

# LV Synergy Fund FAQ

## Q: What is the Synergy Fund?

A: United Way of the Greater Lehigh Valley and the Lehigh Valley Community Foundation have come together to support nonprofit affiliations and structured partnerships in Lehigh and Northampton Counties. We believe this opportunity will further synergize already-strong relationships among organizations in the Lehigh Valley.

## Q: So this is a fund for mergers?

A: This is much bigger than that: The Synergy Fund is able to support a wide array of nonprofit partnerships and affiliations.

## Q: Are United Way and the Community Foundation trying to force mergers?

A: Absolutely not. If two or more organizations have already agreed to explore partnerships and affiliations, then we would like to offer assistance.

## Q: Will a potential merger or other affiliation effect my funding from either the United Way or Community Foundation?

A: Not at all. Both the United Way's and Community Foundation's practice is to transfer the grant in full, as determined by the new affiliating agreement. No transfer of grants will take place until the merger or other affiliation is fully executed.

## Q: Why does the application require signatures from both the Executive Director and Chair of the Board?

A: Successful affiliations typically require the support of both the organization's leadership and the organization's Board of Directors. Support from both groups is a key first step. Signatures from the Executive Director and the Board Chair signal to us that you are ready to explore or move forward with an affiliation. With that said, we appreciate that each situation is different so please contact us to discuss.

## FAQs Regarding the Application Process

### Q: The application states that each applicant must contribute a cash or in-kind match. What if one or both of the participating parties cannot do this?

A: While we believe applicants should have "skin in the game" to receive a grant, please contact us if you have reservations or questions about this requirement.

### Q: I don't see our attorney or consultant on the "preferred vendor" list. Can we suggest our own, and still be eligible for the Technical Assistance Grant?

A: That is possible. We do have a vetting process for preferred vendors. Please call us and we will contact your attorney or consultant.

Q: Is there a preferred vendor list for the Implementation Grant?

A: No. There is such a wide variety of needs and services at this stage; agencies must do their own vetting for services.

## KEY DEFINITIONS

Q: What do you mean by “partnerships and affiliations?” What are your working definitions?

A: Please see the below list of partnership/affiliation types, and their definitions:

### Merger

The combination of two or more nonprofit organizations where one or more entities (the “Merging Entities”) become part of the other entity (the “Surviving Entity”) resulting in the full legal and operational integration of the respective nonprofit organizations’ legal entities, programs, functions and membership. Following a merger, the Merging Entities cease to exist and the Surviving Entity takes title to all of the assets, and assumes all of the liabilities of the Merging Entities.

### Consolidation

The combination of two or more nonprofit organizations where existing two nonprofit organizations dissolve and a newly established nonprofit organization takes on the programs, resources and membership of the former two nonprofit organizations.

### Acquisition

The full or partial combination of two nonprofit organizations where one nonprofit organization acquires all or some of the shares or assets of the other nonprofit organization.

### Federation

The association of two or more nonprofit organizations typically through an affiliation agreement that sets forth the nature of the relationship between the parties. An affiliation agreement often addresses coordination of activities and functions as well as use of intellectual property and the provisions of management services, among other provisions, as well as penalties for failure to comply. A federation is often structured along regional lines (e.g., national association whose members are state or local associations), but can also be structured at a more local level.

### Joint Venture

The association of two or more nonprofit organizations where the organizations lend their efforts, assets and expertise in order to carry out a common purpose. A new entity to promote the joint venture may be established and each nonprofit participating in the joint venture may contribute assets and/or other resources to the new entity, however, a joint venture may also be simply established by written agreement only among the organizations without the establishment of a new entity.

### Management Company Model

The affiliation of two or more nonprofit organizations through a common management structure, whereby the groups realize the efficiencies of coordinated back office operations (Finance, IT, HR, etc.). The management company model can take the form of “ownership” by one for-profit or nonprofit

organization of the nonprofit organization that seeks the support of the other(s), but it need not be structured in such a fashion.

### Joint Membership Programs

A program whereby two or more nonprofit organizations allow individuals to join the two associations for a reduced fee in the context of jointly run programs and activities, thereby allowing these two organizations to become more familiar with another. Programs in this vein are often a precursor to a more formal alliance of the types described above, but allow the nonprofit organizations to modify the arrangement or disengage if circumstances or expectations change.