

Strengthening Nonprofits: Strategic Alliances and Mergers

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For a nonprofit organization, whether to pursue a strategic alliance or merger is a significant decision, and trusted counsel can be key to ensuring that the Board of Directors is equipped with the knowledge needed to act in the best interests of the organization. During the last 10 years, Lawyers Alliance for New York and our volunteer attorneys have assisted more than 100 nonprofits as they carefully considered whether a strategic alliance or merger is an appropriate path.

Nonprofits explore strategic alliances or mergers for a variety of reasons, including the possibility of growth or strengthening existing programs, the anticipated retirement of a longtime leader, or financial distress relating to a change in funding opportunities. In addition to drafting necessary documentation, legal counsel can be critical in assisting with due diligence, advising on structuring options, and weighing options and priorities with respect to staffing, operations, and timing.

Organizational Growth

In some cases, the interest in a merger or strategic alliance is driven by a deliberate decision or strategic plan that envisions growth.

Case Example: New York Immigration Coalition (NYIC) is a nonprofit advocacy organization that advocates for laws and policies to improve the lives of immigrants and all New Yorkers, particularly those that live in lower-income communities. NYIC's membership includes grassroots community organizations, not-for-profit health and human services

organizations, religious and academic institutions, labor unions, and legal, social, and economic justice organizations. NYIC's Board and leadership identified the need to increase its reach and impact beyond its strong presence in New York City. In late 2017, NYIC entered into discussions with **Long Island WINS**, an immigrant advocacy organization serving Long Island. NYIC determined that a merger with Long Island WINS would further its strategic, state-wide growth goals, and turned to Lawyers Alliance and pro bono counsel at **Milbank LLP**.

The attorneys guided NYIC through a process that

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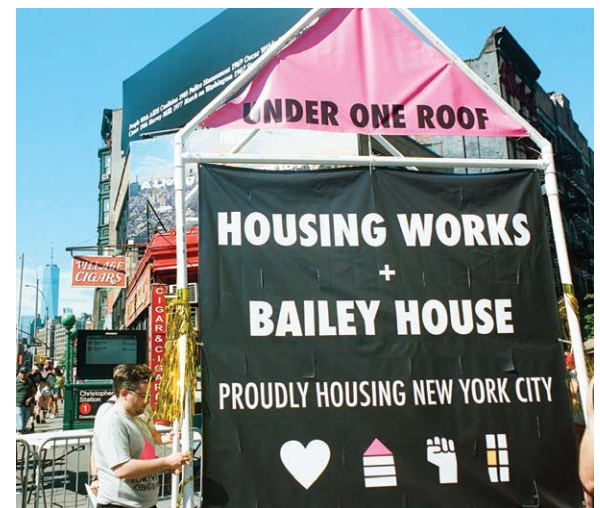


Photo Credit: Bill Taylor

The merger of Housing Works and Bailey House created one of New York's largest health and human services providers.

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Photo Credit: Lily Kesselman Photography

*Business Law & Leadership Gala
50th Anniversary Campaign
Firm Spotlight – Kirkland & Ellis
Law Firm Appeal*

Strategic Alliances and Mergers

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involved control through an interim sole membership structure and, later, a formal merger. Following the merger, the long-term financial sustainability of the programs that had been operated by Long Island WINS were strengthened, and NYIC has a stronger voice in that part of the state.

Change in Leadership

A change in leadership or anticipated retirement of a leader or founder can cause a nonprofit organization to consider alternate structures.

Case Example: Race Forward and the **Center for Social Inclusion** (CSI) discussed the possibility of a strategic alliance in 2016. Both organizations were influential in the movement for racial justice and both focused on advancing racial equity. Each organization had a complementary array of programs that included consulting, research, and advocacy. Race Forward's longtime Executive Director planned to retire and its Board proposed a joint organization headed by the then Executive Director of CSI. With the support of Lawyers Alliance and attorneys at **Skadden, Arps, Slate, Meagher & Flom LLP**, and after consideration of the advantages and challenges of a strategic alliance that included careful due diligence, both organizations approved a strategic alliance. CSI's Executive Director was named as the leader of both organizations and a service agreement was negotiated that allowed the organizations to operate programs collaboratively. The combined organization operates



Race Forward and the Center for Social Inclusion entered into a strategic alliance, resulting in a more powerful organization.

under Race Forward's nonprofit business structure, and has resulted in a more powerful organization that is able to scale its work to catalyze the deep transformation necessary to achieve racial justice in this country.

Comprehensive Programming and Efficiencies

A strategic planning process can lead a nonprofit organization to contemplate a strategic alliance or merger in order to serve its community in a way it can't on its own.

Case Example: In January 2019, **Housing Works**, an HIV/AIDS advocacy and service organization with well-known businesses in New York City, and **Bailey House**, the nation's first HIV/AIDS supportive housing provider, announced the completion of a merger. The previous year, Housing Works, a Federally Qualified Health Center (FQHC), determined that it wanted to expand housing services for its clients. Bailey House was interested in partnering with an FQHC. Housing Works approached Lawyers Alliance, and pro bono attorneys at **Steptoe & Johnson LLP** assisted the organization with due diligence review, negotiating key transition terms, seeking necessary governmental approvals, and documenting the new sole membership structure. The new organization is now one of New York's largest health and human services providers, and is better situated to both fully meet the needs of the vulnerable clients it serves as well as better negotiate with the stakeholders and funders focused on health services and social determinants of health. Housing Works President Matthew Bernardo says, "This merger brings renewed focus to ending the HIV/AIDS epidemic in New York by 2020 and accelerates our efforts to improve access to housing, primary care, and mental health services in the state and across the country."

Lawyers Alliance's ability to serve nonprofits at critical lifecycle moments such as strategic alliances or mergers is reliant on volunteers who exhibit extraordinary generosity and commitment. This pro bono legal assistance allows nonprofits to make informed, thoughtful decisions about the future.

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50th Anniversary Business Law & Leadership Gala Celebrates Past, Present, and Future Impact



Laurie Medley, Apollo Global Management, LLC, and Honoree John J. Suydam



Lawyers Alliance's Elizabeth M. Guggenheimer and Skadden, Arps, Slate, Meagher & Flom's Eric J. Friedman, who accepted on behalf of the firm



Dana Delany, Emmy Award-winning actor and Master of Ceremonies, and Honoree Sean Delany

On June 4, 2019 more than 450 leaders from the legal, financial, and nonprofit sectors gathered at Ziegfeld Ballroom for Lawyers Alliance's 50th Anniversary Business Law & Leadership Gala. The Gala celebrated Lawyers Alliance's past, present, and future impact on nonprofits and communities. Emmy Award-winning actor **Dana Delany** was the evening's Master of Ceremonies.

The recipients of the 2019 Business Law & Leadership Award are:

John J. Suydam, Apollo Global Management, LLC

John J. Suydam is a Senior Partner and Chief Legal Officer at Apollo Global Management, LLC. Mr. Suydam, who joined the firm in 2006, is also a member of the Management Committee. Apollo's corporate social responsibility activities include partnering with and supporting charitable organizations, and connecting its employees with volunteer opportunities to better their communities. The firm places a special emphasis on education and the arts for underserved youth; support services for veterans; and diversity, inclusion, and women's empowerment. Mr. Suydam serves on the Boards of The Legal Action Center, Environmental Solutions Worldwide Inc., and is a Director of the American Investment Council. He is a trustee of the New York University School of Law and a member of the Department of Medicine Advisory Board of The Mount Sinai Medical Center.

Laurie Medley, Apollo's General Counsel, Private Equity, presented the Award to Mr. Suydam, praising his support of causes and colleagues, saying, "John's leadership and commitment to doing the right thing, and to helping others, has been seen throughout his life and career." Upon accepting the Award, Mr. Suydam spoke of the importance of pro bono legal services, saying, "When you become a business lawyer, helping the world and helping people who are underserved becomes a much more difficult thing to do...Lawyers Alliance serves an incredible need, not only for the clients, but for the lawyers who want to do good with their time, giving them an outlet to do that."

Skadden, Arps, Slate, Meagher & Flom LLP

Skadden, Arps, Slate, Meagher & Flom LLP has a longstanding pro bono commitment to Lawyers Alliance. Each year more Skadden attorneys work on more pro bono projects, benefitting more nonprofits, than any other law firm in Lawyers Alliance's network. Since its first pro bono matter with Lawyers Alliance, more than 700 Skadden attorneys have provided high-caliber pro bono counsel on more than 600 matters for 500 nonprofit clients on a broad range of corporate, intellectual property, tax, real estate, and employment legal needs. The firm has twice been honored with Lawyers Alliance's Institutional Cornerstone Award for pro bono excellence, in 2003 and 2012 – the first institution to be honored twice. Since 1999, Skadden has sponsored a full-time extern at Lawyers Alliance, and close to 50 attorneys have served.

Lawyers Alliance's **Elizabeth M. Guggenheimer** presented the Award to **Eric J. Friedman**, Executive Partner at Skadden. Ms. Guggenheimer celebrated the depth of Skadden's commitment to pro bono services through Lawyers Alliance, stating that the firm "sets the bar very high." Upon accepting the Award, Mr. Friedman stated, "At Skadden, a pro bono mindset is one of the pillars of our culture. We're thankful to be part of a legal community dedicated to helping those less fortunate."

Sean Delany, *Lawyers Alliance for New York*

Sean Delany was honored for 20 years of service to the nonprofit sector as Lawyers Alliance's Executive Director. Under Mr. Delany's leadership, Lawyers Alliance experienced robust growth; the number of legal projects handled by staff and volunteers increased from approximately 560 annually to more than 1,300, and the number of volunteers grew from approximately 700 to more than 1,900. In the past two decades, Lawyers Alliance launched a nonprofit advocacy initiative, cultivated a national network of business law pro bono providers now known as Exponentum™ in 15 locations around the United States, and developed an outcomes measurement system to capture the impact of Lawyers Alliance's legal services on our nonprofit clients.

Dana Delany presented the Award to Sean Delany, paying tribute to her brother. She said, "His vision has transformed Lawyers Alliance into the 21st century... I couldn't be prouder of him." Recognizing Lawyers Alliance's 50-year history, Mr. Delany said, "I'm proud of what we've achieved," and acknowledged the founders, leaders, volunteers, staff, nonprofits, and funders who have been instrumental to the organization's success. He also thanked Ms. Guggenheimer, appointed to succeed him as Executive Director on July 1st, for her dedicated service. Mr. Delany will remain with Lawyers Alliance as a Senior Advisor until he retires later this year.

Sponsor greetings and a new Lawyers Alliance video of representative stories featuring clients and volunteers can be viewed on our website at www.lawyersalliance.org/gala.

We especially thank our Platinum sponsors: Akin Gump Strauss Hauer & Feld LLP; Apollo Global Management, LLC; Kirkland & Ellis; Latham & Watkins LLP; Paul, Weiss, Rifkind, Wharton & Garrison LLP; Sidley Austin LLP; and Skadden, Arps, Slate, Meagher & Flom LLP; and Gold sponsors: Deloitte; Fried, Frank, Harris, Shriver & Jacobson LLP; and O'Melveny & Myers LLP.

SAVE THE DATE

CORNERSTONE AWARDS 2019

for pro bono excellence

Wednesday, October 30, 2019

6:00 p.m. - 8:00 p.m.

Hosted by Viacom



Photo: Lawyers Alliance for New York

The Gala was held at Ziegfeld Ballroom



Kristen Hester, Mary Suydam, John Suydam, Laurie Medley, and Asheesh Goel, Kirkland & Ellis



Elizabeth Guggenheimer and Peter M. Labonski, Latham & Watkins LLP and Lawyers Alliance Board Chair

The 50th Anniversary Campaign

To mark its milestone anniversary in 2019, Lawyers Alliance for New York has launched a major fundraising campaign to raise \$3 million for a multi-year plan aimed at bigger volume in participation levels by New York nonprofits, better service to nonprofits and volunteers, broader reach through effective advocacy and national leadership, and improved technology in new and improved offices to support high quality services. We gratefully acknowledge the following law firm donors to The 50th Anniversary Campaign (as of August 8, 2019):

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The Campaign Continues

At the 2019 Business Law & Leadership Gala, Lawyers Alliance announced The 50th Anniversary Campaign and reported that it is five-sixths of the way to its \$3 million goal. We are planning to exceed that goal through greater support from institutions and individuals in the legal community. We are excited to have a \$500,000 matching fund provided by an anonymous donor and our Campaign leadership, which will enable donors to the Campaign to double the value of their gifts.

We hope that you will generously support The 50th Anniversary Campaign and help secure Lawyers Alliance's future. Please contact **Bev Bartow**, Campaign Director, at bbartow@lawyersalliance.org or (212) 219-1800, ext. 220 for more information.

Firm Spotlight — Kirkland & Ellis

Kirkland & Ellis is a generous donor to The Anniversary Campaign at the highest level. Attorneys from Kirkland & Ellis have volunteered with Lawyers Alliance since 2003, providing high-quality legal assistance to 79 different nonprofits on 84 legal matters, including 12 new projects since the start of 2018. The firm's business and transactional lawyers have helped nonprofits working to provide low-income New Yorkers with education, affordable housing, economic opportunities, access to community arts, and improved health outcomes. Kirkland attorneys bring valuable expertise to matters involving real estate, employment, governance, intellectual property, contracts, and corporate sponsorship, allowing these nonprofits to better serve their communities. Lawyers Alliance also recognized Kirkland & Ellis with an Institutional Cornerstone Award for pro bono excellence in 2013.

KIRKLAND & ELLIS



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2018-19 Law Firm Appeal Sets New Record

The 2018-19 law firm appeal raised \$913,100 from 76 participating law firms, setting a new record! Lawyers Alliance thanks our outstanding co-chairs, **Michael J. Schmidtberger** and **Samir A. Gandhi** of Sidley Austin LLP. This support has helped Lawyers Alliance and our staff-supported pro bono program to provide

much needed business and transactional legal services to more nonprofits and engage more volunteers than ever before. We thank the co-chairs for their exemplary leadership and the following firms that contributed \$1,000 or more to the annual appeal ending June 30, 2019:

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