Campbell Rinker
Marketing Research for the Nonprofit World

Donor Confidence Report

Issue 1, October 2008

The results in this Donor Confidence Report are drawn from an ongoing survey of donor attitudes about giving by Campbell Rinker. Details about the study methodology may be found on page 9 of this report.

Donor Confidence Index

Campbell Rinker's Donor Confidence Index (DCI) is now at 85.4, having fallen 14.6 points from the benchmark of 100 established in February 2008. The Index takes into account donors self-reported expectations about giving, their view of the nonprofit sector, the nation's economic health and other factors.

In contrast, U.S. consumer confidence has dropped from 95.2 in October 2007 to an all-time low of 38 this month, as measured by the Conference Board.

The Donor Confidence Index for various sectors is shown below, ranked by the amount of change since February.

Sector	Feb'08	Oct'08	Change
Education	99.1	91.4	-7.7
Animal Rights	96.5	88.7	-7.8
Faith-based	104.2	95.9	-8.3
Environmental	98.9	89.7	-9.2
Health and Medical	101.7	91.6	-10.1
Places of Worship	101.6	91.4	-10.1
Hospitals, Hosp. Foundations	99.7	89.3	-10.3
Social Service	99.6	87.3	-12.2
Int'l Relief and Development	99.9	86.6	-13.3
Political and Advocacy	104.5	90.5	-14.0
Arts, Culture and Humanities	100.1	85.9	-14.1

By this measurement, Arts and Cultural nonprofits, Political and Advocacy groups, International Relief charities, Social Service organizations and Hospitals and Medical charities are likely to be the hardest hit in the event of a prolonged downturn.

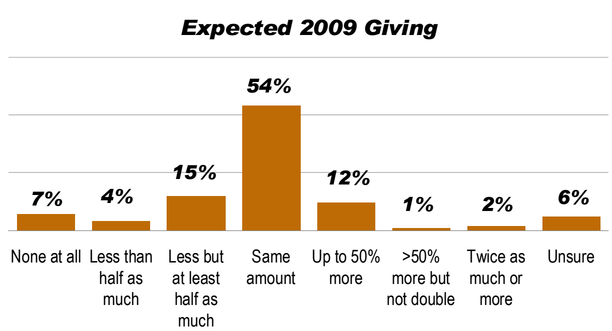
Educational institutions, Animal rights groups, Faith-based charities, and Environmental organizations appear to be destined for the softest landing.

In short, the Campbell Rinker Donor Confidence Index suggests that the nonprofit sector is likely to experience a contraction in income. However, the 14.6-point drop in donor confidence does *not* imply that donations will decrease by the same amount.

Donors Forecast Near Term Giving

The expectations donors have about giving have changed in the last eight months.

Campbell Rinker polled the same donors in February and October, asking them whether they expected to give the same amount, more or less in the coming year compared to the previous year. The study data was weighted by donor age to be nationally representative.



A majority of donors say they expect to give the same amount next year as this year. The percentage of individual donors saying they plan to give the same remains virtually unchanged, in some sectors rising slightly in the October poll.

In contrast, the proportion of individual donors who expect to give more next year compared to this year, though small, has dropped to at least half the level measured in February for most sectors.

The proportion of individual donors who say they now plan to give less has increased threefold since February, by an average 16% across 11 sectors.

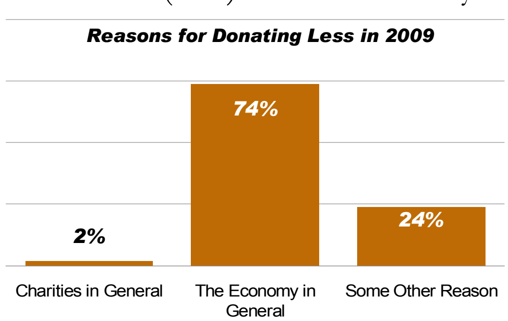
Of course, nonprofits want to know which donors plan to give less. If the donors who are giving more are the ones who give the most per household, the forecast is more robust.

- Households that say they plan to give less indicate an average of $625 in annual donations to all sectors combined.
- Those who say they plan to give the same show an average of $675 in annual contributions to all the charities they support.
- And households that say they plan to give more indicate an average annual giving of $1,328 per household.

These figures suggest that the households with the greatest level of giving ability are more likely to stay at the same giving level or give more during the current crisis.

Why Donors Say They'll Give Less

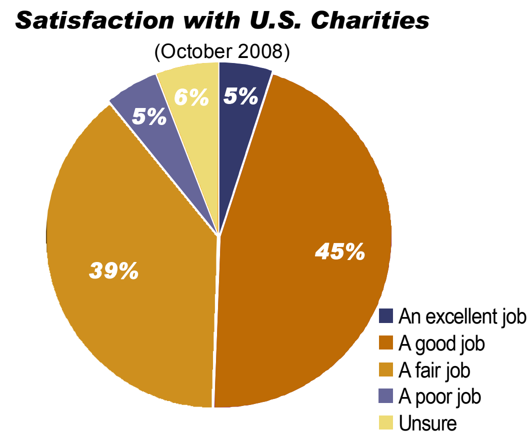
Nearly three in four donors who say they expect to give less now than they projected earlier this year nail the "economy in general" as the reason (74%). Another 24% say their



giving will decline for "some other reason" other than the economy or charities themselves. None say their plans changed because of "something related to a particular charity." Just 2% relate their actions to "the charitable sector in general."

How Donors see Nonprofits Doing

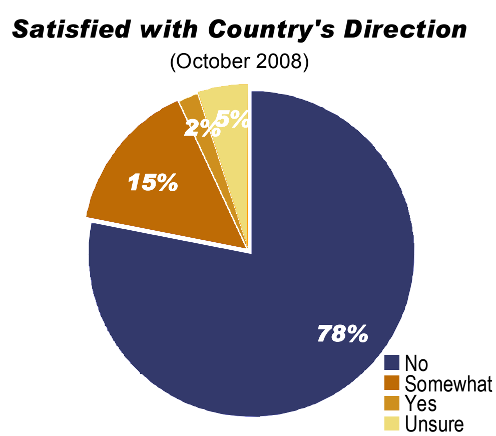
Despite the recession fears and approval ratings for national leaders in the low double-digits, donors generally approve of how the nonprofit sector has performed recently.



Overall, donors say nonprofits are doing pretty well. Half of donors see charities as either doing an "excellent" or "good" job, four in ten say nonprofits are doing a "fair" job, and only five percent say they're doing a "poor" job; an assessment which has improved slightly since February.

Donor's Economic Outlook

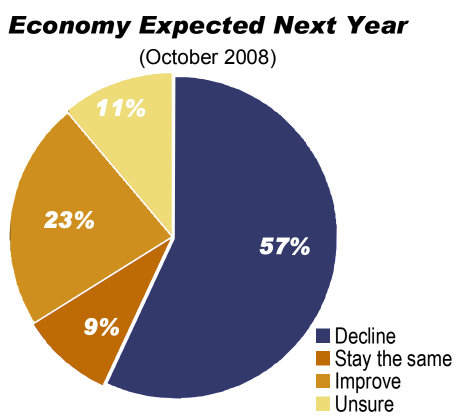
Like other Americans, donors have a dismal view of the nation's economy, as seen in their



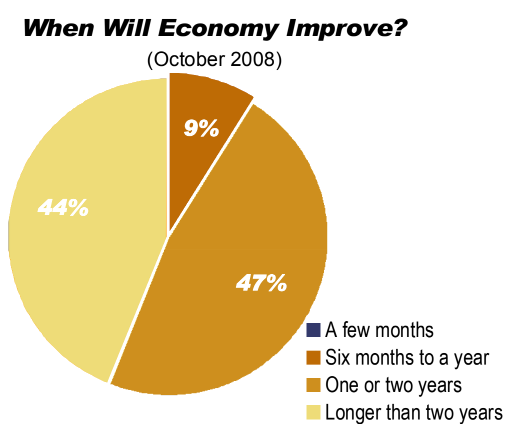
responses. Almost eight in ten (78%) say they are dissatisfied with the direction that the country is currently headed and only 15% are "somewhat satisfied." Donors are even more dissatisfied with "the political system at the Federal level," with 80% saying they are not satisfied and 17% saying they are somewhat satisfied.

When Will It Improve?

Most donors foresee a recovery taking a long time. Nearly six in ten respondents in October '08 (57%) say they expect the economy to decline further in '09, while just five percent



expect it to "stay the same." Nearly one in four (23%) see a more hopeful picture in which the economy improves in '09. About one in ten (11%) is unsure of the outlook.



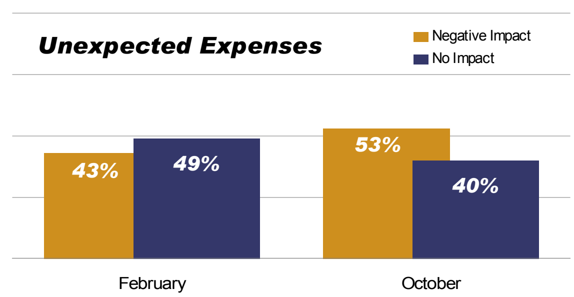
Of those who say it will get worse before it gets better, a 56% majority expects no improvement for at least six months and say it may take up to two years, while 44% see the recovery taking over two years. None expect the economy to improve within a few months.

These results suggest that with the recent collapse, many people have begun to feel that the economy can't get any worse.

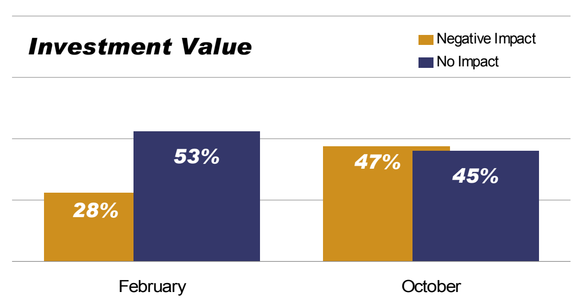
Factors that Most Impact Giving

Factors such as changes in personal expenses, the value of investments in stocks and bonds, and changes in personal income have the greatest negative impact on a donor's nonprofit support.

Unexpected changes in personal expenses are seen as having the greatest negative impact on giving plans. A 53% majority cite this factor as having a negative impact on their giving, up from 43% in February '08. Meanwhile, the percentage that says the factor has no impact has dropped from 49% to 40%.

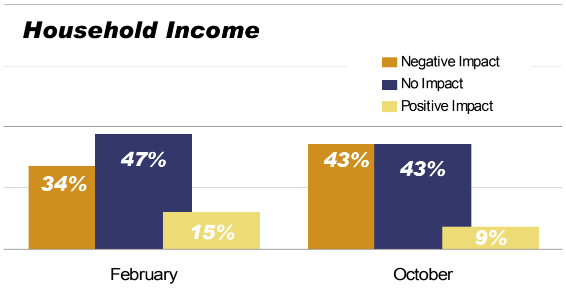


The negative impact donors see arising out of changes in investment portfolio value has grown the most since February '08 – up from 28% at that point to 47% in October.



Organizations that rely on funding from corporations, foundations and larger donors may find those sources a less secure source of donations in the near future. While the perceptions of individual donors do not directly correlate to the perceptions of corporate, foundation or larger donors, we expect that they also see negative impact in the decline of their investment income to an equal or greater degree as individuals.

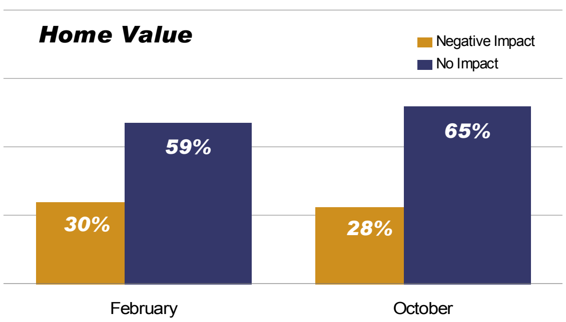
Donors are also more likely now to say that "the change or lack of change in their household income last year" has had a negative impact on their giving plans. Now, 43% give this answer, up from 34% in February.



The percentage who says that changes in their household income have had a `positive` impact on their giving has decreased from 15% in February to 9% now.

Furthermore, fewer donors are likely to say that income changes have no impact.

In contrast, two in three donors say that changes in the value of their home have no impact on their giving plans. This is up from 59% in February.

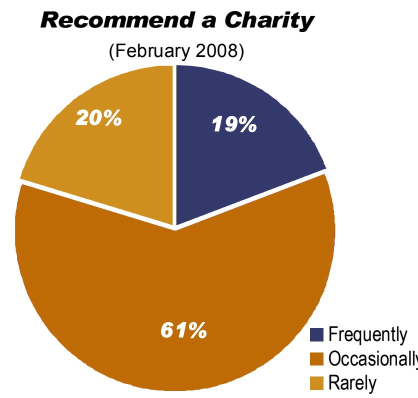


These results show that while unexpected personal expenses are at issue for most donors in weathering the current financial crisis, donors now perceive greater impact and weakness in the area of investment value than they do in home value.

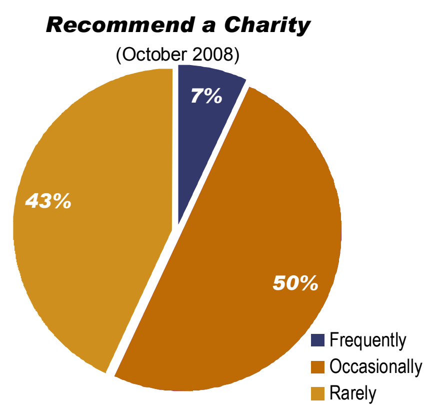
Willing to Recommend a Charity

The percentage of donors willing to recommend one of their favorite charities has decreased recently.

In February '08, eight in ten donors indicated they either "frequently" (19%) or "occasionally" (61%) recommend a charity they know of to friends, family or colleagues.



Those two categories combined dropped to 57% in the October poll, suggesting a reluctance to share giving behavior. Campbell Rinker believes such hesitancy speaks to a lack of donor confidence.



Sector Spotlights

Campbell Rinker asked donors to indicate which sectors they had supported in the last year, using the following list. Donors could indicate supporting more than one sector. As the Donor Confidence Index is calculated on a per-respondent basis and aggregated, ratings provided by one donor may contribute to multiple sectors:

- Animal rights, protection and training
- Arts, culture, and humanities
- Educational institutions and programs
- Environmental protection and preservation

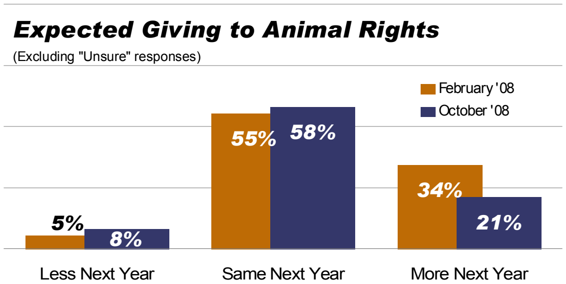
- Faith-based charities, excluding places of worship
- Health and medical charities
- International relief, education, and sponsorship
- Not-for-profit hospitals and hospital foundations
- Places of worship
- Political organizations
- Social service organizations

Animal Rights & Protection

The DCI for animal rights and protection has slipped somewhat since February '08, from 96.5 to 88.7. Donors who give to Animal Rights were less confident than donors to other sectors in February, as the index for this area was the lowest measured at that point. On the positive side, confidence expressed by donors to this sector has weakened only about half as much as seen in some other sectors.

Sector	Feb'08	Oct'08	Gap
Animal Rights	96.5	88.7	7.8

Households that support animal rights report a slightly greater likelihood to give less or the same amount to the sector in 2009. A significant 13% decline occurs among households that say they plan to give more to animal rights.



Moreover, the average annual contribution to all charities reported by those who plan to donate less or the same is significantly smaller than that reported by those who say they plan to give the same or more. This is another signal that Animal rights and protection groups may see less of an impact than other sectors during the current crisis.

Arts, Culture, and Humanities

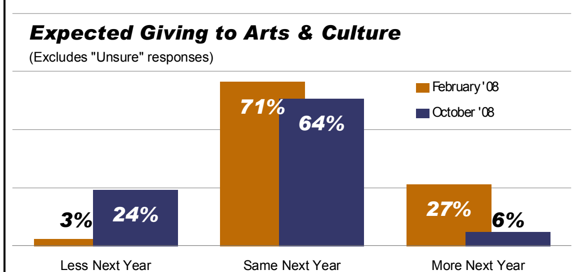
The DCI for has fallen more significantly for donors giving to the Arts, Culture and Humanities than in any other sector, falling from 100.1 to 85.9 since February '08. This 14.1-point decline is the largest recorded for any of the sectors.

The level of confidence among donors to this sector suggests that organizations devoted to the arts, cultural and humanities will experience a more difficult time during the current crisis than other sectors.

Sector	Feb'08	Oct'08	Gap
Arts, Culture and Humanities	100.1	85.9	14.1

Households that support Arts and Culture report a significantly higher likelihood to give less in the coming year. Also, the proportion of donors who say they plan to give more has declined sharply, from 27% to 6%, and the percentage of those who say they plan to give the same has softened.

An analysis of giving levels suggests that many of those who in February said they planned to give *more* to this sector actually had higher annual giving budgets. A significant group of these donors have apparently shifted their expectations and now plan to maintain their giving rather than increase their giving level. Overall, the average annual giving among arts donor households remains constant.

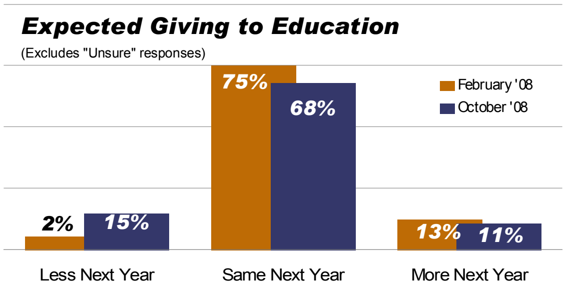


Education Institutions & Programs

The DCI for Educational Institutions and Programs has declined moderately since February '08, from 99.1 to 91.4. While this decline is not as large as those expressed by donors to other sectors,

Sector	Feb'08	Oct'08	Gap
Education	99.1	91.4	7.7

Education supporters show a slightly elevated likelihood to give less to this sector. The proportions who say they plan to donate the same amount or more decreased slightly.



However, these apparently benign results belie what may be a fundamental shift taking place in the expected donation amounts from poll to poll. The same group of donors indicates a significantly lower expected annual household donation in October than they did in February. Campbell Rinker will keep an eye on this to identify whether it becomes a trend.

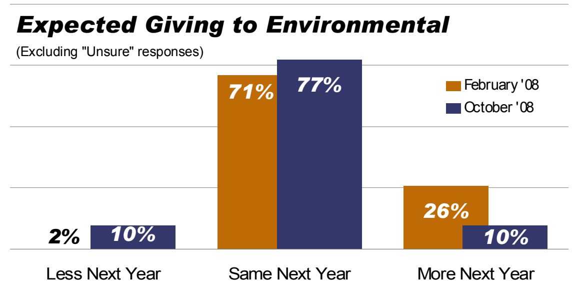
Environmental Protection

The DCI for Environmental Protection and Preservation has fallen by 9.2 points, from a baseline of 98.9 established in February '08 to 89.7 in October '08.

Sector	Feb'08	Oct'08	Gap
Environmental	98.9	89.7	9.2

Supporters of environmental protection and preservation appear more likely to migrate out of the "give more" category than they are to enter the "give less" group. In comparison, the percentage of households in which giving is likely to stay the same shows a slight increase.

In October, households giving to this sector indicated plans to give significantly more in 2009 than they expected to give in 2008. For this reason, the data shows potentially higher average gifts in the "more next year," "same next year" and "less next year" categories. Campbell Rinker will continue to monitor this projection.

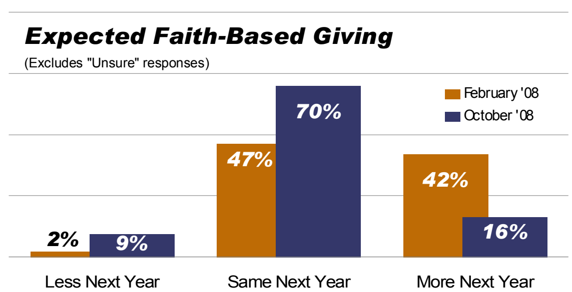


Faith-based Charities

The DCI for Faith-based charities (excluding places of worship) has fallen moderately, by 8.3 points to an index of 95.9 in October '08. The Index in October finds its high-water in the results for this sector. Perhaps this suggests donors to faith-based organizations are slightly more hopeful about the economy than donors to other sectors.

Sector	Feb'08	Oct'08	Gap
Faith-based	104.2	95.9	8.3

Households that support faith-based charities are likelier to say they will not give more or give the same amount than they are to say they will give less. This movement suggests that the donor households in our sample that support faith-based ministries are reluctant to reduce their giving to this sector.



Despite this apparent movement toward giving the same amount, households in this category that now say they plan to give more indicate an increase in the average amount of giving per household in October compared to February.

As a result of this increase, the households in this group say they now expect to give more as a group to faith-based charities in 2009 than they expected to in 2008.

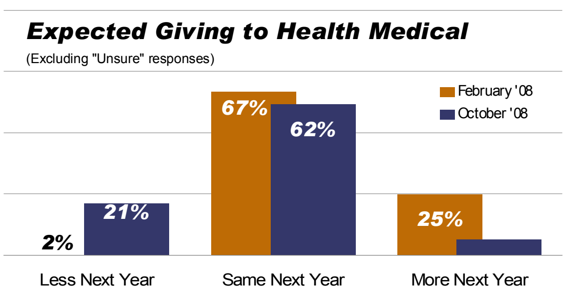
Health and Medical Charities in US

The Donor Confidence Index (DCI) for Health and Medical charities serving the US has slipped by 10.1 points since the baseline was established in February '08, from 101.7 to 91.6.

Sector	Feb'08	Oct'08	Gap
Health and Medical	101.7	91.6	10.1

Households that support the US-based Health and Medical charities indicate a significant decline in their likelihood to give more to these charities, balanced by a nearly equivalent increase in likelihood to give less. Perhaps the most telling figure in the next graph is that the percentage of those who plan to give the same amount has also declined, from 67% to 62%.

Despite these patterns toward giving less, households that plan to donate to this sector in 2009 and who also gave in 2008 indicate that they plan to give more overall as an average annual contribution next year.

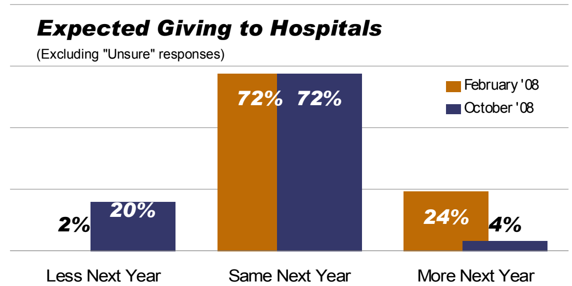


Hospitals & Hospital Foundations

The DCI for nonprofit Hospitals and Hospital Foundations has declined more than most sectors, but not as much as the hardest hit – from 99.7 in February '08, to 89.3 in October '08, a dip of 10.3 points.

Sector	Feb'08	Oct'08	Gap
Hospitals, Hosp. Foundations	99.7	89.3	10.3

Giving expectations to Hospitals and Hospital Foundations among supporting households appear to have shifted from the "More Next Year" category to the "Same Next Year," and from "Same Next Year" to "Less Next Year." A strong 72% expect to remain in the "Same Next Year" category.



Based on donor-provided figures, the projected average annual household gift may increase among donors who give to nonprofit Hospitals and their Foundations.

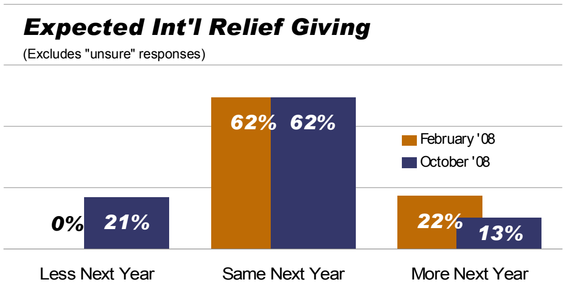
Int'l Relief, Education, & Sponsorship

The DCI for International Relief, Education and Child Sponsorship has fallen from the benchmark of 99.9 set in February '08, to 86.6 now, a decline of 13.3 points.

Sector	Feb'08	Oct'08	Gap
Int'l Relief and Development	99.9	86.6	13.3

Households that support International Relief, Education and Child Sponsorship preservation are more likely to say in October they will give less in '09 to this sector compared to their February '08 response reflecting their plans for 2008. Nine percent fewer households now say they plan to give more to this sector.

In terms of giving amounts, one favorable sign is that households which report they plan to give the same amount or more in 2009 show a higher average annual contribution to this sector, on average, than households that plan to donate less. On the other hand, it appears that the combined average annual giving to International Relief, Education and Sponsorship projected for 2009 by these households may decrease by about 25% compared to the estimate for 2008 these same households provided last February.



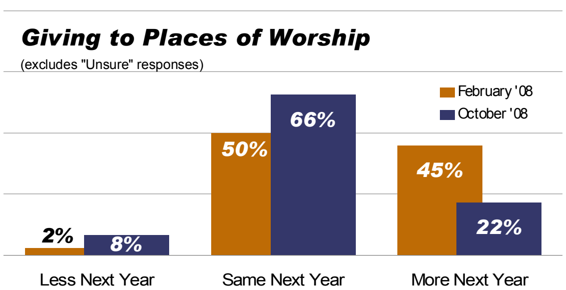
Places of Worship

The DCI for Places of Worship has fallen by 10.1 points since February '08, from 101.6 to 91.4. This figure is slightly better than some of the worst-hit charitable sectors.

Interestingly, the October Index for places of worship falls below the score for Faith-based charities by several points, despite the fact that donors presumably have closer ties to their places of worship than they do to other faith-based NPOs.

Sector	Feb'08	Oct'08	Gap
Places of Worship	101.6	91.4	10.1

In projecting their annual gifts to Places of Worship, supporting households say they expect to give just about the same in 2009 as they expected to in 2008, despite the decline for "More Next Year" seen below.



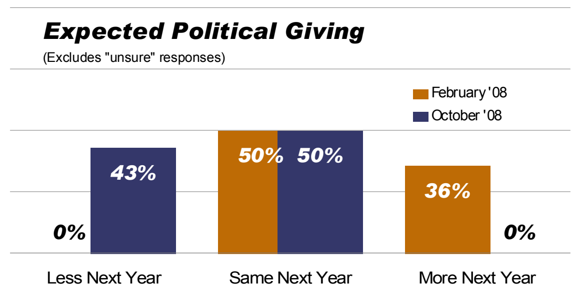
Political & Advocacy

The DCI for Political and Advocacy Organizations has declined by 14 points – more than most other sectors – from a February benchmark of 104.5 to its current level of 90.5.

Sector	Feb'08	Oct'08	Gap
Political and Advocacy	104.5	90.5	14.0

This decline is very likely due to the fact that the poll on which the October ratings are based happened just three weeks before the 2008 Presidential election. One factor influencing movement in the Index is the likelihood of those who contribute to the sector giving in the category again during the next year.

Households that support Political and Advocacy organizations seem unlikely to maintain or improve the support they actually provided in 2008 for political and advocacy causes, though their self-stated giving projections suggest this will be the case despite the waning election season.

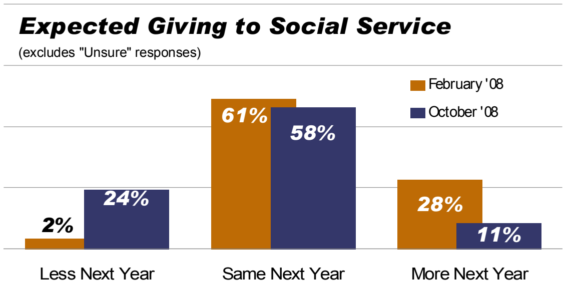


Social Service

The DCI for Social Service organizations has slipped by 12.2 points since February '08, from 99.6 to 87.3.

Sector	Feb'08	Oct'08	Gap
Social Service	99.6	87.3	12.2

The percentage of households saying they expect to give more and the same amount next year has dropped, while the percentage saying they expect to give less has increased. This is puzzling, as many organizations in this sector are established to serve the needs of those impacted by the current economic crisis.



Confounding expectations further is the fact that panel member households in February indicated they expected in 2008 to give nearly an average of over $500 per household to this sector. These same households now project a substantially lower average amount for 2009.

Methodology

The February Benchmark study was conducted as part of Campbell Rinker's DonorPulse survey of 3,312 US Donors. This survey was conducted in February, 2008 by phone (29% of households surveyed) among random households and Internet (71%) among participants in an Internet panel adjusted to reflect national demographics.

To qualify to take the survey, responding households must have made a charitable contribution in 2007. Respondents were required to be at least 18 years old. Of the 3,312 responding donors, 726 self-identified as Christian and 85 self-identified as adherents to non-Christian faiths.

The October Donor Confidence Report poll was conducted on October 11-12, 2008 as a tracking study among 294 Internet respondents who had responded to the original February questionnaire. Overall response was 'weighted' (mathematically adjusted) by donor age, to ensure representativeness among various age categories and conform to proportions seen in the original DonorPulse telephone sample.

The Donor Confidence Index is computed at the respondent level using an algorithm developed by Campbell Rinker that takes into account a donor's propensity to give again, their opinions and attitudes about the condition of the country, the nonprofit sector, their economic outlook and their ongoing engagement in giving. The scores presented in this report represent a true longitudinal view of donors in February compared to the same donors in October.

Fewer respondents answered some questions. The table below summarizes the estimate of error at the 95% confidence level at various sample sizes.

Sample Size	Estimate of Error
85	±10.6%
100	±9.8%
200	±6.9%
300	±5.7%

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