

# Twin Cities: For 2 nonprofits, a marriage of missions

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While many Twin Cities nonprofits are merging for survival or closing, the story behind the joining of Genesis II for Families and Children's Safety Centers is a bit out of the norm.

Michelle Basham remembers inheriting a tough fiscal problem at Genesis II, a 30-year-old Minneapolis nonprofit that works with troubled teens and families.

"Within two weeks of my first day on the job, I was told, 'We can't make payroll for the next Friday,' " said Basham, the nonprofit's executive director. "I came on board in July 2008, and we'd had a couple of years of losses before I got there. We had a really good mission, but unfortunately, hadn't paid enough attention to the infrastructure side of things."

These days, Genesis II is sailing a lot more smoothly. Basham and her staff have diversified the nonprofit's funding sources so the organization, which once relied almost exclusively on public child-protection contracts, is not as dependent on county money.

Genesis II added a roster of clinical interns who provide family therapy services without costing the nonprofit a penny. There's now permanent development staff to focus on fundraising from foundations and individuals. The board of directors examines financial statements monthly, another divergence from years past.

Genesis II even maintains cash operating reserves, which is a far cry from the way things used to be.

"Usually, every year at the beginning of the year, we would take a loan against the building to cash flow the first quarter," Basham recalled. That system quickly became unsustainable, with loans piling on top of loans.

Things are going well enough, in fact, that the organization is moving forward with a major goal of its 2010 strategic plan: a merger. Genesis II is joining forces with Children's Safety Centers, a smaller, St. Paul-based organization that provides court-ordered child visitation to parents in a secure environment.

Neither nonprofit needed to merge. Both wanted to.

"One of the advantages for us is being able to offer new services for the families, so we can have a bigger impact in providing additional services other than just supervised visitation," said Carl Nordine, interim executive director of Children's Safety Centers.

Genesis II has "a lot of strengths in areas that we would like to develop, but it would take us several years to secure funding and develop programming," Nordine said. "Through a merger, we're able to do that much more quickly."

While Children's Safety Centers isn't short on operating funds in the short term, board members recognized that other nonprofits were merging for survival or closing because of reduced funding and increasingly specific grant demands. The long-term forecast was cloudier.

Children's Safety Centers, which has a staff of seven full-time and 20 part-time employees, operates on a budget of just over \$500,000, "and in the current economy, it's looking like that would be hard to sustain," Nordine said.

Frank Forsberg, a senior vice president with Greater Twin Cities United Way, focuses on getting nonprofits to innovate, including mergers. Genesis II, which receives money from the United Way, went from being on "conditional funding status" in 2008, a kind of red flag or probation for nonprofits at risk, to being an "example of a great turn-around and leading with strong governance."

Forsberg, who has spent 25 years in nonprofits, also praised the merger. "I think this looks like a very smart integration, that's going to have good, complementary services," he said.

The newly joined nonprofits will keep their respective buildings on University Avenue in Minneapolis and Maria Avenue in St. Paul, expanding the new group's presence in Ramsey and Hennepin counties. The next step will be to find a name for the organization, which could take months.

The new organization's annual budget is about \$2.2 million, and it employs about 70 paid employees and 40 graduate and post-graduate clinical interns. It has satellite locations in North Minneapolis, Lakeville and Cambridge.

"It is kind of unusual," Basham said. "Oftentimes, in these economic times, a nonprofit explores a merger in response to being in bad financial shape....I think they made an amazingly selfless decision that it would be better for them long-term to be part of a larger organization."