

# A Look at Two Pandemic-Era Nonprofit Mergers

08.27.21 | Linda J. Rosenthal, JD



Several months ago, we posted a four-part series on options available to nonprofits searching for ways to ride out the COVID-19 crisis. Titled *Nonprofits in Crisis: Alternatives to Closing*, it was primarily directed to those organizations most hobbled by the pandemic, but applies as well to the (relatively lucky) groups not faced with shutdowns and revenue losses. The latter include many social-services agencies which were flooded with pleas for emergency assistance (coupled usually with substantial relief funding from governments, foundations, and private donors.)

The main point was to look for alternatives beyond familiar, traditional ones like formal mergers; to consider as well the interesting array of *informal* and spontaneous alliances popping up all around the nonprofit sector. By the date of the first post in mid-February 2021, the pandemic had been around for almost a year. The creativity unleashed by this crisis has been remarkable and inspiring.

Since, unhappily, we do not now (as we all had hoped) see the definitive light at the end of the COVID-19 tunnel, these four posts from the spring may continue to be useful:

- Nonprofits in Crisis: Alternatives to Closing ([Part One](#)) (February 16, 2021)
- Nonprofits in Crisis: Alternatives to Closing ([Part Two](#)) (February 23, 2021)
- Nonprofits in Crisis: Alternatives to Closing ([Part Three](#)) (March 9, 2021)
- Nonprofits in Crisis: Alternatives to Closing ([Part Four](#)) (March 10, 2021).

“Now is not the time to make unalterable, no-turning-back decisions including giving up hope and throwing in the towel,” we advised in Part One. “Nor, for that matter, is it the time to place all hopes in an imaginary fairy godmother who will wave her magic wand and poof! find you a merger or restructuring partner tomorrow who will solve all your problems in twenty-four hours.”

## *The Restructuring Spectrum*

In Part Two, we began the survey of possible alternatives, focusing initially on the merger option.

We recommended a valuable article from a seasoned expert, David La Piana. For decades, he has been counseling nonprofits through restructurings. See [Merging Wisely](#) (Spring 2010), *Stanford Social Innovation Review*. Mr. La Piana wrote that essay just after the Great Recession of 2009; it continues to resonate well in these challenging times.

“A ‘merger,’ he explains, ‘is the fusion of separate boards, management, and legal entities into a new, single organization. While it’s the most well-known and popular way that organizations can combine, it’s ‘just one choice on a continuum of strategic restructuring options.’” He adds: ‘Instead of reflexively pulling out the biggest gun in the partnership arsenal, nonprofits should consider a variety of ways of working together.’”

At the other end of the crisis-options spectrum are spontaneous and generally short-term pivots, examples of which we give in Parts Three and Four. These informal arrangements may or may not lead to durable alliances or restructurings; that’s not the point. The goal is thinking outside the box.

## *No Quickie Mergers*

In any event, David La Piana correctly emphasizes there is no such thing as an impromptu merger. There are too many moving parts; too many ways to make serious mistakes. The best merger in good times or bad is one that connects solid organizations with similar missions, values, and organizational cultures.

There are recent news stories of separate mergers on opposite sides of the United States, both begun during the pandemic but neither complete as yet.

The first is the consolidation of two well-established animal-welfare groups in Delaware. Located in the same region, their missions align well and they have worked well together on many projects over the years. A newspaper [article](#) from early June, announcing the respective boards’ approvals of a plan to merge, includes a photo of the broadly smiling executive directors of both groups together, each holding an adorable (and adoptable) puppy.

The second is the integration of two 501(c)(3)s, each of which was formed to provide financial and other support for San Diego’s tourist mecca, the beautiful Balboa Park. After a year or so of branding and strategic advice by outside consultants, aided by intensive consultations with myriad stakeholders, both local and “global,” not much has been settled on other than a new name.

## *Animal Welfare Organizations*

“The decision” for pet owners “whether to go to the Delaware Humane Association (DHA) or the Delaware SPCA for animal welfare services is going to get a lot easier.” [Delaware Humane Association to merge with the Delaware SPCA](#) (June 2, 2021) Nick Ciolino, [delawarepublic.org](#).

“Both are nonprofit, no-kill animal welfare agencies.”

They will merge boards, resources, and several locations around Delaware. It's already been decided that DHA's executive director will be the CEO of the new entity when the merger is completed sometime this fall. SPCA's head will become the new COO.

The Delaware SPCA was founded in 1873. It is that state's first animal shelter and one of the oldest animal-welfare agencies in the United States. The Delaware Humane Association (DHA) was created in 1957 as a nonprofit animal-care and adoption center.

There's "a lot of overlap of services between the two organizations," but soon "the SPCA's low-cost vet clinic will add to what the DHA can offer." "We're kind of in the same space in terms of animal welfare and animal wellbeing. We've both been around for a long time. We've worked together very closely," according to the DHA's Patrick Carroll. "It just makes sense. Our missions are very similar. The work that we do is similar."

It's expected that all of the same day-to-day services will continue along with possible extended programs. "This has been and will continue to be a thoughtful transition," Mr. Carroll adds, "and we will carefully assess the best way to coordinate the delivery of services and maximize the strengths of each organization." SPCA's Anne Cavanaugh explains that "[b]y coming together as equal partners offering complimentary services, we expect to multiply our collective impact, ultimately helping more animals and people in Delaware." *Delaware Humane Association, SPCA to merge* (June 4, 2021) Jacob Owens, Delaware Humane Association, SPCA to merge, *Delaware Business Times*.

"According to the organizations' Fiscal Year 2019 tax returns, the most recent publicly available, both were operating at net losses. Together they would hold total assets of more than \$13.5 million though and produce annual revenue of nearly \$3 million." But the merger will result in a "greater ability to innovate, centralize, and reduce duplication of services; produce greater programmatic impact; and simplify access to service."

The arrangement will also bolster the (combined groups') "standing in a market that also has similar high-profile organizations, such as the Faithful Friends Animal Society, Brandywine Valley SPCA and First State Animal Center and SPCA, operating in it."

In Delaware Humane's official *Merger Announcement* in early June 2021, Patrick Carroll indicated that there was no decision (as of then) "on the combined entity's name and branding." It's not at all surprising that the issue of the future name of the combined entity is a tricky road to navigate since each of the groups already has a familiar animal-welfare word in its current title; namely, "Humane" and "SPCA."

As of that Merger Announcement date, the two merger partners were still "developing the timeline for full transition." In the meantime, news updates will be on their (separate) websites and social media accounts, and both continue to encourage supporters to make contributions in the interim.

## Urban-Park Groups

In 1868, officials and civic leaders of tiny San Diego, population 2,301, set aside a 1,400-acre tract as a public park. "For much of the remainder of the 19th century, the area then known as 'City Park' remained a fairly wild land preserve of hilltops, canyons and arroyos...."

Early in the twentieth century, City Park was newly dubbed Balboa Park, after the Spanish explorer Vasco Nuñez de Balboa, said to be the first European to spot the Pacific Ocean, albeit from a location in Panama. It was thought to be a grander way to identify the locale set to host the upcoming 1915-1917 Panama-California Exposition. This world's fair was in celebration of the opening of the Panama Canal, and was meant to tout San Diego as the first U.S. port of call for ships traveling north after passing westward through the canal.”

Attendees included past presidents William Howard Taft and Theodore Roosevelt and future president Franklin D. Roosevelt, luminaries including Thomas Edison and Henry Ford and, before the close of 1915, some two million paying visitors.

That event was, indeed, a turning point for what developed into San Diego's prime visitor attraction, home to the world-famous Zoo and over a dozen lovely museums dotting the main thoroughfare. Balboa Park was, and is, as locals make sure to point out on every possible occasion, larger even than New York's illustrious Central Park.

A model for governance and funding of the nation's major municipal parks developed over many generations. See, for example, Roles: How Nonprofits Work with Public Agencies (December 31, 2008) excerpted from Public Parks, Private Partners, published by Project for Public Spaces, 2000: “Nonprofit organizations can have a wide range of relationships and experiences with their public partners,” according to the authors, “depending on the ability and resources of the city or municipality, and the condition of the park and its surrounding community.” Moreover, “...while nonprofits are usually called Friends of ... Park or The ... Park Conservancy these names bear little relation to their actual role and do not necessarily indicate that they will be acting a particular way.”

Sadly, one hundred years after the 1915 Panama-California Exposition, the people and government of San Diego were still trying to settle on exactly how to run and finance its municipal crown jewel. Continuously owned and operated by the City of San Diego, and technically run from the Parks & Recreation Department, it was never given the funds or attention needed to rival the other great American urban parks. See —

- Keeping Balboa Park Magnificent In its Second Century, A Look at Management, Fundraising, and Private Partnerships at Five Other Major U.S. City Parks (August 2006) The Trust for Public Land Center for City Park Excellence, Washington, D.C. and
- The Future of Balboa Park: Funding, Management and Governance (December 18, 2008) A Report from the Balboa Park Committee Submitted to the Mayor and City Council of San Diego

Among the recommended options is continuation – but refinement – of the “public/private partnership” model “currently being used in Balboa Park. Numerous contracts already exist between the City and institutions and organizations to manage, program and operate City-owned structures and lands.”

But the added comment in that paragraph – “This model has been used successfully in the Park for over half a century” – seems starkly at odds with the conclusions elsewhere in the document that urgent attention is needed to remedy long-delayed maintenance, unclear leadership channels, and unproductive political meddling.

In any event, that brings us to the two merging 501(c)(3)s that are the subject of this post. [Balboa Park groups merge ahead of Botanical Building repairs](#) (July 15, 2021) Jennifer Van Grove, *San Diego Union-Tribune*. “Two well-known Balboa Park groups have officially tied the knot and are celebrating their union with a new name: Forever Balboa Park.”

First is Friends of Balboa Park, formed in 1999 by one Betty Peabody, a “civic-minded person.” This group has grown significantly, although it has no direct affiliation with the City of San Diego. It has “[worked to fundraise](#) for park-wide improvements,” was the owner-operator of the Balboa Park Carousel and spearheaded successful upgrade endeavors in the Park including the Palm Canyon pedestrian bridge” among others.

Second is The Balboa Conservancy, a 501(c)(3) created in 2011 with the intent of it being the primary nonprofit partner in the public/private partnership constellation contemplated by the 2008 Report and a subsequent task force. Its “directive has been [to care for the park while also raising donor funds](#) to improve public assets, including buildings not leased by cultural institutions. Its responsibilities have included operating the House of Hospitality, home to the Prado restaurant, and the Balboa Park Visitors Center. The nonprofit also hosted the annual December Nights festival.”

According to a series of reports by Lisa Halverstadt, local ace reporter for the *Voice of San Diego* covering our vibrant nonprofit community, The Balboa Conservancy has been having trouble since its inception a decade ago finding its feet as the proposed major partner of the City for Balboa Park duties. See, for example: [The Biggest Challenges Facing Balboa Park](#) (February 22, 2016) and [What’s Driving the Balboa Park Leadership Vacuum](#) (June 5, 2019).

Ms. Halverstadt also reports that this move toward merger apparently arose as a result of talks begun during the pandemic, and was very much a product of the troubles facing park and museum venues generally during the shutdowns. See, for example, [Two Balboa Park Groups Are in Talks to Merge](#) (October 9, 2020).

“The two organizations [entered a Memorandum of Understanding](#) in August 2020 that included a four-phase merger process: Exploration, Analysis, Design and Integration.” The still-separate boards of directors voted [on March 25, 2021] to officially sign the merger agreement and begin integrating the two nonprofits into one.” The effective date was July 1, 2021.

A search will soon be launched “for a [new chief executive](#) ‘to run the refashioned entity’” which “will [act as a partner to the city](#) of San Diego on projects such as the restoration of the iconic Botanical Building. It’s currently run by [Connie] Matsui and Sarah Evans, the co-chairs of the [newly merged] board of trustees.”

At least, though, there’s a new name. The “[all-new, singular identity](#)” continues under the name “Forever Balboa Park, ... “which is meant to convey the legacy of one of San Diego’s greatest assets.” But a new logo and branding materials are still “in the works.”

This naming process was complex: “To ensure an equitable strategic renaming, the two organizations issued an RFP and selected Departure, a local branding agency, to develop a name that speaks to the mission of the merged organization.” [Forever Balboa Park is the new name of merged advocacy groups at Balboa Park](#) (August 5, 2021) SDCNEWS. “The creative team worked

with a task force consisting of board members, stakeholders, and global leaders to understand the competitive landscape of urban parks nationwide, as well as the local vision for nonprofit park leadership. These collective insights provided the foundation for branding a newly united organization.”

“Adopting a new name,” says Connie Matsui, co-chair, “demonstrates our own willingness to embrace change as well as our belief in becoming an even stronger partner to all who value Balboa Park and want to help sustain and support it.”

“As one organization, Forever Balboa Park is better positioned to partner with the city and support the diverse needs of Balboa Park.” For now, the new entity “will continue with each group’s respective duties.” But the exact nature of the future relationship with the City of San Diego is fuzzy as are the details of future projects, adding to a great deal of complexity until the “comprehensive rollout” happens some time later in 2022 – and perhaps beyond.

There are a lot of balls to keep in the air over the next year or so, not least of which is the huge number of stakeholders and interested parties – public and private – to please.

## *Conclusion*

The formal merger is an option well worth considering in good times or bad. But as these two examples show, even with merging partners as strategically compatible as the Delaware animal-welfare groups, it’s still a long and slow haul. And a successful and enduring marriage is by no means assured.

— *Linda J. Rosenthal, J.D., FPLG Information & Research Director*