How to Obtain Pro Bono Legal Services for an Emerging Nonprofit Organization

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Webinar Objectives

- The Law Project’s Pro Bono Legal Services
- Nonprofit Application
  - Supporting Materials (and why we need them)
  - Required Fees (Application Fee, Filing Fees Deposit)
- Application Process and Volunteer Recruitment
- Timeframes for Legal Work
- Frequently Asked Questions
- Resources
The Law Project’s Pro Bono Legal Services

- Serve as liaison to community groups and volunteer attorneys
- Remain as resource throughout representation by the volunteer attorney
- Eligibility (Nonprofit Application, page 1)
  - Must serve low-income or underserved population
  - Organization does not have funds to pay for legal representation
  - Only “transactional” legal services; no litigation or disputes
- Volunteers are Illinois-licensed attorneys
- Pro Bono legal work included for New Nonprofits
  - Articles, Bylaws, Conflict of Interest Policy, FEIN, tax exemption application (for 501c3, 501c4, 501c6), registration with the Illinois Attorney General (other attorneys general as appropriate)
- Nonprofit pays for all fees associated with legal work
Nonprofit Application

- **Purpose**
  - Eligibility for pro bono under Illinois Supreme Court rules
  - Eligibility for The Law Project
  - Are the activities “charitable”

- **Supporting Materials for New Nonprofits**
  - Board
  - Business Plan
  - Budget
  - Additional Documents (startup legal docs already developed)
  - Application Processing Fee
  - Filing Fees Deposit
Nonprofit Application – Board

- Answer ALL questions on Page 4, Question 1 for ALL Directors, Officers and Employees
  - FAQ on Board Composition

- Directors (overall governance)
  - At least 3 people unrelated to each other (marriage included), and a majority of whom do not expect to become employees, and a majority of whom do not have business interests together
  - Should be volunteers, should drive the organization

- Officers (duties described in bylaws)
  - President, Vice President (optional), Secretary, Treasurer
  - Hint: Officers should be directors, but all directors do not have to be officers. Officers should not be employees.

- Employees/Staff (day-to-day operations)
  - Will be (or hope to be) compensated for their work
Nonprofit Application – Business Plan

- Answer ALL questions on Page 4, Question 2 in DETAIL
  - How detailed?
- How will programs accomplish the nonprofit’s mission?
Nonprofit Application – Projected Budget

- Must match the business plan!
- Expenses cannot exceed income
- Include both projected income and projected expenses
- Tip: Figure out expenses first. Then project income.
  - What resources do you need to run the programs?
    - make phone calls, ask for quotes, ask other similar nonprofits
    - Attend workshops, recruit director with financial background
  - How will you raise the money to fund the programs?
    - Individual giving, fundraisers, foundation grants, gov’t grants?
- See example in application for typical income and expense categories
- Excel spreadsheet preferred, or customize table in the application to your organization
Nonprofit Application – Required Fees

- Application Processing Fee
  - Based on sliding scale according to the organization’s actual budget (not the Projected Budget)
  - Example: If the organization is so new there are no financial statements, then look to the bank account. If there’s less than $25,000 in the bank account, the application processing fee is $50

- Filling Fees Deposit
  - At least $400 deposited into client trust account

- One check or two?
Additional Documents

- Legal or startup documents already developed or already in place
- If you have them, send a copy. If you don’t, ignore.
- Some examples:
  - Fiscal sponsorship agreement
  - IRS letter confirming FEIN
  - Articles of Incorporation
  - Drafted/adopted bylaws
Application Process and Volunteer Recruitment

- Application review: eligibility criteria, supplemental materials, signatures, fees (typically 7-10 business days)
- If the file is complete, we recruit a volunteer attorney with the appropriate skills (typically 4-6 weeks for new nonprofits, groups with complicated legal issues will take longer)
  - If the file is incomplete, you will need to supply the additional information;
  - If any application materials change, including the board, you must send updated materials
- Once an attorney has volunteered, we send the full application with supporting materials. The volunteer attorney reviews the file, and submits it to the law firm’s conflicts and pro bono committees for approval. Unfortunately, the TLP does not control this part of the process which may take several weeks (typically 2 weeks)
- Once the firm has given the lawyer the go-ahead to represent you, we will call you to schedule the initial client meeting; The meeting will last about an hour, and will likely take place at the volunteer lawyer’s office in downtown Chicago.
  - A TLP staff attorney will attend the meeting along with 1-2 representatives from your organization (not the entire board);
  - Engagement letter outlines the scope of the representation, it may be sent before the meeting, during the meeting, or shortly thereafter.
- If you have questions before the initial client meeting, or questions about the engagement letter, you should contact TLP staff
Timeframes for Legal Work

- Articles – typically 3-5 weeks
- Bylaws – depends on board
- Conflict of Interest Policy – depends on board (one meeting)
- 501c3 Application (Form 1023) – depends on board and volunteer attorney (typically 3-6 months to get final draft)
  - Response from IRS (30 days confirming receipt of Form 1023)
  - Questions from IRS or Determination letter (4-6 months)
- Registration with IL Attorney General – typically 10-12 weeks

Timeframes are general, there are many factors that make the process shorter or longer. Typically, we find the process is lengthened because the organization doesn’t provide enough detail to the volunteer attorney.
Frequently Asked Questions

- Will the attorney be the nonprofit’s general counsel?
- Can board members be compensated?
- How do I find board members?
- It’s my idea and I want to run my nonprofit. Why can’t I be director for life? Why can’t I own the nonprofit business?
- I don’t have the filing fees deposit? Can I fundraise for it?
- When can we start fundraising?
- We don’t have a budget because we haven’t started yet. Can we still apply with a budget of “zero”?
- Are there any exceptions for nonprofits with fiscal sponsors?
- We just need articles and bylaws. We don’t need 501c3 status (yet or ever). Can we apply and not submit the filing fees?
- How much does it cost in filing fees for all legal work?
Resources

- [www.thelawproject.org](http://www.thelawproject.org) – Resources > Nonprofit Resources (links to articles, webinars)
  - Services > Workshops (upcoming workshops)
- [www.donorsforum.org](http://www.donorsforum.org) (free grants database, librarians, workshops)
- [www.boardsource.org](http://www.boardsource.org) (for founders, directors, officers)
- [www.afj.org](http://www.afj.org) (for advocacy, lobbying nonprofits)
  - [www.stayexempt.org](http://www.stayexempt.org) (compliance, lobbying info)
- [www.illinoisattorneygeneral.gov](http://www.illinoisattorneygeneral.gov) > Building Better Charities
- [www.cyberdriveillinois.com](http://www.cyberdriveillinois.com)
- [www.lumity.org](http://www.lumity.org) (finance/technology workshops for nonprofits)
- Axelson Center
- North Park University
Two Tips for Emerging Organizations

- Don’t do any legal work for the organization – don’t waste board members time doing something a volunteer attorney can do correctly the first time and for free.
  - Don’t incorporate, don’t “borrow” bylaws, don’t fundraise

- Spend the time to recruit directors who can build the organization, develop a thorough business plan, fundraising/development plan, and a projected budget.
  - More likely to be successful and operating 5, 10, 20 years later!
Contact Information

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