



# Collaborate, Merge, or Close Your Nonprofit?

## The Alternatives and the Rules

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*streamlining financial operations  
so you can focus on the mission*

## Factors to consider

- ◆ How did we get here?
  - Changes in environment
    - Culture
    - Economy
    - “Competition”
    - Relevance of mission
  - Changes in organization
    - Programming decisions
    - Leadership
    - Financial management
  
- ◆ Should we try to continue our work?
  - Is our mission still needed?
  - Are there one or more organizations who can accomplish our mission more effectively than we can?
  - What would our community be like without us?
  
- ◆ If our work should continue, how?

## Alternatives to Evaluate

- ◆ Continue operations
  1. Revive
    - If current circumstances are the result of environmental changes, do we expect these changes to reverse?
    - If current circumstances are the result of changes within the organization, can we correct the mistakes?

## 2. Re-vision

- Is our mission too narrow? Too broad?
- Is there a better approach to achieving our mission?
- If we broaden our mission and/or improve our approach, would the organization become viable?

## ◆ Join forces

- Are there other organizations that work toward our mission? If so:

## 3. Collaborate vs.

## 4. Merge

- Is there a single organization doing all important components of our mission?
- Do other organization(s) have an approach similar to ours?
- If other organizations have a different approach, could the two approaches successfully co-exist within a single organization?
- Is there any advantage to collaborating instead of merging? (Merging would be economically advantageous.)

## 5. Dissolve

- If the organization has decided it's not worthwhile to pursue continuing the work, or if attempts to revive, re-vision, collaborate, and/or merge have been unsuccessful, the organization should dissolve.
- Notify Attorney General of intent to dispose of substantially all assets
- Dispose of assets
- Create and approve Plan of Dissolution
- Wind up corporate affairs
  - File Articles of Dissolution and the Plan of Dissolution with the NC Secretary of State
  - File an Out-of-Business Notification with the NC Dept of Revenue
  - Notify the IRS that the nonprofit is dissolving
  - File the final Form 990 tax return each year until the winding up is complete.
  - Notify the IRS that the EIN will no longer be used.