
Nonprofit Law Resource Library

Mergers, Affiliations & Reorganizations – Four Basic Models of Affiliation

Nonprofit Affiliations: Four Basic Models

1. **Contractual Relationship.** Organizations remain independent, agree by contract to a collaborative effort (joint funding proposal or program, contract for combined administrative services).
2. **Strategic Alliance.** Organizations remain independent, but may have overlapping board or shared staffing arrangements. Close organizational coordination to provide complementary programs, eliminate duplicative services and administrative redundancy, and/or to conduct joint fundraising, public relations.
3. **Consolidation.** Legal combination of organizations resulting in organization with new name, combined board and staff, one CEO.
4. **Merger.** Legal absorption of one organization into another. Surviving organization's name remains the same, the board of the other dissolves or is subsumed, along with its assets, liabilities, and obligations, into surviving organization. Usually involves significant downsizing of staff.