



JOHN REX ENDOWMENT

Nonprofit Capacity Building

2014: Review & Future Directions



In 2009, the John Rex Endowment began its support of capacity building for nonprofits in an effort “to help nonprofits enhance their infrastructure to better serve their constituents.”

This report summarizes an analysis of grantee and consultant feedback, financial health of grantees, and the Nonprofit Capacity Building applications and final reports.

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Acknowledgements

We are grateful to the community of John Rex Endowment grantees and consultants who participated in the survey. Because of your valuable and honest responses we were able to draw a realistic picture of capacity building and its effect on a nonprofit organization's ability to fulfill its mission.

NONPROFIT CAPACITY BUILDING

REVIEW AND FUTURE DIRECTIONS

- INTRODUCTION.....1
- BACKGROUND OF THE NONPROFIT CAPACITY BUILDING FUNDING AREA2
- EVALUATION MAIN SUMMARY POINTS.....3
 - Nonprofit Capacity Building Grant Applications.....3
 - Grantee Surveys3
 - Consultant Surveys.....7
 - Financial Health Analyses..... 10
 - Nonprofit Capacity Building Grantee Final Reports..... 12
- REFLECTION ON FINDINGS 13
- CONCLUSION..... 13

NONPROFIT CAPACITY BUILDING

REVIEW AND FUTURE DIRECTIONS

INTRODUCTION

In 2009, the John Rex Endowment launched its support for nonprofit capacity building in an effort “to help nonprofits enhance their infrastructure to better serve their constituents.” Our approach is to:

- Build the interest and commitment of more nonprofit organizations to engage in nonprofit capacity building.
- Make improvements in our support of nonprofit capacity building.

Currently called the Nonprofit Capacity Building funding area, the process for each applicant organization begins with a comprehensive organizational assessment. As part of the organizational assessment, organizations determine their current strengths and challenges within six (6) key organizational development areas, (Table 1) below. Each organizational assessment is led by a consultant of the organization’s choice. This step leads to the identification of priority needs and recommended steps for improvement which often come forward to the John Rex Endowment as a capacity building grant application.

Table 1: Organizational Assessment Components

Organizational Development Area	Questions to Address
Mission, Vision, and Strategy	Does the organization have a clear mission, and are strategies in alignment with this mission?
Governance and Leadership	Does the organization have strong governance and foster leadership?
Resource Development	Is the organization financially sustainable?
Strategic Relationships	Does the organization have strong and positive relationships with external stakeholders?
Internal Operations and Management	Does the organization have a strong and sound core infrastructure?
Program Delivery and Impact	Is the organization effective in its delivery of programs and services, and is evaluation of impact integral to the organization?

In the fall of 2014, John Rex Endowment staff conducted a Nonprofit Capacity Building evaluation consisting of a review of five (5) different data sources summarized in their respective sections in this report: Nonprofit Capacity Building Grant Applications, Grantee Surveys, Consultant Surveys, Grantee Financial Health Analyses, and Nonprofit Capacity Building Grantee Final Reports.

Grantee and Consultant Survey questions were developed as a result of interviews with John Rex Endowment staff, interviews with representatives of other North Carolina funder capacity building efforts, and a scan of select publications on evaluating the impact of nonprofit capacity building. A primary component of the surveys was the use of an adapted version of the *Marguerite Casey Foundation Organizational Capacity Assessment Tool* to gauge organizations' pre- and post-funding levels of four (4) elements of capacity— leadership capacity, adaptive capacity, management capacity, and technical capacity.ⁱ These four (4) elements of capacity provided a systematic way for grantees and consultants to share their capacities prior to John Rex Endowment support as compared to their capacities now, and represent a good picture of the impact that work in the six (6) key areas of organizational development can have on organizations. The tool allowed respondents to rate themselves for each of the elements at descriptive levels that can be divided on a scale of one (1, low capacity) to four (4, high capacity). The definitions of the four (4) elements are:ⁱⁱ

- Leadership Capacity
Leadership Capacity is the ability of organizational leaders to inspire, prioritize, make decisions, provide direction, and innovate - all in an effort to achieve the organization's mission.
- Adaptive Capacity
Adaptive Capacity is the ability of a nonprofit organization to monitor, assess, and respond to internal and external changes. In broader terms, this really means learning as you go and adapting to change. Research shows that leadership and learning are the two most important factors in determining long-term sustainability.
- Management Capacity
Management Capacity is the ability of a nonprofit organization to ensure the effective and efficient use of organizational resources; having the systems, routines, practices and procedures that enable you to be efficient and cost-effective.
- Technical Capacity
Technical Capacity is the ability of a nonprofit organization to implement key organizational and programmatic functions. Simply put, it's having the right people, skills, space, financial resources, and stuff.

BACKGROUND OF THE NONPROFIT CAPACITY BUILDING FUNDING AREA

As of September 2014, the John Rex Endowment has awarded 69 Nonprofit Capacity Building grants, totaling over \$1.6M, to 33 unique organizations. Twenty-five (25) of these grants have been Organizational Assessments, while 44 have been follow up Capacity Building grants. Funded organizations have conducted capacity building work in the following Organizational Development Areas:ⁱⁱⁱ

- Mission, Vision, and Strategy: (11 of 33)
- Governance and Leadership: (5 of 33)
- Program Delivery and Impact: 3

EVALUATION MAIN SUMMARY POINTS

While many factors—the economy, changes in leadership and staff, etc.—can impact a nonprofit organization’s level(s) of capacity, the purpose of this evaluation project was to see what kind of, if any, improvements have taken place for organizations since receiving John Rex Endowment funding. Thus, this evaluation only outlines the “contribution” (how our foundation may have contributed) our funding may have played in the grantees’ capacity, not necessarily the “attribution” (for what our foundation can fully take credit).^{iv}

Nonprofit Capacity Building Grant Applications

We limited our review of grant applications to those received in the past two (2) years. In that period of time, we’ve received 51 applications for organizational assessments and capacity building grants. Approximately 69% of applicants received grant awards. Applications were most commonly denied either due to ineligibility or lack of clarity shown by the applicant to demonstrate a measurable impact on vulnerable Wake County children. Demonstration of impact is a two-part equation:

- 1) Measurable impact—organizations need to articulate what is the tangible result of their work on specific outcomes of health and well-being, and
- 2) Focus on vulnerable Wake County children—how organizations demonstrate that they do work in such a way that maximizes their provision of programs/services to and/or the benefit of their work for vulnerable children, that is children who generally have disparate rates of burden in regard to issues of health and well-being (e.g., children of color, children living in low-resource neighborhoods, children living in poverty).

Grantee Surveys

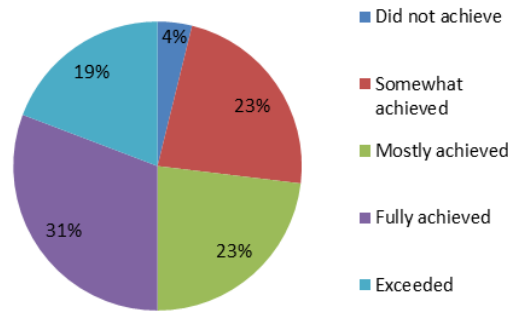
Our Grantee Survey was distributed to organizations that received two (2) or more Nonprofit Capacity Building grants at any time during the years 2009 to 2014—either an Organizational Assessment grant followed by one (1) or more Capacity Building grants or at least two (2) Capacity Building grants. Sixteen (16) organizations met these requirements. Because an important aspect of capacity building assessment is to view the impact contextually, we requested that three (3) individuals from each organization complete the survey—the Executive Director/President/CEO, a staff member, and a board member.^v Of the 16 organizations invited to participate, 13 had at least one (1) respondent complete our survey, and of the total 48 possible respondents, 58% completed the survey. The major component of the survey used the *Marguerite Casey Foundation Organizational Capacity Assessment Tool* to gauge organizations’ pre- and post-funding levels of the four (4) elements of capacity.

Impact:

Goal achievement

When asked how successful they were in achieving their capacity building goals, 73% of respondents said they “Mostly achieved” their goals or better (“Fully achieved” or “Exceeded”) (Figure 1). Most organizations said they were “Very satisfied” with their progress in meeting goals for each of the six (6) organizational development areas. Of the respondents that said they were either “Slightly satisfied” or “Not at all satisfied,” they acknowledged external economic conditions as a contributing factor.

Figure 1: Goal Achievement of Grantees^{vi}

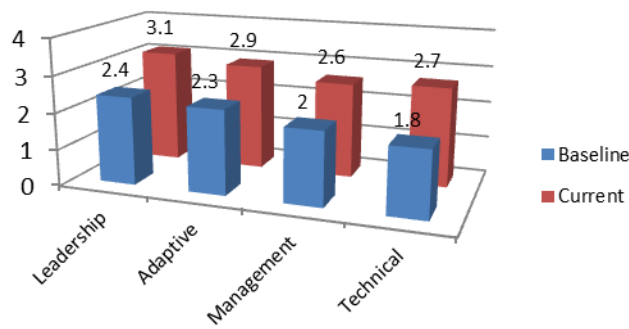


Along these lines of goal achievement, 67% of respondents stated they are “Ahead of where we thought we would be” or “Right where we thought we would be” in terms of the long-term impact they have seen in their organizations. As posited by De Vita et. al.^{vii}, “building nonprofit capacity is not a short-term undertaking.” Capacity building grants target specific leverage points within the organizational system, with some changes more immediately apparent while others (the outer layers of the ripple effect if you will) occur in the longer-term.

Pre- and Post-funding ratings of capacity elements

Grantee respondents rated their organizations as having improved in each element of capacity since beginning their capacity building work (Figure 2). Even with modest increases in each element’s rating, this shows that grantees believe they are stronger organizations, with better capacity, as a result of receiving funding from the John Rex Endowment. No respondent rated themselves in the “level four” (highest capacity) category, which means they also acknowledge there is still work to be done. Furthermore, for organizations that had multiple respondents, there was very little discrepancy of capacity ratings within the same organization. This consistency across each individual’s ratings within the same organization for all elements of capacity suggests that the reliability of our findings among grantee respondents is good.

Figure 2: Grantees’ Pre- and Post-funding Assessment of Elements of Capacity^{viii}



Leadership Capacity

In Leadership Capacity, the elements assessed are: Mission, Vision, and Overarching Goals; Overarching Strategy and Program Integration; Board Involvement and Support; and CEO/ED Organizational Leadership and Effectiveness. Respondents believe that their organizations have generally improved from being organizations without clear missions and goals to ones where leadership (board and staff) are referencing a clear mission throughout the work they do. A current average rating of 3.1 also shows that organizations are moving closer toward clearer, time-measured strategies to accomplish their goals and toward having staff leadership that is effectively strengthening internal structure while building external relationships.

Adaptive Capacity

Adaptive Capacity includes Evaluation and Organizational Learning; Assessment of External Environment, Community Needs, and Research Data; and Program Growth and Development. According to leaders in the capacity building field, adaptive capacity is a hallmark of sustainable organizations.^{ix} The TCC Group's Sustainability Formula says Leadership + Adaptability + Program Capacity = Sustainability.^x Thus, the improvements in Adaptive Capacity are important to note. Though still on the high end within the "level 2" range, the average rating of 2.9 shows that organizations are working toward using learnings to evaluate their effectiveness and adjust their decision-making accordingly. However, this rating acknowledges that data collection and the ability to evaluate the quality of data is still limited. This makes program growth and development based on needs and gaps in services a challenge.

Management Capacity

Management Capacity deals with the Dependence of the Management Team and Staff on the CEO/ED; Interfunctional Coordination and Communication; Organizational Processes; Knowledge Management and Decision Making Process; and Recruiting, Development, and Retention of Management and Staff. Prior to receiving capacity building funding, respondents rated themselves on average as a 2.0—having high dependence on the CEO/ED with difficulty existing without his/her presence. Considering the impact successions can have on organizations' ability to seamlessly continue their work, movement toward the current 2.6 rating—closer to a 3.0 rating of having "limited" dependence on the CEO/ED—is noteworthy. With the current rating, respondents still acknowledge internal communication challenges between programs and departments of their organizations, but say that meetings are effectively facilitated. Another aspect of this element of capacity, staff development, is only partially defined. Better defined development for staff, another aspect of management capacity, seems to be improving across grantees; however, based on the 2.6 rating more work needs to be done to develop clearly articulated plans for staff development.

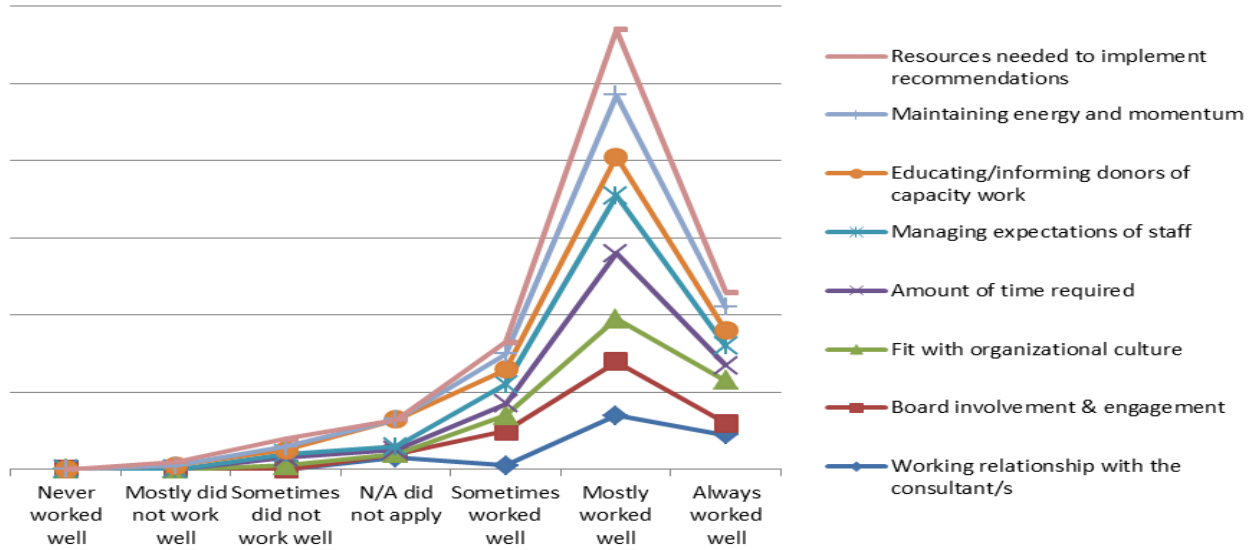
Technical Capacity

Technical Capacity assesses Funding Model and Development Planning, and the Communications Strategy. The greatest level of improvement was seen in grantees' technical capacity. In the previous John Rex Endowment 2010 evaluation, this element of capacity had seen the lowest level of improvement, likely due to the impact of technical capacity improvements taking longer to notice. Prior to receiving funding, respondents' average rating reveals that they relied heavily on only a few funders with no systems in place for long-term planning of diversifying revenue streams. Now they acknowledge having multiple types of funding sources and recognize the need to engage in long-term fund development planning. Communications strategies of key messages for staff and stakeholders are still a work in progress, but respondents believe they are improving in this area.

Grantee experiences

Grantees stated that the capacity building process generally worked well (Figure 3). In particular, they reported that relationships with consultants helped keep the work on track by keeping staff and board engaged during what can be a long process. For example, one (1) respondent mentioned it was easy to put the capacity building work “on the back burner” behind dealing with more immediate needs. Their consultant made sure they were able to keep capacity building at the forefront. This is important to note considering that some of the immediate needs experienced by grantees may be a result of broader capacity issues.

Figure 3: Grantees’ Perceptions of What Worked Well

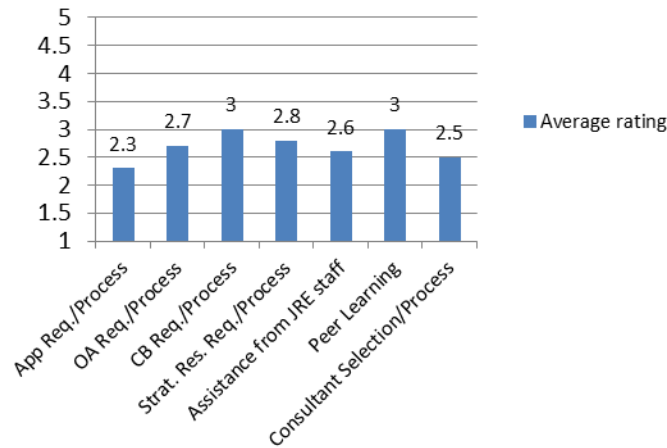


Of the challenges that grantees mentioned, underestimating the amount of time required for board members was a common theme. This challenge was one that was mentioned in the previous 2010 evaluation as well. As a result, the John Rex Endowment requests for proposals (RFPs) provide a statement regarding an expectation of the time required, although this seems to not be sufficient. Other feedback on challenges grantees experienced include having the necessary financial resources and time to implement the capacity building recommendations. This concern is further reiterated in that grantees often decide to focus on resource development ahead of other organizational development areas. To mitigate the financial constraint challenges, the John Rex Endowment asks consultants to provide grantees with several shorter-term and/or no or lower-cost improvements and activities to engage between grant application cycles (a change instituted following our prior capacity building funding evaluation). However, we are still seeing that a common challenge mentioned is the “lag-time” between the end of one John Rex Endowment grant and the start of the next funding opportunity.

Grantee suggestions on process improvements

In addition to asking grantees about their experiences and levels of satisfaction with the current process, we explicitly asked respondents how John Rex Endowment could prioritize suggestions for improvements to the application processes, interaction with our staff, peer learning opportunities, and for consultant selection and process feedback (Figure 4). While none of these areas for improvement received an average rating as an “Essential” priority (five on a scale of 1 to 5), respondents rated “Grantee Peer Learning” as a moderate priority (with an average rating of 3 on a scale of 1 to 5).^{xi}

Figure 4: Grantees’ Suggested John Rex Endowment Priority Improvements



Consultant Surveys

We only invited consultants who had worked with at least two (2) John Rex Endowment grantees in conducting a comprehensive organizational assessment and/or providing support in a specific nonprofit capacity building project. We again used the *Marguerite Casey Foundation Organizational Capacity Assessment Tool* to gauge consultants’ perceptions of the grantees’ pre- and post-funding levels of the four (4) elements of capacity. Seven consultants received the Consultant Survey and all seven completed it.

Consultants’ organizational assessment process

We asked consultants about the information sources they use to complete the organizational assessments (Table 2). Knowing the information sources helped us determine a baseline reference of where the organizational processes began. The information sources also provided context of the information sources the consultant referred (or did not refer) to draw their conclusions in the assessment. When working with grantees on capacity building, meetings or interviews with the Executive Director/CEO are the only information source that are consistently used across all of the six (6) core areas. Observation of board and/or committee meetings are only used consistently in assessing Governance and Leadership, and overall has the least use across all of the six (6) core areas. The two (2) other information sources less frequently used are review of external organizational materials (e.g. website) and interviews or surveys with organizational clients, program or service recipients, etc. Strategic Relationships had the least diverse set of information sources used for assessment.

Table 2: Information Sources Used by Consultants in Organizational Assessments

Meetings or interviews with the Executive Director/CEO
Surveys or interviews with board members
Observation of board and/or committee meetings
Review of board and committee documents (e.g., meeting minutes or committee descriptions)
Surveys or interviews with staff
Review of internal organizational documents (e.g., bylaws or strategic plans)
Review of external organizational materials (e.g., brochures or website)
Surveys or interviews with organizational clients, program participants, or service recipients...
Surveys or interviews with other external stakeholders

Having worked with various organizations in capacity building, consultants offer a unique viewpoint.^{xii} Because they had an external perspective of the organizations they assisted, and had worked with multiple organizations, we asked consultants to rank how John Rex Endowment grantees generally prioritize areas for capacity building as compared to how they as a consultant would have prioritized. Table 3 shows how consultants’ ranking of organizational priorities compares to their perception of how grantees’ rank importance.

Table 3: Organizational Priority Rankings

Organizations’ Rank	Consultants’ Rank
1. Resource Development	1. Mission, Vision and Strategy
2. Governance and Leadership	2. Governance and Leadership
3. Mission, Vision and Strategy	3. Program Delivery and Impact
4. Strategic Relationships	4. Internal Operations and Management
5. Internal Operations and Management	5. Resource Development
6. Program Delivery and Impact	6. Strategic Relationships

Based on additional information provided by consultants, some of the reasons they gave for grantees’ tendency to prioritize as they did:

- Resource development is a top priority because ensuring adequate funding is ever present and permeates their day-to-day reality; organizations don’t realize that if they do all of the other things “right” that resource development will follow.
- Organizations often choose to work on things that are less likely to be people-specific in order to avoid conflict. Sometimes this results in a level of dysfunction in the way people are working together and interacting. For organizations in which executive leadership has been in place for a very long time, this can lead to founder’s syndrome.

Impact:

Goal achievement

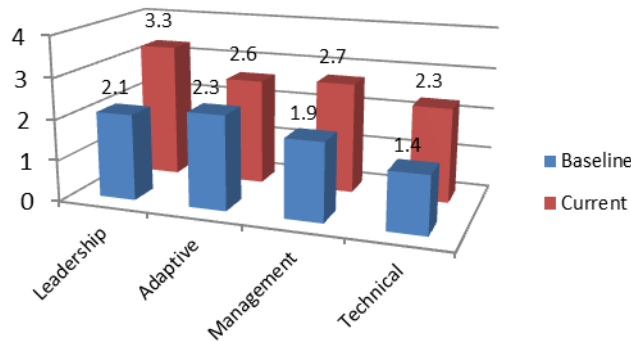
All seven (7) consultants responded that they believe the grantees they assisted “Mostly achieved their goals.” Factors that consultants rated as playing a role in facilitating capacity building progress included: senior staff engagement, board member engagement, readiness to undertake capacity building work, and a positive relationship between the consultant and contacts at the grantee organization. Conversely, the two (2) primary factors that hindered grantees from “Fully” achieving their goals were the amount of time and resources required. Additionally, consultants felt that when some facilitating factors weren’t in place it was likely to be a hindrance to progress. Lack of staff engagement (both senior as well as other staff) and lack of readiness to undertake capacity building work were listed as most relevant.

The culture of the organization wasn't deemed as relevant a factor (in either hindering or facilitating) across consultants as a whole. However, consultants did note that the capacity building processes that were most fruitful were those that included buy-in and authentic participation from multiple levels (board, senior staff, other organizational staff, and even stakeholders) of the organization.

Pre- and Post-funding ratings of capacity elements

Consultants also responded that they believe the grantee organizations they have assisted have made noticeable improvements in each element of capacity (Figure 5). Like the grantee baseline versus current ratings, the improvements are somewhat modest, but progressively noteworthy.

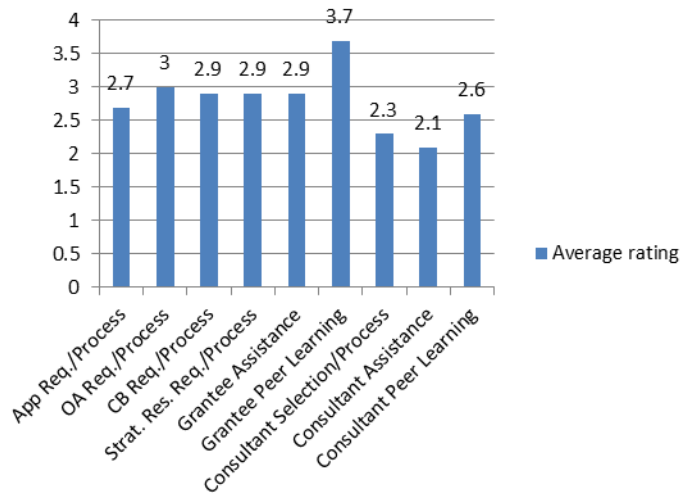
Figure 5: Consultants' Pre-and Post-funding Assessment of Elements of Capacity^{xiii}



When comparing how consultants rated the current capacity of the organizations with which they worked with the ratings the organizations gave themselves, the consultants rated organizations slightly higher in Leadership and Management capacity. Meanwhile grantees rated themselves slightly higher in Adaptive and Technical capacity. Despite these differences in ratings, both consultants and grantees fell within the same capacity level (e.g., grantees currently rate themselves 3.1 in Leadership Capacity (Figure 2), while consultants currently rate them at 3.3 in Leadership (Figure 5). Both fall within capacity level 3).

Consultant suggestions on process improvements

We asked consultants how the John Rex Endowment could prioritize suggestions for improvements to the application processes, interaction with our staff, peer learning opportunities, and for consultant selection and process feedback (Figure 6). Similar to the grantee respondents' suggestion, Grantee Peer Learning received the highest average rating at 3.7 on a scale of one to five. One other key recommendation is related to integrating consultant input into the application process for organizational assessment grants. Consultants felt that the requirements for describing the proposed organizational assessment process are too complex for some grantees.

Figure 6: Consultants' Suggested JRE Priority Improvements

Financial Health Analyses

We asked organizations that had received funding at least three (3) years ago to participate in a Financial Health Analysis. Participating organizations sent us their financial statements to analyze trends from the year before they received capacity building funding through the most-recent year they have available. All but one (1) of the 15 of eligible grantee organizations met these requirements. Of that 15, nine (9) grantee organizations sent us their financial statements to be analyzed for financial trends.

Impact:

Pre- and Post-funding performance

By analyzing the nine (9) responding grantees' Audited Financial Statements^{xiv} there were two (2) main data analyses that allowed us to gauge the impact of our support on the financial health of grantee organizations: 1) grantees' performance in comparison to Nonprofit Operational Analysis benchmarks and 2) whether or not grantees showed improvement in their Nonprofit Operational Analysis pre- and post-funding.

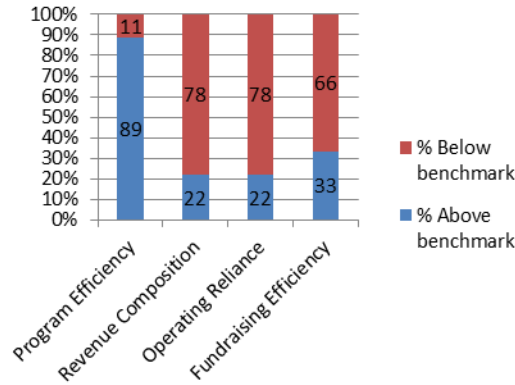
Performance in comparison to Nonprofit Operational Analysis benchmarks:

These benchmarks compare an organization to other similar nonprofits based on the sector in which their nonprofit falls based on the National Taxonomy of Exempt Entities (NTEE) codes they each identified. Four (4) key benchmark categories are Program Efficiency, Revenue Composition, Operating Reliance, and Fundraising Efficiency.^{xv} Other than in Program Efficiency, the responding grantees are currently underperforming their benchmarks in each of these categories.

Nonprofit Operational Analysis Improvement pre- and post-funding:

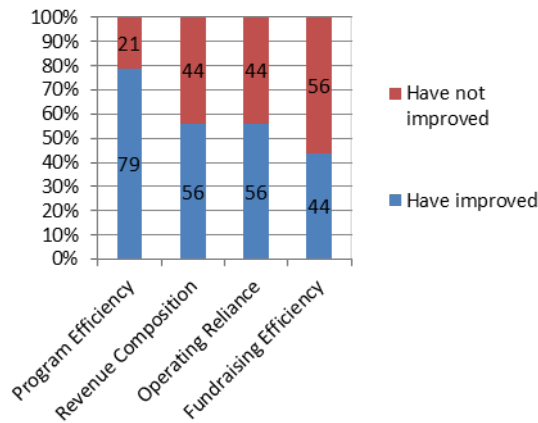
Responding organizations are performing best in Program Efficiency. Eighty-nine (89) percent of them are performing above their benchmark in Program Efficiency which is gauged by calculating how much of total expenses go toward program expenses. For the other benchmarks, most of them are underperforming their benchmarks (Figure 7).

Figure 7: Performance Comparison to Benchmarks



Despite underperforming their sector benchmarks, there were some operational improvements shown in each of the four (4) categories (Figure 8). When comparing ratings before and after receiving funding, most grantees had made improvements in Program Efficiency, Revenue Composition, and Operational Reliance. Fundraising Efficiency is the one category that had most (56%) responding organizations not showing improvement.

Figure 8: Operational Improvement



The information received for the Financial Health Analysis was for years 2008 through 2013. The timing of the financial information received is important when looking contextually at the financial climate across the nonprofit sector. The impact of the recession was still in full effect through 2012 and for some nonprofit sectors we serve, are still being felt. In this light, the improvements toward benchmarks that grantees are making are commendable.

The connection of financial health to capacity building goals

Assessing the financial health of organizations was important to our overall evaluation because several aspects of capacity building work impact financial stability and sustainability. In addition to one of the six (6) areas of organizational development focusing on Resource Development, consultants confirm that organizations do not realize that if they are strong in all of the other areas—Mission, Vision, and Values; Governance and Leadership; Internal Operations and Management; etc.—Resource Development will follow.

Nonprofit Capacity Building Grantee Final Reports

The survey responses related to satisfaction with goal achievement and experiences with the John Rex Endowment processes are consistent with feedback provided in Grantee Final Reports submitted at the end of their grant terms. Most final reports were positive about the process and whether or not the grantee believed they had achieved their goals. Many said they believed their organizations are stronger as a result.

Likewise, many of the challenges listed in final reports match those listed in the grantee survey.

- 1) Staff turnover and board resignations in the middle of the capacity building process affected multiple organizations.
- 2) Some grantees reported that they needed specific expertise that they didn't realize the consultant didn't possess until within the process (e.g., expertise on software purchases, financial expertise, and hands-on day-to-day operations of a nonprofit).
- 3) Grantees underestimated the time commitment, and sometimes had difficulty balancing day-to-day responsibilities with capacity building activities.

REFLECTION ON FINDINGS

There are no major changes in our approach to Nonprofit Capacity Building funding at this time. Following are some improvements that we will make to our approach as well as next steps.

- Review and revise language in funding announcements and/or grant application forms regarding: 1) demonstration of measurable impact on vulnerable Wake County children, and 2) the amount of time required to engage in an organizational assessment and/or capacity building endeavor.
- Revise organizational assessment description in the grant application, and emphasize to consultants the need for recommending shorter-term and/or no or lower-cost improvements and activities that will enable grantees to maintain momentum while they solicit support for more complex, higher-cost capacity building projects.
- Explore group learning opportunities for grantees, such as what value grantees and consultants believe could be achieved through such an effort, the topics that would be of most interest, who from grantee organizations should participate, how often grantees are willing and able to convene, and what structure would provide the most benefit to participants. Assess whether grantee needs and interests are unique or could be met through existing learning opportunities already available to area nonprofits.
- Disseminate the results of this evaluation publicly in order that grantees and consultants might apply these findings to their capacity building efforts and such that grantees have the opportunity to view their efforts in the context of a larger pool providing motivation to continue toward their goals.

CONCLUSION

While it is possible to see the changes in grantee organizations over the first five (5) years of awarding Nonprofit Capacity Building funding, it is important to acknowledge that capacity building is long-term work. Moreover, it is work that is necessarily continual as John Rex Endowment grantees—like all nonprofits—are always anticipating and responding to multiple internal and external changes in their fields of work. For this reason, it will be important to remind ourselves and our grantees that capacity building is incremental and to avoid “grantee burn out.”^{xvi}

A best practice of capacity building evaluation is to not only assess individual capacity building activities (that fall within the six organizational development areas), but to also assess the core functions such as those outlined in the Marguerite Casey Foundation’s assessment tool.^{xvii} By doing this we have gained a clearer picture of what work is being done (e.g. who is working on fundraising, marketing, etc.), as well as how organizations are different—individually and as a nonprofit community—as a result.

ⁱ The Marguerite Casey Foundation Organizational Capacity Assessment Tool is a derivative product of the Capacity Assessment Grid created by McKinsey and Company for Venture Philanthropy Partners (www.vppartners.org), and published in *Effective Capacity Building in Nonprofit Organizations* (2001). It was modified, reorganized and assembled in electronic format for the Marguerite Casey Foundation (www.caseygrants.org) by Blueprint Research & Design, Inc. (www.blueprintrd.com) and is used with permission from Venture Philanthropy Partners.

ⁱⁱ Four Elements of Capacity definitions from WNC Nonprofit Pathways. <http://www.nonprofitpathways.org/about/our-approach/four-core-capacities/four-core-capacities>.

ⁱⁱⁱ The discrepancy between the number of funded Capacity Building organizations (44) and the total number of organizations that have worked in each Organizational Development Area (39) is due to some organizations receiving multiple Capacity Building grants.

^{iv} Grantmakers for Effective Organizations. (2014). "The Smarter Grantmaking Playbook: How Will We Know if Our Capacity-Building Support is Working?" Available from http://docs.geofunders.org/?filename=cb_assessment.pdf.

^v Grantmakers for Effective Organizations (2015). "Strengthening Nonprofit Capacity" Available from http://docs.geofunders.org/?filename=strengthening_nonprofit_capacity.pdf

^{vi} Figure 1: Goal Achievement of Grantees: almost three-fourths of grantees said they mostly achieved their goals or better.

^{vii} De Vita, Carol J., Fleming, Cory, and Twombly, Eric C. (2001). "Building Nonprofit Capacity. A Framework for Addressing the Problem". In De Vita, C.J. and Fleming, C. (Eds), *Building Capacity in Nonprofit Organizations*. Washington DC: The Urban Institute, pp 5-30, 2001. Available from http://www.urban.org/uploadedpdf/building_capacity.pdf

^{viii} Figure 2: Grantees' Pre-and Post-funding Assessment of Elements of Capacity: Grantees believe they are stronger organizations, with better capacity, since receiving funding from the John Rex Endowment

^{ix} York, Peter. (2009). "The Sustainability Formula: How Nonprofit Organizations Can Thrive in the Emerging Economy." TCC Group. Available from <http://www.tccgrp.com/pdfs/SustainabilityFormula.pdf>.

^x York, Peter. (2009). "The Sustainability Formula: How Nonprofit Organizations Can Thrive in the Emerging Economy." TCC Group. Available from <http://www.tccgrp.com/pdfs/SustainabilityFormula.pdf>.

^{xi} Grantee Peer Learning opportunities was also rated as a "Moderate" priority improvement by consultants.

^{xii} Grantmakers for Effective Organizations (2015). "Strengthening Nonprofit Capacity" Available from http://docs.geofunders.org/?filename=strengthening_nonprofit_capacity.pdf

^{xiii} Figure 3: Consultants' Pre-and Post-funding Assessment of Elements of Capacity: Likewise, consultants believe grantee organizations are stronger organizations, with better capacity, since receiving funding from the John Rex Endowment.

^{xiv} One organization submitted internally-prepared financial statements in lieu of an audit, likely due to the size of the organization and the costs associated with receiving Audited Financial Statements.

^{xv} Nonprofit Operational Analysis Benchmark Definitions:

1. Program Efficiency = Program Service Expenses/Total Expenses
2. Revenue Composition = Unrestricted Program Service Revenue/Total Unrestricted Revenue
3. Operating Reliance = Unrestricted Program Service Revenue/Total Expenses
4. Fundraising Efficiency = Unrestricted Contributions/Unrestricted Fundraising Expenses

^{xvi} Backer, T., Blegg, J.E., and Groves, K. (2010). "Evaluating Foundation-Supported Capacity Building: Lessons Learned." Human Interaction Research Institute. Available from http://www.innonet.org/resources/files/Evaluating_Foundation-Supported_Cap.pdf.

^{xvii} Phone conversation with Kim McGuire, Founder and Project Consultant, WNC Nonprofit Pathways, Inc., June 6, 2014.