

**A NONPROFIT CAPACITY
SELF-ASSESSMENT WORKBOOK
FOR RURAL COMMUNITY-BASED
HOUSING ORGANIZATIONS**

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for Rural Community-Based Housing Organizations***

Housing Assistance Council

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HAC, founded in 1971, is a nonprofit corporation that supports the development of rural low-income housing nationwide. HAC provides technical housing services, seed money loans from a revolving loan fund, housing program and policy assistance, research and demonstration projects, and training and information services.

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INTRODUCTION

In the past decade, foundations and other funders have been increasingly required by their boards to not only “do good works,” but to “do good work well.”¹ Consequently, nonprofits have also been required to include assessments of their organizational capacity as a part of their grant applications.

Organizational assessment, however, is often an activity that grassroots groups do not have the time or resources to do. The difficulties of assessing capacity and performance are compounded for rural low-income housing development groups that are often struggling with the daily demands of their work in an environment with little informational resources or organizational support. With this in mind, HAC has developed a workbook for assessing the housing development capacity and “track record” of rural nonprofit organizations. The workbook provides organizations with simple definitions of capacity in different contexts, and includes both quantitative and qualitative ways of measuring capacity.

In order to arrive at a workbook format that would be both comprehensive and useful, HAC staff conducted a literature review of existing nonprofit capacity assessment tools and abstracted the elements that are most applicable to rural nonprofit housing developers. A preliminary assessment workbook was then designed and piloted with six rural community housing development organizations (CHDOs) as a part of a capacity training session in Richmond, Virginia from April 18 to 20, 2000. After the training, the CHDOs filled out a questionnaire regarding the workbook design (see Appendix A), after which HAC staff concluded that the workbook was most effective when administered in a workshop setting. HAC plans to design a Powerpoint workshop slide show to enable technical assistance (TA) providers to administer such a workshop.

The workbook is intended for use by nonprofit staff and board members to assess their own capacity, set goals for improving their capacity, and to repeat the process on an annual basis. The workbook may also be useful for funders and nonprofit intermediaries that need a tool to assess the capacity-building needs of the nonprofits that they are funding.

What follows is a workbook designed to lead rural nonprofit housing organizations through the process of capacity assessment. The workbook includes questions that elicit organization-specific information about strategic planning capacity, management capacity, financial capacity, and information technology (I.T.) capacity.

Before beginning the self-assessment workbook, there are a few steps that your organization should take:

1. Meet with your core staff and board of directors to decide who will direct the process that your organization wants to use to go through the workbook. These are some of the questions you may want to consider.
 - △ Do you want to fill the workbook out individually and then meet as a group to compare responses after each phase?
 - △ Do you want to appoint a small task force to do the workbook and then communicate the results to your board of directors and staff?
 - △ Do you want to enlist the aid of a technical assistance provider as you go through the workbook? (See Appendix B for a list.)

¹ Drucker, Peter. F. 1993. *The Five Most Important Questions You Will Ever Ask About Your Nonprofit Organization*. San Francisco: Jossey-Bass Publishers.

- The most important thing to remember is that, no matter what process you use, your entire organization needs to have a stake in the assessment in order for you to effectively implement its findings and improve your group's capacity.
2. Photocopy blank copies of the workbook for your executive director, chief financial officer (CFO), housing director, board chair, and/or other members of your self- assessment task force. Be sure to keep at least one blank copy on hand as a master copy to use again.
 3. Set aside time with relevant staff members and your board chair to go through the workbook. The process should not take more than a total of three work days (one-half a day each for the preparation steps², and phases I, II and IV, with one day dedicated to phase III).
 4. Read through the list of materials needed at the beginning of each phase. If you are missing any of these materials, go through the preparation steps, step one, and then continue with the rest of the workbook.

PREPARATION STEPS

Step One:

Obtain copies of all organizational documents and store them where they are safe and readily available. If your organization does not already have these documents, they will first need to be created and approved by your board of directors.

Task A. Procure mission-critical documents (i.e., documents that your organization *cannot function without*).

1. If your organization has not filed or does not have available a certificate or articles of incorporation, then do the following.
 - △ Check for the availability of the proposed name of your organization by calling your Secretary of State's office. Immediately after verifying that you are not duplicating another organization's name, file the articles of incorporation.
 - △ Write your articles of incorporation in general terms. Sample articles are usually available from the Secretary of State's office. Once your board has ratified your articles, file them with the Secretary of State's office.
 - △ Obtain a certificate of incorporation from the Secretary of State's office and store it in a safe place.
2. If your organization has not drafted or does not have available organizational bylaws, then do the following.
 - a. Write your bylaws, including the following items (See Appendix C for Sample Outline).
 - △ Membership: What is the composition of your membership? How and when do membership meetings occur? What notice is required for all meetings? What criteria or process is there for calling special meetings? What are the member voting procedures?
 - △ Board of Directors: How many board members are there? What is the board nomination and election process? How and when do board meetings occur? What is the length of board members' terms?
 - △ Fiscal Management: What month does your fiscal year start and end? What are board committee and officer fiscal responsibilities?
 - △ Amendments: How will your organization amend its bylaws?
 - b. Ratify your bylaws, and keep a copy signed by your board of directors in a safe place.

² If your organization does not have articles of incorporation or bylaws drafted and approved, you will need much more time to complete the preparation steps for the workbook. Your organization may want to postpone beginning the workbook until your board has drafted, revised and approved your articles of incorporation and bylaws.

3. If your organization has not filed for or does not have available an IRS 501(c)(3) Certification Statement, then do the following.

a. Call the IRS (1-800-829-3676) and request the following forms:

- ☐ Form SS-4: *Application for Employer Identification Number (EIN)*³
- ☐ Form 1023: *Application for Recognition under 501(c)(3) of the Internal Revenue Code*⁵
- ☐ Form 8718: *User Fee for Exempt Organization Determination Letter Request*
- ☐ Publication 557: *Tax-Exempt Status for Your Organization*

b. Return all these forms to the Secretary of State or the IRS within 15 months of incorporation. Form 1023 requires a filing fee of approximately \$500. To file these forms, your organization must be able to provide:

- ☐ a description of its tax-exempt purpose and actual programs;
- ☐ a statement of who your organization is serving and why;
- ☐ a statement of where your organization's funds will originate (specifying private vs. public support); and
- ☐ a three-year projected budget.

Task B. Procure important organizational management documents.

1. If you are missing any of the following documents, go to your nearest Technical Assistance and Training (TA/T) provider and schedule assistance to draft them (see list in Appendix B).

	Contacted TA/T Provider (Check When Done)	Date of Scheduled TA/T (Write Date)
Employee Manual	<input type="checkbox"/>	_____
Board Manual	<input type="checkbox"/>	_____
Personnel Policy Notebook	<input type="checkbox"/>	_____
Audited Financial Statements (contact CPA for assistance)	<input type="checkbox"/>	_____
Risk Management/Contingency Plans	<input type="checkbox"/>	_____
Accounting Control Procedures (contact CPA for assistance)	<input type="checkbox"/>	_____
Computer Hardware/Software Inventory	<input type="checkbox"/>	_____

Step Two:

As you go through phases I through IV of this workbook, write down the activities that your group needs to do in order to increase its capacity on the worksheet below. Write the activities down in the form of goals that are *measurable* (they have a number attached to them) and *accountable* (they have a date and a person responsible attached to them).

As you complete these activities during the year, check off the boxes next to them.

³ Processing time for an Employer Identification Number is usually 10 days.

⁵ Processing time for Form 1023 is usually 100 days.

WORKSHEET 1. CAPACITY IMPROVEMENT GOALS

PHASE 1: Strategic Planning Capacity

Goal	Person Responsible	Date Due	Completed

PHASE 2: Management Capacity

Goal	Person Responsible	Date Due	Completed

WORKSHEET 1. CAPACITY IMPROVEMENT GOALS (CONTINUED)

PHASE 3: Financial Capacity

Goal	Person Responsible	Date Due	Completed

PHASE 4: Information Technology Capacity

Goal	Person Responsible	Date Due	Completed

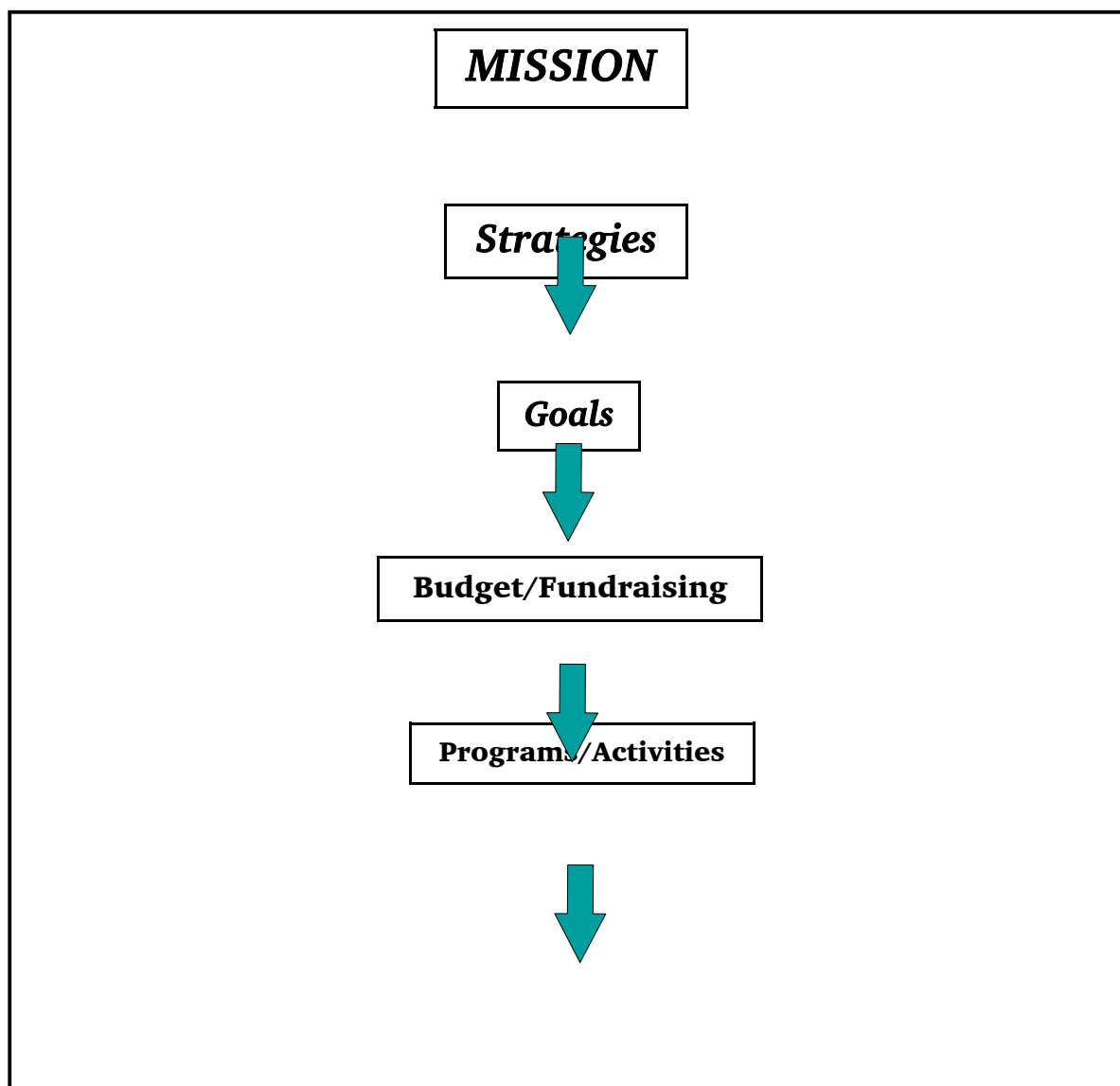
PHASE I: ASSESSING STRATEGIC PLANNING CAPACITY

Strategic planning capacity is the ability of an organization:

- △ to define its core mission;
- △ to develop long-range goals to accomplish its mission;
- △ to establish planning bodies to regularly revisit its mission, goals and policies; and
- △ to institute written policies to maintain organizational continuity over time.

The strategic planning process is at the core of all your organization's activities, and the mission of your organization is at the core of the planning process. Remember, your mission is the grounding for *all* your organization's activities. All of your organization's strategies, goals, budgeting and staffing must ultimately help to promote your organization's mission. If your mission is unfocused, so will be your organization.

Figure 1. The Strategic Planning Process



Step One:

Gather the following materials from your organization's files.

- ☐ Articles of Incorporation
- ☐ Certificate of Incorporation
- ☐ Organizational By-Laws
- ☐ IRS 501(c)(3) Certification of Nonprofit Status

Step Two:

Meet with your executive director, chief financial officer (CFO), housing director, and board chair, and (using the materials above) complete the following worksheets.

WORKSHEET 2. MISSION STATEMENT

Write your mission statement. As you write your statement, consider the following questions.

*When was our organization founded? Why was it founded?
What is our vision of what our organization has to offer our community?
Is our mission still relevant to the community?
Who are we serving? In what geographic area? What are we trying to achieve?
Is our mission do-able? Is it short enough to recite convincingly?*

Example:

The mission of the Housing Assistance Council, incorporated in 1971, is:

- ☐ To improve housing conditions
- ☐ for the rural poor, with an emphasis on the poorest of the poor
- ☐ in the most rural places.

The mission of _____,

incorporated in _____, is:

- ☐ To _____;
- ☐ for _____
- ☐ in _____.

WORKSHEET 3. STRATEGIES

Write strategies to accomplish your mission. *Strategies are the general methods, activities, or approaches that you use to fulfill your mission. Generally, your strategies will become your main program areas.*

Example:

The Housing Assistance Council fulfills its mission to improve housing conditions for the poorest of the rural poor in the most rural places through:

- ⊞ Community Development (preserving and increasing the stock of low-income rural housing and promoting community development);
- ⊞ Research and Information (providing information and education about rural housing need to the public and proactively analyzing the changing resource needs for housing production in rural areas); and
- ⊞ Technical Assistance and Training (TA/T) (assisting in the creation and expansion of housing development capacity in rural areas and increasing use of low-income rural housing and community development programs by minorities and women).

Our organization fulfills its mission to

through:

⊞ _____;

(Brief description)

⊞ _____;

(Brief description)

⊞ and _____.

(Brief description)

WORKSHEET 4. GOALS

Write out your goals to accomplish your mission and strategies. Remember, goals are generally not effective planning tools unless they are:

- △ measurable (they have a number attached to them) and
- △ accountable (they have a date attached to them).

Example:

The Housing Assistance Council will fulfill its mission through Community Development:

- △ by making fifteen SHOP loans by October 31, 2001;
- △ by making ten Water/Waste Water loans by October 31, 2001;
- △ and by making three Intermediary Relending Program loans by December 31, 2001.

Our organization will promote its mission through (Strategy #1)

_____:

- △ by _____;
- △ by _____;
- △ and by _____.

Our organization will promote its mission through (Strategy #2)

_____:

- △ by _____;
- △ by _____;
- △ and by _____.

Our organization will promote its mission through (Strategy #3)

_____:

- △ by _____;
- △ by _____;
- △ and by _____.

WORKSHEET 5. CONSTITUENTS AND SERVICES

Complete the table below in order to define your constituents (the people who use your services).

	Primary Constituents	Secondary Constituents
Age Range		
Sex		
Race/Ethnicity		
Income Level		
# of Households		
Location		
Primary Housing Need		

Complete the section below for each service offered by your organization. (Photocopy as many as needed.)

Service Provided: _____

Constituent(s) for Service: _____

How does this service promote our mission? _____

How does this service provide for our constituents' primary housing need?

How many households used this service during the past fiscal year? _____

What is our program budget for this service this fiscal year? _____

Did we receive any revenue for this service? If yes, how much? _____

What skills/assets do we have to provide this service that no other group does?

Are there other organizations that are better able
to meet our constituents' primary needs? Yes ☐ No ☐

WORKSHEET 6. ASSESSING BOARD SKILLS

Identify the people who hold the following board committee positions.

President/Board Chair: _____

Finance Committee Chair: _____

Personnel Committee Chair: _____

Development Committee Chair: _____

Strategic Planning Committee Chair: _____

Nominations Committee Chair: _____

Total Number of Board Members: _____

Indicate whether the following skills are represented on your board of directors.

	We have this skill	We are planning training for this skill on (write date)	We contract out for this skill
Accounting			
Real estate			
Property management			
Public relations			
Strategic planning			
Fundraising planning			
Fundraising execution			
Proforma development			
Compliance issues			
Legal expertise			
Political networking			

WORKSHEET 7. ASSESSING BOARD STRUCTURES

Indicate with a check in the appropriate columns how strongly you agree or disagree with the following statements. (Strong disagreement indicates an opportunity for capacity improvement.)

Our Board of Directors ...

	Strongly Agree	Slightly Agree	Neutral	Slightly Disagree	Strongly Disagree
... is bonded and insured.					
... has active committees that streamline its work.					
... has high meeting attendance (90% attend regularly).					
... engages in strategic planning on a regular basis.					
... sets policy to carry out the organization's mission.					
... can recite our mission statement from memory.					
... evaluates the executive director on an annual basis.					
... is able to easily understand financial spreadsheets.					
... uses this information regularly to review the budget.					
... has annual discussions with an independent auditor.					
... has identified financial and operating risks to the group.					
... is well-informed about outside forces impacting services.					
... can anticipate future constituent needs and plan for them.					
... has community connections that enhance our support.					
... is able to recruit and retain effective members.					
... participates in fundraising (at least half of the members).					
... personally gives to the organization (all the members).					
... communicates regularly and effectively with staff.					
... can credibly represent our group to outsiders.					
... can effectively advocate for our constituents.					
... involves key staff in strategic planning.					
... manages its turnover through regular elections.					
... is large enough to be inclusive.					
... is small enough to be manageable.					
... does not unduly interfere with staff decisions.					

PHASE II: ASSESSING MANAGEMENT CAPACITY

Management capacity is the ability of an organization's staff:

- △ to have or acquire the skills needed to promote the organization's mission;
- △ to perform their written duties competently and ethically;
- △ to work compatibly as a team to accomplish the organization's mission; and
- △ to be compensated for their work as appropriate for their position.

Step One:

Gather the following materials from your organization's files.

- △ Employee Manual
- △ Personnel Policy Notebook

Step Two:

Meet with your board chair and your senior staff members, and (using the materials above) complete the following worksheets.

WORKSHEET 8. STAFF SKILLS INVENTORY

Write the names of the people in your organization that are in charge of the following tasks.

Task	Full-Time Employee	Part-Time Employee	Board Member	Volunteer
Executive/Core Management				
Personnel/Human Resources				
Day-to-day Financial Functions/Recordkeeping				
Housing Development/Program Activities				
Clerical/Secretarial				
Total Staff (Number of People):				

Indicate whether the following are skills represented on your staff.

	We have this skill	We are planning training for this skill on (write date)	We contract out for this skill
Accounting/Bookkeeping			
Personnel Management			
Nonprofit Management			
Budgeting			
Grantwriting/Event Planning			
Program Evaluation			
Information Technology			
Communications/Publications			

WORKSHEET 9. BOARD AND STAFF RELATIONS ASSESSMENT

Check in the appropriate column how strongly you agree with the following statements regarding your organization's staff. (Strong disagreement indicates an opportunity for capacity improvement.)

	Strongly Agree	Slightly Agree	Neutral	Slightly Disagree	Strongly Disagree
Our staff turnover is gradual and manageable.					
Our salary and compensation package attracts quality staff.					
Our salary and compensation package retains quality staff.					
Our staff have clear, updated job descriptions.					
We have enough paid staff to operate our housing programs.					
We have an executive director with lengthy experience.					
We have a financial manager with lengthy experience.					
We have a development director with lengthy experience.					
Our staff cooperates to implement our strategic plan.					
Our staff can recite our mission from memory.					
All staff have relevant training/certification in their areas.					
Staff are always paid regularly and on time.					
Our organization has access to quality technical assistance.					
Our organization has funding for technical assistance.					
Our staff has prior experience in all our service areas.					
Our staff is capable of negotiating contractual agreements.					
Our staff can manage a project development team.					
Our staff is honest with funders about our limitations.					
We can pay outside consultants to provide needed expertise.					
Our staff develop and carry out annual plans.					
Our staff regularly documents all volunteer hours worked.					

WORKSHEET 10. WRITTEN PROCEDURES INVENTORY

Check the column that best describes your organization's written procedures.

Our organization ...

has ...	plans to have by (write date) ...	needs help to draft ...	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... a relevant written strategic plan for the next three to five years.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... written organizational operating policies and procedures.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... a written personnel plan with staff job descriptions.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... an employee manual and formal orientation for new staff members.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... written and enforced travel policies.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... written and enforced procurement policies.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... a written property inventory (including all property, plant and equipment).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... a written housing needs assessment for our constituent community.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... documented financial controls to prevent mismanagement.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... a written transition plan for the executive director's position.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... written board election procedures and regular elections.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... written contingency plans to deal with financial and operating risks.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	... a board manual and formal orientation for new board members.

WORKSHEET 11. TECHNICAL ASSISTANCE AND TRAINING NEEDS

Indicate what the state of your organization has been in the last three years regarding the activities below. (Check all that apply.)

Activity	Activity Does Not Apply	Need TA/T	Will Receive TA/T (Write Date)	Have Received TA/T (Write Date)	Do Not Need TA/T
Accounting/Bookkeeping					
Fundraising					
Nonprofit Management					
Financial Management					
Computer Systems					
Program Evaluation					
Budgeting					
Personnel Management					
Construction					
Compliance Issues					
Property Management					
Grantwriting					
Site Acquisition/Control					
Feasibility Analysis					
Loan Packaging					
Homebuyer Counseling					
Strategic Planning					
Contract Negotiations					
Proj. Team Management					
Time Management					
Leadership Training					
Conflict Resolution					
Working with Volunteers					
Other _____					
Other _____					

PHASE III: ASSESSING FINANCIAL CAPACITY

Financial capacity is the ability of an organization:

- △ to manage its income and expenses according to a planned budget;
- △ to assess its vulnerability to financial risk and plan accordingly; and
- △ to plan for long-term financial health by strategic fundraising.

Step One:

Gather the following materials from your organization's files.

- △ Audited Financial Statements from the past two fiscal years
- △ Annual Reports from the past two fiscal years
- △ Organizational risk-management and contingency plans

Step Two:

Meet with your board chair and your senior staff members, and (using the materials above) complete the following worksheets.

WORKSHEET 12. BUDGET PROCESS ASSESSMENT

Indicate with a check in the appropriate column how strongly you agree with the following statements. (Strong disagreement indicates an opportunity for capacity improvement.)

Our organization ...	Strongly Agree	Slightly Agree	Neutral	Slightly Disagree	Strongly Disagree
has an operating budget of at least \$15,000/ FTE ⁶ employee.					
enforces both an operating budget and a project budget.					
works a fundraising plan to cover operating expenses.					
is aware of relevant public and private financing sources.					
is able to complete public and private financing applications.					
is able to leverage financial and/or material resources.					
is able to attract and maintain diverse operational funds.					
is able to provide human services where appropriate.					
makes optimum use of local resources (volunteers, etc.)					
makes optimum use of local partnerships.					
is prepared for any changes in federal or state funding.					
has a plan for developing an endowment.					
has considered ways to obtain program-related income.					
can meet both business and grant programs criteria.					
has prepared for any necessary facilities improvements.					
has an adequate replacement reserve for facilities needs.					
has an adequate cash reserve for cash flow difficulties.					
adheres to an annual budget preparation calendar.					

⁶ Full-Time Equivalent

WORKSHEET 13. BUDGET CALENDAR

Write the dates that your organization plans to do (or has done) the following activities during this fiscal year (i.e., your organization's budget calendar).

Budget Activity

Date

Set annual operating and program goals.

Collect data on last year's income and expenses.

Write out projected resources needed to attain operating and program goals (staff, supplies, etc.)

Write spending projections for this fiscal year, based on projected resources needed and other factors affecting operating or program costs.

Draft income goals and potential/confirmed sources (i.e., your strategic fundraising plan).

Review and revise program budget with key staff.

Submit entire budget to board for approval.

Begin implementing strategic fundraising plan.

Review budget and adjust for changes in funding or unplanned expenditures.

WORKSHEET 14. BUDGET ANALYSIS (INCOME)

Using your audited financial statements from the past two fiscal years (FY), complete the following budget worksheet.

	First FY (two year ago)	Second FY (last year)		First FY (two years ago)	Second FY (last year)
Income	\$	\$	Assets	\$	\$
Less Expenses	- \$	- \$	Less Liabilities	- \$	- \$
Surplus/ Shortfall	= \$	= \$	Net Assets	= \$	= \$

For the most recently completed fiscal year, list the dollar amount and percentage of total budget that came from the following income sources.

	Operating Budget		Program Budget	
Government grants/contracts	\$	%	\$	%
Foundation/corporate grants	\$	%	\$	%
Individual donations	\$	%	\$	%
Fundraisers/events	\$	%	\$	%
Fee-for-service income	\$	%	\$	%
Interest income	\$	%	\$	%
United Way	\$	%	\$	%
Matching grants	\$	%	\$	%
Donated facilities/materials	\$	%	\$	%
Government loans	\$	%	\$	%
Private sector loans	\$	%	\$	%
Other (no more than 10%)	\$	%	\$	%
Total	\$	100%	\$	100%

Write the percentage of your total income that was confirmed as you entered this fiscal year. Was this a typical year?

Confirmed (written confirmation) _____ %

Expected (verbal confirmation) _____ %

Unsure (not yet identified) _____ %

WORKSHEET 15. BUDGET ANALYSIS (BORROWING AND SPENDING)

If your organization received any loans, list the percentage of the loan money that came from the following institutions, and indicate the reason for the loan.

Loan Source	Percent- age of Loan Income	Reason for Loan (check all that apply)				
		Facilities Purchase	New Program	Housing Devel- opment	Emer- gency	Other
Bank/commercial lending institution	%					
Friend, board or staff member	%					
Foundation or foundation-sponsored loan	%					
Government agency (name) _____	%					
National/intermediary organization	%					
Endowment or special internal fund	%					
Other (name) _____	%					
Total loan income	100%					

Write the percentage of your budget that was spent in the following areas during the past fiscal year.

I. Supportive Services (Operating Budget) _____%

A. Fundraising _____%

B. Management/Administration _____%

C. Plant/Equipment _____%

D. Cash Reserve _____%

E. Maintenance/Replacement Reserve _____%

II. Program Services (Program Budget) _____%

Total 100%

WORKSHEET 16. FINANCIAL RISK ANALYSIS

If your organization had a year-end deficit in the past two years, how was it handled? (Check all that apply.)

- | | | | |
|--|--------------------------|--|--------------------------|
| Used prior year's reserve (<i>Recommended</i>) | <input type="checkbox"/> | Cut expenses | <input type="checkbox"/> |
| Did not pay bills | <input type="checkbox"/> | Laid off staff | <input type="checkbox"/> |
| Did not pay payroll taxes | <input type="checkbox"/> | Carried deficit into next year | <input type="checkbox"/> |
| Borrowed money | <input type="checkbox"/> | No action | <input type="checkbox"/> |
| Raised funds | <input type="checkbox"/> | No deficit | <input type="checkbox"/> |
| Approached board for special contribution | <input type="checkbox"/> | Other _____ | <input type="checkbox"/> |

If your organization had a surplus in the past two years, how was it used? (Check all that apply.)

- | | | | |
|--|--------------------------|---|--------------------------|
| Kept in account for cash flow reserve | <input type="checkbox"/> | Spent it on necessary item(s) | <input type="checkbox"/> |
| Put into savings for specified purpose | <input type="checkbox"/> | No surplus | <input type="checkbox"/> |
| Put into savings to develop a reserve | <input type="checkbox"/> | Other _____ | <input type="checkbox"/> |

How large is your organization's general operating cash reserve fund for meeting projected cash shortfalls? (Check one.)

- | | |
|--|--------------------------|
| Four + months' operating budget (<i>Recommended</i>) | <input type="checkbox"/> |
| Two to three months' operating budget | <input type="checkbox"/> |
| One month's operating budget or less | <input type="checkbox"/> |
| No cash reserve | <input type="checkbox"/> |

If your organization experiences cash flow problems (related to the timing of incoming vs. outgoing cash), to what are they attributed? (Check all that apply.)

- | | | | |
|--|--------------------------|--|--------------------------|
| Delays in government payments | <input type="checkbox"/> | Fundraising fell short of goals | <input type="checkbox"/> |
| Delays in foundation payments | <input type="checkbox"/> | Poor timing of fundraising campaign | <input type="checkbox"/> |
| Prior deficit | <input type="checkbox"/> | Spent grant money that did not come in | <input type="checkbox"/> |
| Unanticipated emergency expenses | <input type="checkbox"/> | No cash flow problems | <input type="checkbox"/> |
| Normal business cycles | <input type="checkbox"/> | Other _____ | <input type="checkbox"/> |

How does your organization respond to cash shortages? (Check all that apply.)

- | | | | |
|---|--------------------------|---|--------------------------|
| Use cash reserves (<i>Recommended</i>) | <input type="checkbox"/> | Approach foundation for emergency funds | <input type="checkbox"/> |
| Increase fundraising activities | <input type="checkbox"/> | Transfer money from other funds | <input type="checkbox"/> |
| Cut non-essential expenses | <input type="checkbox"/> | Cut program services | <input type="checkbox"/> |
| Approach board for loan/contribution | <input type="checkbox"/> | Hold salaries | <input type="checkbox"/> |
| Request a loan from a bank | <input type="checkbox"/> | Delay payment of bills | <input type="checkbox"/> |
| Try to speed collection of awarded grants | <input type="checkbox"/> | Other _____ | <input type="checkbox"/> |

Check the three most significant ongoing problems your organization has faced in the last fiscal year.

- | | | | |
|--|--------------------------|--|--------------------------|
| Shortage of income to meet expenses | <input type="checkbox"/> | Other nonprofits competing for resources | <input type="checkbox"/> |
| Shrinking public money to support programs | <input type="checkbox"/> | Not enough support from fundraising | <input type="checkbox"/> |
| Inability to access foundation contributions | <input type="checkbox"/> | Other _____ | <input type="checkbox"/> |

WORKSHEET 17. INVENTORY AND ASSESSMENT OF FACILITIES⁷

Write the approximate balance sheet value of your organization's property and equipment.

\$ _____

Write the estimated total square footage of the buildings/space you:

Own sq. feet

Lease sq. feet

Use free of charge sq. feet

Check in the appropriate column how strongly you agree with the following statements. (Strong disagreement indicates an opportunity for capacity improvement.)

	Strongly Agree	Slightly Agree	Neutral	Slightly Disagree	Strongly Disagree
Our organization's facilities are in excellent condition.					
Our buildings comply with all health, fire and safety codes.					
Our buildings are ADA ⁸ compliant.					
Our organization has fulfilled all its licensing requirements.					
Our organization is fully accredited for all its activities.					
Our computer systems are adequate to meet our needs.					

⁷ Facilities are defined as property and equipment that are a permanent part of the organization (including rental projects that the group owns), not housing or buildings intended for sale or transferral to constituents or other organizations.

⁸ The Americans with Disabilities Act

WORKSHEET 18. INVENTORY OF FACILITY REPAIR NEEDS AND COSTS

Complete the following chart regarding facilities improvements during the last fiscal year (FY), and improvements planned for the next fiscal year.

Facilities Improvements	Cost: Last FY	Est'd Cost: Next FY
New paint or landscaping	\$	\$
Roof, windows or boiler/furnace repair	\$	\$
HVAC, plumbing, electrical, or drywall	\$	\$
Ordinance/code compliance	\$	\$
Licensing/accreditation compliance	\$	\$
Major renovation	\$	\$
New construction/property	\$	\$
Computer systems upgrade	\$	\$
Other	\$	\$
No facilities improvements	\$	\$
Total	\$	\$

Indicate what were/will be the source of the funds for the above improvements and in what amounts.

	Amount: Last FY	Est'd Amount: Next FY
Maintenance/replacement reserve	\$	\$
Endowment	\$	\$
Program related investments	\$	\$
Operating budget	\$	\$
Loan/line of credit	\$	\$
Special fundraising	\$	\$
Other: _____	\$	\$

WORKSHEET 19. TRACK RECORD ASSESSMENT

Write how many units of affordable housing your organization has built or completely rehabilitated. (Note whether the units are rental or owner-occupied.)

	Units in Planning Stage		Units Under Construction		Units Completed/Occupied	
	Rental	Owner	Rental	Owner	Rental	Owner
3 bedroom						
2 bedroom						
1 bedroom						
Efficiency						

Write the number of households (HHs) that your organization has assisted in the following housing-related activities.

	Number HHs
Individual homebuyer counseling (pre-purchase/credit repair)	_____
Homebuyer pre-purchase education classes	_____
Individual homebuyer counseling (post-purchase/payment)	_____
Post-purchase home maintenance classes	_____
Other _____	_____
Other _____	_____

List the names of other nonprofit, government, or business entities that your organization is currently partnering with on housing-related activities from which your group can obtain letters of support.

Group name	Have letter of support?
1) _____	Yes <input type="checkbox"/> No <input type="checkbox"/>
2) _____	Yes <input type="checkbox"/> No <input type="checkbox"/>
3) _____	Yes <input type="checkbox"/> No <input type="checkbox"/>
4) _____	Yes <input type="checkbox"/> No <input type="checkbox"/>

PHASE IV: ASSESSING INFORMATION TECHNOLOGY (IT) CAPACITY

IT capacity is the ability of an organization:

- △ to organize, process and store information in a way that is easily accessible;
- △ to communicate efficiently within the organization and with the outside world;
- △ to base financial decisions on adequate information; and
- △ to monitor financial risk and intervene where necessary.

Step One:

Gather the following materials from your organization's files.

- △ Accounting Control Procedures
- △ Computer Hardware and Software Inventory

Step Two:

Meet with your board chair and your senior staff members, and (using the materials above) complete the following worksheets.

WORKSHEET 20. IT SYSTEMS OUTLINE

Examine the role of information technology in your office by answering the following questions.

1. Do you have computers and software? ☐ Yes ☐ No

2. Do you have access to the Internet at work? ☐ Yes ☐ No

3. If "Yes," how are you connected to the Internet? (Check one.)

LAN/network ☐

Phone modem ☐

Don't know ☐

4. Does your organization have a Web page? ☐ Yes ☐ No

5. How many computers do you have within your organization? _____

6. How many staff people are employed in your organization? _____

7. What role do computers play in your office? (Check all that apply.)

E-mail ☐

Word processing ☐

Database management ☐

Accounting procedures ☐

Training for clients ☐

Training for staff ☐

Other _____ ☐

8. Indicate whether your organization uses any software packages for recording any of the following information. (Check all that apply.)

Initial homeowner assessment ☐

Counseling log checklist ☐

Affordability assessment evaluation sheet

(Pre-qualification sheet) ☐

Generating Truth-in-Lending documents ☐

Mortgage loan applications ☐

9. List the number of paid computer support personnel that you have in your organization.

Full time _____

Part time _____

Outside consultant _____

WORKSHEET 21. COMPUTER SYSTEMS INVENTORY (HARDWARE)

Indicate the characteristics of the three best computers available at your office (i.e., those that are used the most often.) (Check all that apply.)

	Computer 1	Computer 2	Computer 3
Operating System:			
Windows 3.1			
Windows 95			
Windows 98			
Windows NT			
IBM DOS			
Mac OS			
Don't Know			
RAM size:			
8 Megabytes			
16 Megabytes			
32 Megabytes			
64 Megabytes			
128 Megabytes			
Don't Know			
Processor Speed:			
133 Megahertz			
233 Megahertz			
366 Megahertz			
486 Megahertz			
Pentium I			
Pentium II			
Pentium III			
Don't Know			

WORKSHEET 22. COMPUTER SYSTEMS INVENTORY (SOFTWARE)

Indicate the availability of the following software programs to your organization by checking the appropriate columns.

Software	At Work, We Use This Software ...				Use at home
	Frequently	Occasionally	Never	Don't Know	
Web Browser:					
Netscape					
Explorer					
Other: (Name)					
Word Processing:					
WordPerfect					
MS Word					
Other: (Name)					
Spreadsheet/Accounting:					
Lotus 1-2-3					
Excel					
Access					
Peachtree Accounting					
Quicken Accounting					
Other: (Name)					
Loan Software:					
Fannie Mae's Desktop Originator					
Fannie Mae's Desktop Underwriter					
Fannie Mae's Desktop Counselor					
Other: (Name)					

WORKSHEET 23. OVERALL IT CAPACITY ASSESSMENT

Indicate with a check in the appropriate column how strongly you agree with the following statements. (Strong disagreement indicates an opportunity for capacity improvement.)

Our information systems ...	Strongly Agree	Slightly Agree	Neutral	Slightly Disagree	Strongly Disagree
are compatible with our major funders and partners.					
store and retrieve information efficiently.					
enable us to make informed financial decisions quickly.					
enable us to make consistent financial decisions over time.					
include an accounting system that is adequate for our needs.					
enable us to develop our own spreadsheets and databases.					
enable us to develop invoice/purchase order systems.					
enable us to keep organized records.					
enable us to lower our response/turnaround time.					
minimize lag time between our development projects.					
enable us to managed several projects in different phases.					
have licenses for all software loaded onto our computers.					
enable us to communicate effectively with our constituents.					

Indicate your organization's status regarding Technical Assistance and Training (TA/T) for the following activities.

Activity	Activity Does Not Apply	Need TA/T	Will Receive TA/T (Write Date)	Have Received TA/T (Write Date)	Do Not Need TA/T
Basic computer literacy					
Accounting software					
Internet navigation					
Database maintenance					
Database programming					
HTML programming					
Job cost reporting					
Break-even analysis					
Cash flow management					

CONCLUSION

The process of capacity self-assessment should not be a one-time event. The purpose of this workbook is to encourage rural nonprofit housing organizations to begin a regular annual process of self-examination, goal-setting, and implementation. The self-assessment process is similar to an annual doctor's check-up. While check-ups may seem inconvenient or uncomfortable, they are critical for maintaining personal health. When check-ups are neglected over a period of many years, physical illnesses can develop and go untreated with disastrous results, which would have otherwise been entirely preventable.

Self-assessment can also be an opportunity for organizational and interpersonal renewal. The process gives each group that completes it an opportunity to revisit its mission and its higher purpose within its community and the world at large. It also gives individual participants an opportunity to step back from their daily work and reflect on how their activities have impacted the lives of those around them.

After finishing the self-assessment workbook, meet again with your core staff and board of directors. Review the self-assessment process. Was it manageable for your organization? Are there ways that the process can be changed to make it more efficient and effective?

Next, review the capacity improvement goals that you have written in Worksheet 1 and the time line for their implementation. Are the goals and time line realistic? Are the people responsible for implementing them able to do so? If the answer is "yes," then set dates to regularly check progress on capacity goal implementation and set aside the time for repeating the self-assessment process the following year.

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APPENDIX A

SURVEY: NONPROFIT CAPACITY SELF-ASSESSMENT TOOL PILOT

After finishing the Tool, please take a moment to fill out the following survey. I will be contacting you by phone no later than Friday, April 14 to go over the questions with you and get your feedback on the Self-Assessment Tool.

1) Was it difficult for your staff and Board members to set aside the time necessary to complete the Tool?

2) Was it difficult to assemble the materials necessary to complete the Tool?

3) Was the Tool too long? _____

How long did it take you to complete the following sections of the tool?:

△ Introduction and preparation _____

△ Phase I _____

△ Phase II _____

△ Phase III _____

△ Phase IV _____

△ Phase V _____

4) Was the Tool relevant to your experiences and needs as a rural nonprofit? Were there any sections that were irrelevant?

5) How useful was the Tool for you? Is the information useful for future grant and loan applications? What information in particular would be the most useful to have on hand?

6) Were the questions clear and easy to understand? Were there any sections that were too difficult or unclear? How would you change them?

7) Was the Tool comprehensive enough? Were there any questions left out that should have been included?

8) Would you use the Tool annually for long-term strategic planning and outcome tracking?

APPENDIX B. TECHNICAL ASSISTANCE PROVIDERS⁹

Asian Americans for Equality
111 Division Street, New York, NY 10002

Center for Community Change
1000 Wisconsin Avenue, NW, Washington, DC 20007

Center for Technical Assistance and Training (CTAT)
7500 Germantown Avenue, Suite 100, Philadelphia, PA 19119

Coastal Enterprises, Inc.
36 Water St. P.O. Box 268, Wiscasset, ME 04578

Colorado Coalition for the Homeless
2100 Broadway, Denver, CO 80205

Community Research and Development
1300 Baxter St., Suite 269, Charlotte, NC 28204

Congress of National Black Churches, Inc.
1225 Eye Street, NW, Suite 750, Washington, DC 20005

Development Training Institute, Inc.
2510 St. Paul Street, Baltimore, MD 21218

Douglass-Cherokee Economic Authority, Inc.
534 E. First North Street, P.O. Box 1218,
Morristown, TN 37814

Enterprise Foundation
10227 Wincopin Circle, Suite 500, Columbia, MD 21044

Florida Housing Coalition, Inc.
1367 East Lafayette St. Suite C, Tallahassee, FL 32301

Grassroots Leadership Development Program, Inc.,
1875 North Ridge Rd., East Suite A, Lorain, OH 44055

Iowa Housing Corporation
100 Court Avenue, Suite 209, Des Moines, IA 50309

⁹ "FY 1999 Funding Awards for the Community Development Technical Assistance Programs."
Federal Register: May 8, 2000 (Volume 65, Number 89) Notices, Page 26625-26627.

Local Initiatives Support Corporation
733 Third Avenue, 8th Floor, New York, NY 10017

Low Income Housing Development Corporation, d/b/a
The Affordable Housing Group
1300 Baxter St., Suite 269, Charlotte, NC 28204

Maryland Center for Community Development, Inc.
1118 Light Street, Baltimore, MD 21230

McClure Group
2960 Piney Wood Drive, East Point, GA 30344

Metropolitan Boston Housing Partnership
569 Columbus Ave., Boston, MA 02118

Michigan Housing Trust Fund
5829 Executive Drive, Lansing, MI 48911

Minnesota Housing Partnership
122 W. Franklin Ave., Suite 230, Minneapolis, MN 55404

Mississippi Home Corporation
P.O. Box 23369, Jackson, MS 39225

National Association for Equal Opportunity
in Higher Education
8701 Georgia Avenue, Suite 200, Silver Spring, MD 20910

National Congress for Community Economic Development
1030 15th Street, NW, Suite 325, Washington, DC 20005

North Carolina Rural Economic Development Center, Inc.
4021 Carya Drive, Raleigh, NC 27610

Northwest Regional Facilitators
525 E. Mission Avenue, Spokane, WA 99202

NYS Rural Housing Coalition, Inc.
879 Madison Avenue 2nd Floor, Albany, NY 12208

Ohio Capital Corporation for Housing
88 East Broad St., Suite 1800, Columbus, OH 43215

Rural Community Assistance Corporation
3120 Freebroad Drive, Suite 201,
West Sacramento, CA 95691

Southern California Mutual Housing Association
4229 South Central Avenue, Los Angeles, CA 90011

State of Alaska
P.O. Box 101020, Anchorage, AK 99510

State of Utah
Salt Lake City, UT 84111

Statewide Housing Action Coalition
202 South State Street, Suite 1414, Chicago, IL 60604

Structured Employment Economic Development,
Corporation (Seedco),
915 Broadway, Suite 1703, New York, NY 10010

Training & Development Associates, Inc.
1680 South Main Street, Suite 201,
Laurinburg, NC 28352

Virginia Poverty Law Center
201 W. Broad St., Suite 302, Richmond, VA 23220

Washington Community Development Loan Fund
1305 Fourth Ave., Suite 906, Seattle, WA 98101

West Virginia Housing Development Fund
841 Virginia Street, East, Charleston, WV 25301

APPENDIX C: SAMPLE BYLAWS OUTLINE¹⁰

Article I – Membership

Section 1. Qualifications.

Section 2. Suspension or Termination.

Article II – Meetings of Members

Section 1. Annual Meetings

Section 2. Special Meetings.

Section 3. Notice of Meetings.

Section 4. Voting.

Section 5. Quorum.

Section 6. Order of Business:

- a. Determination of quorum.
- b. Proof of due notice of meeting.
- c. Reading and disposition of minutes.
- d. Annual reports of officers and committees.
- e. Unfinished business.
- f. New business.
- g. Election of directors.
- h. Adjournment.

Article III – Directors and Officers

Section 1. Number and Qualifications of Directors.

Section 2. Election of Directors.

Section 3. Election of Officers.

Section 4. Vacancies.

Section 5. Board Meetings.

Section 6. Special Meetings.

Section 7. Notice of Board Meetings.

Section 8. Compensation.

Section 9. Quorum.

Article IV – Duties of Directors

Section 1. General Powers.

¹⁰ Adapted from *How to Start a Cooperative*, Cooperative Information Report 7, United States Department of Agriculture, Rural Business-Cooperative Service, Galen Rapp and Gerald Ely, Revised September 1996.

Section 2. Employment of Manager.
Section 3. Bonds and Insurance.
Section 4. Accounting System and Audit.

Article V – Duties of Officers and Manager

Section 1. Duties of President.
Section 2. Duties of Vice President.
Section 3. Duties of Secretary.
Section 4. Duties of Treasurer.
Section 5. Duties of Manager.

Article VI – Executive Committee and Other Committees

Section 1. Powers and Duties.
Section 2. Other Committees.

Article VII – Fiscal Year

Article VIII – Miscellaneous Provisions

Section 1. Waiver of Notice
Section 2. Bylaws Printed.
Section 3. Seal.

Article IX – Amendments

We, the undersigned, being all of the incorporators and members of the _____
nonprofit corporation, do hereby assent to the foregoing bylaws and do adopt the same as the
bylaws of said corporation; and in witness whereof, we have hereunto subscribed our names, this
_____ day of _____, 20____.

In the past decade, foundation and other funders have been increasingly required by their boards to not only “do good works,” but to “do good work well.” Consequently, nonprofits have also been required to include assessments of their organizational capacity as a part of their grant applications. Organizational assessment, however, is often an activity that grassroots groups do not have the time or the resources to do.

This workbook is intended for use by nonprofit staff and board members to assess their own capacity, set goals for improving capacity, and to repeat the process on an annual basis. The workbook may also be useful for funders and nonprofit intermediaries that need a tool to assess the capacity-building needs of the nonprofits they are funding.

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