



WHEN DOES YOUR NONPROFIT
NEED AN ATTORNEY?

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*Many nonprofits are not using legal counsel in an optimal way.
That's because they have too little faith in their counsel.*

To start, most nonprofit corporations do not appreciate the many aspects of their operations in which an attorney can minimize risk for the organization and save it from considerable liability. At the same time, when nonprofits *do* call in an attorney, many fail to realize the importance of selecting one with experience working with nonprofits and an understanding of their unique needs.

In this guide you will find some common ways in which an experienced nonprofit attorney can help



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1. Formation

Attorneys can add value for a non-profit right from the start—or, more accurately, from before the nonprofit is even formed. With an attorney on board at the time of formation, a nonprofit can ensure that its articles of incorporation, bylaws, and other foundational documents are consistent with IRS rules for tax-exempt organizations. It has become increasingly popular to use boilerplate formation documents found on the internet, but this is rarely a good idea because they often omit important information or include inapplicable provisions. A good attorney will be able to tailor the corporate documents to the organization's specific needs and will be able to minimize potential problems that your organization may encounter through insufficient formation documents.

2. Tax-Exempt Status

An attorney will also be able to assist in the application for tax-exempt status. Corporate formation at the state level as a nonprofit does not grant tax exemption. This special designation is granted by the IRS. Further, once tax exemption is granted, an attorney will be able to keep your organization compliant and updated as to any changes in the requirements, or your eligibility for tax exemption.

3. Employment

Not all nonprofits require employees, but once the decision is made to consider hiring workers, an attorney should be consulted. A good attorney can assist by drafting or reviewing your employee handbook, helping establish hiring policies, guiding the employer through a myriad of issues that surface, and handling potential employer-employee conflicts.



4. Contracts and Leases

Entering into leases and other contracts is an area where many directors or officers try to navigate on their own. Finding and using a contract on the internet and can lead to unintended consequences. One of the chief purposes of a contract is to avoid trouble minimize risk in the long run. A good attorney will be familiar with the priorities of your organization and will help draft a contract or lease that gives you short-term benefits with long-term protection. Chances are good that your landlord, contractor, or vendor has used an attorney to review their contracts. Failing to use an attorney to draft or review contracts and leases puts your organization at a decided disadvantage.

5. Intellectual Property

Many nonprofits have intellectual property to protect. It can be the name or logo, literature subject to copyright, trademark or service mark, or even a patent. Protecting a nonprofit's intellectual property can include registering it with state or federal agencies, licensure to allow for its use, policing the use of it, or confirming that it is indeed unique. An attorney should be able to identify intellectual property that needs to be protected. While intellectual property is often easy to steal, an attorney can build the protections necessary to shield your organization's valuable assets.

6. Litigation

This is an obvious area where an organization needs an attorney. Your attorney should be familiar with your organization and its priorities. There are many ways to approach litigation, and the attorney best situated to handle your case is often one who understands what make your organization unique.



Conclusion

The attorneys at Dalton & Tomich, PLC have extensive experience representing nonprofits of all kinds. We can assist you with any of the issues in this guide, and many more. If you are a nonprofit board member or officer, we would love the opportunity to speak with you about how we could help your nonprofit thrive.

We are here to help you along the way. Please contact one of the professionals at Dalton & Tomich, PLC to assist you with your nonprofit organization.



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