

# **Characteristics and Organizational Capacity of Nonprofits in Rural, Persistently Poor Southern Counties in the United States**

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The present study focuses on organizational capacity of nonprofits located in rural, persistently poor counties in the South region of the United States, an area of the country that encapsulates the majority of rural poverty. IRS Form 990 data were utilized for recruitment and to obtain demographic characteristics for nonprofits in the area of interest (N=3,530). Emailed and mailed surveys to all qualifying organizations sought to measure organizational capacity. Data from 292 nonprofits were examined in a descriptive analysis. Overall, the participating rural nonprofits scored moderate to high in most dimensions of organizational capacity. Financial management, strategic planning, collaboration, and program planning were strengths in organizational capacity. Evaluation, succession planning, fundraising planning, human resources, and volunteer management were challenges. Study findings provide guidance to capacity builders and funders to guide future training, investments, and policy related to rural nonprofits and communities they serve.

**Keywords:** Organizational Capacity, Rural Nonprofit, Rural Poverty

The bulk of rural poverty in the United States is concentrated in the Southern region, which includes Alabama, Arkansas, Georgia, Florida, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia (U.S. Census Bureau, n.d.; U.S. Department of Agriculture (USDA)/Economic Research Service (ERS), 2019a). Markedly, of persistently poor counties in the U.S., which are defined as those “...that have had poverty rates of 20% or more for the past 30 years, as measured by the 1980, 1990, and 2000 decennial censuses” (Dalaker, 2021, p. 1), about 71% are in the non-metro/rural South (USDA/ERS, 2019a). Partners for Rural Transformation (2019) indicate that most residents in persistently poor counties are people of color, and they are experiencing hardships as a result of poverty including health disparities, lack of decent and affordable housing, and unsafe water supply. Nonprofits in these areas play an important role to ensure residents have what they need to survive and improve quality of life.

Recent evidence suggests rural nonprofits may be struggling with certain areas of organizational capacity, which hinder their ability to serve communities (Walters, 2020). Organizational capacity is any element necessary to meet strategic goals, including human resources, technology, and funding (Light, 2004). The required organizational capacity differs

among organizations and depends on mission and contextual factors like geography (Andersson et al., 2016; Walters, 2020; 2021). As minimal empirical evidence exists (Walters, 2020), the present study seeks to expand knowledge about rural nonprofits and their organizational capacity while raising awareness of an extremely vulnerable region—the rural, persistently poor South.

## **Background**

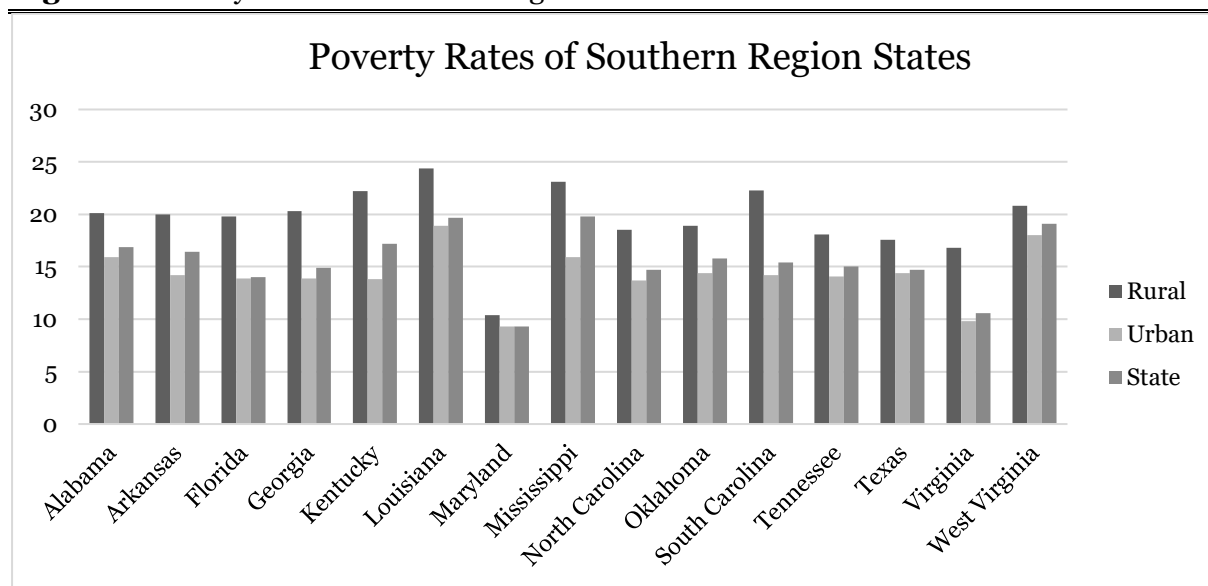
### *The Rural South*

For the past 60 years, rural poverty rates have outpaced those of urban areas in the U.S. (Weber & Miller, 2017). The amount of impoverished rural individuals residing in high-poverty counties nearly tripled from 17% in 1999 to 45% in 2013 (Weber & Miller, 2017). Rural counties have yet to match employment levels that existed prior to the 2008 recession (Ajilore & Willingham, 2019), and even during periods where poverty rates in the South improved, they continued to be higher than the overall poverty rates in the U.S (Southeastern Council of Foundations, 2017). As such, the South is currently home to 252 counties that are considered persistently poor and nonmetro—the largest concentration of persistently poor counties in the nation (USDA/ERS, 2019a). Figure 1 illustrates the poverty levels for Southern region states by rural, urban, and entire state (USDA/ERS, 2019b).

While rural America remains mostly Caucasian, more diversity exists in the rural South due to its history of slavery and Jim Crow segregation laws; About 90% of all rural or small-town Black residents live in the South, and about 25% of all rural or small-town Latinos reside in Texas (Housing Assistance Council, 2012; Southeastern Council of Foundations, 2017). Broken promises of land and support following the Civil War meant that many formerly enslaved individuals were forced into sharecropping to have income (Wolff, 2021). During the Great Depression, many people living in extreme poverty were formerly enslaved individuals and sharecroppers living in the rural South, and few resources were allocated to increase the vitality of these regions (Glasmeier, 2002). This disenfranchisement for Black residents continued with legal segregation of schools and public goods through Jim Crow laws (Wolff, 2021). Structural racism continues to impact Black Americans' economic mobility in the rural South, with mass incarceration increasing due to pre-trial detention, less equitable access to health care, and continued disparities in education (Ajilore, 2019; Jimenez et al., 2018; Taylor et al., 2019; Tran, 2018; Vera Institute for Justice, 2017). The lasting effects of these laws and barriers inhibit economic mobility, with poverty in the South persevering at higher rates than other rural areas (Ajilore & Willingham, 2019).

The South is experiencing a gamut of challenges related to quality of life associated with poverty. An increased number of minorities who are poor reside in rural areas in the South, and they have less access to adequate and affordable housing (Housing Assistance Council, 2012). The rural South also has the lowest levels of educational attainment (USDA/ERS, 2017a), including fewest college graduates (Singh et al., 2017). Additionally, the largest percentage of food insecure counties can be found in the South (89%), with most counties being rural (Hester, 2017). Living in rural, persistently poor counties is linked with obesity—a relationship impacted by race, age, and access to healthy foods (Bennett et al., 2011)—and bears negative effects on mental health (Ralston et al., 2019). Singh et al. (2017) note a host of physical health challenges for Southern residents including increased risks of all-cancer mortality, diabetes mortality, and homicide. Additional hardships related to rural living include increased rates of unemployed and uninsured individuals, fewer healthcare providers,

**Figure 1.** Poverty Rates of Southern Region States



Note: This figure illustrates poverty levels by percentages for Southern region states by rural, urban, and entire state (USDA/ERS, 2019b). To compare, the average U.S. poverty rates are 16.4% for rural, 12.9% for urban, and 13.9% overall (USDA/ERS, 2019b).

transportation difficulties, and reduced access to high-speed internet (National Rural Health Association, n.d.).

### *Operating a Rural Nonprofit*

Organizational capacity can be hard to define because the needs of every organization differ (Andersson et al., 2016). Light (2004) suggests that organizational capacity includes everything an organization uses to achieve its mission and goals—from furniture to programs to people. Organizational capacity impacts the ability of an agency to meet the current needs of the community as well as to adapt and change as the community needs change (De Vita & Fleming, 2001; Despard, 2016a). Measuring organizational capacity is challenging due to its multidimensionality, and capacity builders and researchers struggle to agree on the best ways to examine the construct as explored in Walters et al. (2021). Andersson et al. (2016) note that the most common organizational capacity areas include “organizational mission and vision; strategy and planning; program design and evaluation; human resources; board and management leadership; information and technology; financial systems and management; fund development; and marketing and communications” (p. 2865). These capacity areas align with parts of the nonprofit as described by De Vita & Fleming (2001): vision and mission; leadership; resources; outreach; and products and services. Further, when one part of an organization feels tension, it can impact all parts of the agency, therefore impacting the organization’s overall ability to meet the needs of their stakeholders (Despard, 2016a).

Nonprofits in rural areas of the U.S. address what seem like insurmountable problems, especially in the South where persistent poverty is high. Neuhoff & Dunckelman (2011) estimate that the number of urban nonprofits is triple that of rural nonprofits, and due to this deficit, rural nonprofits are often offering a myriad of services to fill gaps in community needs—regardless of their defined missions—to ensure rural residents have a decent quality of life (Scales et al., 2013; Sobek, 2008). Because rural nonprofits provide many differing services ranging from childcare to substance use and mental health issues (Scales et al., 2013),

they are seen by community members as trusted institutions, and therefore, individuals with specific and complex needs are more likely to reach out to them for help as opposed to large and unfamiliar public agencies (Sherman & Stanakis, 2002). While not directly addressing poverty through their missions, nonprofits, such as those in the arts realm, bring commerce and vibrancy into rural communities, providing jobs and tourism, both of which encourage growth and sustainment in these areas (e.g., Wiltz, 2016). Distressed counties have fewer nonprofits (Grønbjerg & Paarlberg, 2001), and fewer organizations means rural nonprofits likely service larger geographic areas than their urban and suburban peers, resulting in increased expenses to deliver equivalent care (Fanburg, 2011).

Though their contributions are essential, rural nonprofits confront operational struggles, particularly related to finances (Lin & Wang, 2015). Organizations in rural areas receive only six percent of federal awards (Arneal, 2015) and seven percent of donor dollars (Campbell University, 2018). More pinpointed to persistently poor areas like Appalachia, the Mississippi Delta, and Rio Grande, grants per person equated to \$50 compared to the national mean of \$451 (Partners for Rural Transformation, 2019). Financial stresses of generating enough funds through grants and donor development negatively affect rural nonprofits' organizational capacity and their ability to carry out missions (Walters, 2020). A recent scoping review on organizational capacity of rural nonprofits found strengths of innovation and problem solving, collaboration, dedicated employees, and quality programming. While these strengths can help in guiding and maintaining rural nonprofits, major areas for improvement included fundraising, staffing, and planning (Walters, 2020). Of the 15 articles included in the scoping review, 14 studies noted that insufficient funding impacted the organizations' missions, strategic planning, and program design, all of which impact the ability to provide services to the community (Walters, 2020).

Few studies specifically focus on organizational capacity of rural nonprofits in the South. One study about a water-monitoring program in rural Alabama discussed factors that impeded success including few volunteers, minimal people with means to donate, and lack of knowledge about mission and necessity of services (Deutsch et al., 2009). In another investigation about nonprofits in the rural Mississippi Delta area, findings indicated that "collaborative, interdisciplinary programs that work across sectors can better leverage resources, impacting greater change" (Kerstetter et al., 2014, p. 267). Browne et al. (2016) examined organizations providing substance abuse treatment in the rural South and identified several capacity issues such as inadequate funds to implement evidence-based treatment, limited partners, insufficient collaborative processes to enable coordinated care, outdated technology, minimal transportation options, and stigma attached to seeking treatment in rural communities.

Another study from the Mississippi Delta region found that nonprofits relied upon government grants and contracts to provide services and were doubtful of donors' willingness to give to nonprofits other than universities and churches (Besel et al., 2011). Edwards et al. (2014) acknowledged struggles with gaining and maintaining human capital to support programming in the rural South. In an evaluation of domestic violence and child victimization programming in rural nonprofits, organizations prior to receiving federal funding were strong in capacity areas related to mission and vision, volunteer management, and acquisition of in-kind donations but struggled with evaluation, long-range sustainability planning, budgeting, policy development, and professional development of staff and volunteers (Klein et al., 2009). Additionally, rural nonprofits were faced with conflict-of-interest issues (mainly with funding) as staff and board members were serving multiple organizations (Klein et al., 2009).

Minzner et al. (2014) evaluated the Compassion Capital Fund Demonstration Program—one of the nation’s largest capacity building initiatives. This program funded nonprofits specifically for organizational, program, revenue, and leadership development, as well as community engagement. When funding for capacity building was received, all nonprofits improved significantly in each of the examined capacity domains (Minzner et al., 2014); however, this may not always be available to rural nonprofits as they are overall less likely to receive additional funding when compared to their urban counterparts (Arneal, 2015; Campbell University, 2018). With rural nonprofits less likely to receive these funds, often they rely on collaboration to produce greater change in their community (Walker, 2017). Rural nonprofits are creative in their ability to collaborate, advocate, and promote public good (Salamon, 2014; Walters, 2021), and more information is needed on how these strengths can translate into capacity building.

### **Purpose of the Present Study**

This study’s overall goal is to develop a better understanding of nonprofits that serve one of the most impoverished areas of the U.S.—rural, persistently poor counties of the South. The first study objective is to describe characteristics of 501(c)3 nonprofits in the area of interest. This can inform the dialogue about programs offered, as well as potential service gaps, in communities with high poverty and the innumerable issues that accompany it. The second study objective is to establish a baseline knowledge of organizational capacity in nonprofits located in rural, persistently poor counties. As few empirical studies exist on rural nonprofits, data from this objective lay the groundwork by identifying organizational strengths and weaknesses. In practice, this study can provide contextual guidance, which is currently nonexistent, for capacity builders and management support organizations in their efforts to educate staff and volunteers in rural nonprofits on best practices in increasing capacity and means to meet their missions. Additionally, this initial investigation delivers insight to funders—both private and public—about organizational capacity elements that need their attention in rural nonprofits.

Many organizational capacity challenges in rural nonprofits have been traced back to financial health (Walters, 2020), while financial investments from private and public sources lag considerably in rural areas, especially in persistently poor counties (Arneal, 2015; Campbell University, 2018; Center on Philanthropy, 2010; Clyburn, 2014; Kneebone, 2016). Lack of organizational capacity could be one reason for minimal investments in rural nonprofits. At the federal level, some policymakers hold the belief that *even if* more grant opportunities were made available in rural, persistently poor counties, the nonprofits in these regions may not have organizational capacity to apply, be competitive, and manage funds (Clyburn, 2014; Kneebone, 2016). Empirical evidence identifying rural nonprofits’ strengths and challenges related to organizational capacity can educate policymakers and funders to ensure well-informed appropriation decisions are made. Finally, studying rural organizations advances research for the rural U.S., which is studied to a lesser extent than urban areas (Thomas et al., 2011).

### **Methods**

This study was approved in April 2019 by the Institutional Review Board of the University of Tennessee, Knoxville with data collection occurring in May and June 2019.

### *Participants*

This study's population of interest is registered, 501(c)3 nonprofit organizations located in rural, persistently poor counties in the Southern region of the U.S.

*Nonprofits.* Nonprofits coded by the Internal Revenue Service (IRS) as 501(c)(3) organizations were targeted (IRS, 2017). The National Taxonomy of Exempt Entities (NTEE) categorizes 26 major groups of nonprofits that fall under 10 broader categories ([list available here](#); National Center for Charitable Statistics, n.d.). The only organizations excluded from this study were revoked, defunct/merged, and in the unknown category.

*Persistent Poverty.* The Economic Research Service (ERS) tracks persistent poverty at the county level—characterized as counties with 20% or more poverty over the past four census cycles. Of the 353 counties considered persistently poor in the U.S., 301 are nonmetro, and about 84% of those are in the Southern region (USDA/ERS, 2019a).

*Southern Region.* Per the U.S. Census Bureau (n.d.), the Southern region consists of 15 states plus District of Columbia: Alabama, Arkansas, Georgia, Florida, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Maryland and District of Columbia were not included in this study as they do not have persistently poor, rural counties.

*Rural.* This study uses the ERS definition of 'nonmetro' counties as rural: "Nonmetro counties are outside the boundaries of metro areas and have no cities with 50,000 residents or more" (USDA/ERS, 2017b).

### *Sampling Procedures*

To identify nonprofits, a custom dataset with IRS Form 990 data was purchased from GuideStar by Candid (2019). Of the participants of interest, data were extracted for 3,530 501(c)3 nonprofits in persistently poor, rural counties in the Southern region. Because the population is identifiable, total population sampling strategy was employed.

### *Data Collection*

First, to identify characteristics, data for all 3,530 nonprofits were collected from 2016 990 tax forms via the GuideStar by Candid (2019) dataset. To ascertain levels of organizational capacity, a QuestionPro survey was emailed to senior-level decision makers of nonprofits (e.g., executive director or board president) who had discoverable email addresses (1,493 out of 3,530). Follow-up emails were sent at two and four weeks after the initial invitation. In the fifth week, organizations who did not respond to email invitations or did not have discoverable emails (3,311 nonprofits) received mailed surveys. Approximately 292 organizations completed all demographics and at least one area of the organizational capacity measurement, equating to a less than 8% response rate.

*Incentives.* An East Tennessee nonprofit capacity builder, Alliance for Better Nonprofits (ABN) provided complimentary online trainings (valued at \$25 to \$75) related to organizational capacity (e.g., fundraising, strategic planning, board member recruitment) as an incentive at the conclusion of their participation. Incentives were not contingent on full completion.

*Measurement*

The full survey was 77 questions. On average, respondents completed the survey in nine minutes. The survey was not anonymous so that responses could be matched with 990s.

*Age.* Date of legal formation from the 990 was used to calculate organization age, rounded to the nearest year.

*NTEE Major Category.* 501(c)3 nonprofits in 9 broad categories in 25 major groups were included (NCCS, n.d.).

*Number of Executive Directors in the Past Decade.* This variable solicited an exact number of people employed as executive director in the past decade.

*Tenure of Current Executive Director.* This self-report variable relates to the number of years the current executive director has been in their position.

*Total Organization Expenses.* Total expenses from 990s includes grants paid, benefits paid to members, employee salaries and benefits, fundraising expenses, and other expenses.

*Total Organization Revenue.* The total revenue variable is collected from 990s and includes all types of organizational revenue.

*Total Organization Assets at End of Year.* The total organization assets at end of year can be found in the balance sheet section of 990s.

*Total Contributions, Grants, and Gifts.* Also from 990s, the total contributions, grants, and gifts variable includes these streams of revenue for one year.

*Organizational Life Stage.* Organizational life stage refers to the idea that organizations are like organisms, and through natural development process, organizations enter, go through, and reenter stages of existence (e.g., birth, death; Andersson et al., 2016). The following life stage framework from Andersson et al. (2016) was utilized for this study: start-up; growth; maturity; decline; and turnaround. Respondents were provided with a definition of each stage and asked to choose which stage reflects their organization.

*Organizational Capacity.* For the present study, a measurement tool was sought that most aligned with 1) the primary goal of the study (building awareness for and identifying gaps in organizational capacity in nonprofits in persistently poor, rural southern counties); 2) all parts of a nonprofit as outlined by De Vita & Fleming (2001); and 3) the most common organizational capacity areas as suggested by Andersson et al. (2016). More than 100 organizational capacity assessments were examined. In sum, most of the existing assessments were not conducive to the present study because they took too long to complete, required multiple people to respond, or did not align with the chosen goals or frameworks for this investigation.

Knoxville Leadership Foundation (KLF) and ABN granted permission to utilize their measurement tool that assesses organizational capacity and closely aligns with the selected frameworks described above for the present study (2017). The main focus of the assessment is structural capacity, which is meant to assess if nonprofits have basic components of organizational capacity (e.g., All of these tasks have been accomplished for our mission:

developed, written, and posted.). Also, an additional area of capacity, technology, based on Fink & Engel (2006) was added. The final survey included 61 dichotomous (i.e., yes/no) items in 11 areas of organizational capacity outlined below in Table 1. The 11 areas (or subscales) are designed to be considered independently; and thus, no total score should be calculated. A reliability analysis for each capacity area (subscale) was conducted, shown in Table 1.

Considering the variability of the reliability in the subscales of the present organizational capacity assessment (from poor to good), Walters et al. (2021) examines the complexity of measurement issues with organizational capacity and conducts an exploratory factor analysis (EFA) on the present assessment using these same data. The EFA reduced the organizational capacity area subscales to four with 36 items. These new subscales were named Organizational Identity ( $\alpha=0.83$ ); Fund Development ( $\alpha=0.69$ ); Volunteers ( $\alpha=0.82$ ); and Organizational Procedures ( $\alpha=0.91$ ; Walters et al., 2021). The EFA strengthened the assessment for the present sample, though more testing is needed with larger samples of rural nonprofits and perhaps, non-rural nonprofits. In the current study, the investigators maintained the assessment in its original state for two reasons: 1) The study is descriptive in nature and stakeholders (e.g., capacity builders, funders) may benefit from the foundational information provided about rural nonprofits in persistently poor, rural counties in the South; and 2) Other researchers, capacity builders, and funders may be interested in using the assessment in their own work with other types of nonprofits (rural or not).

### *Data Analysis*

To understand the makeup of the nonprofit landscape in rural, persistently poor counties in the South, as well as generate levels of organizational capacity of survey respondents, descriptive statistics were generated using SPSS (25.0). To assess for differences between participants and nonparticipants, age and total expenses were examined using a Mann-Whitney U test in SPSS as residuals had non-normal distributions.

## **Findings**

### *Characteristics of All Nonprofits in Rural, Persistently Poor Counties in the Southern U.S.*

In 2016, 3,530 nonprofits were registered in rural, persistently poor counties in the southern U.S. Figure 2 provides a geographical depiction of counties and number of nonprofits registered in each county. Considering the dispersal of nonprofits, most counties in the South have 0 to 9 registered nonprofits.

Table 2 provides a descriptive look into these organizations. Mississippi (19.4%), Kentucky (13.1%), and Georgia (11.2%) have the most nonprofits, respectively. The average nonprofit was 19.42 years old (range: 0–85;  $SD=15.45$ , median=16). For total organization expenses, the average was \$1,978,706.09 (range: \$0–\$275,262,652;  $SD=\$11,261,452.79$ ). However, closer examination reveals that less than a quarter of organizations have budgets higher than \$500,000, more than 75% have budgets less than \$500,000, 46% have budgets less than \$100,000, and almost 29% have less than \$50,000. In a similar dissection of revenue, the mean revenue for 2016 was \$2,076,925.92 (range:  $-\$5,316,242.00$ – $\$294,847,001.00$ ;  $SD=\$12,138,572.43$ ). However, 76% of nonprofits had revenue below \$500,000, 45% below \$100,000, and about 27% were below \$50,000. Exploring end of year assets, nonprofits had an average of \$3,578,734.66 (range:  $-\$47,690.00$ – $\$558,783,896.00$ ;  $SD=23,609,972.72$ ).



**Table 1.** Alliance for Better Nonprofits/Knoxville Leadership Foundation Organizational Capacity Assessment, Structural Elements—Area Definitions & Reliability

Organizational Capacity Area Definition	Cronbach's Alpha
Board Leadership—recruitment, involvement, and evaluation of board members	$\alpha = 0.49$
Executive Management Leadership—backgrounds and processes of the leadership team (paid or unpaid)	$\alpha = 0.52$
External Relations, Communications, & Marketing Strategy—connections with stakeholders	$\alpha = 0.57$
Financial Systems & Management—systematic financial procedures in place	$\alpha = 0.57$
Fund Development—fundraising activities including planning, giving, grants, and special events	$\alpha = 0.65$
Human Resources—employee recruitment, management, and evaluation	$\alpha = 0.83$
Legal/Compliance—adherence to nonprofit laws as well as risk management issues	$\alpha = 0.53$
Program Design & Evaluation—processes utilized to design and evaluate programming	$\alpha = 0.76$
Strategy & Planning—engaging in strategic planning and the presence of mission, vision, and values	$\alpha = 0.78$
Technology—access to technology, such as software, hardware, and internet, as well as uses of technology	$\alpha = 0.74$
Volunteers—processes of volunteer recruitment, management, and retention	$\alpha = 0.81$

Note: This table shows the definitions and Cronbach's alpha for each of the 11 organizational capacity areas (subscales) in the Alliance for Better Nonprofits/Knoxville Leadership Foundation Organizational Capacity Assessment, Structural Elements portion.

Further breakdown showed that most organizations (66.1%) had less than \$500,000 in assets. Alluding to fundraising results, rural nonprofits in the South generated on average \$641,595.20 (range: \$0–\$237,838,741.00;  $SD = \$5,056,944.65$ ) in contributions, gifts, and grants. Nearly half, however, raised less than \$50,000.

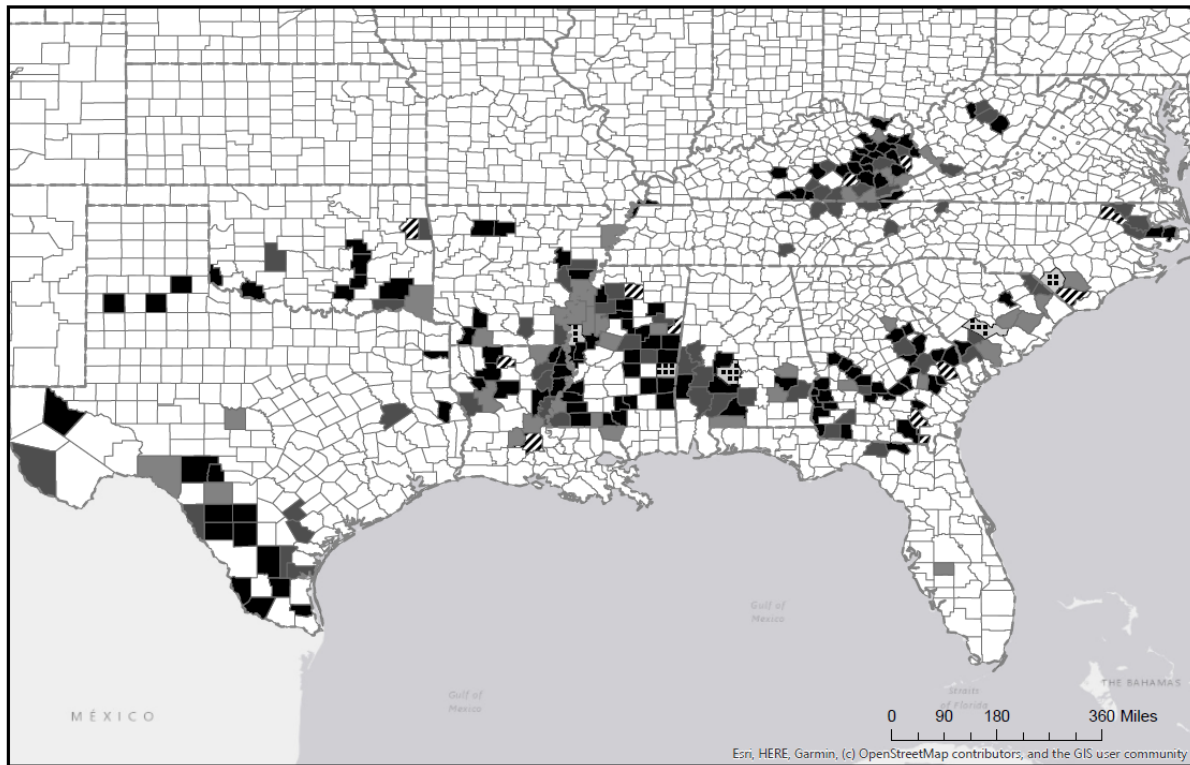
The largest NTEE major categories are human services (39.3%), education (15.4%), and health (13.3%). As many challenges faced in the South are socially-oriented, a dissection of major NTEE groups in the human services category was conducted: Crime and Legal-Related (I)–1.6%; Employment (J)–0.9%; Food & Nutrition (K)–1.8%; Housing and Shelter (L)–6.8%; Public Safety, Disaster Preparedness and Relief (M)–4.8%; Recreation and Sports (N)–4.7%; Youth Development (O)–3.6%; and Other Human Services (P)–15.0%.

### **Organizational Capacity of Participating Nonprofits in Rural, Persistently Poor Counties in the Southern U.S.**

#### *Descriptive Statistics of Respondents*

The second objective sought to examine organizational capacity of rural nonprofits in persistently poor counties in the South. Participants completing the survey included executive directors (79.8%); board presidents (11.0%); and other (e.g., program director; 9.2%). Table 2 also displays demographic statistics of 292 organizations that completed all demographics and at least one area of the organizational capacity measurement. Each of the 14 Southern states

**Figure 2.** 501(c)3 Nonprofits in Area of Interest



Number of Nonprofits  
 ■ 1-9  
 ■ 10-19  
 ■ 20-39  
 ▨ 40-59  
 ▩ 60-85

501(c)3 Nonprofits Located in Persistently  
 Poor, Rural Counties in the South Region  
 N = 3,530



Note: This figure provides a geographical depiction of persistently poor, rural counties in the South region and the corresponding number of nonprofits registered in each county.

with persistently poor counties were represented in the sample; Mississippi, Kentucky, and Georgia had the highest number of respondents, respectively. Of the 292 counties, there were nonprofits from 156 counties that participated, as shown in Figure 3.

The average responding nonprofit was a human services organization, approximately 21 years old (range: 0–74 years;  $SD=15.27$ ), and in the maturity life stage. Participating organizations had about three executive directors in the past decade (range: 1–11;  $SD=1.56$ ), and the current executive director had nearly an 11-year tenure (range: 1–48;  $SD=8.62$ ). The average total expenses per organization was \$1,638,031.52 (range: \$0–\$108,515,204;  $SD=\$8,157,162.33$ ).

Further examining expenses, most nonprofits (73%) had less than \$500,000. For revenue, the average participant brought in \$1,778,939.80 (range: -\$940.00–\$121,481,172.00;  $SD=\$8,986,078.09$ ), though the majority (73%) had revenue below \$500,000. Regarding assets at the end of 2016, participating nonprofits on average had \$3,380,681.80 (range: -\$9,933.00–\$224,372,140.00;  $SD=\$18,889,235.74$ ) with most (60%) having under \$500,000.

Finally, with considering contributions, gifts, and grants, the average participating organization \$549,177.38 (range: \$0–\$13,894,858.00;  $SD=\$1,491,620.70$ ) with more than 50 percent raising less than \$100,000.

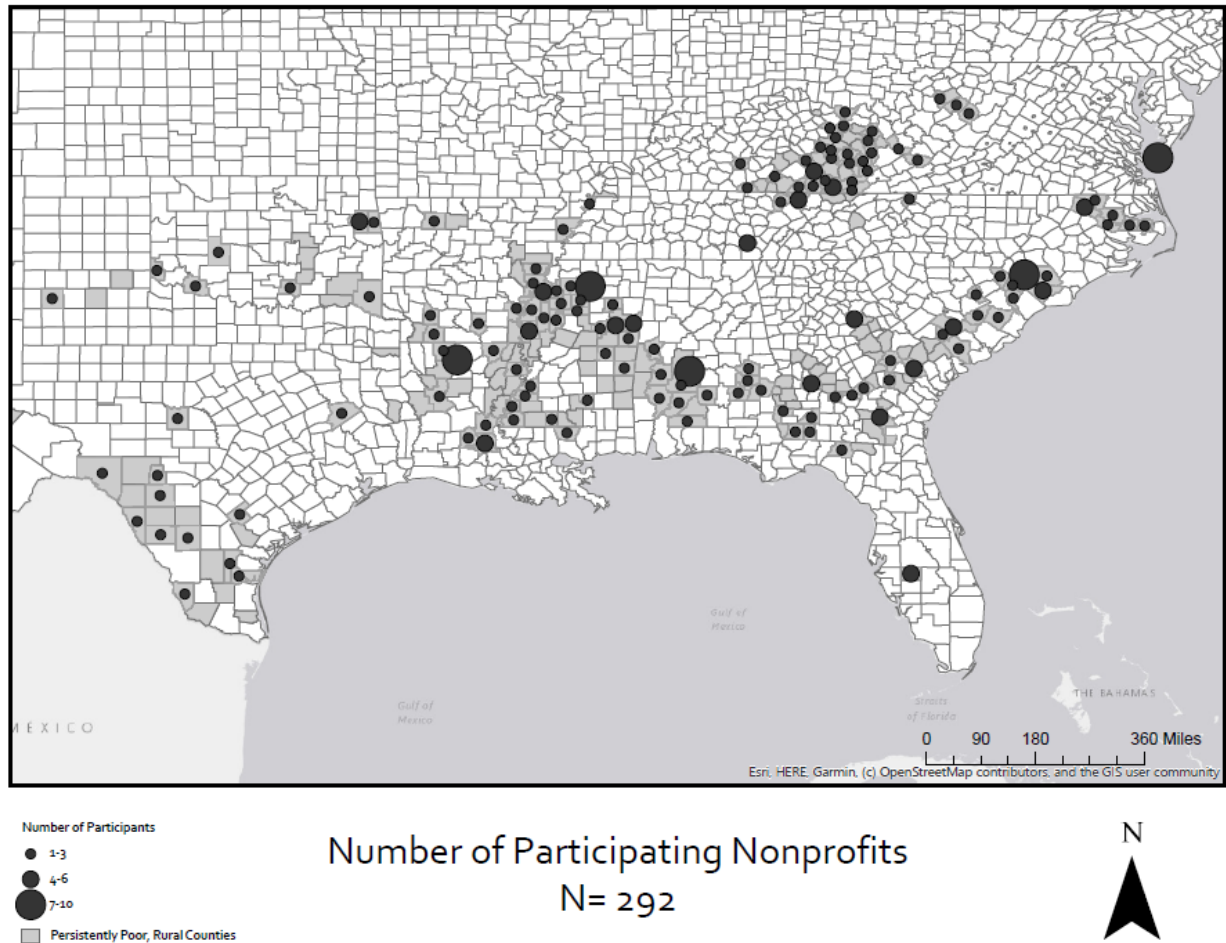
**Table 2.** Descriptive Characteristics of All Nonprofits in Persistently Poor, Rural Southern Counties & Study Participants

Organizational Variable	All Nonprofits (N=3,530) % or Mean (SD)	Participants (n=292) % or Mean (SD)
Age, years <sup>1</sup>	19.42 (15.45)	21.15 (15.27)
NTEE Major Category <sup>1,2,3</sup>		
Arts & Culture (A)	7.7	11.0
Education (B)	15.4	13.7
Environment & Animals (C, D)	4.2	7.9
Health (E, F, G, H)	13.3	11.0
Human Services (I, J, K, L, M, N, O, P)	39.3	36.7
International & Foreign Affairs (Q)	0.5	0.3
Public Society Benefit (R, S, T, U, V, W)	11.4	12.2
Religion (X)	7.9	6.8
Mutual	0.2	0.3
Benefit/Membership (Y)		
Unknown/Unclassified (Z)	0.1	
State		
Alabama	7.8	8.2
Arkansas	4.8	4.1
Florida	1.4	2.4
Georgia	11.2	10.6
Kentucky	13.1	14.4
Louisiana	9.3	8.9
Mississippi	19.4	16.8
North Carolina	7.6	8.9
Oklahoma	4.5	4.8
South Carolina	7.1	5.8
Tennessee	2.7	4.1
Texas	7.8	6.5
Virginia	1.2	2.7
West Virginia	2.1	1.7
Total Org. Expenses <sup>1</sup>	\$1,978,706.09 (\$11,261,452.79)	\$1,638,031.52 (\$8,157,162.33)
Total Org. Revenue <sup>1</sup>	\$2,076,925.92 (\$12,138,572.43)	\$1,778,939.80 (\$8,986,078.09)
Total Assets at End of Year <sup>1</sup>	\$3,578,734.66 (\$23,609,972.72)	\$3,380,681.80 (\$18,889,235.73)
Total Contributions, Gifts, & Grants <sup>1</sup>	\$641,595.20 (\$5,056,944.65)	\$549,177.38 (\$1,491,620.70)
Number of Executive Directors in Past 10 Years		2.99 (1.56)
Tenure of Exec. Director		10.72 (8.62)
Organizational Life Stage		
Startup		2.4
Growth		22.9
Maturity		59.6
Decline		3.4
Turnaround		11.6

Notes: This table shows descriptive statistics for all rural nonprofits and for participating organizations in persistently poor counties in the Southern region. <sup>1</sup>Information from 2016 IRS 990s; <sup>2</sup>Due to rounding, total does not equal 100; <sup>3</sup>Letters represent major groups in the NTEE system.

Considering differences between participants and nonparticipants, age for participants (mean rank=1,904.01) was significantly higher than nonparticipants (mean rank=1,753.01,  $U=513,194$ ,  $z=2.426$ ,  $p=0.015$ ). For total expenses, participants had higher mean rank (mean rank=1,935.73) than nonparticipants (mean rank=1,750.15,  $U=522,451$ ,  $z=2.98$ ,  $p=0.003$ ).

**Figure 3.** Locations of Participating Nonprofits



Note: This figure illustrates geographic location and number of responding organizations to the survey.

### Organizational Capacity

The ABN/KLF organizational capacity instrument consists of 11 areas (see *Measurements*, Table 1). Raw scores of the 11 organizational capacity areas (subscales) were converted to percentages, with higher scores indicating higher capacity. On average, nonprofits scored in each individual area:

- Board Leadership: 81% (range: 16.67–100; *SD*=15.91)
- Executive Management Leadership: 70.85% (range: 0–100; *SD*=24.92)
- External Relations, Communications, and Marketing: 86% (range: 0–100; *SD*=18.93)
- Financial Systems and Management: 84% (range: 0–100; *SD*=20.20)
- Fund Development: 65.84% (range: 0–100; *SD*=25.65)
- Human Resources: 65.45% (range: 0–100; *SD*=34.59)
- Legal and Compliance: 82.52% (range: 50–100; *SD*=17.97)
- Program Design and Evaluation: 78.85% (range: 0–100; *SD*=27.58)
- Strategy and Planning: 74% (range: 0–100; *SD*=22.62)
- Technology: 79.29% (range: 0–100; *SD*=25.63)
- Volunteers: 44.22% (range: 0–100; *SD*=38.73)

**Table 3.** Alliance for Better Nonprofits/Knoxville Leadership Foundation Organizational Capacity Assessment, Structural Elements

Subscale/Item	% Nonprofits Yes (N=292)
<i>Board Leadership (BL)</i>	
1. Members of the board have diverse backgrounds and expertise/skills sets.	96.4
2. The number of board members meets bylaw requirements.	97.8
3. Roles and responsibilities of the board are written.	89.6
4. The new board member process includes all of the following: invitation, nomination and orientation.	87.1
5. Board members are involved in activities of the organization beyond the board meetings (e.g. committee meetings, events, fundraising calls).	88.9
6. There is a process to evaluate board leadership performance.	25.4
<i>Executive Management Leadership (EM)</i>	
1. The leadership team (paid or unpaid) has diverse backgrounds and expertise/skills sets.	93.9
2. The organization has a standard process for making major decisions.	91.8
3. There is a process to evaluate executive leadership performance (paid or unpaid).	61.1
4. There is a succession plan in place for the president/executive director (paid or unpaid).	36.7
<i>External Relations, Communications, &amp; Marketing Strategy (ER)</i>	
1. The community knows what services our organization offers.	94.6
2. Our organization partners with other organizations to help meet its mission.	94.3
3. Staff and/or board members attend community meetings for the purposes of supporting the community, staying knowledgeable about needs and priorities, and inviting community support for our organization.	89.5
4. Our organization has printed materials available for distribution.	83.2
5. Our organization has an updated website that conveys the core message of the organization.	79.2
6. Our organization actively uses social networking platforms (i.e., Facebook).	78.1
<i>Financial Systems &amp; Management (FS)</i>	
1. An organization-wide budget is prepared annually.	84.4
2. Our organization uses accounting software to report and record income and expenses in accordance with Generally Accepted Accounting Principles established by the Financial Accounting Foundation.	86.2
3. Our organization receives an audit by an independent CPA (i.e., annually, biennially).	69.6
4. Our organization has an established fiscal year which we track and report on regularly (i.e., monthly).	94.9
5. Processes for handling finances and money (“internal controls”) are written and followed.	85.3
6. Our organization assesses risk management issues annually (i.e., insurance, general liability).	85.0

*Fund Development (FD)*

- |   |      |
|---|------|
| 1. Our organization has a written fund development plan that has at least two types of funding streams.                             | 45.8 |
| 2. Our organization solicits gifts from individuals (i.e., donations).  | 87.4 |
| 3. Our organization solicits gifts (both monetary and in-kind) from businesses.   | 83.5 |
| 4. Our funding development plan includes one or more of the following: major gifts, planned giving, and/or endowment donors.        | 51.3 |
| 5. Our organization conducts well-planned fundraising events that maximize return on investment.                                    | 54.3 |
| 6. Our organization knows how to research and has access to resources to government, foundation, and corporate grant opportunities. | 70.5 |
| 7. Our organization has a track record of successfully securing grants.   | 69.1 |

*Human Resources (HR)*

- |   |      |
|---|------|
| 1. Our organization has a standard process for recruiting a diverse applicant pool.         | 57.2 |
| 2. Our organization has a standard interviewing, vetting, and hiring processes.             | 66.2 |
| 3. Our organization has clear job descriptions developed for each current and new position. | 75.2 |
| 4. Our organization has (at minimum) an annual performance review for each employee.        | 55.2 |
| 5. Our organization has a formal policies and procedures manual.                            | 75.7 |
| 6. Our organization provides regular professional development for staff (paid/unpaid).      | 63.2 |

*Legal/Compliance (LC)*

- |   |       |
|---|-------|
| 1. Our organization submits required state, federal, and other reports necessary to maintain the tax-exempt status (i.e., IRS Form 990).  | 100.0 |
| 2. Our organization is registered with all applicable federal, state, and local authorities.  | 100.0 |
| 3. Our organization maintains a regular schedule of internal compliance reviews.  | 76.6  |
| 4. Our organization complies with all federal and state disclosure laws.  | 99.6  |
| 5. Our organization has a whistleblower policy in place and board members and paid/unpaid staff are all made aware of the whistleblower policy.                                   | 50.0  |
| 6. Our organization has as formally written Code of Conduct and a process to ensure that all employees are apprised of and agree to adhere to the organization's Code of Conduct. | 66.9  |

*Program Design & Evaluation (PD)*

- |   |      |
|---|------|
| 1. When designing a new program, our organization researches other programs in the community to see if there is a need for the proposed services.   | 74.6 |
| 2. When designing new programs and monitoring current ones, our organization seeks out current research (i.e., best practice models).   | 79.1 |
| 3. For each program, our organization tracks the number of individuals served, the frequency of service, and the number of individuals completing the program or no longer in need of services (if applicable). | 79.9 |
| 4. Our organization obtains consumer/client feedback about the program(s).  | 77.9 |
| 5. Key outcomes (changes that are expected to occur as a result of the program) are established.  | 78.5 |
| 6. Outcomes are demonstrated with data and stories about how the program/organization made a difference.  | 81.3 |

*Strategy & Planning (SP)*

1. All of these tasks have been accomplished for our mission: developed, written, and posted.	84.2
2. All of these tasks have been accomplished for our vision: developed, written, and posted.	74.8
3. All of these tasks have been accomplished for our values: developed, written, and posted.	67.9
4. Our organization engages in regular strategic planning (i.e., every year, every five years).	69.8

*Technology (T)*

1. Our organization staff have access to dependable telephones, voicemail, organization email, computers, internet, and printers.	90.9
2. Staff have access to high-speed internet.	87.3
3. Staff have access to adequate software to meet the needs of their role (i.e., Word, QuickBooks).	89.0
4. Computers are linked to a network.	58.8
5. A separate storage system is used to frequently backup all computers and networks.	66.4
6. Updated virus software is installed and used on all computers and servers.	83.6

*Volunteers (V)*

1. Our organization has a formal process for identifying the needs for volunteers across our organization.	45.2
2. The organization has a formal process for recruiting volunteers.	37.7
3. There are formal processes in place for assessing volunteer strengths and skills.	33.8
4. There is a formal process in place for recognizing efforts of volunteers (i.e., thank you letters).	60.1

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Note: This table provides structural capacity items of the ABN/KLF Organizational Capacity Assessment and percentage of nonprofits that indicated ‘yes’ to those items. Used with permission.

Table 3 provides structural capacity items and percentages of nonprofits that indicated ‘yes’ to those items.

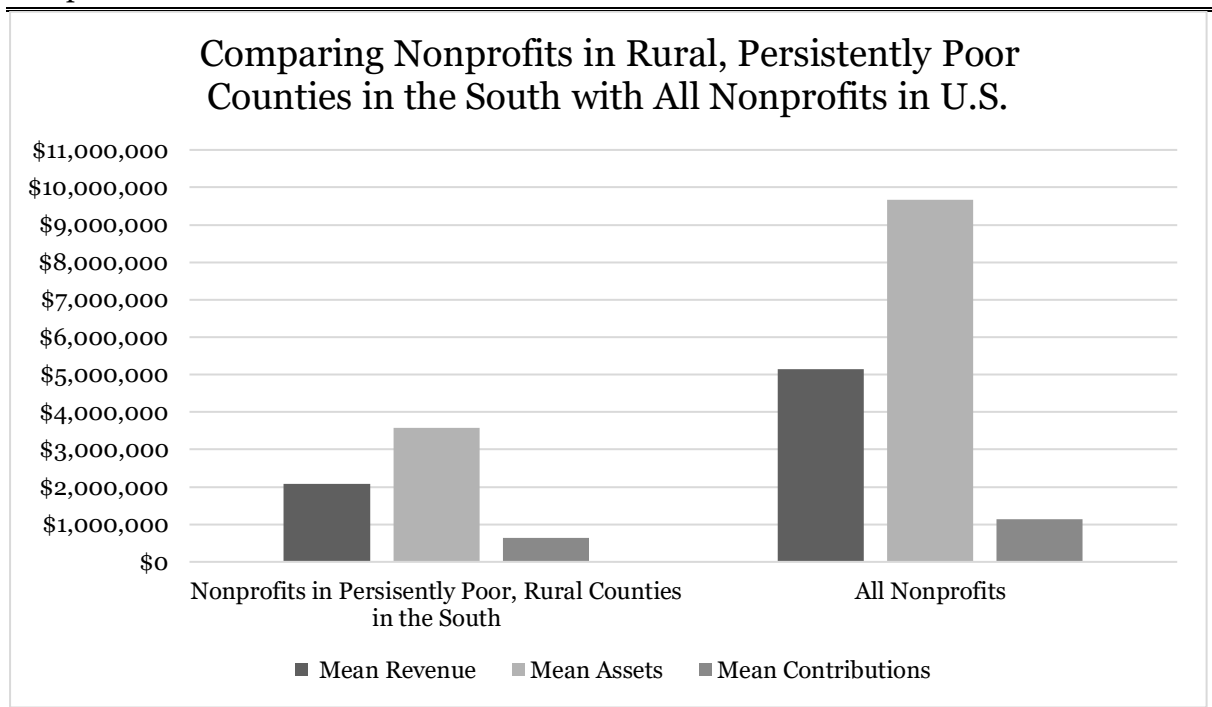
## **Discussion**

The present study sought to establish a foundation of knowledge regarding characteristics and organizational capacity of nonprofits in rural, persistently poor counties in the South. Demographics and geography of 3,350 nonprofits in 252 rural counties were explored. Responses of 292 nonprofits were utilized in the final analysis, which examined selected organizational characteristics and levels of organizational capacity.

### *Characteristics of Nonprofits in Rural, Persistently Poor Counties in the South*

Descriptively examining all nonprofits in rural, persistently poor counties in the South shows these organizations may be younger and have lower expenses than the average U.S. nonprofit with a median age of 16, and more than 75% had expenses under \$500,000. In comparison, the average U.S. nonprofit had a median age of 20 (McLean, 2014), and about 67% had expenses less than \$500,000 (McKeever, 2018). Examining 2016 990 data from all U.S. nonprofits, nonprofits in persistently poor, rural counties in the South had lower mean revenues, assets, and contributions in comparison, as shown in Figure 4, though it is

**Figure 4.** Comparing Nonprofits in Rural, Persistently Poor Counties with All Registered Nonprofits in U.S.



Note: Using 2016 990 IRS data, this figure compares nonprofits in persistently poor, rural counties in the South with all registered nonprofits in the U.S. The mean revenue, assets, and contributions are shown for each group.

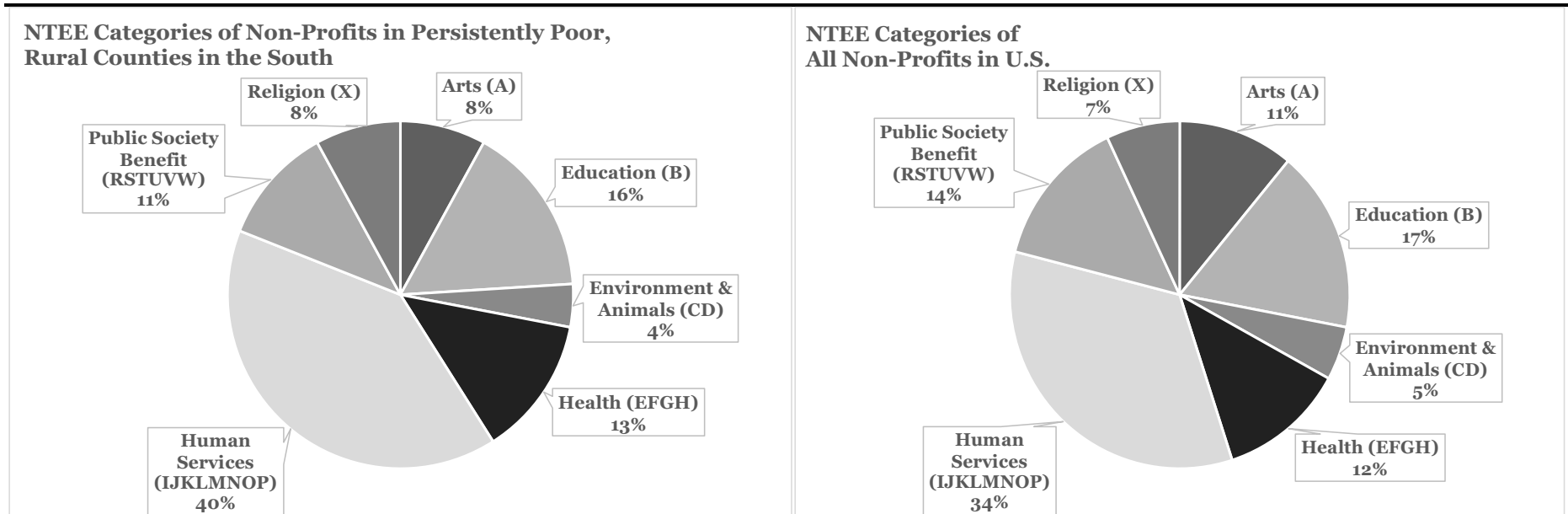
important to note that these comparisons do not control for population. Nonprofits that are younger and smaller may have more problems with organizational capacity (Andersson et al., 2016; Yung et al., 2008) and may not respond to capacity building initiatives in certain areas as well as older and bigger nonprofits (e.g., Despard, 2016b). Therefore, it is conceivable that, overall, nonprofits in the rural South may have lower organizational capacity than other geographical areas. Conducting national studies with Census region comparison might provide a better understanding of geographical disparities in organizational capacity.

With the exception of Maryland, all states in the Southern region have a higher than U.S.-average poverty rate, and most states have rural poverty rates nearing or more than 20% (see Figure 1). Considering that many counties have fewer than 10 nonprofits, needs of communities are likely going unmet as evidenced by increased concentration of persistent poverty in the South over the last two decades (USDA/ERS, 2019a; Weber & Miller, 2017). Of particular concern is Louisiana, which has the highest rural poverty rate (USDA/ERS, 2019b), but very few nonprofits to serve their needs. Previous research has indicated that increased numbers and diversity of nonprofits can be found in wealthier places (Grønbjerg & Paarlberg, 2001), but more research is necessary to explore statistical differences among states as well as association of poverty level and population with number of nonprofits—especially human services-oriented organizations.

Figure 5 provides a comparison of organizations in the U.S. and those in persistently poor, rural counties in the South. In several categories, the area of interest has similar numbers of organizations compared to the U.S. as a whole with the persistently poor, rural counties in the South having more human services-oriented nonprofits. One notable difference is in the



**Figure 5.** Comparing NTEE Categories of Nonprofits in Rural, Persistently Poor Counties with All Registered Nonprofits in U.S.



Note: Using 2016 990 IRS data, this figure compares NTEE categories of nonprofits in persistently poor, rural counties in the South with all registered nonprofits in the U.S. The letters in parentheses denote the Major Group classification. These figures omit the international and foreign affairs group, mutual/membership benefit group, and unknown/unclassified group.

category of Public Societal Benefit, which includes organizations related to advocacy and alliance, capacity building organizations, economic development, and philanthropy, voluntarism, and grantmaking foundations. This discrepancy could explain capacity issues related to fundraising and financial investments.

Most 501(c)3 nonprofits in the South are human services-oriented. With the South experiencing the highest rates of persistent poverty (ERS, 2019a), increased rates of unemployment (NRHA, n.d.), the largest percentage of food insecure counties (Hester, 2017), and significant housing problems for minority residents (Housing Assistance Council, 2012), having organizations geared towards meeting socially-oriented needs is critical. However, employment and food security are two major challenges for the region, and there are few nonprofits in these categories. One

possible explanation for these perceived gaps is that small nonprofits with budgets under \$50,000 who are not required to file IRS 990s are performing these services for communities. Or organizations registered under 'P-Human Services' (e.g., YWCA) or churches registered under different IRS codes may be fulfilling these needs. Finally, larger organizations in metropolitan areas whose reach extends to surrounding rural counties could be helping. Nonetheless, hunger and joblessness are serious problems related to persistent poverty. To ensure these services are being provided, further research is necessary.

Also related to the NTEE category data, fewer organizations exist with missions linked to arts, culture, and humanities. If people, like many in the South, are struggling to keep a roof over their heads and food on the table, it is unlikely that they are financially capable of participating in these leisurely events and likely missing out on cultural opportunities. However, these organizations and their contributions are important to society: "... They spur creativity and imagination; stimulate empathy and help people make meaning; enlarge tolerance for complexity; deepen cross-cultural understanding; encourage discipline and teamwork...contribute to communities' physical and psycho-social well-being" (Sidford & Rabkin, 2014, p. 3).

## **Organizational Capacity**

### *Strengths & Challenges*

Overall, rural nonprofits scored moderate to high in most of the original organizational capacity areas, demonstrating many strengths. Organizations are recruiting leaders with diverse backgrounds who are active in their roles. Communication and collaboration with stakeholders are occurring in various forms. Financial management systems are present. Strategic planning is being conducted. These organizations also have diversified fundraising strategies. Finally, programming is planned according to community needs and evaluated in multiple ways. These results contradict some previous reports (e.g., Clyburn, 2014; Klein et al., 2009) that rural nonprofits may not have sufficient organizational capacity. Some capacity challenges were also identified among these rural nonprofits aligning with previous research:

*Board Leadership.* Board member performance evaluation was the lowest-scoring item with only 25% of nonprofits engaging in the process. This is half of the number of nonprofit boards reported to engage in self-evaluation (BoardSource, 2017). Board member evaluation is suggested at least every two years to ensure members recognize and engage in governance best practices as well as capacity responsibilities such as financial oversight, strategic planning, and fundraising (BoardSource, n.d.). Thus, few nonprofits in the present sample have empirical data regarding the performance of board members, which may impact other areas of organizational capacity.

*Executive Management.* About one-third of participating nonprofits were engaged in succession planning for leadership positions, which closely aligns with BoardSource data that suggests approximately 27% of nonprofits in the U.S. and abroad conduct succession planning (2017). Engaging in succession planning for top leaders will help avoid potential losses in institutional data or funding (National Council of Nonprofits, n.d.). The respondents of the current study report an average of three executive directors over a ten-year span, and with little succession planning occurring, a high likelihood exists that capacity and programmatic challenges occur because of changes in leadership.

*Fund Development.* In Fund Development, the most significant challenges were related to planning—specifically developing fundraising plans and quality fundraising special events. This finding echoed other studies focused on rural nonprofits that struggled with elements of fund development and, unfortunately, negatively impacted their ability to carry out their missions in some way (e.g., Anderson, 2017; Besel et al., 2011; Klein et al., 2009; Knudsen, 2016; Lee, 2011; Sanders, 2014; Seale, 2010; Sweet, 2013; Tighe, 2013). Fundraising plans are essential for success in sustainability of programming, which is especially important to funders (Karsh & Fox, 2014). Diversifying sources of income, as opposed to relying on a few funders, may be the key difference in nonprofits shuttering their doors (Benefield & Edwards, 1998). In the present sample, most nonprofits were asking for money from various sources, but perhaps with lack of planning in half of organizations, solicitations are not coordinated. As Walters (2020) notes, nonprofits in rural areas may not have enough staff or knowledge to effectively plan and implement fundraising strategies. With reduced or inadequate funding, nonprofits may struggle to carry out their programs. Nonetheless, capacity-building initiatives that involve fund development, like in Minzner et al. (2014), can significantly increase effectiveness in this area.

*Human Resources.* Related to the Human Resources area, two items were potentially problematic: A little less than half were not conducting performance reviews, and only 37% were providing regular professional development for staff and volunteers. Research indicates that annual performance reviews may not be a useful way to measure effectiveness of an employee as ratings are subjective, have insufficient criteria for evaluations, and have varying impact of feedback on employee behavior change (Adler et al., 2016). Though not perfect, performance evaluations do allow for fairness and transparency for purposes of promotions and salary adjustments (Goler et al., 2016). For rural nonprofits, especially those small or one-person shops, conducting performance evaluations could be challenging or even not possible because time, staff or board members, and knowledge of the process may be limited. Lack of professional development can also be troublesome. Previous research suggests that investing in employee development and learning may be a weakness across the board for nonprofits (e.g., Bridgespan Group, 2011). In one study, a mere 30 percent of nonprofits believed that providing growth opportunities was an organizational strength (Bridgespan Group, 2011). Particularly in rural nonprofits in counties where resources are limited, nonprofit staff (e.g., social workers) are often expected to handle a variety of issues with clientele and serve in numerous roles other than the one assigned to them—thus competence is necessary (Humble et al., 2013).

*Volunteers.* The Volunteers area had the lowest scores among the rural nonprofits in the present study. While many nonprofits noted that they were recognizing volunteers for their contributions of time and effort, most were struggling with identifying volunteer needs in the organization, recruiting volunteers, and assessing strengths and skills of volunteers. In a recent national study examining nonprofit volunteer capacity, Hager & Brudney (2021) found that capacity in this area varied significantly by category (e.g., health, human service) and size of organization. Larger organizations tend to invest more resources into volunteer management and implement more formal management practices like volunteer training and supervision (Hager & Brudney, 2021). For rural nonprofits that are small and resource-limited, volunteers are critical to meeting organizational goals. Previous research on volunteer capacity in rural nonprofits is limited (Walters, 2020). One study indicates, however, that volunteer management was a strength for the rural organizations in their sample (Klein et al., 2009), while another confirmed the struggle to recruit (Edwards et al., 2014). In nonprofits in rural, persistently poor counties, residents may not have the extra time to give as they are working or caring for their families. Or, conceivably, people in these communities do not know

the value of volunteering or have proper transportation. On the organization side, explanations could be that they are not recruiting the right people, asking in the right way, or not at all—due to lack of time, knowledge, or funds. One solution may be targeting retired seniors to assist in nonprofits as they have the time and a desire to use their skills and knowledge for good (Helseth, 2014). Another report suggests rural nonprofits use current volunteers who are excited about the cause to recruit new ones (Comp et al., 2012).

### *Limitations*

The present study is not without limitations. First, there are many ways to measure ruralness—both officially and unofficially and all with benefits and consequences (Walters et al., 2019). This investigation employed the ERS definition of nonmetro (counties of up to 50,000 residents; 2017b). Utilizing another definition of rural could elicit different findings. Nonetheless, this definition is frequently used by government agencies for policy and programming and aligns with persistently poor county data produced by the ERS. Second, the study used a measure that has not been previously employed in other studies, raising validity issues. Further, the reliability analysis yielded mixed results among the subscales from poor to good. However, the tool was piloted with Southern, rural nonprofits, and capacity building experts were consulted. Another limitation of the instrument is its self-report nature. It is possible that responses are invalid due to social desirability and interpretation challenges. Further, many organizational capacity assessments require responses from multiple organizational representatives so that various perspectives are considered and then reconciled together. Available research resources (e.g., time and funding) for the present study limited the ability to collect multiple responses per nonprofit, though future studies should consider this option when feasible.

Additionally, NCCS/IRS data from which nonprofits were selected could be flawed, particularly with addresses, so the study may have omitted or included organizations that did not meet the criteria (McDougle, 2015). Moreover, the selection method utilized in this study omits nonprofits that are urban-based but provide rural services or have branch offices in rural communities. However, these data are the best available other than handpicking data from each organization, which can be time consuming and cost prohibitive. The study also leaves out nonprofits with minimal expenses and who are not required to submit an IRS 990 form. Many organizations with smaller budgets still opt to complete a 990 for transparency and reporting purposes (as evidenced by the present sample), but there is an unknown number of organizations that fall into this category. If more funding and time were accessible, cross-referencing NCCS/IRS data with state registries might be an option to increase accuracy of data and include smaller organizations.

Regarding generalizability, the study generated a poor response despite efforts to use multiple contact methods. The minimal response could be due to these organizations being understaffed and unable to prioritize participation in a study when they are already overworked. Another reason for lack of participation could be distrust in the research process or researchers. They may not see the study as legitimate or understand how the information may be used. For future studies, adding recruitment methods, such as telephone surveys, might increase participation as this method gives them an opportunity to speak to a real person. Also, responding organizations had statistically higher expenses and were older than non-respondents; therefore, these organizations may have higher organizational capacity than non-respondents. For example, scores on the External Relations capacity area were very high in the study sample, but within the population, less than half had discoverable methods for online contact. Future studies should consider using a stratified sampling method to ensure

that nonprofits of all sizes and ages are included in the sample. While the sample is small and potentially biased, the study provides knowledge regarding rural nonprofit capacity that is much needed and serves as groundwork for future research.

## **Conclusions**

The rural South has a past fraught with economic and social challenges that, to the detriment of its residents, have continued into present day. With nearly all persistently poor counties being rural and located in the South, the region is experiencing dramatic income inequalities that are impacting everyday living including food, shelter, and health. Nonprofits serve as a major safety net, improving the quality of life for all (e.g., Edin & Lein, 1998; Guo, 2010). Few studies have been conducted on rural nonprofits—even less with a focus on organizational capacity. This study contributes to minimal existing literature on rural nonprofits in the U.S. by exploring their characteristics and organizational capacity. Targeting an especially vulnerable area, the geographic focus of rural, persistently poor counties in the South contributes to the scarce literature on persistently poor counties and organizations that provide valuable services to residents.

Findings reveal that there are many rural, persistently poor counties in the South with few nonprofits. Accordingly, a basic inquiry arises—who provides services that help enhance the quality of life? More research is necessary to understand if service gaps exist, particularly with employment and nutrition. In an effort to build a foundation of knowledge regarding rural nonprofit organizational capacity, the present study found several strengths. This signifies that rural nonprofits in the South have many foundational components that capacity literature identifies as critical (e.g., strategic planning, finance accountability). However, there were areas of capacity that may be lacking including board member and employee evaluation, succession planning, fundraising planning, training, human resources policies, and volunteer recruitment and management. Volunteer capacity is a prominent concern. With many rural nonprofits being small operations, they likely depend on the time and efforts of volunteers. These weaker areas of capacity provide a starting point for capacity builders to craft intentional training opportunities for rural nonprofits. Further, findings from this study are important as policymakers consider funding programs for persistently poor counties and using local nonprofits to implement them. Despite limitations, this study is a platform from which future research can be shaped about rural nonprofits.

## **Disclosure Statement**

The author(s) declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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