



## **A Founder's Homegrown Tutoring Nonprofit Thrives After Merge**

Seven years ago, a single mom in Monterey Park couldn't find the right tutoring program for her son, who was failing 8<sup>th</sup> grade. So she took a do-it-yourself approach and created her own volunteer-based tutoring program, Project NEO.

At the beginning, Mary Wong's son hated Project NEO — specifically how his mom described his academic challenges in the nonprofit's origin story. Nonetheless, it was a success. It won a national award for its program design and gained recognition in the Monterey Park community. In retrospect, Wong's son, who is now a junior at Cal Poly Pomona, appreciates how the program helped him and his peers.

However, running Project NEO also came with challenges for its founder.

"Even though I had a board, the majority of the day-to-day operations and the funding were all on me," says Wong. "I was running the nonprofit and also running my own accounting firm."

When Wong needed help with grant writing, she met with Michelle Freridge, executive director of the Asian Youth Center (AYC). Project NEO and AYC had a similar community-based mission, youth population and geographic region. One of Project NEO's board members, who was a former AYC board member, put them in contact. Freridge shared advice and the names of foundations that fund after-school programming.

She felt comfortable sharing that information because many organizations apply for foundation funding. But when Project NEO started applying for individual donor and local business support, it put them in direct funding competition with AYC.

Freridge attended a Nonprofit Sustainability Initiative (NSI) conference and learned about a grant to help organizations restructure to be more sustainable. The NSI is a funding collaborative that provides grants to help organizations form strategic partnerships to be more sustainable. The AYC board green-lit the idea of applying for the NSI grant and exploring the idea of a merger.

"I used to be of the opinion that people needed to do mergers when an organization was failing and it was a last resort," says Freridge. "That conference was a real eye opener for me about the possibilities for mutual benefits for healthy organizations."

Wong wasn't ready to apply.

"I said no because it was my baby and I didn't want to let it go. It was gaining a lot of momentum and we had a lot of recognition with the community and I thought if I could pass the five year mark, then I can try to get more grants rather than funding it myself," says Wong.

After reaching the five-year mark a year later, Project NEO was still not self-sustaining. Wong was investing her own resources into the nonprofit and it was functioning at a deficit. When Wong had lunch with Freridge for the second time, the idea of applying for the NSI grant seemed like a good idea. Wong recalls Freridge pointing out that there is no obligation to sign a merging contract even after the consultants complete their research.

The consulting phase took a year to complete. The consultants were an objective and neutral party that compiled documents for financial and organizational due diligence, in addition to conducting interviews. They also negotiated a merging contract that both organizations agreed to in 2016. This phase was the most challenging for both organizations. AYC had to decide if they were willing to take on Project NEO's deficit, and the board was concerned about bringing in new members. Project NEO didn't have an established relationship or collaboration with AYC prior to applying for the NSI grant, so they had trouble figuring out AYC's motivations and level of interest.

Wong says of the merger agreement, "It was time for me to let it go. If I really wanted Project NEO to grow, the direction is to merge with AYC and have my support behind it rather than spending my energy doing the corporate side."

Project NEO dissolved as a nonprofit and now functions as a program under the AYC umbrella. AYC committed to continuing the Project NEO program and covering the deficit. They share an individual donor list and assets. Project NEO's strongest board members joined the AYC board, including Wong.

"The board members have great confidence in Mary and some of the other new board members now. There were some initial concerns about change when they were exploring the merger, but it's really given the board some new life and energy," says Freridge.

Project NEO also has new life. The program expanded to five classroom sites compared to two classroom sites. There are three-year projection plans of expanding to 22 classroom sites. AYC's geographic region has also expanded with two additional school districts. Project NEO's program design has been implemented in AYC's programs.

“We didn't have that mentoring, coaching, personal relationship building [in Project NEO's design]. When you combine the mentoring piece with the rigorous academic component, scores go up,” says Freridge.

After the merger and seeing the program's growth, Wong is relieved and excited for the future. Her only regret is delaying the process by refusing to explore the possibility of strategic restructuring the first time around.