Lawyers Alliance continues to be at the forefront of advising nonprofits on the laws governing not-for-profit corporations and tax-exempt entities, as emerging “accountability” pressures continue to affect nonprofit groups and their boards of directors.

Community-based nonprofit groups face escalating expectations about accountability. Directors and officers are responsible for overseeing the organization's assets. Concurrently, the organization is “accountable” to its donors, members, the public and government regulators for its programs and finances.

The increased focus on accountability has a laudable goal: to ensure that charitable assets are used for their intended purposes. However, many well-intentioned community-based nonprofit groups, facing limited administrative budgets, are not as prepared as they might be to address accountability issues.

To help, Lawyers Alliance staff and volunteer attorneys actively advise nonprofit groups in three core accountability areas:

**Sound board governance**
An organization’s governance and organizational structure should provide checks and balances that maintain the necessary levels of accountability. Lawyers Alliance’s business law services include review and preparation of organizational documents to help nonprofits meet these standards.

**Recent Case:** The board of directors of a social service provider decided to update the agency’s by-laws and strengthen its governance practices after receiving a negative rating from the Better Business Bureau. Lawyers Alliance staff and pro bono attorneys counseled the board on fulfilling its fiduciary obligations and amended the agency’s by-laws to update the committee structures.

Christine Rogers Named Chair of Board of Directors

Christine D. Rogers, a partner in the New York office of Arnold & Porter LLP, has been elected Chair of the Board of Directors of Lawyers Alliance for New York. A seasoned legal professional with outstanding board and pro bono experience, Ms. Rogers succeeds Ira Friedman, who has served as board Chair since 2001.

“I feel fortunate to be part of an effort that has delivered vital services to so many New Yorkers for more than 35 years,” said Ms. Rogers. “Being a Lawyers Alliance volunteer remains one of the most worthwhile opportunities for any lawyer to make a difference and make this city a better place for everyone.”

Ms. Rogers has served on the board of Lawyers Alliance since 2001 and first became involved with the organization as a pro bono volunteer in 1995. Arnold & Porter received a Cornerstone Award from Lawyers Alliance in 1997 for the firm’s outstanding volunteer service to Lenox Hill Neighborhood House, provided by a team of attorneys led by Ms. Rogers.

Christine D. Rogers and Ira Friedman, current and former Chairs of Lawyers Alliance.
Nonprofit Accountability Is Central to Lawyers Alliance’s Services

Transparency in financial reporting
Nonprofits publicly demonstrate their accountability by filing and distributing various financial reports. Lawyers Alliance’s business law services help nonprofits understand their legal obligations and present financial and other information accurately to government regulators and the public.

**Recent Case:** In its first ten years of operation, a housing organization serving low-income tenants in Manhattan had annual revenues of under $10,000. In its 11th year of operation, it received a three-year $75,000 grant. Unaware that the agency was now required to file a Form 990, the board of directors failed to do so for three years. The IRS eventually assessed several thousand dollars in penalties, which Lawyers Alliance staff attorneys successfully negotiated with the IRS to waive.

Proper personnel management
Sound personnel practices are important if nonprofits are to comply with local, state and federal laws. Lawyers Alliance helps nonprofits understand their legal obligations as employers and to manage their human resources with reduced risk of liability.

**Recent Case:** Improperly classifying an employee as an independent contractor can expose the agency to liability for failure to pay withholding taxes. An after-school program classified all of its instructors as independent contractors. Lawyers Alliance staff attorneys and pro bono counsel assisted the organization in examining its relationships with its instructors. As a result, the organization determined which instructors should be classified as independent contractors and which should be classified as employees.

By improving accountability, nonprofit groups not only strengthen their operations, but also protect themselves from regulatory scrutiny or philanthropic rejection resulting from missteps in one or more of these areas.

For further information about Lawyers Alliance’s accountability services, contact Legal Director **Elizabeth Guggenheimer** at (212) 219-1800 ext. 231.

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MANAGERS AND BOARDS of all nonprofits, especially those with limited resources, must understand how to preserve the programs and the reputation of their organization by following proper accountability procedures. Here are ten questions that managers and nonprofit attorneys should be able to answer:

**Does your nonprofit organization...**

1. Operate programs that are not within the authorized “purposes” of your organization?
2. Make board decisions in a manner inconsistent with the organization’s by-laws?
3. Fail to comply with all Better Business Bureau standards for fundraising and nonprofit governance?
4. Fail to file annual financial reports with the IRS or the NYS Attorney General?
5. Communicate with elected officials or government agencies about legislation without registering and reporting in ways that comply with federal, state or local lobbying laws?
6. Cover expenses under one government contract with funds from another contract?
7. Fail to remit payroll withholding taxes to federal and state authorities?
8. Set salaries and give raises to senior employees without salary information from similar nonprofits?
9. Treat regular staff workers as consultants rather than employees, or award comp time but not overtime pay to non-management staff who work beyond regular hours?
10. Have personnel policies that do not advise staff members and their supervisors about current personnel practices?

If your answer to any of these questions is “Yes,” you could be ignoring problems that could affect your nonprofit’s security and even survival. Get the right legal help to address any accountability issue. Call Lawyers Alliance – we can help.

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Top Ten Accountability Traps

MANAGERS AND BOARDS of all nonprofits, especially those with limited resources, must understand how to preserve the programs and the reputation of their organization by following proper accountability procedures. Here are ten questions that managers and nonprofit attorneys should be able to answer:

**Does your nonprofit organization...**

1. Operate programs that are not within the authorized “purposes” of your organization?
2. Make board decisions in a manner inconsistent with the organization’s by-laws?
3. Fail to comply with all Better Business Bureau standards for fundraising and nonprofit governance?
4. Fail to file annual financial reports with the IRS or the NYS Attorney General?
5. Communicate with elected officials or government agencies about legislation without registering and reporting in ways that comply with federal, state or local lobbying laws?
6. Cover expenses under one government contract with funds from another contract?
7. Fail to remit payroll withholding taxes to federal and state authorities?
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If your answer to any of these questions is “Yes,” you could be ignoring problems that could affect your nonprofit’s security and even survival. Get the right legal help to address any accountability issue. Call Lawyers Alliance – we can help.
Building on its long-standing commitment to affordable housing, Lawyers Alliance stands ready to contribute to the goals outlined in Mayor Bloomberg’s recent proposal to end chronic homelessness and reduce the number of people living in shelters and on the streets.

The Mayor’s five-year plan, announced in June of 2004, aims to expand rental and anti-eviction programs; improve discharge procedures from the correctional system; improve access to shelters and health care; bolster foster care placements; and develop new ways to measure progress in the reduction of homelessness.

Mayor Bloomberg also recently announced that homelessness prevention offices will soon open in six communities with high rates of homelessness. In addition, The Enterprise Foundation will invest $150 million in supportive housing projects in New York City.

Throughout its history, Lawyers Alliance has focused on nonprofits that promote affordable housing and serve the homeless. For example, Community Access, a longtime client of Lawyers Alliance, recently partnered with a for-profit developer to open a new housing project on DeKalb Avenue in Brooklyn that now offers 64 units of supportive housing for persons with mental illness and low incomes. The project was financed with a construction loan from a private lender, equity received from private investors in exchange for federal tax credits, and permanent financing from the New York State Housing Trust Fund Corporation. Similar projects are now under construction in areas of the Bronx urgently in need of new housing options for at-risk populations.

Lawyers Alliance represented Community Access on the project in setting up the joint venture with the for-profit developer, negotiated the guarantees and fee agreements the organization delivered to the project investor, and helped to review and negotiate the terms of the agreement with the project investor and the construction lender.

In the coming year, Lawyers Alliance will continue to play a leadership role in efforts to end homelessness and build stronger residential communities throughout New York City. Our staff and volunteer attorneys will help nonprofits to negotiate contracts, obtain financing, and address a variety of other legal needs.

More information about Mayor Bloomberg’s proposals to end chronic homelessness – including links to a copy of the Mayor’s plan and a schedule of programs – can be found online at www.nyc.gov/endinghomelessness.

For more information about the services we offer in the area of low-income housing and homeless services, please call Staff Attorney Sal Gogliormella at (212) 219-1800 ext. 243.
More than 400 board members, friends, and supporters of Lawyers Alliance participated in a festive celebration of our history and future at a 35th Anniversary Gala held on June 10, 2004, at New York City’s landmark Tavern on the Green.

The anniversary event’s three honorees were chosen for their extraordinary commitment to public service to New York City’s underserved communities. Lawyers Alliance honored James L. Lipscomb, Executive Vice President and General Counsel of MetLife Inc.; Diana L. Taylor, Superintendent of Banks for the State of New York; and Moisés Pérez, co-founder and Executive Director of Alianza Dominicana, the largest human service organization in northern Manhattan. Dan Abrams, MSNBC anchor and chief legal correspondent for NBC News, served as master of ceremonies. Ira Friedman, former Chair of Lawyers Alliance’s Board of Directors, received a special tribute for his dynamic leadership as his term of board service drew to a close.

Gala also launches Anniversary Campaign
The occasion also served as the public launch of Lawyers Alliance’s five-year, $10 million Anniversary Campaign to raise funds for expanded legal services to New York’s nonprofit organizations, and to build an endowment and reserve fund to support and expand pro bono legal services in the future. Two co-chairs with long-standing ties to Lawyers Alliance are leading the Campaign: Lillian E. Kraemer of Simpson Thacher & Bartlett LLP (retired) and George J. Wade of Shearman & Sterling LLP. A number of the city’s major law firms have already chosen to play leading roles in this effort, along with members of the Board of Directors, the Anniversary Campaign Steering Committee, and several leading foundations.

Documentary video highlights history and impact
Another highlight of the 35th Anniversary Gala was a brief video documentary showcasing the evolution of Lawyers Alliance from its origins as The Council of New York Law Associates to the organization it is today. The video featured profiles of five nonprofit clients served by Lawyers Alliance and the dedicated pro bono volunteers who worked to meet their legal needs. To view the video online, visit www.lany.org/videopage.htm.
The Anniversary Campaign

Lawyers Alliance gratefully acknowledges the following leaders for their early support of the Anniversary Campaign.

Lead Counsel
Skadden, Arps, Slate, Meagher & Flom LLP
Sullivan & Cromwell LLP

General Counsel
White & Case LLP
Shearman & Sterling LLP
Simpson Thacher & Bartlett LLP
Davis Polk & Wardwell

Counsel
Weil, Gotshal & Manges LLP
Debevoise & Plimpton*
Wachtell, Lipton, Rosen & Katz
Orrick, Herrington & Sutcliffe LLP**

Special Counsel
Sidley Austin Brown & Wood LLP
Arnold & Porter LLP
Dewey Ballantine LLP

Co-Counsel
Stroock & Stroock & Lavan LLP

Philanthropic Supporters
The Frances L. & Edwin L. Cummings Memorial Fund
Booth Ferris Foundation
The Rhodebeck Charitable Trust

Lawyers Alliance also thanks our Board of Directors and the Anniversary Campaign Steering Committee for their generous personal support.

* Special support for the Immigrant Services Initiative
** Special support for the Children and Youth Services Initiative

Ira Friedman (MetLife Inc.), Phyllis G. Korff and Robert Sheehan (both of Skadden, Arp, Slate, Meagher & Flom LLP), and James L. Lipscomb (MetLife Inc.).

Sunita Subramanian (Lawyers Alliance Staff Attorney) with Warren Scharf and Kinda Serafi (both of Lenox Hill Neighborhood House).

William T. Russell, Jr. and Lillian E. Kraemer (both of Simpson Thacher & Bartlett LLP).
Vitale and Citron to Lead Law Firm Appeal

Thomas M. Vitale and Diane Citron, partners in the New York office of Mayer, Brown, Rowe & Maw LLP, have been named to lead Lawyers Alliance for New York’s 2004-05 Law Firm Appeal, our annual effort to raise funds from New York’s legal community.

Mr. Vitale has been a partner at Mayer Brown since 1991 and the Managing Partner of the New York office since 2003. He represents private equity and venture capital funds in their formation and portfolio investment activities. Mr. Vitale is a 1980 graduate of Stanford Law School and a 1977 graduate of Princeton University.

Ms. Citron has been a partner at Mayer Brown since 1992. She represents investment banks, corporations, development companies and financial institutions in connection with the securitization of financial assets and the issuance of corporate debt, as well as the acquisition and disposition of commercial and residential real estate and other financial asset portfolios. Ms. Citron is a 1978 graduate of the Case Western Reserve University School of Law and was awarded a B.A. from Franklin & Marshall in 1975.

Mr. Vitale and Ms. Citron are off to an extraordinarily strong start in this appeal, with over $200,000 already pledged by New York law firms. The record was set in the 2003-2004 appeal, headed by Paul D. Tvetenstrand and Stephen S. Kudenholdt of Thacher Proffitt & Wood LLP, which raised more than $440,000. In each of the past 13 years, the chairs of the appeal have surpassed the prior year’s record-breaking level.

Christine Rogers Named Board Chair

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In addition to her board responsibilities, Ms. Rogers has remained active as a volunteer attorney at Lawyers Alliance, with a special focus on projects that benefit low-income residents of New York.

“Every year Lenox Hill Neighborhood House serves approximately 20,000 people: seniors, homeless clients, formerly homeless people, new immigrants, people learning English,” said Warren Scharf, the Executive Director of Lenox Hill Neighborhood House. “These are the people who benefit every day from the work of Chris Rogers and her colleagues at Arnold & Porter.”
Experienced Economic Development Attorney Joins Staff

Neil Stevenson is Lawyers Alliance’s newest Senior Staff Attorney. He brings extensive knowledge of the legal and practical issues affecting nonprofit organizations. Neil will spearhead Lawyers Alliance’s active practice in support of economic development organizations.

Each year, Lawyers Alliance represents over one hundred groups that are engaged in vital economic development efforts. This includes groups that are bringing investment capital and credit services to low-income communities, stimulating and revitalizing commercial activity in financially distressed neighborhoods, sponsoring job training and job placement programs for low-income people, establishing nonprofit business ventures, and operating faith-based community development corporations. “Neil’s experience and commitment will be a tremendous asset as we help even more economic development organizations grow and succeed in the years ahead,” said Elizabeth Guggenheimer, Legal Director of Lawyers Alliance.

Previously, Neil was a partner at the law firm of Eaton & Van Winkle, where for twenty years he represented a range of clients in corporate, financing and real estate transactions. He also worked as a pro bono attorney with Lawyers Alliance for several years. Among his many pro bono accomplishments, he assisted the Union Settlement Association and Union Settlement Federal Credit Union with legal work relating to a major renovation of a shared facility, and he assisted the Paulo Friere Institute for Popular Education and Social Change with its formation. From 2003 to 2004, Neil was the Community Economic Development Staff Attorney for the Legal Aid Society, where he advised dozens of nonprofit and community development organizations and small businesses in the Bronx on business law issues.

“I am very excited to join Lawyers Alliance and become part of an organization with such a strong commitment to top-quality legal service and improving the City’s low-income communities. I look forward to working with Lawyers Alliance’s dynamic clients, volunteers and staff,” Mr. Stevenson said.

Lawyers Alliance for New York has updated its primer on the legal steps that nonprofit corporations must follow in order to effectuate a name change. This manual, designed for non-lawyers, includes a set of model forms. To order a copy of Changing the Name of a New York Not-for-Profit Corporation (3d Edition, © 2004 Lawyers Alliance for New York) for $8.00 plus $2.00 postage and handling, contact us at (212) 219-1800 ext. 221 or complete the publication form available under “Publications” at www.lany.org.
Save the date for this year’s Cornerstone Awards, which recognize outstanding pro bono legal services in New York City.

**When:** Wednesday, November 17, 2004, from 6:00 p.m. - 8:00 p.m.

**Where:** Pfizer Inc, 235 East 42nd Street, New York City
Corporate Conference Center

For more information, please call Lemont Leige at (212) 219-1800 ext. 225.