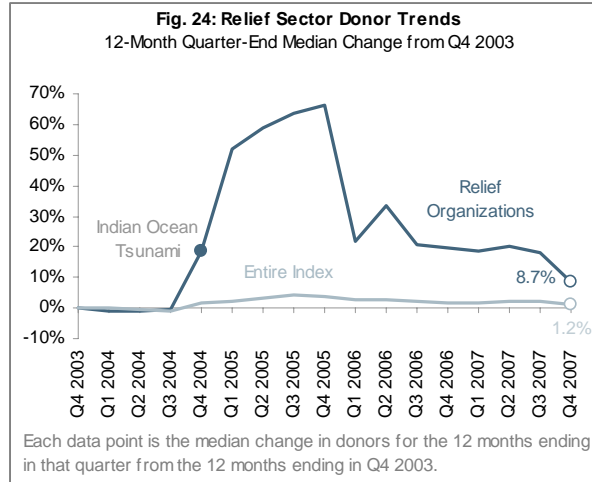
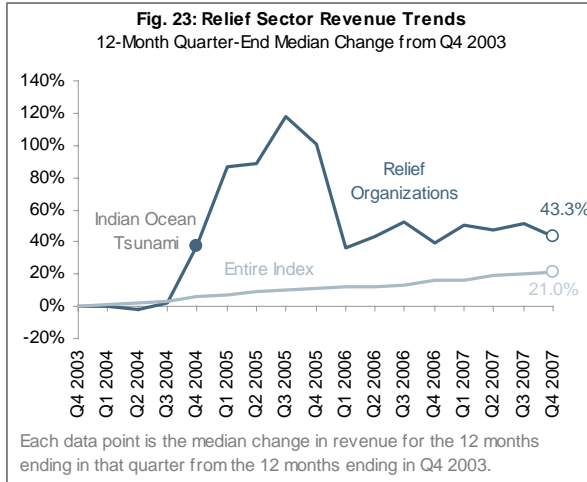
New donor acquisition in particular was down -20.3% from 2006 to 2007; only 20% of the international relief organizations in the index had positive new donor growth in 2007.

Donors and revenue may be down for this sector in 2007 partly because of further attrition of disaster donors and partly because there were no new major disasters in 2007. But the relative normalcy of these results, especially when compared to previous quarters, may also be a sign that the tsunami's influence is finally waning.

Rolling revenue and donor trends can give a clearer picture of the performance of the relief sector following the Indian Ocean tsunami of 2004.

Relief organizations received a large influx of donors and revenue in Q4 2005 and Q1 2006 from tsunami relief efforts. Revenue and donors both declined significantly the next year as growth fell back closer to typical rates.

Throughout 2007, relief revenue stayed relatively stable, matching index growth (see Fig. 23). Relief donors slightly underperformed the overall index in 2007 (see Fig. 24).



In spite of the post-disaster revenue and donor declines in 2006 and recent donor declines in 2007, revenue and donors for the sector are both still up significantly over pre-tsunami numbers. Even two years after the event, relief organizations have been able to retain a significant portion of the additional donors and revenue that they received as a result of the tsunami.

Over the long term, this has enabled relief sector revenue to grow a median total 43.3% over the past four years from 2003 through 2007, compared to an index median of 21.0% growth (see Fig. 25). Donors increased a cumulative 8.7% for the relief sector over the same period, compared to a median overall index donor increase of 1.2%.

Fig. 25: Long-Term International Relief Revenue and Donor Trends

	Five-Year Change '02 to '07	Four-Year Change '03 to '07	Three-Year Change '04 to '07	Two-Year Change '05 to '07	One-Year Change '06 to '07
Revenue					
Median Change	65.5%	43.3%	5.6%	-27.4%	1.5%
Effective Annual Change	17.0%	12.7%	1.9%	-12.8%	1.5%
% Orgs with Positive Change	100%	100%	60%	20%	70%
Donors					
Median Change	20.5%	8.7%	-8.4%	-28.4%	-4.0%
Effective Annual Change	4.5%	2.2%	-2.7%	-13.2%	-4.0%
% Orgs with Positive Change	70%	80%	30%	30%	30%

Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

Societal Benefit Sector

Over the past year the societal benefit organizations experienced perhaps the greatest fundraising challenges of any sector in the index.

The societal benefit sector was the only one to experience declines in overall revenue, with a median decrease of -0.9% from 2006 to 2007 (see Fig. 21). Only 31% of the organizations in this sector had positive revenue growth in 2007.

Societal benefit donor populations declined more than for any other sector. Donor numbers were down a median -10.0% for the sector from 2006 to 2007, on top of a decline of -3.1% the year before.

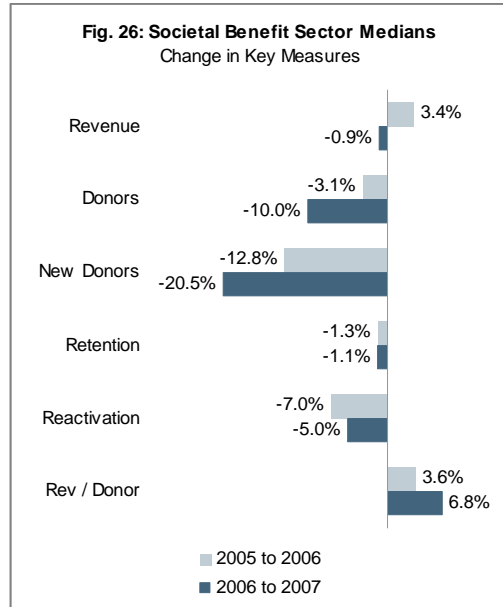
These overall donor declines were primarily due to steep declines in new donor acquisition; new donor numbers declined a median -20.5% from 2006 to 2007, after a decline of -12.8% the year before. Only 23% of the organizations in this sector experienced positive donor growth and only 15% experienced positive new donor growth in 2007.

As new donor numbers fell in 2007, societal benefit organizations did not receive much relief from donors already on file.

Retention rates for the sector remained essentially flat from 2006 to 2007, declining by -1.1%. The sector has now experienced two consecutive years of 1% retention rate declines and only a third (38%) of the organizations in the sector had increased retention rates in 2007. First-year retention was particularly weak, showing a decrease of -7.5% in 2007.

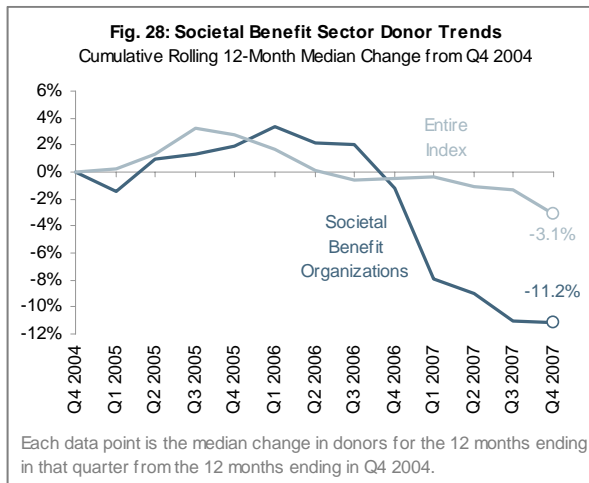
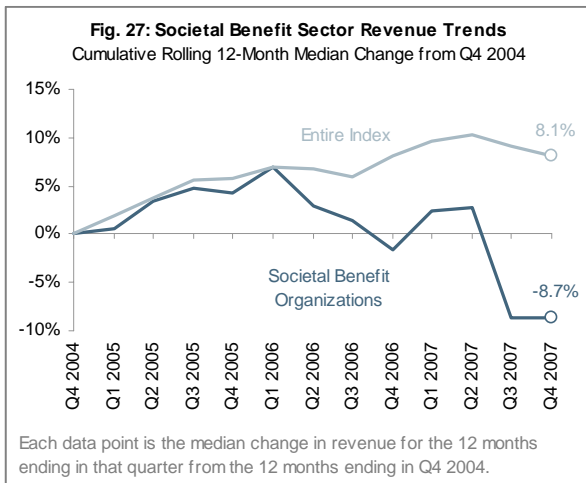
Reactivation rates were down for the second year in a row, with a median -5.0% decline in 2007 following a -7.0% decline the year before.

This sector did experience greater growth in revenue per donor than any other sector, with a median revenue per donor increase of 6.8% from 2006 to 2007. The ongoing declines in new donors, who typically give less than multi-year donors, contribute to this revenue per donor growth.



A rolling twelve-month revenue and donor analysis can provide some additional context for these recent trends.

It shows that societal benefit organizations generally paralleled the index in 2005 in revenue growth and, to some extent, in donor growth as well. But then the sector underperformed the index in 2006 and 2007, with some of the largest declines coming in the most recent year (see Figs. 27 and 28).



Recent declines have more than compensated for earlier increases so that over the long term, total revenue and donor growth for the societal benefit sector both lag overall index medians to a significant degree.

Societal benefit revenue over the three years from 2004 to 2007 declined a median -8.7%, compared to overall index median growth of 8.1% over that period (see Fig. 29).

Societal benefit donors declined a median -11.2% over the past three years, compared to an index median decline of -3.1% over that period.

Fig. 29: Long-Term Societal Benefit Revenue and Donor Trends

	Five-Year Change <u>'02 to '07</u>	Four-Year Change <u>'03 to '07</u>	Three-Year Change <u>'04 to '07</u>	Two-Year Change <u>'05 to '07</u>	One-Year Change <u>'06 to '07</u>
Revenue					
Median Change	1.8%	-2.1%	-8.7%	-2.4%	-0.9%
Effective Annual Change	0.4%	-0.5%	-2.8%	-1.2%	-0.9%
% Orgs with Positive Change	62%	46%	46%	39%	31%
Donors					
Median Change	-18.9%	-9.8%	-11.2%	-13.4%	-9.9%
Effective Annual Change	-3.5%	-2.4%	-3.6%	-6.5%	-9.9%
% Orgs with Positive Change	46%	39%	31%	23%	23%

Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

Sources

1. Inflation figures from the Consumer Price Index, U.S. Department of Labor, Bureau of Labor Statistics. Seasonally adjusted month-end, U.S. city average, all items. <http://www.bls.gov/>.
2. *Giving USA 2006*. The Giving Institute (formerly the American Association of Fundraising Counsel). 2007, page 22. <http://www.aafr.org>.
3. *Giving USA 2006*. The Giving Institute (formerly the American Association of Fundraising Counsel). 2007, page 29. <http://www.aafr.org>.
4. Gross Domestic Product figures from U.S. Department of Commerce, Bureau of Economic Analysis. Seasonally adjusted annualized quarter-end GDP growth, indexed to 2007 dollars. <http://www.bea.gov/bea/dn/home/gdp.htm>.
5. Consumer confidence figures from the University of Michigan's Index of Consumer Sentiment. Month-end for all families. <http://www.sca.isr.umich.edu>.
6. Unemployment figures from U.S. Department of Labor, Bureau of Labor Statistics. Seasonally adjusted month-end. <http://www.bls.gov/>.

Industry Sectors Used in the Index

Animal Welfare Organizations

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

Environmental Organizations

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

Health Organizations

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

Human Services Organizations

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

International Relief Organizations

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

Societal Benefit Organizations

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

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

Looking Ahead

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

Index Methodology

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

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

About Medians

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

Participation

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

Online Resources

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

About Target Analytics

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

Change in Key Measures (Q4 YTD 2006 and Q4 YTD 2007)

		National Index	Animal Welfare	Environmental	Health	Human Services	International Relief	Societal Benefit
Revenue	05-06	2.8%	-11.5%	6.5%	6.4%	2.4%	-28.0%	3.4%
	06-07	1.5%	4.7%	5.2%	1.2%	3.2%	1.5%	-0.9%
Donors	05-06	-1.4%	-3.4%	-1.5%	-0.3%	0.2%	-21.7%	-3.1%
	06-07	-1.0%	7.3%	0.1%	-2.2%	-1.3%	-4.0%	-10.0%
Revenue Per Donor	05-06	3.0%	-4.8%	5.2%	4.6%	-0.7%	-9.9%	3.6%
	06-07	4.1%	1.1%	3.7%	4.0%	-1.4%	4.7%	6.8%
Gifts Per Donor	05-06	1.1%	3.0%	2.0%	0.5%	-2.1%	6.3%	2.5%
	06-07	0.2%	-2.6%	0.4%	-0.4%	-2.5%	2.7%	2.6%
Number of New Donors	05-06	-10.0%	-2.2%	-5.8%	-1.9%	-15.1%	-38.1%	-12.8%
	06-07	-5.1%	30.5%	-3.7%	-5.1%	-9.1%	-20.3%	-20.5%
New Donor Revenue	05-06	-1.9%	-27.8%	7.5%	5.1%	-15.2%	-60.4%	-0.4%
	06-07	-4.0%	20.1%	-0.5%	-3.1%	-5.6%	-10.8%	-11.1%
Revenue Per New Donor	05-06	2.0%	-20.5%	7.8%	6.0%	-2.5%	-28.7%	5.3%
	06-07	3.1%	4.7%	3.1%	2.1%	-3.2%	-1.4%	6.5%
Donor Retention Rate	05-06	-0.4%	-5.5%	0.6%	2.9%	-7.0%	-18.1%	-1.3%
	06-07	1.0%	2.9%	-1.0%	0.3%	3.9%	22.3%	-1.1%
1st-Year Retention Rate	05-06	-3.6%	-18.8%	0.3%	-1.0%	-12.0%	-19.5%	-6.7%
	06-07	0.1%	21.9%	-1.5%	-2.0%	11.8%	28.2%	-7.5%
Multi-Year Retention Rate	05-06	-0.1%	-5.6%	0.3%	1.0%	-0.9%	-8.5%	0.1%
	06-07	0.1%	0.8%	-1.3%	0.3%	-0.3%	3.7%	-0.6%
Donor React Rate (1-5yrs)	05-06	-1.3%	4.2%	2.8%	-1.0%	-0.4%	-18.2%	-7.0%
	06-07	-3.0%	3.3%	5.7%	-4.1%	-9.2%	-11.5%	-5.0%
		-50% 0% 50%	-50% 0% 50%	-50% 0% 50%	-50% 0% 50%	-50% 0% 50%	-50% 0% 50%	-50% 0% 50%
		Q4 YTD (Jan-Dec) Median % Change	Q4 YTD (Jan-Dec) Median % Change	Q4 YTD (Jan-Dec) Median % Change	Q4 YTD (Jan-Dec) Median % Change	Q4 YTD (Jan-Dec) Median % Change	Q4 YTD (Jan-Dec) Median % Change	Q4 YTD (Jan-Dec) Median % Change