Coping with Economic Downturn: How a Nonprofit Board Can Help

The instability of today’s economy is having far-reaching effects on the nonprofit sector. Many nonprofit organizations serving New York City foresee State and City funding cuts, decreases in foundation support, and a slowdown in individual donations. These budgetary challenges coincide with increased demand for nonprofit services that are vital to the City’s most vulnerable populations.

In response to the changing economic landscape, Lawyers Alliance has instituted an Economic Downturn initiative to foster stability and support the resilience of nonprofits. This initiative consists of legal representation, monthly legal alerts (see calendar on page six), and educational programs that are focused on strategies for nonprofits coping with the weakened economy.

It is imperative that nonprofit managers and board members be proactive to maintain financial equilibrium and help preserve programs during this time. Some measures include:

- **Provide for ample liquidity:** Ready access to cash will be necessary to provide a cushion against sudden shifts in funding. Now is the time to review donor restrictions on funds and to consider speaking to your bank about extending your organization’s line of credit.

- **Safeguard your staff:** For most nonprofits, their staff is their greatest asset. You can review the employee benefit package that your organization offers to ensure the most cost-efficient options and conduct timely performance evaluations so staff has a clear understanding of expectations.

- **Meet grant or contract deliverables:** Review deliverables that are outlined in grant or contractual agreements. If necessary, meet with the funders to discuss changes in priorities and needs.

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On November 10, 2008, two hundred volunteers, clients, and supporters gathered at Pfizer Conference Center in New York City to help Lawyers Alliance honor this year’s Cornerstone Awardees. This impressive group of two law firms, one accounting firm, and nine individual attorneys showcased the outstanding pro bono legal work so essential to nonprofit organizations that are improving New York neighborhoods.

Edward F. Greene, a founder and Chair of the Board of Directors of Lawyers Alliance and General Counsel, Institutional Client Group, Citi, praised honorees: “This year’s honorees donated incredible time, energy and legal expertise to nonprofit organizations that are having a positive and profound impact throughout New York City. Their dedication strengthened the ability of these nonprofits to pursue their missions.”

Institutional Honorees

Dechert LLP received a 2008 Cornerstone Award for its impressive pro bono growth with a firm commitment and firm-wide effort. This law firm’s corporate, real estate, employment and intellectual property lawyers have handled 19 pro bono legal projects with Lawyers Alliance during the past year alone. From negotiating complex leases to reviewing pending contracts, these attorneys are providing a wide range of quality legal help to economic development organizations, nonprofit housing developers, charter schools, community and senior centers, and other neighborhood organizations.

Dewey & LeBoeuf LLP has continued and built upon its predecessor law firms’ strong pro bono history, resulting in a pro bono program that is even stronger than its previous parts. Since the 2007 merger, Dewey & LeBoeuf has represented 23 different nonprofit clients through Lawyers Alliance. From providing contract advice to nonprofit clients in Chinatown and the Lower East Side to providing employment counsel for citywide organizations, the pro bono work by the firm’s attorneys is creating opportunities and improving lives of low-income residents in all the boroughs of New York City. In addition, Dewey & LeBoeuf sponsors a full-time transactional law externship through Lawyers Alliance.

PricewaterhouseCoopers received a special award for pro bono financial and accounting guidance to Head Start programs. In a first-of-its-kind partnership, PricewaterhouseCoopers has joined with the law firm of DLA Piper LLP (US), the City’s Administration for Children’s Services, and Lawyers Alliance to advise Head Start programs on sound governance and fiscal practices. The accounting firm’s professional staff offers practical and concrete information about financial and accounting matters, thereby making the legal advice more meaningful.

Individual Honorees

Lester M. Bliwise, Sutherland: His experienced real estate law guidance is enabling New Destiny Housing Corporation to provide additional affordable housing for domestic violence survivors and helping Community Access to purchase a property that will provide 64 affordable housing units in the Bronx.

James P. Breheny, Stroock & Stroock & Lavan LLP: By advising community development and disaster relief organizations about structuring and organizational matters, he benefits organizations such as the Fair Mortgage Collaborative, New York Disaster Interfaith Service, Bailey’s Café, and Interfaith Adopt-a-Building.

Warren T. Buhle, Weil, Gotshal & Manges LLP: His longstanding pro bono commitment as volunteer general counsel to Dystrophic Epidermolysis Bullosa Research Association of America helps this organization promote research to find new treatments and a cure for the rare genetic skin disease.
Jessica A. Chiclacos, Nixon Peabody LLP: Her exceptional employment counsel to nonprofits that serve vulnerable populations, including FRIA (Friends and Relatives of Institutionalized Aged), Funders Concerned About AIDS, and The HOPE Program, enables these organizations to implement strong personnel policies and procedures.

John Fouhey and Legal Team, Davis Polk & Wardwell: These attorneys provided substantial corporate, real estate and environmental law guidance to Citizens Advice Bureau for its acquisition and financing of new headquarters and program space, enabling this nonprofit to continue its work to build sustainable communities in the Bronx.

Alison King, Kaye Scholer LLP: She led her firm’s participation in a large-scale pro bono project with Pfizer to help New York City charter schools, and has assisted individual charter school clients on legal matters including formation, tax-exemption applications, lease negotiations and management organization contracts.

Jay Larry, Skadden, Arps, Slate, Meagher & Flom LLP: He is using his corporate law knowledge and keen insights to help organizations, including Families, Fathers and Children, Julian’s Light, United Way of NYC, and 142nd Street Block Association, to take the legal steps to launch programs and strengthen their operations.

Angel L. Ortiz, NBC Universal: He has been providing intricate employment and labor law guidance to housing organizations such as Housing Conservation Coordinators, which advocates for low-income New Yorkers, and Brooklyn Community Housing and Services, which offers supportive housing to the formerly homeless.

Damon G. Rowe, Hughes Hubbard & Reed LLP: He shared his legal and personal skills to help several newly forming organizations get a solid start, including Cathedral of Joy Community Development Corporation, Housing Here and Now, South Bronx Classical Charter School, and South Bronx Food Coop.

Congratulations and thank you to the 2008 Cornerstone Honorees!
Our focus is strengthening the nonprofit sector.

◆ We provide high-quality business and transactional law services to nonprofits.

◆ We operate a staff-supported pro bono program, with volunteers from law firms and corporations.

◆ Our pro bono model includes four key features: client outreach, client screening, attorney support and attorney recognition.

◆ We offer educational programs on nonprofit legal issues.

◆ This work has a positive impact on New York City’s low-income communities.

◆ Lawyers Alliance is an established leader, both for nonprofit law and for business law pro bono.

◆ Clients, volunteers, and funders are a key part of Lawyers Alliance success.

With your help, we are proudly connecting lawyers, nonprofits, and communities!

In 1986, Congress adopted legislation creating Low Income Housing Tax Credits (LIHTC), which encourage private investment in the rehabilitation or new construction of low-income housing. This legislation allows for-profit investors to benefit from and pay for federal income tax credits. Because many nonprofit organizations are exempt from federal income tax, very few of them have sufficient tax liability to take full advantage of the tax credits directly.

After Year 15 of the project’s LIHTC compliance period, the project’s investor will want to exit the project because it will have received its tax benefits. Usually at this point, the nonprofit developer has an opportunity to acquire the investor’s interest in the project. Lawyers Alliance is here to help with Year 15 projects and to ensure that our clients satisfy all conditions of the sale.

If your organization has a purchase option or right of first refusal, you will likely have a limited amount of time to exercise these rights. Therefore, nonprofits and investors should finalize the exit strategy well in advance of the expected transfer date.

Along with an analysis of the project’s capital needs and cash flow, successful completion of an investor’s exit likely will require legal review of documentation governing the project’s affairs, including the limited partnership agreement, purchase option agreement, notes, mortgages and extended use agreements. We can implement the transfer of the investor’s interest in the project, and, if necessary, the dissolution and winding up of the partnership or limited liability company’s affairs. Lawyers Alliance’s staff and pro bono attorneys have helped create hundreds of units of affordable housing financed with Low Income Housing Tax Credits.

**Case Example:** Lawyers Alliance helped Brooklyn Neighborhood Improvement Association (BNIA) close on a Year 15 project. We formed a nonprofit HDFC for purposes of acquiring Fannie Mae’s limited partnership interest in Hewitt House, a 69-unit affordable housing project in the Crown Heights section of Brooklyn, that was developed in 1988 and was among the first round of low-income housing tax credit projects. BNIA’s project also received financing from the New York City Department of Housing Preservation Development (HPD) and the New York State Division of Housing and Community Renewal (DHCR).

To learn more about our Affordable Housing and Homeless Services, please contact Senior Staff Attorney Hedwig O’Hara at (212) 219-1800 ext. 226 or Staff Attorney Gail Bayarin at ext. 279.
Law Firm Appeal Provides Necessary Funds for Important Work Ahead in the Nonprofit Sector

Our 2008-09 Law Firm Appeal is led by co-chairs Brad S. Karp and Theodore V. Wells Jr. of Paul, Weiss, Rifkind, Wharton & Garrison LLP. This annual effort provides critical funds from New York’s legal community to help underwrite Lawyers Alliance staff and services for more than 1,000 active volunteers and 545 nonprofits each year.

Mr. Karp is the newly elected chair of the firm and a member of the firm’s Management Committee. He has extensive experience handling and trying a broad range of matters, with particular emphasis defending financial institutions and corporations in complex securities and commercial matters as well as representing financial institutions and other clients before the SEC, the Department of Justice and federal and state regulatory authorities.

A partner and co-chair of the firm’s Litigation Department, Mr. Wells has extensive litigation experience in white-collar criminal defense, complex civil and corporate litigation, SEC regulatory work and class action litigation. In 2006 The National Law Journal named Mr. Wells Lawyer of the Year and over the years has repeatedly selected him as one of the 100 most influential lawyers in America and as one of America’s top white-collar criminal defense lawyers.

Mr. Karp reflected on the strength of Lawyers Alliance’s mission and its pivotal role in the nonprofit community, “In this time of uncertainty, Lawyers Alliance is a source of stability for fragile organizations affected by the fiscal crisis – organizations serving disadvantaged individuals and families in every borough. Those services help nonprofits face the legal challenges that come with hard times, preserving programs that help neighborhoods weather the storm.”

Adds Mr. Wells, “Lawyers Alliance has the experience and integrity necessary to serve the nonprofit sector well in the months ahead. A contribution to this organization is leveraged to benefit hundreds of nonprofits, working in nearly all facets of human and community service, improving the quality of life for hundreds of thousands of people and families.”

To donate to the 2008-2009 Law Firm Appeal, please contact Development Director Erika Byrnes at (212) 219-1800 ext. 230 or ebyrnes@lawyersalliance.org.

One Cornerstone Story

The 142nd Street Block Association (the Block Association) came to Lawyers Alliance as an unincorporated residents association in existence for decades. The Block Association’s mission is to serve as an advocate for the 500 households that make up 142nd Street in Manhattan, as well as members of the surrounding community, by providing community resources, information, and technology education and training, and community events.

Jay Larry, a corporate attorney at Skadden, Arps, Slate, Meagher, and Flom LLP, assisted 142nd Block Association with its incorporation, tax exemption, by-laws and a conflict of interest policy. With its 501(c)(3) status, the Block Association can now obtain grant money from city, state and private organizations. Recent grants have made possible a workforce fair for groups of 100 local youth ages 14-18, an environmental awareness project, and monitoring of critical quality of life issues around housing, education, healthcare, cultural awareness, and job training.

Mr. Larry went beyond his legal duties to serve as a keynote speaker at the youth workforce event. Notes the Block Association’s President, Karen Horry, “He’s attentive, meticulous, and caring about the community. He has gone the extra mile.”

Mr. Larry’s work with the Block Association was one of several projects that earned him a 2008 Cornerstone Award. Says Mr. Larry, “Representing pro bono clients is a great opportunity to help people through the practice of law. Clients come to you with an idea or dream to make life better for a certain segment of the population. You have the opportunity to guide them through the legal process to make that dream a reality. That reality, in turn, improves the quality of life for some fellow citizens. It is truly a rewarding experience.”
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Legal Representation

Lawyers Alliance staff and pro bono attorneys are making it a priority to advise nonprofit clients on legal matters arising during this challenging financial period. To maximize the legal assistance the organization receives, one of the most important steps a nonprofit board can take is to gather pertinent information to help the attorneys assess the current status and legal needs of the organization. Among the key items to assemble are:

- **Fundraising**: grant agreements, donor letters, solicitation material, fundraising contracts
- **Personnel management**: personnel policies, employee benefit contracts, performance reviews
- **Real property**: deeds, mortgages, leases
- **Mergers and strategic alliances**: certificates of incorporation, bylaws, term sheet
- **Debt restructuring**: current list of assets and liabilities

Together, nonprofit clients and their attorneys can review these documents and take appropriate action.

**Case Example**: When Project Reach Youth (PRY) was facing a lack of funding at the beginning of 2008, it approached Lawyers Alliance for assistance with its strategic alliance with Lutheran Medical Services, an organization with a similar mission of helping low-income youth, adults, and families break the cycle of poverty and illiteracy. The legal work enabled PRY to transfer its government contracts to Lutheran, which continues to operate PRY’s programs and employ its staff.

**Monthly Legal Alerts**

Please visit [www.lawyersalliance.org/economic_downturn.php](http://www.lawyersalliance.org/economic_downturn.php) for a description of the Economic Downturn initiative and to read the legal alerts. January’s topic is Employee Benefits.

**CALENDAR OF LEGAL ALERTS**

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Sign up to receive monthly legal alerts by email at [www.lawyersalliance.org/mailing_list.php](http://www.lawyersalliance.org/mailing_list.php).

For more information on how Lawyers Alliance can help your organization work through today’s economic challenges, please contact Legal Director **Linda Manley** at (212) 219-1800 ext. 239, lmanley@lawyersalliance.org.

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**John D. Lobrano Joins Board**

**John D. Lobrano** has joined Lawyers Alliance’s Board of Directors. Mr. Lobrano is a partner in the New York office of Simpson Thacher & Bartlett LLP and is a member of the firm’s Capital Markets and Mergers and Acquisitions Practice Groups. We welcome Mr. Lobrano’s input and experience for the Board.
In Brief

New Staff and Staff Changes

Lawyers Alliance has promoted Jolynda Burton from Pro Bono Coordinator to Pro Bono Manager. She is responsible for the daily intake, placement, monitoring and closing of Lawyers Alliance pro bono matters.

January Romero has joined the team as Program Associate for Pro Bono. She focuses on pro bono recruitment, placement, and Probono.net. A graduate of Yale University, Ms. Romero was a paralegal at Simpson Thacher & Bartlett and an intern in the Human Rights Department of Cooperación Internacional in Madrid, Spain before joining Lawyers Alliance.

Deanna Oswald, a recent graduate of the New York University School of Law, is working as a Legal Intern this winter and assisting with the Economic Downturn initiative.

The Future of Business and Transactional Pro Bono in Uncertain Financial Times

On December 10, 2008, Lawyers Alliance gathered law firm partners and pro bono managers to a pro bono forum to discuss the impact – actual and potential – of the weakened economy on business and transactional pro bono. Panelists included Marcia Brown, Director of Programs, Nonprofit Coordinating Committee of New York; Saralyn M. Cohen, Pro Bono Counsel, Shearman & Sterling LLP; Ann Israel, Ann Israel & Associates, Inc.; and Kelly J. Voight, Director, Yale Law School Career Development Office. Participants discussed increased interest in pro bono opportunities by business and transactional lawyers, the role of pro bono in law firm recruitment and retention, the significance of law firm pro bono programs for law students, changing law firm staff and hiring patterns, and changing legal needs of nonprofit clients. Elizabeth Guggenheimer presented opening remarks and Sean Delany moderated the session, which included an open exchange of ideas.

Upcoming Events


Lawyers Alliance staff attorneys will teach this year’s full-day Continuing Legal Education program on Advising Nonprofit Organizations on January 23, 2009. The morning presentation is on Life Cycle of a Nonprofit Organization. Afternoon breakout sessions are: Creating Affordable Housing; Mergers and Strategic Alliances; Employment Law; and Ethical Issues in Pro Bono Representation of Nonprofits. The program will be at Duane Morris LLP, 1540 Broadway, New York City from 9 a.m. to 4:30 p.m. For registration details, visit www.lawyersalliance.org/cle.php.

Celebrate Lawyers Alliance’s 40th Anniversary – May 19, 2009

Lawyers Alliance is turning 40 and invites everyone to celebrate on Tuesday, May 19, 2009 from 6 p.m. to 10 p.m. at Gotham Hall (1356 Broadway at 36th Street). Honorees include the Citigroup legal department (award to be accepted by General Counsel Michael Helfer) and Thomas C. Baxter, Vice President and General Counsel of the Federal Reserve Bank of New York.
Order tickets now for these must-see Broadway shows and support Lawyers Alliance!

Our Theater Benefit features **Billy Elliot** on Wednesday, February 4, 2009:

- Pre-theater Cocktail Reception: 5:30 - 7:30 p.m.
  - The Penn Club ~ 30 West 44th St.
  - (between 5th and 6th Avenues)
- 8:00 p.m. Performance
  - Imperial Theatre
  - 249 West 45th Street
  - (Broadway and 8th Avenue)

Lawyers Alliance offers fun for the whole family with **Shrek** on Saturday, February 7, 2009:

- 2:00 p.m. Matinee Performance
  - Broadway Theatre
  - 1681 Broadway
  - (West 52nd and 53rd Streets)

For ticket or Theater Benefit sponsorship information contact **Angela Thompson** at athompson@lawyersalliance.org or 212-219-1800, ext. 225. Or visit our website at www.lawyersalliance.org/special_events.php