



Harder+Company Community Research  
August 2004



## Hispanics in Philanthropy The Funders' Collaborative For Strong Latino Communities

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Fortaleciendo a las  
Comunidades Latinas:  
Implementation Lessons from the  
Collaborative's First Six Sites



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## EXECUTIVE SUMMARY

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The Funders' Collaborative for Strong Latino Communities is a funder-driven initiative of Hispanics in Philanthropy (HIP) designed to sustain and ensure the viability of the Latino nonprofit sector and to develop a new cadre of Latino leaders. It addresses this goal using an innovative, ambitious, and untested approach: funder collaboration under a transnational model with regional implementation and autonomy. With HIP's facilitation, participating funders collectively support small and medium-sized Latino-led nonprofits with long-term capacity building grants, technical assistance, and convenings. At the same time, the initiative aims to increase funder understanding of and responsiveness to Latino communities and Latino nonprofits.

The Funders' Collaborative is operating in thirteen communities in the United States and two in Latin America. As of March 2004, the Funders' Collaborative had raised \$17.7 million for this effort from 114 local, national and transnational funders. Domestically, eleven of thirteen sites have participated in at least one round of grantmaking. Harder+Company Community Research is evaluating the Collaborative's U.S. components. This document is a summary of the process findings from the early grantmaking in the first six U.S. sites. Key lessons about the Funders' Collaborative model, peer networking, grantee-funder relations, capacity building with Latino nonprofits, and sustainability are discussed. Evaluation findings on outcomes are presented in a separate report.

Under this program, participating nonprofits identified their own organizational needs. Most (91 percent) ranked increasing fundraising capacity as an area of high priority in baseline surveys. Other high priorities included financial management (by 51 percent of grantees), board development (50 percent), evaluation (47 percent), organizational purpose and planning (43 percent), and facilities (43 percent). Several grantees focused on multiple areas of organizational development.

Almost 90 percent of grantees expressed satisfaction with the Funders' Collaborative, of which three-quarters said they were "very satisfied." Grantees emphasized the value of a grant supporting capacity building and of opportunities to build peer networks and stronger relationships with regional funders. They said that participation in the Funders' Collaborative was characterized by trust, honesty between funders and grantees, sensitivity to the challenges faced by Latinos and Latino nonprofits, and a shared commitment to strengthening Latino communities. Almost one-half of the grantees had never received a capacity-building grant previously.

According to the grantees, the major factors leading to program success were that many of the grants were multi-year, there was a high level of board involvement, the funders accommodated changing organizational needs, and there was significant contact among the grantees in each site, fostering a culture of peer support. There were some differences among the grantees in terms of their satisfaction with their participation. Smaller organizations reported a higher level of satisfaction than larger organizations. Those with younger executive directors were more satisfied than those with more experienced leaders. Grantees from the pilot sites were somewhat

less satisfied than those who benefited from the experiences of the pilot sites in implementing their programs.

Among the areas needing improvement, according to the grantees in the six sites, were improved grantor-grantee communication, more consistent Funders' Collaborative staffing, additional help in locating culturally appropriate consultants, closer relationships with the program officers, a reduced application and reporting burden, and larger grants.

The evaluation also assessed the satisfaction of local funders who participated in the initiative. They also reported a very high level of satisfaction. Features they greatly value include the focus on strengthening Latino organizations and communities, the opportunity to collaborate with other funders, the ability to tailor the program design to fit local needs, the expertise of national HIP staff, and the availability of the national matching funds. Areas needing additional attention were increasing staff support locally, more consistent internal communication, stronger external communications, and more effort devoted to funder education.

This implementation evaluation found that the Funders' Collaborative process developed over time, learning from the early implementation challenges. HIP now has an effective approach for working with its funding partners in local communities. Overall satisfaction with the process is high. Those expressing the highest satisfaction are those organizations that have had the least opportunity to build relationships with other Latino nonprofits or that are just emerging. They can often be found in the locations where Latino population growth is recent and rapid. These groups are representative of the growing Latino nonprofit sector and will continue to be a focus of the initiative.

The overall success of the Funders' Collaborative can be attributed in large part to its model, which innovated upon existing funding collaborative models by combining national level policy and regional autonomy and providing significant opportunities for exchange among funders and grantees at regional, national, and international levels. The Funders' Collaborative promoted a higher level of interaction between its funders and grantees, which proved essential to meeting its objectives, leading to stronger linkages between funders and Latino nonprofits. The scale of the initiative is another factor that has contributed to its success. With 114 funders and an international focus, the Funders' Collaborative has the power to attract a greater level of interest and commitment. Other key factors include the strong Latino leadership within HIP upon which the Collaborative was built, the availability of matching funds, and growing funder recognition of the need to strengthen organizational capacity.

# INTRODUCTION

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## OVERVIEW AND PURPOSE

The Funders' Collaborative for Strong Latino Communities is a funder-driven initiative of Hispanics in Philanthropy (HIP) designed to sustain and ensure the viability of the Latino nonprofit sector and to develop a new cadre of Latino leaders and nonprofits with the vision and capacity to serve their communities. The HIP Funders' Collaborative (FC) has four objectives:

1. To strengthen the organizational capacity of Latino nonprofits;
2. To foster leadership among Latino nonprofits that incorporates a vision of inclusiveness and collaboration;
3. To increase organized philanthropy's understanding of Latino nonprofits, the communities they serve, and the role they play in society;
4. To increase the net amount of philanthropic dollars flowing to Latino nonprofits.

The progress of the FC in meeting these objectives is addressed in more detail in a separate report. This report focuses on some of the key lessons learned from implementation at the FC's first six sites.

## HIP FUNDERS' COLLABORATIVE BACKGROUND AND RATIONALE

Latinos are the largest minority group in the U.S. Members of Latino communities currently number 39.9 million in a population of 290.8 million – more than 13 percent of the U.S. population. Latinos are also the fastest growing segment of U.S. society. Their numbers rose by 13 percent between 2000 and 2003, a growth rate of almost four times that of the total population according to the U.S. Census Bureau. Members of Latino communities play an increasingly important role in all aspects of life in the U.S., in areas such as health, commerce, science, education and the arts. Despite this, quality of life indicators for Latinos, such as income, employment, health, housing and educational attainment are among the lowest of all racial/ethnic groups.

The HIP Funders' Collaborative was founded on the belief that the Latino nonprofit sector plays a key role in empowering people and making democracy work; individuals can become leaders in their communities, and Latino nonprofits serve as a vehicle for them to do so.

HIP believes that Latino nonprofits enable civic participation and community leadership and have a vital role to play in the development and advancement of Latinos in the U.S. However, the development of the Latino nonprofit sector has not kept pace with the growth of Latino communities in general. Whereas Latinos represent more than 13 percent of the U.S. population, Latino nonprofits represent only 0.3 percent of all nonprofit organizations, and receive less than 1.5 percent of all foundation grants. Most Latino nonprofits are small, young, isolated, and have extremely limited financial and organizational resources. By increasing their organizational capacity, HIP believes Latino nonprofits will be able to provide the leadership necessary to develop the full potential of Latino communities.

## HIP MODEL AND U.S. SITES

The FC leverages dollars on a national scale, while retaining decisionmaking at the local level. The advantages to this model are great: local, regional, and national funders see their dollars doubled; national funders have greater access to local grassroots organizations that might not have been visible to them. The following U.S. sites have completed at least one round of grantmaking:

1. Northern California/Central Valley
2. Colorado
3. Upper Midwest
4. Philadelphia
5. Connecticut
6. New Mexico
7. Southern California
8. North Carolina
9. Massachusetts/Rhode Island
10. Chicago
11. Southeast Wisconsin (Milwaukee)

The FC anticipates that two additional U.S. sites will make their first round of grants in the coming year: New York and South Florida. The FC also has two active sites in Latin America: Argentina and the Dominican Republic.

## EVALUATION METHODS AND SCOPE

FC evaluation occurs at three levels: the initiative level, site committee level, and individual grantee level. The initiative level evaluation is national in scope and intended to assess the effectiveness of the program in achieving its four principal objectives, and to identify factors associated with the successes and challenges in the program's components that will allow HIP to make midstream adjustments. The initiative level evaluation is using a multi-site/cluster approach, which identifies common themes across U.S. sites, and consists of both process and outcome evaluations. Data collection methods include:

- Confidential, in-depth interviews with grantees and funders
- Annual organizational self assessment questionnaires
- Review of grantee reports and other documents

In addition, local site committees monitor and evaluate grants, and encourage grantees to develop self-evaluation plans and report on findings. FC grantmaking took place on a staggered basis beginning in May of 2001. The implementation lessons documented in this report are drawn from the first three years in the Northern California/Central Valley site, the first two years in the Colorado site, and the first year in the Upper Midwest, Philadelphia, Connecticut, and New Mexico sites.

Evaluation Report Scope	
Sites	Grant Period
Northern California	2001 to 2004
Colorado	2002 to 2004
Upper Midwest	2002 to 2003
Philadelphia	2002 to 2003
Connecticut	2003 to 2004
New Mexico	2003 to 2004

## OVERVIEW OF SITES

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As of March 2004, the FC had raised \$17.7 million from 114 local, national and transnational funders. Domestically, eleven of thirteen sites have participated in at least one round of grantmaking. As noted, this report discusses key implementation lessons from the first six domestic sites. To date, each of these sites has completed at least two rounds of grantmaking. For Round II grants, most sites gave preference to those organizations that had completed Round I planning grants. Colorado is the first site to complete a third round of funding. Thus far, site committees from the first six sites have awarded 176 grants to 120 Latino-led organizations totaling \$6 million. The scope of this report includes the experiences of the first 106 organizations funded in those sites.

### GRANTMAKING STRATEGIES

As part of the FC design, local site committees have flexibility to determine the local operating structure for the grantmaking and monitoring process. This included the processes for identifying and selecting applicants, designing the duration and amount of grants, and managing processes to monitor grantee progress.

#### *Application and Selection Criteria*

Local demographic issues and the make-up of site committees influenced the processes and criteria for grant application at the local sites. In New Mexico, Round I grant applications were considered by invitation only because of the significant presence of Latino-led nonprofits in the state. In contrast, funders in Connecticut developed a database of all identifiable Latino-led organizations and solicited Letters of Interest from interested parties, due to the relatively small number of Latino nonprofits in many regions of the state.

#### *Geographic Distribution*

Sites also differed in how they distributed grants across geographic areas. At sites involving large membership from community foundations, grants were allotted according to foundation service areas. Connecticut funders requested that their funds and subsequent matching funds go to support specific regions of the state, which has left pockets of the state with no funding or funding available in regions where no applicants have materialized. In Northern California, the availability of statewide funding enabled the committee to include the Central Valley, thus responding to Latino nonprofit needs in the region and immediately increasing philanthropic resources in a region with relatively few private foundations but high numbers of Latinos.

#### **HIP Funders' Collaborative Facts & Figures** *Through March 2004*

- Raised \$17.7 million for the HIP Funders' Collaborative
- 114 local, national, transnational funders
- Thirteen U.S. and two Latin America sites (Argentina and the Dominican Republic)
- Eleven U.S. sites and two Latin America sites have completed a grant round
- 235 grantees funded to date
- Held over 24 local grantee convenings
- 100 participants from five U.S. sites and two Latin American sites for first Leadership Training Institute at Northwestern University

*Grantmaking and Monitoring*

Because capacity building is still new to many nonprofits and several have not assessed their organizational capacity, all of the sites have offered planning grants to some agencies to enable them to undergo organizational assessment and planning. These organizations would receive priority for grants in later funding rounds. Though all planning grants were for one year, three of the first six sites (Philadelphia, New Mexico, Colorado) also limited implementation grants to one year. Sites initiated this strategy to maintain effective oversight of the grants. In these three sites the site committees funded most Round I grantees for a second year but required them to re-apply. The Colorado site committee extended its application process for the second round to allow time to clarify progress during year one and for site visits with grantees to discuss proposals for year two. Likewise, in New Mexico all grantees received a second year of funding once the site committee determined that first year objectives had been achieved. In Northern California, Connecticut, and the Upper Midwest sites grantees received funds for a period of between one and three years. Multiyear funding in these sites was contingent on grantee progress toward accomplishing the objectives set out in their proposals.

Grant amounts also varied across sites. Grant amounts ranged from \$4,800 over one year to \$150,000 over three years. Factors such as grant duration, available funds, type of grant, and the number of qualified applicants affected grant amounts. In Colorado for example, the site committee opted for giving smaller grants to more organizations rather than larger grants to fewer organizations.

Sites have commonly re-evaluated the grantmaking strategies after each year of funding. In Colorado’s Round III, much of the invitation and proposal process was conducted online. Additionally, committee members received an electronic notebook containing copies of all letters of interest and the reviewer assignments. And to more effectively target small, emerging organizations in need of capacity building support, some sites have expanded their databases of Latino-led nonprofits.

Site	Grants			Duration (years)	Grant Range (dollars)	
	Rd I	Rd II	Rd III		Planning	Implementation
Northern California	21	15		1-3	5,000-15,000	50,000-100,000
Colorado	14	14	23	1	5,000-15,000	4,800-76,000
Upper Midwest	12	1		1-3	10,000-15,000	25,000-150,000
Philadelphia	11	14		1	18,000-25,000	21,000-50,000
Connecticut	14	--		1-3	7,000-20,000	10,000-90,000
New Mexico	19	18		1	10,000	5,000-35,000

*Grantee Support*

In all sites HIP regional staff members address grant implementation issues and provide technical assistance throughout the grantmaking process. All sites have held convenings for executive directors, staff, and board chairs of grantee organizations to foster a culture of peer support and learning among grantees. In addition, several sites have pursued additional strategies to support the capacity building grants. In New Mexico, the site committee set aside some

Round I funding for a Professional Development Fund that awarded five grantees up to \$2,500 which included funds for travel expenses to convenings, individual training opportunities, and scholarships for conferences.

In Philadelphia, one of the participating foundations hired an experienced organizational development consultant with strong ties to the Latino community to manage the local initiative, including the development of convenings and trainings and the provision of ongoing technical assistance with grant implementation. In Colorado, the site committee sponsored a special project for emerging Latino-led organizations in Boulder County designed to assess needs in the Latino community and support Latino nonprofits with mentorship, training, technical assistance, and additional professional development opportunities. The technical assistance program concluded with the development of an organizational development plan. Successful program participants were awarded a seed grant in June 2004 to start implementation of the organizational plan.

### *Grantee Characteristics*

The annual operating budgets of the grantee organizations in the six sites ranged from \$4,500 to \$1,901,514. The overall mean annual operating budget of the grantees was \$515,098. The organizations funded represented many diverse programmatic focus areas, including visual and performing arts, community-based organizing and education, youth development, legal services, policy research, housing development, health, domestic violence prevention, alcohol and drug abuse services, employment and training, advocacy for Latina lesbian and bisexual women, and immigrant-rights advocacy, among other areas. Organizational ages ranged from start-up to 110 years. Grantees had from all volunteer to 48 paid staff members. The most common number of staff members was two.

### *Grantee Capacity Building Priorities*

A majority of grantees indicated their funding environment is challenging and unstable at times, and thus nearly all (91 percent) ranked fundraising as an area of high priority in baseline surveys. Other areas identified as high priorities included financial management (by 51 percent of grantees), board development (50 percent), evaluation (47 percent), organizational purpose and planning (43 percent), and facilities (43 percent).

In accordance with grantee priorities, the most common capacity building grant focus area was on developing fundraising capacity. Other common grantee focuses included board development, organizational assessment and strategic planning, financial management, and staff development. Several grantees focused on multiple areas of organizational development.

<b>High Priority Capacity Building Areas for Grantees</b>	
Fundraising	91%
Financial Management	51%
Board Development	50%
Evaluation	47%
Org. Purpose & Planning	43%
Facilities	43%
Public/Community Relations	41%
Human Resources/Staffing	32%
Equipment & Technology	29%
Other	12%

# THE GRANTEE PERSPECTIVE

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## OVERALL SATISFACTION

Overall, grantees voiced a very high level of satisfaction with the FC. Close to 90 percent of grantees shared that they were satisfied with the initiative, of which about three-quarters said they were ‘very satisfied.’ Specifically, grantees emphasized the value of a grant supporting capacity building and of opportunities to build peer networks and stronger relationships with regional funders. Grantees also emphasized the importance of several intangible aspects of the FC. In particular, many grantees related that participation in the FC was characterized by trust, honesty between funders and grantees, sensitivity to the challenges faced by Latinos and Latino nonprofits, and a shared commitment to strengthening Latino communities.

## ASPECTS OF THE INITIATIVE VALUED BY GRANTEEES

### The Mission and Focus

**Reaching out to Latinos and Latino-led nonprofits** – Grantees greatly value the FC’s commitment to strengthening Latino communities and its recognition of the need to support small and medium-sized Latino-led nonprofits that have been overlooked. As one grantee pointed out, “fundamentally, there has been a lack of attention to the kind of work that’s happening in the Latino community.” Participating funders also noted that the demographic expansion has not been matched by a growth in funding to organizations serving Latino communities. Grantees agreed, offering up first-hand experiences. As one of them expressed, “Some funders don’t really pay attention to Latino nonprofits. We have approached a lot of foundations and they haven’t even responded to us. So it’s just nice to know that there is an organization out there that will respond to us and does acknowledge us.” Several noted that the shared commitment to building stronger Latino communities heightened the sense of partnership within the Collaborative.

Key Findings
▪ Three-quarters of grantees “very satisfied” overall
▪ Grantees greatly value the FC mission & focus on capacity building
▪ Close to half had never received funding for capacity building

**Emphasis on ‘Constituency-Owned’** – Many grantees noted the under-representation of minorities in minority serving organizations and explained how important it is that the initiative is targeting minority-led nonprofits and developing the leadership within the community. They greatly appreciate the FC’s strict criteria for what constitutes a Latino-led organization. As one of them explained, “We didn’t have to spend any time educating the [FC] funders about the appropriateness or importance of our work, about Latino community based organizations working in Latino communities. There’s something so refreshing about not having to justify our existence.”

**Focus on Funder Education** – Likewise, grantees strongly supported the inclusion of funder education components in the FC. Several grantees restated the belief that funders in general are unaware of Latino-led nonprofits, the needs of Latino communities, and the significance of supporting small, emerging, and grassroots organizations that are owned and led by their constituencies. As a grantee expressed, “It’s important that the HIP Collaborative was trying to target not just people that serve Latinos, but organizations that do represent the community they

serve, and are increasing the capacity of these organizations to serve their communities.” Another added, “We need the funders to look at Latinos as a viable source for meeting the need.”

**Linking Latino-led Nonprofits to Funding Networks** – Many grantees articulated a sense of ‘marginalization’ from mainstream funding networks due to limited funder awareness of Latino-led nonprofits and isolation from existing power structures, among other reasons. Consequently, grantees greatly valued the FC’s role in linking grantees to funding networks. Grantees noted the importance of face-to-face interaction with funders through FC convenings, trainings, and social events. Likewise, several grantees encouraged an expanded role for the FC in marketing the achievements of grantee organizations and connecting them to non-participating foundations, which are less attuned to them.

**Focus on Capacity Building** – As relatively small and often overlooked organizations, close to half of the grantees indicated that prior to their FC grant they had never received capacity building support. As one of them expressed, “It’s really rare for organizations like ours to get money for capacity building.” Many grantees shared that the uncommon focus of the FC grant—support for capacity building—was the most significant benefit of participation in the FC. Several grantees noted that the FC grant allowed them to turn their attention to long-term issues and planning, rather than focusing on day-to-day issues. As one Executive Director explained, “This grant really gave us the time and the chance to focus on our organization... Before it was always put off to last.”

### The Values: Trust and Respect

In the eyes of many grantees, the FC broke from the traditional funder-grantee relationship in some fundamental ways. According to many grantees, the FC’s approach to capacity building, which is based on respect for an organization’s ability to build its own capacity, fostered a deeper sense of trust and honesty between grantees and funders. As one grantee explained, “The underlying issue was always that we were trusted. We were trusted as fully operational partners.” An open and trusting relationship is essential for effective capacity building in any community, but especially in communities of color.

**Self-definition of capacity building projects** – Commonly, nonprofits struggle to conform to funder requirements without compromising the mission or vision of their organization. However, in this case funders sought to tailor funding to organizational needs as defined by grantees. As one grantee expressed, “The best part of the HIP grant is that they asked us to tell them where we needed assistance. That was just great!” Similarly, another grantee explained, “It was so exciting because so frequently the exercise is how to package [a proposal] to fit into grant guidelines that a funder defined. This was the other way around; it was ‘how can we craft an RFP that is responsive to the needs of nonprofits,’ which means no semantic gymnastics on our end. I hope it happens more.” Allowing organizations to self-define capacity building projects facilitated greater buy-in, more honesty about organizational needs and challenges, and higher satisfaction with the FC.

Key Findings
▪ FC approach fostered deeper sense of trust & honesty
▪ Grantees greatly value opportunity to self-define projects
▪ Grantees appreciate FC flexibility and supportive approach

**Flexibility to modify grant objectives** – Capacity building does not usually occur in a linear fashion. For example, during implementation, some organizations discover more essential capacity building priorities they would prefer to address. Grantees greatly appreciated HIP’s openness to considering modifications to grant objectives as circumstances change or more pressing organizational needs arise. As one of them commented, “On any project, especially one that is breaking new ground, it has to have that open-ended approach. You have to do course corrections, which you can’t do if you are locked in because the funder is strict. It’s great that [the FC] takes a different approach.”

**Supportive grant monitoring** – In terms of grant monitoring, grantees communicated the importance of assistance and support rather than punitive oversight. Many grantees reported that the FC fostered a supportive environment for grantees. This included encouraging honest discussions among funders and grantees at convenings, and framing the HIP staff and funder role as one of assistance rather than supervision. As one grantee shared, “HIP has been tremendous with the assistance...They are open to anyone calling them...they’ve been really great as a funder.”

## The Strategies

**Substantial Multiyear Implementation Grants** – Three of the first six U.S. grantmaking sites offered relatively large implementation grants for up to a three year period. Several of the grantees in these sites explained that the sizeable multiyear commitment was important because of the long-term nature of capacity building, and many noted that it was particularly significant to have such a commitment during the recession. However, several of these grantees also pointed out that three years is not enough to produce the type of organizational change some funders expect. As one of them explained, “This program is three years. Be realistic, an institution needs to grow from all perspectives: board, staff, the founders and their role, and this requires time. Five years would be better. I learned a lot but...having funding and people for five years would have a much bigger impact.”

**Encouraging Board Member Involvement** – The involvement of board leaders in the capacity building process contributed to the success of several grantees. Many expressed appreciation that the FC facilitated board involvement by encouraging board members to attend FC convenings and trainings with staff members. As one grantee expressed, “My board member came back with a renewed sense of participation on the board and in particular in the board meetings.” Another grantee explained, “The Executive Director is often perceived as the primary leader of an organization; the Board is often perceived as a supportive body at best. Our organization is no different. By having Board member attendance, it seemed to give ‘permission’ for Board members to take a higher leadership and stewardship role.” Several executive directors also reported that they developed stronger working relationships with board members who attended the FC convenings and trainings with them. However, a few noted that it was difficult for board members to get time off from work to attend FC activities.

### Key Findings

- Grantees note importance of a sizeable, multiyear approach
- Board involvement contributed to success
- Opportunity to interact with peers of great benefit
- Three-quarters report ongoing contact w/ FC peers
- Culturally-specific approach facilitated trust

**Fostering a Culture of Peer Support** – Grantees identified the opportunity to interact with other Latino leaders and expand their professional networks as one of the greatest, if unexpected, benefits of the FC. Nearly three-quarters of grantees reported they had been in contact with other FC grantees for advice, information sharing, or collaborative programming. Many grantees described the development of lasting relationships with other Latino leaders. By and large, convenings served as the catalyst for the development of peer networks. Grantees reported that peer networks led to informal support systems, cooperative programming, and ongoing sharing of funding opportunities and organizational strategies.

**Other Training Opportunities** – Some grantees also took advantage of additional training opportunities afforded by the FC and noted this was helpful as well. As one grantee reported, “One of the things that was really beneficial through HIP was the Gill Foundation convening that took place in September. This gave me a better idea of how to get the board involved more and gave me the communication skills to convince them.”

**Culturally Appropriate Technical Assistance** – HIP staff and several funders provided many grantees with additional one-on-one assistance, which was particularly important for small and rural organizations. Grantees in the Philadelphia and the Upper Midwest sites in particular benefited from FC assistance due to strong and consistent staff members based locally who were proactive in building relationships with grantees. Many FC technical assistance recipients indicated that the support helped them implement their grant and several noted that it was carried out with skill, compassion, and respect for their unique circumstances. Several participants expressed how much they appreciated having access to resources focused on the specific needs and circumstances of Latino nonprofit leaders and organizations. By applying a culturally-specific approach, the FC model facilitated the building of trusting relationships that are essential to effective capacity building.

## VARIATIONS IN GRANTEE SATISFACTION LEVELS

### Pilot Sites vs. Later Sites

Though grantee satisfaction with the FC was very high overall, it was not uniformly so across sites or organizational size. Specifically, grantees at the first two sites to award grants—Northern California/Central Valley (NCCV) and Colorado—registered somewhat higher dissatisfaction with several aspects of the FC initially. This included funder-grantee relationships, technical assistance, site convenings, and peer networking. Many of the early challenges at these sites stemmed from undefined or changing granting and monitoring processes, FC staffing gaps and transitions, and a natural learning curve on the part of site committees and HIP during the pilot phase.

These challenges are part of the necessary growth of an innovative grantmaking strategy working in underserved communities and have been experienced by many funders’ collaboratives undertaking similar work. The

#### Key Findings

- Grantee satisfaction higher after pilot stage
- Small and young agencies report highest satisfaction w/ FC activities
- Inexperienced and young EDs relate strongest satisfaction w/ non-financial FC aspects

FC’s work was enriched by the lessons learned in the early stages of implementation. Feedback from later grant rounds in NCCV and Colorado highlight a greater degree of satisfaction with all aspects of the FC. Additionally, grantees from later sites communicated improvements in administration and greater satisfaction with the non-financial aspects of the FC.

## Organizational Size

Small and young grantee organizations reported somewhat higher satisfaction with the FC’s supporting activities. Grantee organizations with budgets below \$200,000 reported significant benefits from peer networking, convenings, funder-grantee networking, and accessing additional funds. In contrast, larger nonprofits characterized the impact of these activities on their organizations as somewhat more moderate (Exhibit 1).

**Exhibit 1: Results by Organizational Size**

	<u>Organization Size</u>	
	Small*	Large**
Convenings “useful” or “very useful”	80%	55%
Formed new relationships with funders	77%	33%
Leveraged HIP grant for additional funds	61%	36%

\*Small organization: Annual budget below \$200,000 before receiving HIP grant (n=23)

\*\*Large organization: Annual budget above \$500,000 (n=36)

## Age and Level of Experience

A similar dynamic played out on the individual level. Inexperienced and/or young executive directors related stronger satisfaction with the non-financial aspects of the FC grant than directors with substantial experience. Young executive directors expressed a very strong interest and need in developing relationships with experienced leaders that had faced similar challenges. As one grantee explained, “I’m 30 years old and I’ve never been an ED...I need to be able to access other people who’ve been doing this or...who are experiencing similar issues—both positive and negative. And to be able to ask: ‘How does this work? How do we deal with this?’” These executive directors said they derived significant value from networking with other leaders who understand cultural and leadership issues unique to Latino nonprofits. As one young executive director reported, “We had several informal conversations about what that’s like—being a new ED, being a young ED, working in Latino institutions, and hierarchies on age...and I think that was a large part of the bond that we started in Chicago [at the Leadership Training Institute].”

## AREAS FOR IMPROVEMENT IDENTIFIED BY SOME GRANTEES

### Overall

**Greater flexibility, dialogue, and partnership** – Despite a general sense of partnership, some grantees disagreed that the FC differed from other grantee-funder relationships or that it has provided the kind of flexibility described earlier. Some grantees noted that an uneven ‘power

dynamic’ between funders and grantees was sometimes apparent, and that funders do not fully appreciate the expertise of participating grantees. Grantees emphasized the importance of cultivating two-way relationships where funders also learn from grantees and involve grantees as partners in the grant. Also, a few grantees expressed that funders could have shown more flexibility in allowing some funds to be shifted to core operating support given the funding crisis that occurred during the grant period.

**Desire for stronger funder-grantee relationships** – It should be noted that grantees enter the FC with a belief that this is going to be a different type of grantee-grantor experience, in part due to the fact that Hispanics are helping other Hispanics and because linking Latino nonprofits to funding networks is an explicit goal. Some grantees expected stronger personal relationships, based on greater trust and mutual understanding, to develop between funders and grantees. In the cases where stronger relationships with funders did not develop, grantees expressed disappointment. A few grantees suggested that the FC work harder to build relationships between the funders and grantees that are more “supportive and non-judgmental.”

**Make requests relative to organizational size** – A few grantees pointed out that funders often make requests that are very difficult for smaller organizations to fulfill financially, such as collecting data or traveling long distances to attend a convening. As one commented, “It’s a lot to ask a small organization to have a board and staff person go to Fresno.”

**More reflection on the appropriate level of accountability** – Some grantees reported that application processes and reporting requirements were cumbersome given the size of the grant the organization ultimately received. As one grantee expressed, “I don’t really see HIP as flexible as they see themselves....They are one of our most difficult funders....They are one of those funders that make you jump through a lot of hoops...[although] I realize it is beneficial in some ways.” Application and reporting requirements were often very similar for an organization receiving \$5,000 over one year to one receiving \$100,000 over three years. All grantees in some sites are expected to submit a letter of intent, prepare a full proposal, host a site visit (which many grantees encourage), finalize grant objectives, submit a progress report at the end of one year, submit a new proposal for a second year of funding, and host another site visit to discuss year one progress and finalize year two objectives. In addition, grantees are expected to complete an annual interview and survey for the external evaluation. Some grantees wonder how much is enough, especially given the variation in grant amount and organizational size.

**More consistent staffing** – Strong and consistent support staff play a crucial role in funder collaboratives. The Colorado site, the second grantmaking site to launch, confirmed this lesson. According to grantees and funders at the site, the lack of communications and administrative support during its first year hampered grantees’ relationship with the Collaborative in some instances, as there was no central hub for communication during the proposal process and project implementation. For its second year the site hired a dedicated staff person to manage the site and communicate with grantees and the process improved markedly. Some grantees from Northern

**Areas for Improvement Identified by Grantees**

- Greater flexibility, dialogue, & partnership
- Stronger funder-grantee relationships
- Appropriate level of accountability
- More consistent FC staffing
- More help finding consultants
- More specific funding timelines
- Longer funding period, larger grants

California/Central Valley (NCCV), New Mexico, and Connecticut sites also noted some challenges in terms of HIP staffing. For example, in NCCV, a few grantees said they were unaware that HIP staff were available for technical assistance and that they did not know who to contact. In contrast, the presence of strong, consistent, and proactive staffing locally in later sites such as the Upper Midwest and Philadelphia had a positive impact on grant administration and grantee relationships with the FC. These sites were able to offer considerable assistance and trainings to grantees, which made them more likely to contact HIP staff or funders for support. Grantees at sites with strong local staffing also reported a higher rate of peer networking and satisfaction with convenings.

**More assistance with finding appropriate consultants** – A central theme voiced by grantees pursuing each area of capacity building was the challenge of identifying consultants with the appropriate mix of organizational development skills, cultural understanding, and familiarity with small nonprofits. This included knowledge of community-based organizations, experience working with similar communities, bilingual language skills, and content-specific knowledge (i.e. fundraising, strategic planning). Often, difficulty locating a consultant delayed the start of projects. As one grantee shared, “The search for a consultant for this particular activity was difficult. We did not have any contacts, because this was the first time doing this type of work. At the beginning, we found several consultants, but the conflict was that they were not fluent in Spanish and besides their fees were high.” (Grantees widely communicated satisfaction with consultants once they found them.) HIP staff and funders grappled with the question of whether to put together a list of consultants because it would be seen as an endorsement. The issue of how involved they should be in consultant selection was also a subject of considerable debate. Instead, the FC often provided training on how to hire consultants during convenings.

**More specific funding timelines** – Some grantees, particularly organizations with small budgets, expressed a desire for more specific timelines about when funding is going to be available to plan the organization’s cash flow. As one expressed, “it’s essential they have their ducks in a row. Foundations lose touch with groups. Getting \$30,000 this month or next month makes a huge difference. Not knowing when it’s going to come is hard.”

**Longer funding period and larger grants** – Some grantees noted the long-term nature of capacity building and recommended more funding over a longer period of time. As one of them expressed, “Capacity building takes a long time and I’m not going to say give us more money but I feel like we just got started...[we need] a longer-term investment...the larger funding community is moving away from long-term grantmaking and capacity building and the Collaborative is one of the few funding like this.”

**Concern about ongoing support for Latino nonprofits** – Grantees noted the ongoing need for capacity building and leadership development in new emerging organizations and articulated a strong desire for HIP to expand the effort or at least continue the dialogue and relationships once the funding runs out. Several expressed concern about support for capacity building and for Latino nonprofits once the initiative ends. Many reported that outside of the foundations participating in the FC there are fewer places for grassroots organizations to go for funding. They stressed that it is important for funders to keep an ear to the ground for emerging and community based organizations. A number of grantees expressed a desire to help the FC raise money and

draw more attention to Latino communities and the great work Latino nonprofits do. As one grantee stated, “HIP could use us more in approaching new funders. We are a story. We are succeeding and we are doing the real work.”

## Convenings and Fostering Peer Networking

By and large, convenings represented the central opportunity for grantees to network with peers, establish relationships with funders, access technical assistance, and develop a collective identity for the FC. Nearly two-thirds of FC grantees found the convenings “useful” or “very useful,” though responses were sometimes mixed. Satisfaction with the convenings varied somewhat according to site. Nevertheless, several themes were apparent across sites:

- Grantees value convenings, above all, for the opportunity to network with other grantee organizations, share information, and discuss capacity building challenges and strategies.
- Grantees also highly value the opportunity to establish face-to-face relationships with participating funders.
- Grantees prefer curriculum that addresses organizational issues specific to participating organizations and recognizes the diversity of experience, knowledge, and need among grantees.
- Small and young organizations in particular derive significant value from the networking and learning opportunities at the convenings.
- Rural grantees and grantees in areas with few Latino nonprofits recognized the convenings as one of the only opportunities to network with Latino organizations from around the region.

As stated above, smaller and more inexperienced organizations benefited somewhat more than larger more established organizations. Over three-quarters of grantees with organizational budgets below \$200,000 found the convenings “useful” or “very useful,” compared to just above half of organizations with budgets above \$500,000 (Exhibit 2).

**Exhibit 2: Usefulness of the Local Convenings by Grantee Budget Size**

	Not Useful	Somewhat Useful	Useful	Very Useful
Small (Under \$200k)	5%	15%	15%	65%
Medium (\$200 - 500k)	16%	16%	12%	56%
Large (Over \$500k)	13%	32%	23%	32%

(n=77)

Grantees in Philadelphia and the Upper Midwest reported the most uniform satisfaction with the convenings. Nearly 90 percent of the grantees in these sites found them “useful” or “very useful,” and noted the breadth of opportunities to network with other grantees and funders. On the other hand, sites such as Northern California and New Mexico received somewhat more mixed responses in part due to the lack of networking time. Commented one New Mexico grantee,

*The process that HIP had set up for grantees to interact with one another [at the convenings] really hasn’t facilitated any sort of collaboration. It’s like HIP has something they’re telling us and we just sort of sit around and listen. There has not been any highlighting of the organizations. The convenings haven’t done anything to promote any networking other than sitting at a table together.*

Not surprisingly, those sites that reported high satisfaction with the convenings also reported the most positive peer networking outcomes. Grantees in Philadelphia, the Upper Midwest, and Connecticut reported the greatest use of peer networks. In Philadelphia, a concentrated metropolitan area, grantees initially met weekly for trainings and thus were able to develop more sustained relationships. In the Upper Midwest site, grantees highly valued the opportunity to network with other Latino leaders in an area marked by great distance between Latino communities and a small number of Latino organizations overall. Connecticut grantees developed close peer networks through the shared development of a proposal to promote advocacy on behalf of Latino nonprofits. In other sites, such as Northern California/Central Valley, grantees were less likely to establish peer networks. In some cases, grantees reported having stronger pre-existing relationships with other grantees, particularly in their immediate geographic areas. For example, in the San Francisco Bay Area, Latino nonprofits are deeply rooted and many networks already exist. Likewise, the infrequency of convenings in these sites limited interaction between grantees from different geographic and service areas.

### Exhibit 3: Factors Affecting Peer Networking

Site	Degree of Peer Networking	Contributing Factors	
		(+)	(-)
Philadelphia	Very High	<ul style="list-style-type: none"> <li>Frequent formal events/trainings</li> </ul>	<ul style="list-style-type: none"> <li>Too little networking time at convenings</li> </ul>
Upper Midwest	Very High		
Connecticut	Very High	<ul style="list-style-type: none"> <li>Networking time at convenings</li> </ul>	<ul style="list-style-type: none"> <li>Infrequent convenings</li> </ul>
New Mexico	Medium/High		
Colorado	Medium/High	<ul style="list-style-type: none"> <li>Grantee meetings outside convenings</li> </ul>	<ul style="list-style-type: none"> <li>Strong pre-existing grantee networks</li> </ul>
NCCV	Medium		
		<ul style="list-style-type: none"> <li>Strong grantee interest</li> </ul>	

## **Grantee Recommendations for Convenings**

**Schedule more peer networking time** – Consistent with the above findings, the most frequent recommendation regarding convenings was to schedule more peer networking time (20 percent). Many grantees said that collaboration often grew out of informal conversations that occurred at the convenings. Several also recommended more structured exercises during convenings that would foster grantee interaction.

**Tailor sessions** – The second most frequent recommendation by grantees was to focus convening sessions around the specific issues and challenges facing grantees. Some also suggested segmenting grantees according to geographic region, service/client populations, or other identifiable sub-groups and offering concurrent sessions for organizations with different levels of institutional knowledge and experience.

**Involve grantees in the planning** – Several grantees also recommended more heavily involving organizations in the development and delivery of sessions. In Philadelphia for example, grantees reported that the FC consultant conferred with grantees about their needs when developing sessions and subsequently focused more attention on hiring outside consultants.

**Support networking outside of convenings** – A number of grantees also suggested creating a listserv, message board, newsletter or other mechanism to sustain and develop contact and collaboration between convenings. Some also recommended encouraging networking among sub-groups between convenings (e.g., local events in sites that cover large distances).

**Circulate contact information** – Many recommended distributing documents that include grantee and funder contact information, mission, and services to all site grantees.

**Encourage participatory rather than ‘lecture’ style sessions** – Finally, the majority of grantees communicated that they prefer training sessions that are interactive.

# THE FUNDER PERSPECTIVE

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## ASPECTS OF THE INITIATIVE VALUED BY FUNDERS

Like grantees, close to three-quarters of funders expressed a high level of satisfaction with the FC. Above all, participating funders said they were pleased with the opportunity to make Latino communities more of a priority for their foundation and the foundation community as a whole, collaborate with peers who share this interest, and achieve a larger impact on Latino communities than they could have alone.

### The Mission and Focus

**Strengthening Latino communities** – Funders greatly value the opportunity to combine their passion for Latino communities with their work and expertise. Most participating funders expressed that the FC’s values and priorities were a key factor in their decision to advocate for a commitment of funds from their foundations, as well as their own personal commitments of time, energy, and leadership. Reflecting on their decision to get involved, many funders cited the high and growing proportion of Latinos in the U.S. (currently one of every eight individuals, not including undocumented immigrants, according to U.S. Census data) and the disproportionately low level of attention they receive. Several also explained that they were personally inspired to participate in a Latino-focused initiative, as a result of their own heritage, prior experiences in supporting social change in Latino communities, or both. Looking towards the future, they saw the FC as a unique opportunity to impact the well being not only of Latino communities, but of all communities around the nation and hemisphere.

**National/Transnational Focus** – For several participating funders, the broad geographic scope of the FC lent it legitimacy with individual foundations and enabled it to draw more attention to the need for more funding to Latino nonprofits in the field at large. As one funder noted, “What the HIP Collaborative has done is brought a unified voice about the need for philanthropy to take a deeper look at Latino nonprofits.”

### The Strategies

**Respect for uniqueness of local communities** – Though funders valued the marketing benefits of a national/transnational scope, they also shared an interest in providing locally relevant grants and support to Latino-led nonprofits. What works in New Mexico may not work in Connecticut or Florida. They appreciate that the FC model accommodates the enormous diversity that characterizes individual Latino communities. They value the opportunity to tailor the initiative’s grantmaking and activities to the needs and circumstances of local communities.

**HIP’s umbrella and role as intermediary** – Funders also greatly value the expertise and network provided by HIP, with its 450 members and 21 years of experience in increasing Latino

#### Key Findings

- Funders conveyed high level of satisfaction w/ FC
- FC mission and focus of great significance to funders
- Funders value opportunity to tailor FC to local needs and circumstances
- HIP expertise & network also highly valued by funders
- Opportunity to collaborate w/ peers of tremendous value
- Matching dollars a primary reason for participation of a third of funders

participation and leadership in philanthropy. As one funder expressed, “Under the umbrella of HIP the collaboration provides access to more people to expand philanthropic resources for Latino organizations.” Another added, “Our foundation is able to learn from the strengths of HIP and its intimate knowledge of the Latino community.”

**Ability to reach organizations outside of focus areas** – Several funders indicated they valued the opportunity to have an impact on small and mid-sized organizations outside their region and funding program areas. As one funder explained, “Our involvement helps us reach organizations and communities that we wouldn’t otherwise reach. And, hopefully, by us being part of the Collaborative, other organizations that hadn’t thought of us [as potential funders] will consider us in the future.”

**Peer learning and collaboration** – Funders also value that the FC is intentional about collaboration. And most reported that one of the most significant benefits of the FC was the opportunity to collaborate with and learn from other funders. As one funder explained, “It’s the collaboration itself...that synergy when you have different groups working together on a shared mission. It is always stronger than groups doing it individually.” Another funder added, “I think the consensus nature is what makes it good all around.” Participating funders frequently shared that working with other funders enabled them to learn valuable new approaches they could apply to their own grantmaking. As one funder expressed, “The collaborative nature of the initiative has been the most instrumental. I’ve learned a lot from how my colleagues from other foundations make decisions—what they look at when evaluating an applicant versus what we look at. It has helped me assess the merits of applicants because it is a collaborative process.” Several noted that they developed a network of peers they are now collaborating with around other areas of shared interest.

**Matching component** – Close to a third of funders reported that the matching funds component was a primary reason for participating in the FC. Several shared that it was an important mechanism to have a larger impact on Latino communities. Some wondered whether the FC would have worked without it.

## **AREAS FOR IMPROVEMENT IDENTIFIED BY SOME FUNDERS**

While overall funders expressed a high level of satisfaction with the Collaborative, some identified areas for improvement. The most common recommendations made by funders are presented below.

**Increase staff support locally** – Many funders commend the staff for their commitment and leadership, and HIP staff support has increased over time. However, funders across sites comment on the “labor intensive” nature of FC participation. As one funder reported, “I think it was too much of an investment of time...I know of another collaborative and it meets quarterly.” While some funders viewed the time commitment as necessary to achieve local flexibility and increase funder knowledge, they commonly conveyed an interest in increasing HIP’s supporting role. Concerns about the intensive requirements for involvement were accentuated at early sites and at those sites that lacked local staffing support. This included Northern California/Central

Valley, Colorado, and Connecticut notably, and New Mexico to a lesser degree. However the time commitment required of funders was also noted as an issue by a few funders in the Upper Midwest and Philadelphia—sites with consistent and exceptional local staffing—although funders in these two sites voiced fewer concerns and articulated less of an impact on the quality of the FC.

Some simply expressed a desire to move away from administrative functions. As one of them reported, “Sometimes I come out of the meetings a little frustrated because we’re doing the technical work that staff should be doing, [and so] we’re not looking at how we can build on this opportunity and make this greater and better.” Similarly, another funder expressed, “I have been doing a lot of work at the local level [preparing RFPs, reviewing proposals, etc.] but I get frustrated because [doing so] I lose track of the big picture.” Another explained, “It would be useful to have a stronger structure for the Collaborative so that it is not as taxing on the members.... It’s hard to keep up with everything so it would be helpful for HIP to have the whole structure and process organized so funders can really focus on the grantees and their needs, and the progress reports.”

**Strengthen internal communication** – Some funders felt that they were uninformed about the direction of the FC in the future, the prospect of future funding, and the experiences of other sites. “I have been holding my breath to hear from [HIP leadership] ‘this is what else we hope to achieve,’ a funder in Colorado proclaimed. A few expressed an interest in learning more about the strategies pursued by other site committees and receiving informal updates from HIP national and other sites. As one funder suggested, “It would be useful for HIP to stay in touch and give updates about what’s happening in other cities...it doesn’t have to be anything beautifully written.” Also, funders in a few sites have pointed out that some grantees have been unsure who to contact with questions. HIP staff could continue to remind grantees and be more explicit, they indicated.

**Expand external communication efforts** – Another common recommendation is that HIP must step up its communication and marketing activities to publicize the presence and accomplishments of the FC and its grantees. As one funder explained, “It is a critical and huge missed opportunity if we don’t figure out the communications plan...we have done a lot of good work...we need to know how we communicate [the story] and they [HIP national] need to help us at the local level...it cannot come from the local level.” In the words of another funder: “they don’t market what they have learned so far...they don’t promote what they are doing and why it’s so important...funders won’t want to be part if they don’t see that.” And one funder suggested that it is time to shift the message. “We have to let go of the story, it’s not about HIP [any more], it’s really about what’s going on in the communities and [that] we want more money in the communities.”

**Provide more clarity around expectations** – Lack of clarity around roles and responsibilities is natural in an initiative of this size and complexity. While the FC developed and adopted governance and grantmaking guidelines to prevent this from occurring, implementation issues

**Areas for Improvement Identified by Funders**

- Increase staff support locally
- Strengthen internal communication
- Expand external communication efforts
- Provide more clarity around expectations
- Offer more clarity about ‘capacity building’
- Remember the funder education component
- Raise more matching funds

continue to surface because of unclear expectations between funders and HIP staff. Some funders reported that site committees need more communication and clarity from HIP on the level of support they can provide to sites. And a few pointed out that grantees need more clarity and communication around expectations as well, in areas such as funding timelines, changes to grant objectives, and reporting requirements.

**Offer more clarity about ‘capacity building’** – Several funders noted that many grantees and funders themselves lacked clarity and agreement around the meaning of ‘capacity building’ and what could qualify for funding under this initiative. Given the lack of a common definition in the field, one site committee decided not to define it and instead offered examples. Upon reflection, a funder from this site concluded that they needed to “provide a clearer picture of what capacity building is and what it is not so that the organizations had a clear understanding of what pertained to this grant.”

**Remember the funder education component** – Some funders, including individuals that engaged in the initial planning for the FC, said they envisioned more opportunities for funders to be trained more formally and expressed a desire to return to the question of how to build capacity in the funding community as well. A few also noted that they see this project as an opportunity to develop the leadership skills of Latinos in organized philanthropy, many of whom are “middle management types.” Also, a couple funders from small community foundations expressed a desire for funding to be made available for them to attend FC Assembly meetings.

**Raise more matching funds** – When asked for suggestions, several funders said they would like to build on this opportunity and attract more matching dollars. As one of them expressed, “I think the recommendation is to simply continue doing it. Hopefully we can encourage the national funders to keep doing it because we’ve had tremendous success.”

## DISCUSSION AND KEY LESSONS

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This concluding section summarizes some of the key lessons learned in implementing the FC. Lessons about fostering peer networking; grantee-funder relations; capacity building in general and with Latino nonprofits; sustainability; and maintaining funder involvement are discussed. First, some of the lessons related to the model itself are explored.

### THE FUNDERS' COLLABORATIVE MODEL

The designers of the FC could have pursued any number of approaches to achieve their goal of increasing the percentage of foundation funds going to the rapidly growing Latino population and strengthening the Latino nonprofit sector. The strategy they ultimately chose was innovative, ambitious, and untested: funder collaboration under a transnational model with regional implementation and autonomy. Has funder collaboration been an effective model to accomplish the initiative's goals? What difference is the collaborative approach making, if any?

It is possible to provide some preliminary answers to these questions based on the evaluation data collected thus far. While the mechanism HIP selected has been complex and labor-intensive, funder collaboration appears to have been an effective approach for achieving the initiative's goals. Many funders noted that the collaborative nature of the initiative has been instrumental to their increased knowledge of Latino nonprofits and communities. Several explained that much of the learning is taking place through the sharing of knowledge among participating colleagues. The model created new opportunities for funder exchange and the collaborative process itself catalyzed many important outcomes, including changes at individual foundations, additional collaboration beyond the FC, and innovative solutions to community issues. For more information on the impact of the collaborative approach on funders and grantees, please see the evaluation report on the FC's outcomes. Some of the early lessons from implementing this pioneering model are presented below.

### Key Lessons

**Extend the timeline** – To a certain extent the FC became a victim of its own success. The initiative grew rapidly from two U.S. grantmaking sites in 2001 to six in 2002 and 11 today. (It grew so fast the FC faced a gap between local and matching dollars and decided to put a moratorium on new local dollars.) With the benefit of hindsight, the former FC Program Director and some of the funders indicated they would have extended the timeline for the introduction of new sites and the grantmaking cycles in those various sites. However, the FC was faced with the challenge of balancing tremendous momentum and buzz with the desire to grow more slowly and intentionally.

**It takes heroic local leaders to drive it** – Despite its success, marketing the new initiative was a challenge in some sites. The FC faced several doubters. Many funders were opposed to the idea of ethnic-specific funding, and argued that by focusing on Latino communities they would be excluding others. Others questioned whether this was an appropriate role for an affinity group, and whether HIP had the capacity to take on such an ambitious endeavor. Some were opposed to re-granting in any form and were reluctant to relinquish control. Funders in some sites doubted

there were enough Latino-led nonprofits in their regions. Others felt that collaboration is just too complicated. Strong leadership from a few heroic individuals locally was required to get doubters to the table. These individuals demonstrated great personal commitment to the initiative and were able to connect with board members and other organizations, and address their concerns. Of course there were limits to what some of these leaders could accomplish. Relationship building by the leadership of HIP national with the heads of local foundations has also been necessary.

**HIP's network was a key to success** – Before the FC, there was a strong network of funders interested in strengthening Latino communities already in place: HIP. The FC grew out of that network. HIP members took active leadership roles in making the FC a success.

**The match is a big part of what makes the model work** – While most participating funders committed themselves to the FC because of its mission and goals and what it symbolized, many explained that the 1:1 matching funding the FC provided to local sites was a powerful incentive for their foundations and an important part of what makes the model work.

**Some flexibility is necessary** – The environment, makeup, and interests of the funding committees in each of the sites are unique. Just as all of the sites allowed nonprofits to decide how to use the funding, HIP has been very flexible in allowing local funding committees to determine the most effective structure, focus, and policies at their sites. This has been essential to developing trust and fostering ownership. However, there were of course limits to how flexible HIP could be.

**Determining when to stop fundraising and planning is a challenge** – Some site committees encountered a few potential funders that were indecisive and so they struggled with the question of when to stop fundraising and begin implementation. Committed members were anxious to get started but hoped to maximize the opportunity and honor the interest expressed, and they did not want to move too far ahead with the process until the site committee membership was finalized. Ultimately they decided it was necessary to set a firm deadline for the funding round. Also, once fundraising had ceased, many found it challenging to strike a balance between a sufficient level of pre-planning and consensus building and getting the money out the door.

**Every funder must have an equal vote** – Once the membership requirements are met, every foundation has one vote, regardless of the level of financial support. This encourages an atmosphere of real exchange, where small and large funders have relationships on a more equal footing, and leads to greater synergy.

**Collaboration between national and local partners is a learning process** – As one would expect in an initiative as new and complex as this one, local and national partners have had to learn how best to collaborate with one another – there was no template. They soon discovered that neither partner had all the answers. Naturally, some confusion and tensions arose around appropriate roles among funders and HIP staff. Roles and responsibilities were inevitably blurred in some areas, including communication with grantees. Specific guidelines, ongoing and effective communication, and trust between national and local partners and among local partners have been essential to clarifying roles and managing expectations.

**Collaboration is resource-intensive** – While collaboration as a strategy provides its own rewards, it often requires a greater investment of time and resources than funders anticipate. Respecting the group process and building consensus took more time than expected, but most funders said they benefited greatly from the healthy and open debate that often occurred. Funders had different ideas about what constitutes effective capacity building and appropriate outcomes and in some sites never fully reconciled this. Some foundations required that their geographic or programmatic funding restrictions be honored; others had few or no limits. Some preferred selecting grantees by invitation-only; others favored a more responsive approach. Some argued for funding fewer organizations in greater depth; others wanted to spread funding to more organizations. Some preferred a more hands-on approach with grantees; others advocated for a less intrusive strategy. Some funders preferred funding organizations with a proven track record; others wanted to go deeper and find fledgling grassroots organizations, and so on. Working collaboratively, decisions that seemed straightforward were suddenly more complicated than before. However, most funders reported that the benefits of collaborative decision-making far outweighed the costs.

**The level of funder and staff involvement is a balancing act** – HIP staff have encouraged its funders to take on a more active role than most other funder collaboratives. Funders were expected to help establish local collaboratives, a process a few funders from early sites said was the closest they had ever come to “the joy and pain of birthing a child.” HIP staff encourage funders to be actively involved in all stages in the grantmaking process, from outreach to potential applicants, reviewing letters of intent and proposals, conducting site visits, refining grant objectives, and reviewing grantee progress reports. In addition, funders are often asked to help plan and take part in grantee convenings and participate in other activities and events intended to raise the visibility of the initiative and Latino communities. As intended, this increased funder ownership of the outcomes and the process and contributed to increased knowledge of Latino nonprofits and communities; however, some funders said they did not realize the level of commitment expected of them and felt that it was too much to ask. Others simply expressed a desire for the national office to provide more administrative support.

**Highly qualified support staff is needed locally** – While HIP moved to a regional staffing structure with national oversight early in the initiative, some sites do not have a staff person based locally. In one of these sites, many funders expressed a desire to have a staff person in closer proximity to manage the site and provide technical assistance to grantees, similar to the model in the Philadelphia site. They also noted that much of the success of the local collaborative depends on the skills of the support staff. They said that a staff person experienced in organizational development and grantmaking, and with ties to Latino communities is necessary; however, a few note that there is a mismatch between what is needed and what is affordable.

**Effective communication is essential** – The management and understanding of a network of complex relationships is the most important job HIP staff members perform. Effective communication within these relationships is indispensable and becomes even more essential as the network expands. “Effective” communication is ongoing, clear, and free of jargon.

## FOSTERING GRANTEE PEER NETWORKING

The FC Leadership Training Institute and local convenings represented the first opportunity for many Latino nonprofit leaders to come together, and nearly three-quarters of grantees reported subsequent contact with FC grantees outside of convenings. Several noted that the convenings have been helpful for building morale and unity. As one grantee expressed, “It empowers people. Being at a nonprofit you are lonely, especially if you are not targeting the mainstream population.” According to many grantees, the primary value of the convenings was the opportunity to meet with other participating grantees. Likewise, participants cited networking with other Latino leaders as one of the most valuable aspects of the Leadership Training Institute. Nearly all made connections with other leaders during the Institute (93 percent), and most have been in touch with these leaders since the Institute ended (69 percent). Below are some of the key lessons learned related to fostering peer networking.

### Key Lessons

**Relationships take time to develop** – A great deal of ongoing networking among participating funders has occurred because funders had time to get to know one another well enough to develop trust. One of the barriers to ongoing communication cited by grantees in some sites was the limited duration and frequency of the convenings.

**Frequent convenings foster ongoing peer networking** – The vast majority of grantee peer relationships are initiated at convenings or other planned events. Those sites with more frequent convenings or other events have had greater levels of ongoing peer networking among grantees.

**Peer networking time is key** – The greatest value of the convenings was the opportunity to network with colleagues, grantees report. For relationships to develop, many stress the importance of scheduling enough time at convenings for participants to connect informally. Many also recommended that structured activities be designed to foster more grantee interaction.

**Convening sessions should be tailored to the needs of participating grantees** – This includes both an emphasis on practical knowledge and recognition that grantee organizations encompass a wide variety of organizational stages, experience, and interests. Several grantees suggested that convenings include multiple session options tailored to different levels of experience and interest.

**Look for ways to encourage networking among subgroups** – The great distance and diversity among grantee organizations in some sites makes peer networking less realistic. Grantees suggest the FC find ways to help foster peer networking among organizations with common geographic or program areas or lifecycle stages. This could occur during regular convenings or through special activities such as casual receptions, regular working groups, or listservs.

**Convening is necessary but expensive** – It is important to plan far ahead and allocate sufficient funding to cover the significant time and expense associated with convening, including extensive pre-convening planning, facility and equipment rental, speaker/consultant fees, staff and participant travel expenses, accommodations, meals, and time away from work. It is often a great

sacrifice for representatives from many small- to mid-sized nonprofit organizations to take time from work to attend a conference.

## GRANTEE-FUNDER RELATIONS

As stated, the majority of grantees said that the funders participating in the FC portrayed a greater sense of trust and partnership compared to other funders by explicitly recognizing the historical marginalization of Latino-led nonprofits by funders; inviting grantees to be involved in planning FC activities; allowing most grantees to determine the focus of grant activities; and, encouraging networking between grantees and funders. The FC could continue to build strong relationships with grantees by considering the following lessons.

### Key Lessons

**Funders and grantees need time alone and together** – Several funders struggled with the question of whether they should be present at grantee convenings, particularly during sessions that seek to encourage honest discussion about organizational challenges; some felt that to do so would be like having a camera in the room. The solution for many sites has been to provide safe spaces for grantee candor and opportunities to interact with funders.

**Create more spaces for funder-grantee relationship building early on** – Funders in a few sites were surprised that grantees did not contact them when experiencing executive level turnover, major funding cuts, or other crises that impeded grant implementation. These funders expressed regret that they were not more active in building relationships with grantees early on.

**To build stronger relationships funders must find time to make personal contact** – It should be noted that ‘personalismo’ (personal contact) is an important value in Latino cultures. In many cases, site visits were an effective mechanism for familiarizing grantees and funders. Some grantees express a strong desire for funders to attend organizational activities as well to learn more about the uniqueness of Latino nonprofits and make informed funding decisions. Likewise, formal gatherings also facilitate the formation of relationships. Because of the power differential between funders and grantees, intensified by the cultural barrier in this case, it is incumbent upon funders to initiate contact with grantees.

**Need for more communication and transparency** – Recognize the important role that the RFP plays in relationship building with grantees. Grantmaking changes post-RFP issuance, and the reasons for the changes, should be communicated to grantees so that expectations are managed and trust is upheld. Funders could also continue to communicate their rationale for changes in grant amount or duration as a way of being transparent and to help build better relationships with grantees.

**Reflection on when it is or is not appropriate for funders to be directive** – There may be instances when it is appropriate for funders to be directive with a grantee. And in hindsight, a few grantees said the actions called for by funders proved beneficial. However, there are also examples where funder directives have backfired. Also, there may be cases when a grantee will

accept funders' proposals unquestioningly, due to the unequal power relationship between funders and grantees. The lesson is that funders should be thoughtful and use great care if they choose to offer 'advice,' determine the approach or focus of grant activities, or impose conditions on grants. Funders or HIP staff may wish to take time to discuss any negative impacts conditions they require may have on the organization, and seek appropriate solutions.

**Involvement of grantees in the initiative** – An important part of building trust, generating buy-in, and developing leadership is to invite grantees to participate in planning events and ask them to share their expertise with funders and peers.

## **CAPACITY BUILDING**

Extensive literature is devoted to lessons learned about organizational capacity building, much of which can be accessed through Grantmakers for Effective Organizations. Below are a few of the most important general lessons about capacity building that have emerged during implementation of the FC, many of which confirm findings in the literature. In the next section, key lessons in building the capacity of Latino nonprofits are discussed.

### **Key Lessons**

**Capacity building means different things to different people** – Program sponsors and nonprofits must work together toward a shared understanding of 'capacity building' and must communicate that understanding clearly.

**Organizational change is a slow process** – Neither funders nor grantees should expect meaningful change to take less than two years, particularly when time is needed to build consensus that such change is necessary.

**Capacity building is ongoing** – There is not a point at which an organization has built its capacity; organizational development requires continuous attention and enduring commitment from grantees and funders. The foundation community must take care not to fund in a way that hinders the capacity of the nonprofit sector and fund the full cost of programs. Nonprofits must remember to effectively communicate the full costs of programs to funders, add a line item for capacity building when seeking program funding, and include goals for capacity building as part of their strategic plans.

**Capacity building takes more than a grant** – The capacity building literature and the FC experience confirms that the most effective capacity building programs are customized and comprehensive: based on thorough assessments of organizational needs and flexible organizational development plans that are implemented in stages and include substantial, multiyear investments and competent technical assistance. The involvement of several organizational leaders, including board members, is a must. Peer networking and support makes the change process much easier. Ongoing communication between grantees and grantors is essential.

**The role of the board of directors cannot be over-emphasized** – Governance is the most fundamental aspect of nonprofit organizational work and effective boards are essential to the survival of nonprofits. This is especially true when nonprofit organizations are deeply rooted in their communities. In most of the major areas addressed by the initiative (fundraising, strategic planning, governance), boards are necessary to the success of the work and the long-term future of the organization. This is consistent with the FC program design. By encouraging board involvement and in some instances requiring it, the FC is contributing to the success of its grantees.

**Larger external forces should be acknowledged** – This work is being conducted in a larger social and political context that has a greater effect on nonprofit development than any capacity-building program. Changes in stock market performance, the political affiliation of office holders, policies affecting immigration, and shifts in the globalization of supply and demand are some of the macro factors that will influence which organizations succeed and which do not.

## **BUILDING THE CAPACITY OF LATINO NONPROFITS**

The organizational needs of Latino nonprofits do not appear to be significantly different than those of other nonprofits of similar size and age, but there are a few important distinctions. The organizational building blocks – an effective board, executive leadership, sound financial controls, diverse funding sources, strong programs that respond to community need – are the same for most nonprofits. However, the needs of Latino nonprofits are oftentimes more acute given the challenges of serving rapidly growing underserved foreign-born populations, and because of structural barriers that have limited their access to funding networks and technical assistance. Language differences can create a serious challenge as can culturally determined norms related to decision-making and communication. The methods of capacity-building, if they are to be effective, must respect and incorporate those cultural assumptions.

### **Key Lessons**

**The importance of outreach** – Outreach and asset-based community and organizational assessments are essential to identifying effective Latino nonprofits that have been overlooked by more traditional foundation programs. Some of these organizations are informal entities with fiscal sponsors and would be desirable candidates for funding. Yet many do not think they would qualify and do not apply.

**Contact reduces prejudice** – Foundation culture is foreign to many Latino nonprofits; Latinos and Latino nonprofits are foreign to many foundations. Formal and informal networking through culturally competent intermediaries like HIP are helpful in breaking down cultural barriers and increasing mutual understanding.

**Culturally-specific approaches and resources facilitate change** – Many minorities feel great pressure to put their best foot forward when in the presence of the majority culture. Understandably, they may not feel comfortable sharing challenges with someone from the dominant culture who does not share a similar experience. By applying a culturally-specific

approach, the FC model facilitated the building of trusting relationships that are essential to effective capacity building. Several grantees noted how much they appreciated having access to some of the few resources focused on the specific needs and circumstances of Latino nonprofit leaders and organizations. And many FC technical assistance recipients emphasized that they valued that the assistance they received was carried out with skill, compassion, and respect for their unique circumstances.

**Convenings are especially powerful** – One of the most common challenges the grantees cite is the isolation of being the single Latino organization in their community or one of just a handful. They have no one like them to learn from, commiserate with or inspire. The FC convenings, from local workshops to the Leadership Training Institute, provide a secure setting in which to build their social and professional networks with other Latino nonprofit executives. They allow the exchange that creates and sustains a sense of shared community. This produces self-confidence and a shared vision of Latino community and professional development. When these benefits are tied to the technical advantages of the trainings or workshops, their benefits multiply. These mechanisms are especially powerful in Latino cultures, which place such importance on personal relationships.

**Latino leaders and nonprofits, like the communities they serve, are enormously diverse** – The terms “Latino” or “Latino nonprofit” are not homogenous. Every Executive Director is different, every organization is different, and every organization’s needs are somewhat different from every other. Approaches must be tailored to the unique characteristics and cultures of individual leaders, organizations, and communities.

## SUSTAINABILITY

Naturally there comes a time when site committees face the difficult decision of whether to disband or find new approaches to achieve their goals and other ways to sustain their efforts. Some of the sites are reaching this critical juncture now. Below are a few key lessons related to sustainability.

**Evaluation and communications are vital** – Fundraising for the FC has become more difficult over time in some sites as the low hanging fruit has already been picked and funder fatigue sets in. Some of the funders stressed that they need a strong, timely evaluation that documents results to make the case for renewed funding in their sites. Evaluation does not disseminate itself however, and it is distinct from marketing, so as several recommended, an effective communications strategy is a must.

**HIP national must provide strong leadership** – In mature sites many funders are asking ‘what happens next?’ Several are hoping to build on what has been accomplished and some are looking to HIP national to provide leadership and outline a vision and focus for the future. And they are relying on HIP national to provide the level of leadership that could be used to foster the relationships and funding available to carry out the mission. HIP is currently exploring with existing funders a second phase of the FC to respond to these desires.

**Develop an exit strategy early on** – HIP and the local site committees must be careful not to build expectations that cannot be met. Set realistic expectations and be sure to communicate them to participants early on and throughout. If long-term results are sought, prepare for a more intensive engagement over a longer period. If resources will not be available over the long term, be sure to communicate this to grantees. HIP and the site committees could benefit by undergoing planning as early as possible to extend the opportunity or to develop exit strategies.

## **MAINTAINING FUNDER INVOLVEMENT**

Many funder collaboratives run out of steam after a few years. The attention of participating funders starts to wane after the initial grants are made and many foundations are not accustomed to funding the same project for more than a few years. While funders of the FC have demonstrated a significantly high level of commitment for several years, some attrition has occurred and was inevitable. However, there are some lessons from the initial pilot sites and other funder collaboratives that the FC may consider to help maintain funder involvement.

### **Key Lessons**

**Use a multistage program design** – Begin a new stage every three years. When sites reach the end of the first phase, they could reinvent themselves to pursue new opportunities. For example, a second phase could focus on developing individual leaders or could look at special issues of governance around Latino organizations.

**Actively pursue new funders; allow older funders to rotate out** – Acknowledge that the average funder attention span might be about two to four years, and recognize that not all funders are going to continue.

**Encourage funders to develop their own areas of interest** – Some funders may be interested in a particular kind of Latino issue, such as immigration policy or farmworker health issues.

**Use professional and mass media to generate buzz and recognition** – Again, a strong communications plan is essential to market the initiative's accomplishments, explain its importance, and recognize the leadership of participating foundations.

**Involve more foundation staff on site committees** – The FC has a rule that every foundation has one vote. This has created a mentality that foundations should assign only one person to participate on site committees, despite the fact that decision-making at the local level usually occurs by consensus. The FC could create more buy-in, reduce workloads, and achieve greater impact by encouraging more foundation staff and board members to take part. The FC may also wish to reassess its 'pay to play' rule to find a way to involve staff from foundations that would like to volunteer time but lack the necessary dollars.

## CONCLUSION

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The Funders' Collaborative for Strong Latino Communities has been a highly successful initiative to support Latino nonprofits and increase funder understanding and responsiveness to Latino communities. This implementation evaluation found that the FC process improved over time, learning from the early implementation challenges. Close to 90 percent of grantees shared that they were satisfied with the initiative, of which about three-quarters said they were 'very satisfied.' Also, close to three-quarters of funders expressed a high level of satisfaction with the FC.

Grantees greatly value the mission of the FC, its focus on community leadership and organizational effectiveness, and its flexible and supportive culturally-based approach to capacity building. Grantees also emphasize the significance of the FC's sizeable multiyear commitment and its encouragement of board involvement and peer support. Smaller grantee organizations and young and less experienced executive directors reported the highest levels of satisfaction.

Funders greatly appreciate the opportunity to make Latino communities a greater priority for organized philanthropy and the ability to achieve a larger impact than their foundation could have alone. They highly value the FC's respect for the uniqueness of local communities, the expertise and network provided by HIP, the availability of matching funds, and the opportunity to learn from their peers.

Among the areas needing improvement identified by the grantees were: improved funder-grantee communication, more consistent FC staffing, more assistance in locating culturally appropriate consultants, closer relationships with funders, and larger grants. Areas for improvement identified by funders included increasing staff support locally, more consistent internal communication, stronger external communications, and more effort devoted to funder education.

This report also highlighted a number of important lessons for the field of philanthropy. Among them are lessons about the model HIP is piloting, which would likely be successful in other contexts. The FC has innovated on existing funding collaborative models by combining national level policy with local autonomy and encouraging a higher level of funder and grantee interaction regionally and across the Americas. This approach is unlike any other and has led to impressive results, including the establishment of peer networks locally, nationally, and internationally. As a funder observed, "I don't think there has ever been a network quite like this in the 20 years I've been involved in philanthropy." While most participating funders committed themselves to the FC because of its mission and goals and what it symbolized, the 1:1 matching funding was a powerful incentive. The FC also benefited greatly from contacts and connections through HIP's network of members. HIP's flexibility in permitting site committees to tailor the FC to fit local characteristics has been another invaluable attribute.

Other key lessons for the field of philanthropy have been the importance of strengthening ties with minority-led nonprofits, making capacity building resources available to them, and fostering the development of more culturally appropriate resources. The FC represents one of the few opportunities Latino nonprofits have had to invest in building organizational capacity and to

develop ties with funders and other Latino nonprofit leaders who appreciate their unique circumstances. The FC experience demonstrates a great opportunity to nurture leadership within Latino communities.

As the FC approaches its next phase, the challenge will be to build on its success by continuing to respond to the interests of its funders, broadening the base of funder support, and involving new partners in the effort. Based on the FC's performance to date, there is every reason to assume that the FC will continue its leadership role in strengthening Latino nonprofits and moving philanthropy toward greater responsiveness to Latino communities and other underrepresented groups to ensure their full participation in economic and civic life in the United States.

## GLOSSARY OF TERMS

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**Affinity Group** - A coalition of grantmaker organizations or individuals with a shared interest in a particular subject or funding area that meets to exchange information, provide networking or professional development opportunities, or facilitate collaborative programs (e.g., Hispanics in Philanthropy, Grantmakers Concerned with Immigrants and Refugees, Grantmakers for Education).

**Core Operating Support** - Unrestricted grants; may be applied to cover an organization's day-to-day, ongoing expenses, such as salaries, utilities, and office supplies.

**Capacity Building** - There is no consensus on the definition of capacity building. Grantmakers for Effective Organizations (GEO) defines organizational capacity building as “the application of knowledge and expertise to the enhancement of those factors that contribute to organizational effectiveness. Capacity building focuses on an organization's skills, systems, structures, and strategies. The primary intent of organizational capacity building is to enhance an organization's ability to achieve its social mission.”

**Latino-led nonprofit organization** - For U.S.-based organizations in the FC, a Latino-led nonprofit is one that meets at least one criterion under “leadership” and at least one criterion under “mission,” outlined as follows. Under ‘leadership,’ an organization has to meet one of the following three criteria: the majority of the organization's board members are Latino; the majority of senior management is Latino; or the organization's Executive Director is Latino. Under ‘mission,’ the organization has to meet one of the two following criteria: the majority of the people served by the organization are Latino; or the mission statement specifically targets Latinos for services.

**Matching Funds** – Within the FC, “local” funds are those which are geographically limited and can be matched. “Matching” funds (national or regional) may or may not be geographically limited and provide the match. Local funds are matched on a 1:1 ratio until a local cap is reached.

**Organizational Effectiveness** - There are multiple definitions of organizational effectiveness. Grantmakers for Effective Organizations (GEO) defines it as “an organization's ability to fulfill its mission measurably through a blend of sound management, strong governance, and a persistent rededication to assessing and achieving results.”

**Site Committee** - is comprised of contributing local funders and possibly, national funders. With support from HIP staff, this committee reviews grant proposals and approves grants.

**Technical Assistance for Capacity Building** - is for strengthening an organization's capacity and ability to accomplish its mission and serve its constituents. For the purposes of the FC, each site committee determines the specific type of technical assistance for its site (as a direct grant, allowing the grantee to contract with a consultant of choice; as a grant to a technical assistance provider, with funds earmarked for specific Latino nonprofits; or as a combination of the two above).