

Date: December 20, 2021

To: chapters@acc.com

From: Jeffery Langer, Community Service Committee Chair, ACC-Kentucky Chapter

Re: Application for Grant for Community Service Project

Executive Summary and Purpose

For its annual community service project in 2022, the Kentucky Chapter of the ACC is planning to partner with The Center for Nonprofit Excellence (CNPE) and law firm partners/sponsors (TBD) to pilot a program supporting nonprofit formation and existing operations by providing foundational legal assistance to both CNPE members and people seeking help from CNPE to form a Kentucky-based nonprofits. Nonprofits focus on improving their communities locally and globally. Their altruistic mission focus can be hindered when facing unfamiliar or unknown legal issues. Many nonprofits cannot afford to retain counsel. Our goal is to create a pool of counsel comprised of ACC-KY members that can provide legal support to nonprofits on a pro bono basis.

Background

The Center for Nonprofit Excellence, located in Kentucky's largest city, seeks to create a vibrant, exemplary nonprofit community in Greater Louisville through collaboration, shared learning, advocacy, and the promotion of innovation and excellence. CNPE's membership stands at over 500 groups and individuals, and the organization serves over a thousand more folks in the community. As noted above, often CNPE's member organization cannot afford to retain legal counsel. We would like to see if ACC-KY's members can help fill that gap.¹

Many corporate legal departments, like the other departments in their companies, have community service hours available to their employees, reflecting an institution-wide commitment to investing in their communities. In the legal departments, those employees are often lawyers who also have ethical duties to provide pro bono legal service to those communities. While many Kentucky attorneys are encouraged to complete pro bono service each year, it can be difficult to find opportunities that fit an attorney's particular skillset. Due to the nature of legal assistance often needed by nonprofits and the skillsets in-house counsel often possess, the partnership with CNPE will not only benefit CNPE's

¹ In the wake of the recent destruction in West Kentucky due to the severe weather events that occurred the weekend of December 10, 2021, Kentucky nonprofits assisting with the recovery efforts need legal support more than ever before.

members but also will provide ACC-KY members with an opportunity to give back to the communities in which they live and work.

Program

In discussions between the ACC-Kentucky Chapter and CNPE, the organization identified the need many of its members have in regard to basic legal services. As development of the pilot project progressed, it was determined that there would be a planning meeting with CNPE in Q1 followed by either a ½ day or full day program for CNPE’s members in Q3 at which ACC-KY members would present on various topics and be available to consult with nonprofit leaders and their staff as needed. Initially, the chapter seeks to provide 40 to 60 hours of pro bono assistance from its members annually subject to regular review and adjustment throughout the pilot phase of the project. Such support from ACC-KY members could take many forms, including:

- **Foundational and early-stage assistance** - Starting a nonprofit with a solid foundation
 - *Choosing a legal form for the nonprofit* - Correct entity selection can reduce legal liability for the nonprofit leaders and members.
 - *Implementing proper governance* - Like any corporation, nonprofits must observe formalities to preserve their limited liability and tax status.
 - *Meeting filing requirements* - Like a for-profit corporation, a well-founded nonprofit will understand and observe filing requirements to meet tax status, liability limitations, and other local, state, and federal requirements. This may start with articles of incorporation or other documents needed for the formation of a legal entity and may evolve into significantly more detailed filings (such as employment data as the nonprofit grows and brings on professionals).
- **Transitional** - Nonprofits may need to adapt as they grow and their risk profiles change. Changes may include:
 - Data privacy and security
 - Fund raising and advertising regulations
 - Regulatory agency engagement
- **Ad hoc assistance** - Even the best-run nonprofit can encounter legal issues. Having an attorney advisor to assist in navigating these issues allows the nonprofit to efficiently react to the issue and maintain focus on the mission of the nonprofit.
 - General liability claims against the nonprofit

- Insurance issues and claims on the same
- Suits against Board members and/or internal investigations

ACC proposes to provide support for all three categories set forth above:

- *Foundational and early stage assistance* - provide template documents, including articles for formation, by-laws, legal entity formation, 501(c)(3) filings, and other documents for newly formed or forming entities, along with an attorney advisor to assist with questions and filings.
- *Transitional* - provide guidance for nonprofits entering or in a transitional phase to advise the nonprofit leadership of the nonprofit's rights and responsibilities. Provide a legal advisor to assist in navigating and customizing policies and procedures to ensure ongoing compliance for a nonprofit as it grows.
- *Ad hoc assistance* - provide a virtual General Counsel to help the organization navigate specific legal issues. This could also include the pro bono attorney working with the organization to secure specialized counsel and to help advise the nonprofit leadership as they respond to the issue.

As this will be a pilot program this first year, CNPE will not publicize or promote this arrangement as a member benefit or volunteer ACC services to the general nonprofit community. Instead, CNPE will screen candidates for ACC-KY's services to ensure the program is a good fit and then invite members to attend the event in Q3. Marketing details are still being worked out, but it is assumed that the event will be promoted through social media and email invitations to CNPE members as well as ACC-Kentucky Chapter membership, in addition to the commitment of the sponsoring corporate legal department attorneys and attorneys from participating law firm sponsors.

The chapter Community Service Chair, Jeffery Langer (JefferyL@zoeller.com), is the responsible liaison for the project along with incoming board chair, Alicia Still (Alicia.Still@Alltech.com).

Budget

This proposal seeks a grant of \$6,000. The chapter is committed to seeing this project come to fruition and will have to seek dedicated sponsorship dollars to cover the entirety of the costs outlined below even if grant funds are provided.

- Malpractice insurance coverage for pro bono attorney participants - \$1,500
- Q1 planning meeting - lunch @ \$15/person for 6 people (\$90)
- Q3 meeting - lunch @\$15/person for 40 people (\$600) [sponsorship for location and needed support expected to be obtained in 2022]

- Defray costs of specialized counsel - 501c3 tax and organization specialist to prepare overview guide (25 hours @ \$350/hour - \$8,750)² to be used
 - Guide by CNPE partner as general resource for “clients”
 - Guide for ACC pro bono attorneys as reference guide
 - Exemplary coverage to include
 - Basic Kentucky nonprofit corporation law
 - Business licensing/registrations covering employees and charitable solicitations
 - Federal and Kentucky legal issues involved in obtaining and maintaining tax-exempt status and the benefits and detriments of tax-exempt status
 - Highlight the duties and responsibilities of directors
 - Trending issues, including:
 - Force majeure and hotel contract cancellations
 - Changing workforce (e.g., changes re: in-person workforce, telecommuters and remote workers as well as rethinking the organization’s real estate footprint and financial obligations)
 - Basis organizational issues (employment, IP (e.g., trademark), business compliance, and other baseline coverage from ACC pro bono volunteers) to be provided in addition to non-profit specific information
- Funds to defray business entity registration fees (e.g., KY and local business registration) for non-profit “clients” vetted by ACC pro bono counsel

Estimated total of **\$10,940** in start-up costs for program with no additional costs for Q3 meeting site expected (as we will be seeking law firm sponsors for this event) and pro bono hours will be provided by ACC-KY attorneys.

In the absence of the grant, the ACC-Kentucky chapter is not in a position to spend its finite resources to offer to defray the costs of this pilot program. As a partner to CNPE, the chapter would like to provide a level of “sponsorship” of the above costs as many nonprofits do not have the budget to pay for such services.

Conclusion

This pilot program provides a terrific opportunity for pro bono service to chapter members, a wonderful partnership with CNPE, and a real demonstration of ACC’s dedication to the improvement of the communities in which its members live and work. We appreciate the opportunity to apply for a grant through ACC-Global. Thank you for your time and consideration of our application and project.

² Hours estimate includes time to prepare guide, to participate in Q1 planning meeting, and to present at Q3 meeting as required.