



# Mergers and Acquisitions for Nonprofit Organizations

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# Introductions



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# Guest Speaker



## Frannie Reilly, Esquire McNees Wallace & Nurick

Martha “Frannie” Reilly leads McNees’ Charitable and Non-Profit Group, where she serves as trusted counsel to colleges, universities, charter schools, foundations and other mission-driven organizations. She advises on governance, fiduciary duties, compliance, contract issues, mergers and affiliations, and general corporate reviews. Clients value her ability to help organizations navigate legal and operational challenges while keeping their missions at the forefront.

Beyond her client work, Frannie is active in the nonprofit community. She teaches in La Salle University’s Master of Science in Nonprofit Leadership program and founded the Foundation for Wallingford-Swarthmore Schools, a 501(c)(3) dedicated to supporting innovation and excellence in education.



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# Why some Mergers/Acquisitions Work (and Others Don't)

## Success Factors:

- Mission alignment
- Cost savings & resource sharing
- Board and staff capacity
- Streamlined programs
- Leveraging strengths

## Challenges:

- Lack of due diligence
- Mission misalignment/confusion
- Loss of control
- Name recognition
- Geographic or brand concerns





## Merger/Acquisition Models: Overview

- Merger by law
- Asset transfer followed by dissolution
- Conversion to LLC subsidiary
- Conversion to member nonprofit

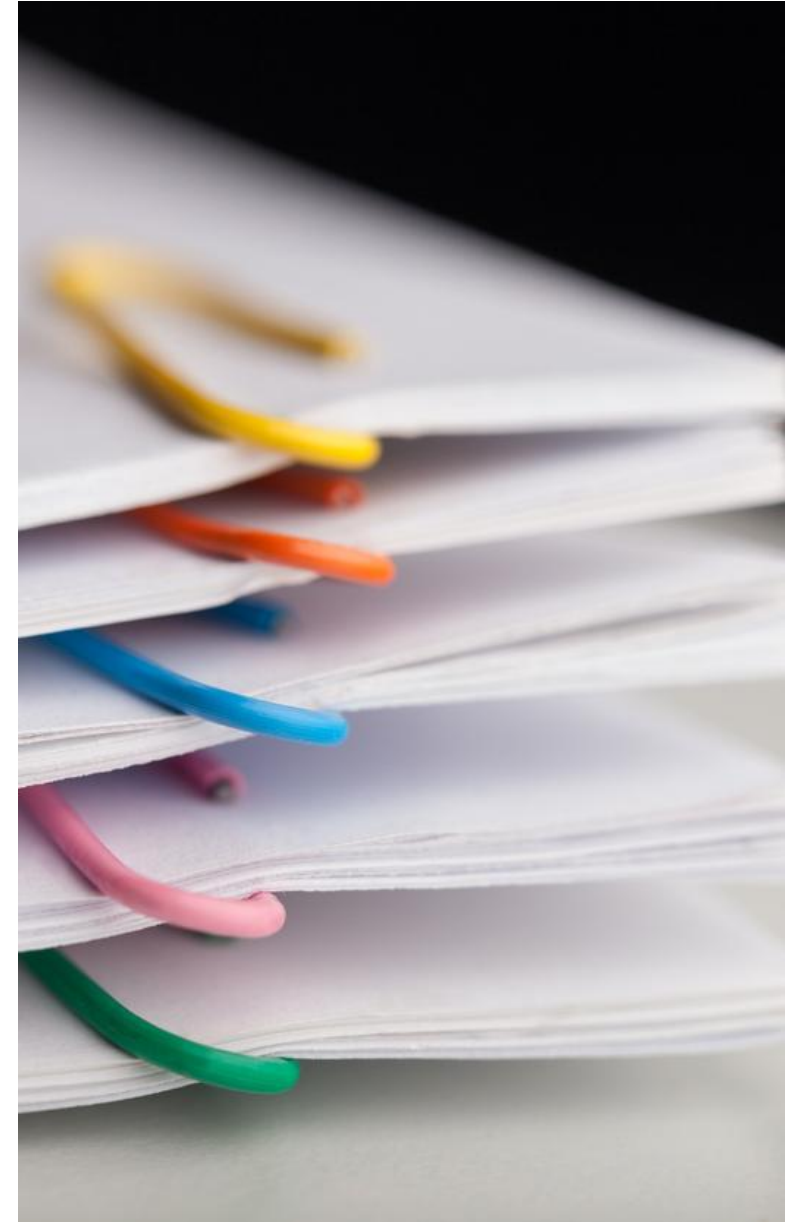
# Exploratory

- Identify reasons for merger/acquisition consideration: time horizon, assets, liabilities
- Identify required approvals: board, members, AG, licensing agencies
- Identify potential nonprofit targets (mission, programming, core values)



# Implementation

- Obtain internal approvals: board / membership
- Obtain external approvals: Attorney General, Orphans Court, Department of State, Tax Clearance Certificates
- File legal documents (depending on the merger/acquisition structure): Articles of Merger, Articles of Dissolution, Conversion
- Execute operational changes and agreements
- Understand timing
- Operational considerations



# Common challenges / missteps

- Mission confusion or misalignment
- Insufficient due diligence
- Founder syndrome / leadership ego
- Restricted assets & funding restrictions
- Geographic or brand conflicts





## Funding the Merger/Acquisition Process

- Internal funding: unrestricted funds, board-approved budget
- External funding: Nonprofit Repositioning Fund (Greater Philadelphia), Forbes Fund (Pittsburgh), Sea Change (national)
- Budget for exploratory vs. implementation phases

# Key takeaways

- Begin with an understanding of what the needs are for the nonprofit and whether a merger/acquisition will meet those needs
- Select the merger or acquisition model that fits mission & goals
- Conduct thorough due diligence
- Engage legal counsel, auditors, financial advisors, and accountants throughout
- Engage board and senior leadership from the beginning.



# Questions



# Contact Information



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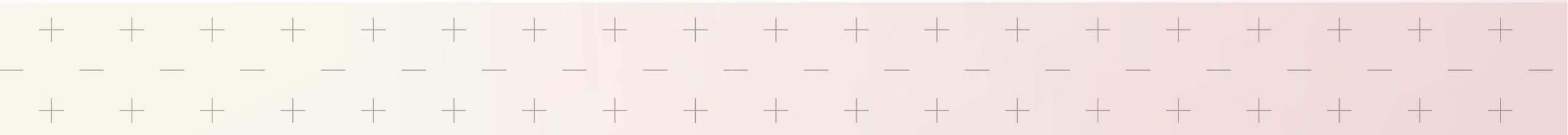
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