

# Nonprofit News

## The Story of Two Mergers by Cynthia Bergvall, CPA

As July 1 of this year, there will be two new organizations in the area, formed as a result of a merge. One represents the merger of two Senior Centers. They will keep their separate location; however they will now share the same administrative function. The other merges a community services organization with a senior center. Again, both locations will remain open and administrative services will be shared. Both organizations engaged in a thorough and thoughtful deliberation spanning more than 12 months. When commenting on the decision to merge, one board member noted—"We will be stronger together than apart".

The Catalyst Center was privileged to facilitate both of these merger discussions, to provide the financial and organizational due diligence for the organizations and to work with legal counsel to finalize the merger. Having spent considerable time on both of these projects, we'd like to share a few of our insights with organization considering a merger or some other type of collaboration.

**One: Ask the hard questions.** The Board Members from all four organizations were excited about the potential that could be realized by merging but also cautious about the possible pitfalls. Difficult issues such as the effect on employee jobs or the loss of key funding needed to be discussed. Anonymous surveys using the online tool, Survey Monkey ([www.surveymonkey.com](http://www.surveymonkey.com)) helped to get issues out into the open and the use of Devil's Advocate questions allowed board members to express opinions and concerns at meetings. They had to ask hard questions of other the organization. The discussions were frank but respectful. While the process was hard at times, and compromise and concession were often the end result, the new organizations are starting off on a firm footing because issues were not left to fester and potentially derail the dialogue.

**Two: Be willing to compromise.** Like most nonprofits considering a merge, these organizations were faced with making hard financial decisions even if they remained separate. By taking a frank inventory of the finances and other organizational realities, board members recognized this and were willing to shape a business plan for the new organization that contained compromises which made good business sense. The process of compromise in these cases involved listing the key negotiation points, meetings each of the boards separately, and a list of what each board considered 'deal breakers'. This information provided the starting point for the negotiation.

Several facilitated discussions of the key negotiation points, coupled with a review of the above mentioned inventory provided the structure for the decision making process. From time to time, one group needed to let go of something that they considered important. They were willing to make sacrifices based upon the facts and their conviction that the decisions were for the good of the new organization.

**Three: Make it Manageable.** In both cases a merger task group from each organization joined together to form a merger team. They did the 'heavy lifting' so to speak and regularly brought feedback, questions and data back to their respective full boards. Task groups were made up of two or three board members and the executive director. Other key staff were invited to the process on an as needed basis.

**Four: A merger doesn't necessarily mean significant financial savings.** Yes, some savings were identified with insurance, audit fees, etc. But bringing two organizations together also meant managing a larger organization, so payroll was not necessarily

Summer  
2013

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## Two Mergers

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significantly less. These organizations all remained in their locations so overhead was not reduced. Both groups spent time reviewing financial projections for the new organization and testing how decisions affected the financial future of the new organization. The financial savings in both situations would not have been significant enough by itself to warrant a merger.

**Finally: What was best for the community was the deciding factor.** Both groups asked the question throughout the process—*will this merger better serve our community?* The answers were not always straightforward. Stakeholder interviews conducted by our firm helped to bring an objective community view to the table, as did an environmental scan of the market place. In the end both groups determined that the mergers would result in new opportunities for the community, an expansion of the mission and improved outcomes. Keeping this goal in mind should be at the forefront of any merger discussion.

Whether your organization is considering a full merger or discussions to develop a collaborative agreement, we hope that some of these insights will prove helpful to you.

### Resources on Mergers and Collaborations:

- ⇒ The Catalyst Center for Nonprofit Management can assist organizations develop a growth strategy through a merger or acquisition; manage the complexities of a merger discussion; or provide financial due diligence. Cindy Bergvall, CPA, 215-343-2727 cbergvall@bbco-cpa.com
- ⇒ The Foundation Center's [Nonprofit Collaboration database](#).
- ⇒ Online tools, such as [BoardBooks](#), [BoardEffect](#), and [GoogleDocs](#), can help facilitate knowledge sharing among partners and allow board members to centralize and effectively synchronize relevant information during collaborations. Similar tools can help make collaborations smoother and more transparent for all involved.
- ⇒ [Nonprofit Collaboration & Mergers: Finding the Right Fit](#), provides case studies from nonprofit collaborations in the Greater Milwaukee area.
- ⇒ The Networked Nonprofit (Stanford Social Innovation Review) discusses the benefits and practicalities of collaborating with like-minded groups and of networking among small nonprofits.

## Board Boot Camp

**September 18, 2013**  
**Independence Visitor Center**  
**Philadelphia, PA**

The **Board Boot Camp** program has been designed for both new and experienced board members to learn or refresh their skills on being an effective nonprofit board member. This does not happen by accident, but rather by thoughtful and consistent attention to the role of board members in your organization.

*During this intensive session we will share industry best practices in terms of governance, planning and management.*

\$35 1st person;  
 \$15 each add'l/same organization

*Registration fee includes light dinner and Board Governance Toolkit CD*

Register for either session at:  
[www.catalystnonprofit.com/training.htm](http://www.catalystnonprofit.com/training.htm)

5:00-5:30 pm	<b>Registration &amp; Lite Dinner</b>
5:30-6:10	<b>General Duties of All Board Members</b>
6:10-6:50	<b>Freshman Session</b> Understanding Strategic Planning
	<b>Advanced Session</b> Advanced Strategic Planning
6:50-7:00	Break
7:00-7:40	<b>Freshman Session</b> Fundamentals of Fundraising for Boards
	<b>Advanced Session</b> Understanding Data & Finances as a Key to Capacity Building
7:40-8:20	<b>Freshman Session</b> Financial Oversight for Boards
	<b>Advanced Session</b> The Vital Role of Engagement-CEO & Board
8:30 pm	Adjourn



## Client of the Quarter



141 N. 3rd St. Philadelphia

Philadelphia has a long tradition of being a cultural hub, so it is no surprise that it is home to one of the Country's most valuable resources for the education, preservation and promotion of the field of art made from wood. In fact, The Center for Art in Wood is unique in the world. According to Co-founder and Executive Director, Albert LeCoff "There are others who do some of what we do here in Philadelphia, but no one else offers all of what we do."

The Center for Art in Wood grew out of a series of symposia and exhibitions held between 1976 and 1986. In 1986 The Wood Turning Center was created. LeCoff, an artist himself, sold his woodturning equipment, partnered with his brother Alan and devoted their time and resources to the creation of the Center. After more than 25 years, The Wood Turning Center not only changed its name to The Center for Art in Wood, they moved to their new location in the heart of the gallery district of Old City.

The change in name more accurately reflects the work of the Center and the location change has resulted in a number of positive changes for the Center and the community, not the least of which is a 700% increase in the number of visitors — from 2,200 annual visits to more than 15,000 visits last year alone. The Center has received international acclaim and was recently featured on National Public Radio (NPR).

The Center for Art in Wood lives its mission in a multitude of ways. It is home to 5-6 wood art exhibitions each year; over 1,100 museum collection objects—all of which are now on display in the Center's museum; over 26,500 artist files, photographs and books available for study by scholars, educators, artists, and the general public; as well as the International Turning Exchange (ITE) Residency for artists, photojournalists and scholars. The residency is in partnership with The University of the Arts,

*The Center for Art in Wood is an arts and educational institution whose mission is leading the growth, awareness, appreciation and promotion of artists and their creation and design of art in wood and wood in combination with other materials.*

and like The Center for Art in Wood, is the only of its kind.

The recent location move has allowed for the development of a workshop series for the general public. "Children and adults are able to visit the museum's collection and then attend workshops amongst the art to create objects inspired by the art" says LeCoff. "We see families--parents working next to children, creating their own art. The move [to Old City] has had a hugely positive impact on the neighborhood and the community."

In November, the Board, current President and past Presidents will honor founders Albert and Alan LeCoff for their time, energy and financial support. There will be interesting people, food, amiable presenters, fine art, and exciting news about the future of The Center. Proceeds will support general operations of the Center which provides free admission to the public for changing exhibitions, the permanent collection, library research, and artist talks. For more information about this or other events, visit the CAW's website or contact Patricia Chamberlin, Director of Membership and Development, at [patricia@centerforartinwood.org](mailto:patricia@centerforartinwood.org)

The Center for Art in Wood is located at 141 N. 3<sup>rd</sup> Street, Philadelphia, PA. They are open Tuesday-Saturday 10am-5pm with extended hours during First Friday Weekend events.

Admission to the museum is free. Donations are greatly appreciated and are used to further expand the offerings of the Center.

For more information, or to explore the programs and offerings in more detail, visit [www.centerforartinwood.org](http://www.centerforartinwood.org)



William Hunter, United States  
*Vallarta Shell*, 1995  
Cocobolo  
5 1/4 x 6"  
Donated by Neil & Susan Kaye

The Center for Art in Wood  
141 N. 3rd St.  
Philadelphia, PA

Tuesday-Saturday  
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## The Catalyst Center 2013 Fall Series

October 8, 2013

### **Walk the Line—Keeping Everyone on Track and Out of Trouble**

Cindy Bergvall, CPA Bee, Bergvall & Co./Catalyst Center NM

You see a headline in the local paper about a nonprofit in trouble. Are the circumstances described true? Is this just a disgruntled employee speaking out or an over zealous reporter missing some of the key facts?

What about when you take a careful look at your organization:

- Are you sure you are spending all your grant money properly?
- Are there questionable expenses?
- What about doing business with a Board Member's company?

These and other questions become nagging concerns in the back of every nonprofit leader's mind. Our next session will discuss some of the ethical and financial dilemmas nonprofits face with expense controls, fundraising, board relations, and grant management.

November 12, 2013

### **Crisis Planning for Nonprofits: From Minor Events to Major Disasters**

Gina F. Rubel, Esq. Furia Rubel Communications, Inc.

While very few nonprofits have formal crisis communication plans in place, every nonprofit needs one. When a crisis arises, the news will spread like wildfire in today's age of social media.

As a result, a minor incident can become a disaster in a matter of seconds. Crisis communication plans are more important than ever.

This program will cover:

- Why crisis communication plans are necessary (from the errant tweet to the nationally publicized disaster).
- What should be included in a crisis communication plan.
- Who should be involved in the planning and management of a crisis and their roles and responsibilities.
- Who should speak and when - the nonprofit spokesperson.
- Why a crisis communication plan is the best insurance policy.

#### **Registration:**

Thanks to our Corporate Sponsor MileStone Bank, and our host for the event, the Hepatitis B Foundation, the registration fee is waived. Please note that registration is still required. Visit [www.catalystnonprofit.com/training.htm](http://www.catalystnonprofit.com/training.htm) to register or contact Liz Vibber at 215-343-2727.

The fall seminars will be held at The Pennsylvania Center for Biotechnology, 3805 Old Easton Rd., Doylestown, Pa.

**Subscribe to our monthly e-newsletters by contacting  
Liz Vibber: [lvibber@bbco-cpa.com](mailto:lvibber@bbco-cpa.com) or 215-343-2727**

Summer 2013

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