

Options for Nonprofit
Expansion:
Chapters, Affiliates, and
Strategic Partnerships



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Mission of Pro Bono Partnership of Atlanta

To provide free legal assistance to community-based nonprofits that serve low-income or disadvantaged individuals.

We match eligible organizations with volunteer lawyers from the leading corporations and law firms in Atlanta who can assist nonprofits with their business law matters.

PBPA Learning Center for Georgia Nonprofits

www.pbpatl.org/resources

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Client Criteria

In order to be a client of Pro Bono Partnership of Atlanta, an organization must:

- Be a 501(c)(3) nonprofit.
- Be located in or serve the greater Atlanta area.
- Serve low-income or disadvantaged individuals.
- Be unable to afford legal services.
- Employ at least one paid staff person.

Visit our website at www.pbpatl.org to apply.

Legal Information

This webinar presents general guidelines for Georgia nonprofit organizations and should not be construed as legal advice. Always consult an attorney to address your particular situation.

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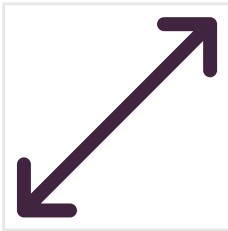
Agenda

- PBPA Overview
- Reasons for expansion
- Models for expansion and factors to consider
 1. Chapters
 2. Affiliates
 3. Strategic Partnerships
- Strategies to mitigate risk

Survey Question #1

Are you considering expanding
your current operations
geographically?

Principal Reasons for Expansion



Broaden reach of mission/Deliver greater impact



Increase fundraising potential



Manage heightened risk/seize new opportunities

Mission Reach/ Impact

- Serve larger geography
- Serve more people / different populations
- Increase value of brand

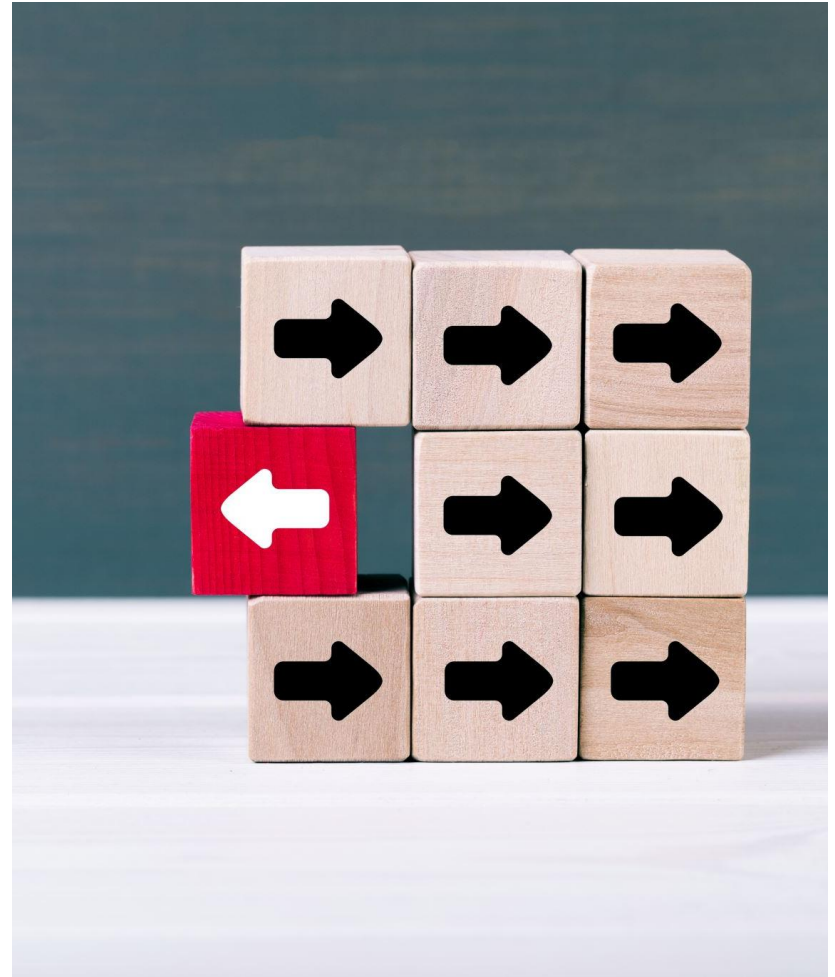


Increase Fundraising

- Gain access to a different pool of resources
- Expand beyond current restrictions/limitations

Manage Risk; Increase Opportunities

- Assert greater control over higher risk activities
- Insert agility and flexibility to access opportunities



Options for Expansion

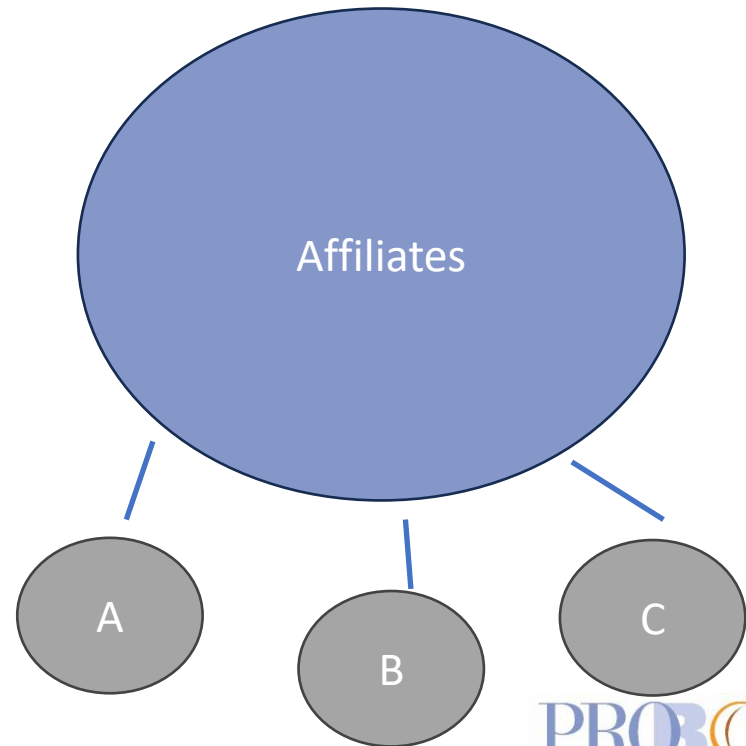
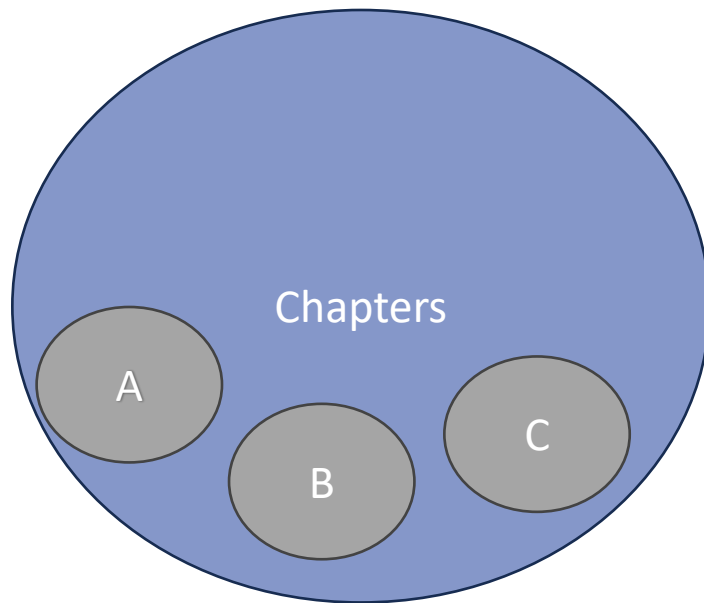
1. Create Chapters
2. Create Affiliates
3. Set up Strategic Partnerships

Survey Question #2

Do you know the difference
between a Chapter and an
Affiliate?

Chapters vs Affiliates

- Carry out large scale mission at community level.
- Strong branding identity & regional/national reputation, while flexible to meet local needs.
- Often used interchangeably, but not the same thing!



Chapters

- Local branch of larger nonprofit
- One Board of Directors that governs (chapter level staff)
- Single ownership of property
- Consolidation of financial activity onto one tax filing
- One tax exempt status
- Maximum control of brand, behaviors, decisions
- Increased local fundraising (local relationships)
- Increased legal and financial liability

Affiliates

- Separate legal entities that are associated with a larger nonprofit through a contractual agreement.
- Affiliates have separate Boards of Directors, bank accounts, property, registrations, tax filings.
- Contract governs – sets standards and conditions.
- Group or individual tax exemption possible.
- May allow expanded activities (e.g., (c)(3) affiliated with (c)(4)).
- Decreased risk of financial and legal liability.
- Control over brand/activities is weaker.
- Potential fundraising area disputes.

What is a “strategic partnership”?

- A strategic partner is an organization that **collaborates with** a nonprofit to achieve shared goals.
- Common forms include:
 - joint programming,
 - shared services, or
 - even mergers.
- Common Attributes include:
 - Shared purpose
 - Shared accountabilities
 - Varied authorities (on decision making)

Advantages of “strategic partnerships”

- More flexibility
- Risk alignment
- Time/purpose limited

Cautions to Consider

- Partner due diligence/brand protection
- Clarity on roles and responsibilities
- Dispute resolution
- Agreed upon exit strategies



Expansion Risk Mitigation



Ensure the arrangement aligns with the intent/ function



Due diligence (legal regulatory, financial) prior to formation



Develop and implement strategic risk controls – checkpoints along the path and within the relationship

Questions?

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