



The Alliance for Nonprofit Growth and Opportunity (TANGO)
2020 Virtual Annual Conference

The Alliance for Nonprofit Growth and Opportunity (TANGO)
2020 Building Bridges Virtual Annual Conference

RETHINKING YOUR NONPROFIT BUSINESS STRATEGIES DURING THE COVID-19 CRISIS





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FIRM PROFILE



BROAD PORTFOLIO OF SERVICES



Advisory Services

- Restructuring and Dispute Resolution
- Technology and Data
- Enterprise Resource Planning
- Transaction Advisory
- Valuation
- Real Estate Advisory
- Healthcare Advisory
- Government Advisory
- Compliance and Monitoring
- Cybersecurity and Privacy
- Disaster Response and Recovery
- Management Consulting
- Project Finance and Consulting
- Risk Management
- Solutions for Global Organizations



Tax Compliance & Advisory

- Tax Compliance and Preparation
- Strategic Tax Planning
- Corporate Tax Outsourcing
- Private Client Services
- Federal Tax
- Trust and Estate
- International Tax
- State and Local Tax
- Transfer Pricing
- Cost Segregation Studies
- New Market Tax Credits
- Tax Specialty Services
- Tax Credit Advisory



Accounting & Assurance

- Audits, Reviews, and Compilations
- IT Audit and Controls Review
- Employee Benefit Plans
- IFRS
- SOC 1(SSAE 16), 2, and 3 Examinations
- Agreed-upon Procedures
- Accounting Outsourcing and Consultations
- Public Company Services



Affiliated Companies

- CohnReznick Capital Markets Securities
- CohnReznick Benefits Consultants
- CohnReznick UIC Insurance Consulting, Inc.
- CohnReznick Real Estate LLC
- CohnReznick Wealth Management LLC
- Wijit Technologies



INTEGRATED NOT FOR PROFIT SERVICES

Support for new accounting standards - In the coming years, not-for-profits will be required to adopt several new and complex accounting standards issued by the Financial Accounting Standards Board. We keep our clients apprised of upcoming standards through a variety of communications and can help your organization implement new standards in an efficient and objective manner.

Not-for-profit tax requirements - Obtaining and maintaining tax-exempt status is essential to organizations. CohnReznick has a dedicated not-for-profit tax team that provides specialized expertise in the compliance and reporting obligations of IRS Form 990 or Form 990-PF and ASC 740 (FIN 48). We can also assist you with corporate structuring, state and local tax issues, Unrelated Business Income Tax, and foreign tax compliance.

Specialized audits –To enhance the quality and drive efficiency in the assurance services we provide, we are committed to the professional development of our people, continuous monitoring of our services, and thoughtful deployment of existing and emerging technologies. Our assurance services include internal audits; audits in accordance with auditing standards generally accepted in the United States; the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance.

Key performance indicators – Using a variety of technology solutions and benchmarking data, we help our clients identify and monitor key performance indicators. Our insights and tools enable organizations to identify trends in their metrics and benchmark their performance against their peers. This data can be invaluable to boards and staff when making operational decisions.

Value-added advisory services - To navigate more operational, event-driven, and performance challenges, today's not-for-profits need flexible, iterative approaches to solving dynamic business issues. To meet those needs, CohnReznick provides a suite of advisory services to include cybersecurity, technology and data, risk compliance, and more.



RESTRUCTURING PRACTICE

CohnReznick brings together a multidisciplinary team that works alongside our clients to, as appropriate, assess the situation, improve/stabilize the business, and implement solutions that improve cash, preserve asset value, rebuild stakeholder confidence, stabilize cash, and maximize value for all constituencies.

What we offer

- Top-tier financial and operational advisors for middle-market companies in **transition, stress, or distress**
- Significant not-for-profit and healthcare expertise, including behavioral healthcare providers
- Accelerated assessment and fast traction whether financially or operationally
- Focus on both revenue and cost sides that deliver results quickly
- Partners trained at top consulting firms including Bain, Deloitte, E&Y, CRG Partners, and CR

Who we help

- Companies in transition and/or their stakeholders who need results quickly
- Support for critical lifecycle inflection points (growth, plateau, distress, succession)
- Typical profile: \$50M to \$750M revenue, industry agnostic, in or out of court, for- or not-for-profit

What we are known for

- Fast traction
- Creative solutions
- Catalyst for cultural change (even in the most entrenched environments)
- Analytical excellence
- Easy to work with
- **Results, results, results** (time and again, across industries, regardless of the challenges)



SERVICES TAILORED TO YOUR NEEDS

From Bad to Good . . .

Turnaround and Restructuring

- RAPID Assessment
- Financial Stakeholder Workout (exit or rehabilitation)
- Options Analysis and Forecast Optimization
- Cash Flow and Budget Modeling
- Cash Flow Management and Maximization
- Short-Term Profit Improvement
- Creditor and Vendor Management
- Out of Court Restructuring
- Crisis/Interim Management (CRO, CEO, CFO, COO)
- Fiduciary Oversight and Support (Trustee, Receiver, ABC)
- Bankruptcy Advisory (pre-filing planning, post-filing management)
- RAPID Transaction Planning and Implementation
- Valuation Services
- Capital Sourcing and Asset Monetization
- Managed Exit and Winddown Management



. . . From Good to Great

Performance Improvement

- Profit Enhancement Assessment
- Process Design for Governance and Reporting
- Financial Department/Accounting Improvement
- Budget Planning, Forecasting & Analysis
- Lean Financial and Operational Process Improvement
- Supply Chain Optimization
- Inventory Management
- Sales and Operations Planning and Implementation
- Growth Plan Financing and Sourcing
- Investment Prioritization
- Pre-IPO or Pre-Transaction Preparation
- Post-Transaction Integration
- Technology and Cybersecurity Upgrade/Deployment
- Performance/Risk Management
- Executive Team Augmentation (CEO, CFO, COO, CIO)

SUPPORTED BY CAPITAL STRUCTURE



WHY COHNREZNICK: OUR CLIENTS' EXPERIENCE

“ *The work has been first class, professional and always on point. The team has been on site for much of the past year. They quickly got their hands around the variety of issues that had become part of the fabric of the company over many years. In the midst of staff turnover and difficult financial issues they have been a steady, deliberate agent for change and improvement. I am convinced that we would be no where near this place without their hard work.* ”

- CEO (turnaround, interim management and recapitalization)

“ *We would not have survived the last six months without your help. We have all learned a great deal about management, communication, and control. We are deeply grateful to you.* ” - ”

- Owner & CEO (turnaround and refinance)

“ *Your team was a huge help to me and my team as we took on a new Revenue Integrity department. The consultants were knowledgeable, calm and collaborative and great at transferring their knowledge. Much of the work we would not have been able to accomplish on our own.* ”

- CEO (turnaround)

“ *The team has been an exceptional asset to support management in the steps necessary to restructure our business. They are keenly insightful experts, with refined interpersonal skills required to guide a distressed organization through this process.* ”

- CEO (turnaround)

“ *The team has been an exceptional asset to support management in the steps necessary to restructure our business. They are keenly insightful experts, with refined interpersonal skills required to guide a distressed organization through this process* ”

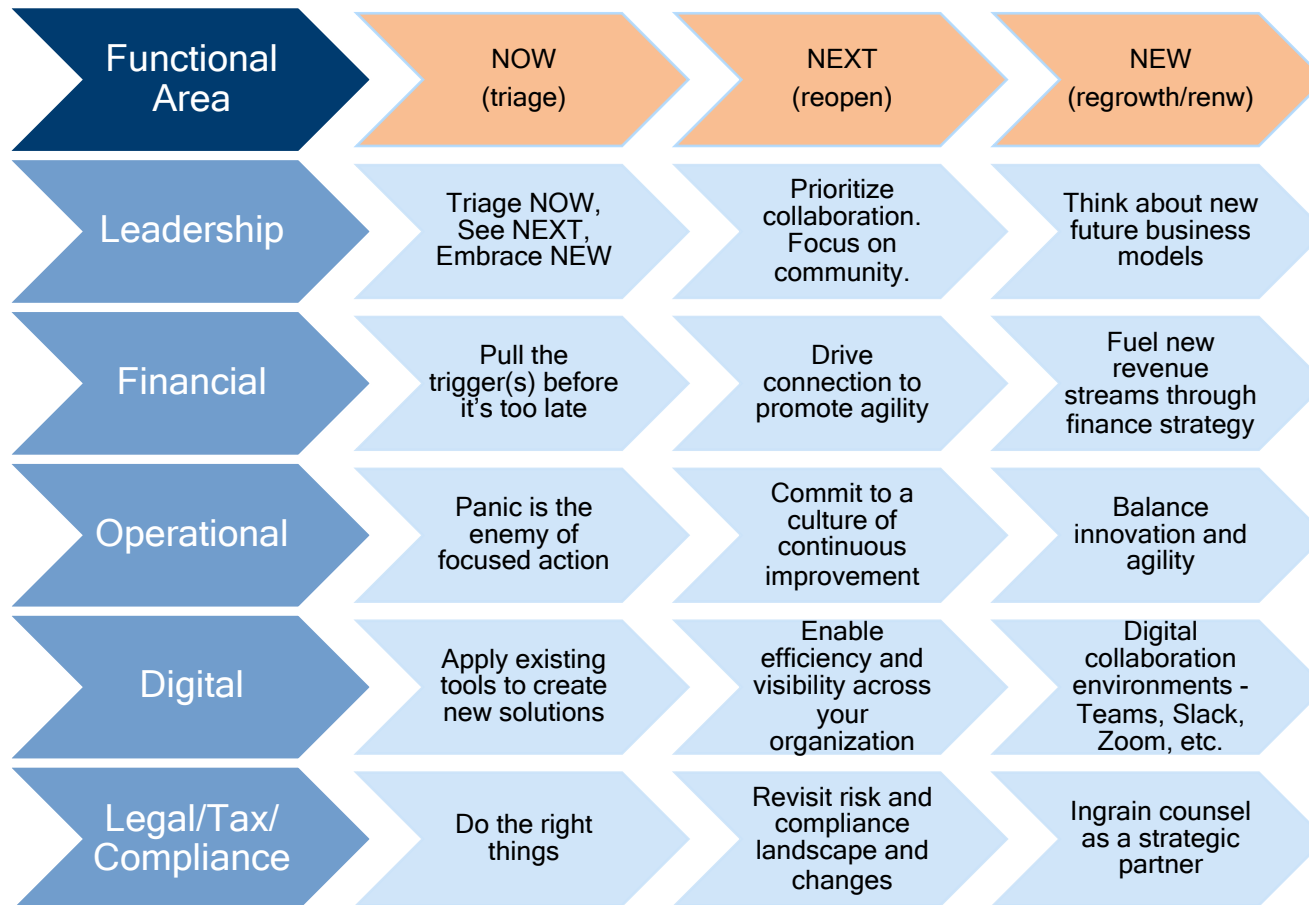
- CEO (turnaround)



**FRAMEWORKS FOR
TRIAGE, RECOVERY & RENEWAL**



COHNREZNICK NOW. NEXT. NEW. FRAMEWORK



IMPLEMENTING THE NOW. NEXT. NEW FRAMEWORK

Step 1: Take action **NOW** with a **Rapid Assessment** to identify your urgent needs and focus priorities.

Step 2: Strengthen your position with **NEXT** steps that enable your organization to grow and transform.

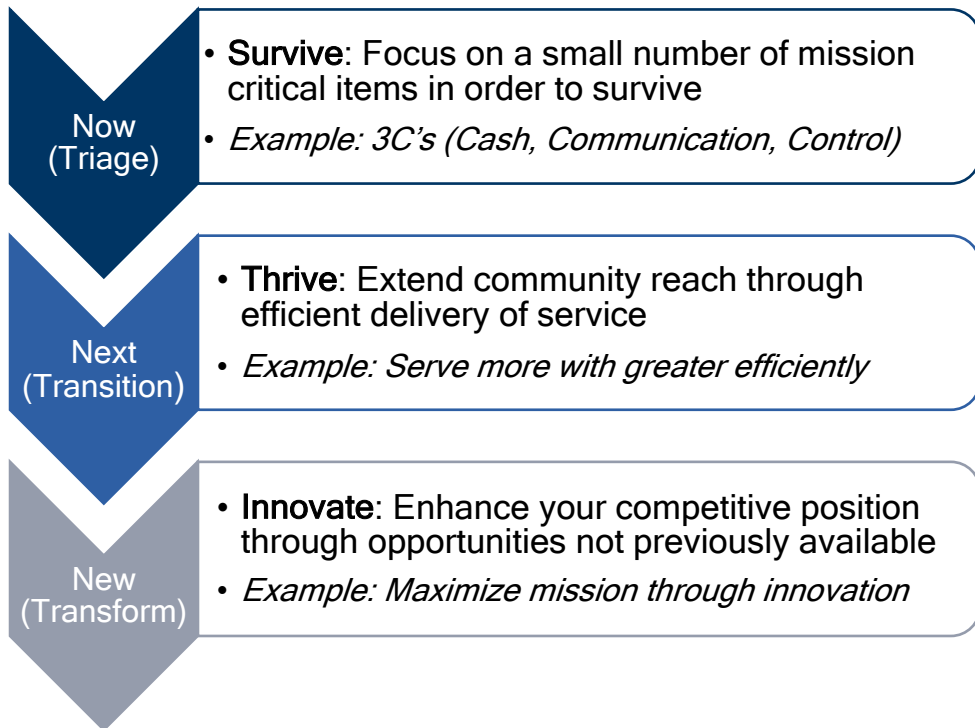
Step 3: Uncover the potential to help you thrive in a **NEW** future.



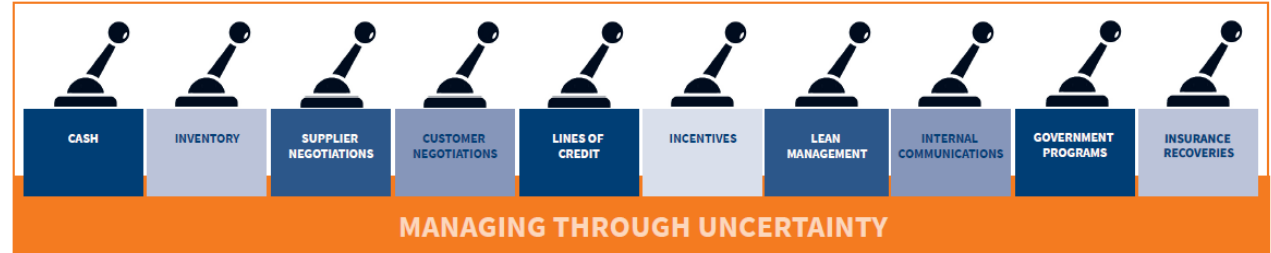
APPROACH: THRIVING THROUGH UNCERTAINTY

FOCUS ON NOW WHILE KEEPING AN EYE ON WHAT'S NEXT...AND NEW

CohnReznick's **NOW, NEXT, NEW** framework helps prioritize actions to mitigate disruptions endangering your enterprise, so you can start planning for a new way of conducting business.



Start with **CohnReznick's Rapid Assessment** to identify and pull the right levers to manage through uncertainty and get your business back on track.



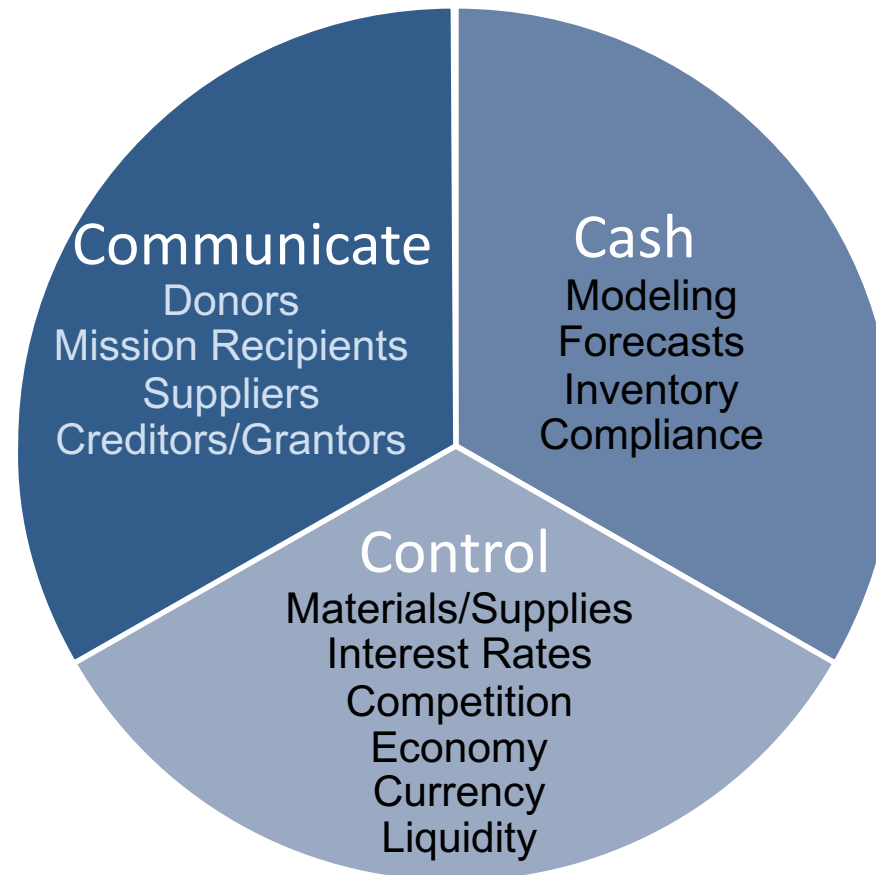
Our **Rapid Assessment Tool** helps with:

- Cash Flow Management
- Personnel Changes
- Loans/Assistance/Tax Relief Analysis
- Cost-Cutting/Optimization Process, Technology, and Operational Roadmap
- Regulatory Challenges
- Longer-Term Personnel Planning
- Interim Crisis Management
- Sales/Revenue Generation
- Refinance/Capital Raise
- Urgent Logistics/Technology Barriers
- Product/Revenue Change
- Supply Chain Management
- Data Management
- Performance Improvement



NOW: ACT TO STABILIZE THE ORGANIZATION

Triage Tools to Stabilize the Business



NOW: GUIDING YOUR IMMEDIATE DECISIONS



| FUNCTIONAL AREA | ACTION | |
|-----------------------|---|--|
| LEADERSHIP | <ul style="list-style-type: none"> • Communication - Be Transparent and Objective • Acknowledgement - Overcome uncertainty with compassion • Expectations - Set, Manage and Adapt • Action - Strategically Centralize Planning | <ul style="list-style-type: none"> • Evaluation - Objectively Consider Options • Delegate - Empower key leadership • Control - Tackle the Controllable • Triage NOW, See NEXT, Embrace NEW! |
| FINANCIAL | <ul style="list-style-type: none"> • Cash - Cash is King to be Conserved at All Costs • Scenarios - Model to Determine Cash Runway • Disbursements - Set Priorities per Must-Haves • Creditors - Engage in Collaborative Solutions | <ul style="list-style-type: none"> • Levers - Identify and Create a Plan A, B and C • Assets - Monetize and/or Leverage • Key Metrics - Focus Relentlessly, Track, Adapt • Pull the Trigger(s) Before it's Too Late! |
| OPERATIONAL | <ul style="list-style-type: none"> • Safety - Create Home/Shift Workplans, Clean! • Focus - Adjust Definition of Necessity • Team - Match Skills to Needs, Row Together • Sales - Push Forward/Pull Back, Narrow Focus • Marketing - Define/Promote Key Messages • Finance - Report Timely with Guidance • HR - Rightsized/Reorganize, Prepare for Shortage • Procurement - Project Supply/Demand, Adjust | <ul style="list-style-type: none"> • Scheduling - Be Agile, Set/Adjust Priorities • Production/Distribution - Do More with Less • Quality - Don't Get Distracted • Overhead - Eliminate Non-Necessities • Technology - Leverage for Visibility, Efficiency • Process - Remove Gaps for Savings • Panic is the Enemy of Focused Action! |
| DIGITAL | <ul style="list-style-type: none"> • Network - Use to Maintain Connection • Automate - Create Efficiencies, Reporting • Analyze - Use Data for JIT Decision-Making | <ul style="list-style-type: none"> • Shift/Pivot - Leverage Online Opportunities • Protect - Cybersecurity & Privacy Risks Abound • Apply Existing Tools to Create New Solutions! |
| LEGAL/TAX/ COMPLIANCE | <ul style="list-style-type: none"> • Contracts - Review and Assess for Options • Insurance - Determine and File Claims • Aid/Relief - Follow Daily, Apply as Available • Risk - Identify, Mitigate, Adapt • Legal - Involve Counsel Early and Often | <ul style="list-style-type: none"> • Tax - Understand Tax Relief, Loans, and Assistance Available. Leverage Advisors to Act Appropriately • Compliance - Don't Get Sloppy • Do the Right Things! |

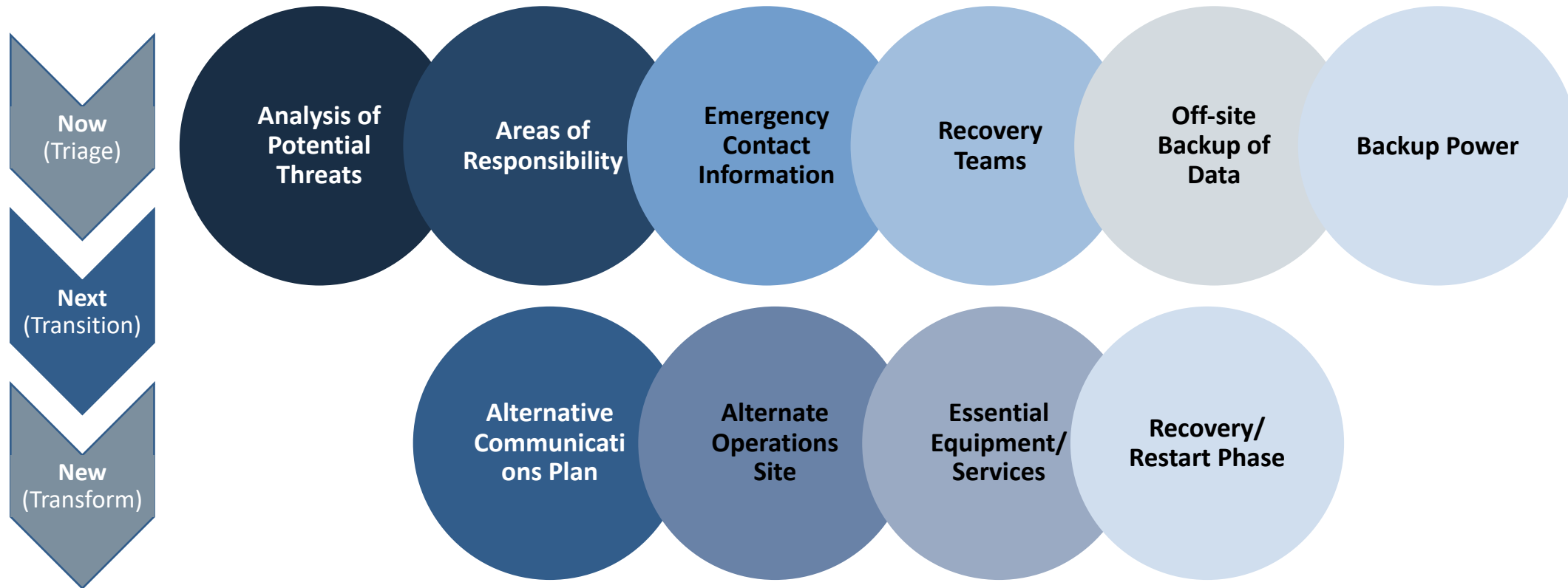
NEXT: HELPING YOU TRANSITION FORWARD



| FUNCTIONAL AREA | ACTION | |
|-----------------------|---|---|
| LEADERSHIP | <ul style="list-style-type: none"> • Create Strategy • Facilitate Teaming • Stimulate Creativity • Empower Teaming | <ul style="list-style-type: none"> • Trajectory Realignment • Communicate with Customers • Prioritize Collaboration. Focus on Community! |
| FINANCIAL | <ul style="list-style-type: none"> • Analyze Profitability • Improve Financial Reporting • Create Dashboards • Integrated Business Planning | <ul style="list-style-type: none"> • Preserve Value • Plan Execution • Tax Strategy Linked to Relief Opportunities and Recession • Drive Connection to Promote Agility! |
| OPERATIONAL | <ul style="list-style-type: none"> • Organizational Stabilization • Define Target State and Investment Strategy • Optimize Operating Model • Define Workforce • Implement New Technologies • Increase Brand Awareness | <ul style="list-style-type: none"> • Enhance Customer Satisfaction • Sales Operations Enhancement • Understand Global Operating Environment, Relief Opportunities and Chart Operational Impacts • Commit to a Culture of Continuous Improvement! |
| DIGITAL | <ul style="list-style-type: none"> • Data Driven Decisions & Performance • Analytics & Technology Enablement • Utilize Newer Technology like RPA and AI Enabled Apps to Drive Down Cost | <ul style="list-style-type: none"> • Drive Down Support Costs • Take Advantage of Offshore, Outsourcing or Other Finance Workplace Models • Enable Efficiency and Visibility Across Your Organization! |
| LEGAL/TAX/ COMPLIANCE | <ul style="list-style-type: none"> • Migrate Tax Compliance Processes to Maximize Losses with Less Cost • Carefully Monitor Reputational risk. Ensure that Emergency Response, Social Monitoring are being Utilized to Address Issues Quickly | <ul style="list-style-type: none"> • Proactive Monitoring of Changing Regulatory Compliance • Fraud Monitoring in Times of Distress • Revisit Risk and Compliance Landscape and Changes! |

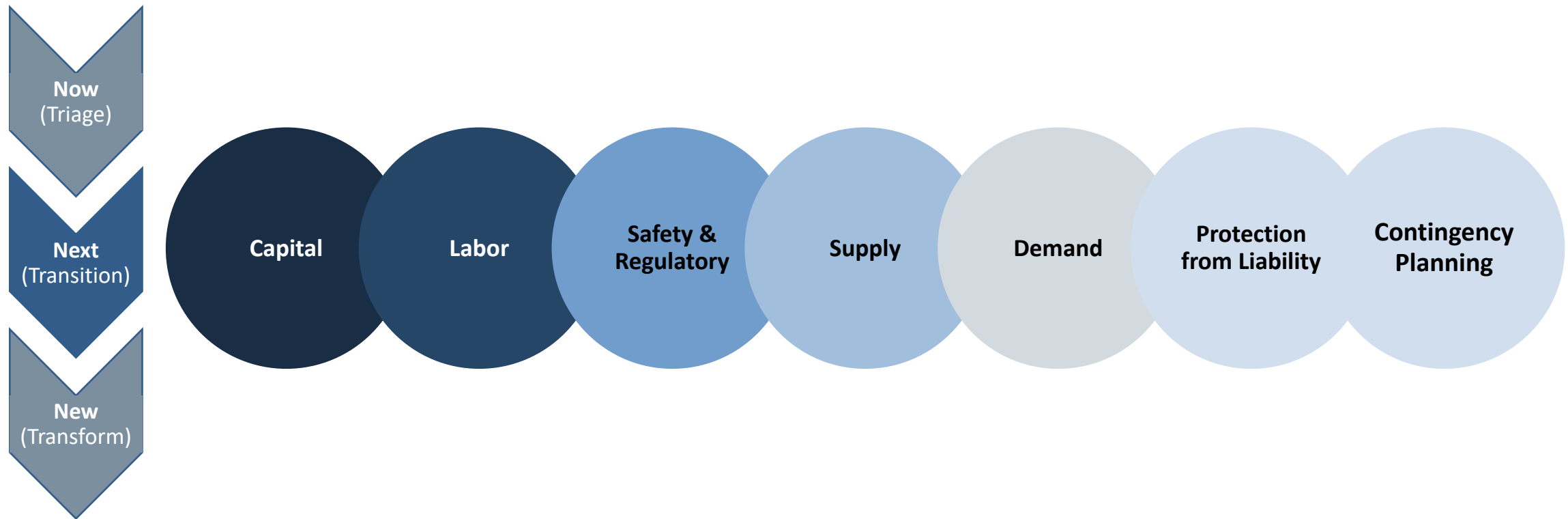


NEXT: HAVE A BUSINESS CONTINUITY PLAN





NEXT: REOPENING & WHAT IT REQUIRES



NEW: ESTABLISHING PRIORITIES FOR FUTURE



| FUNCTIONAL AREA | ACTION | |
|-----------------------|--|---|
| LEADERSHIP | <ul style="list-style-type: none"> • Challenge the Norm • Anticipate Obsolescence • Build Sustainability | <ul style="list-style-type: none"> • Create Opportunities • Fail Fast • Think About New Future Business Models! |
| FINANCIAL | <ul style="list-style-type: none"> • Continuous forecasting and planning • Preserve Value • Tax Efficient • Take Advantage of Offshore, Outsourcing or Other Finance Workplace Models • Blockchain Strategy | <ul style="list-style-type: none"> • Business Insights and Service Focus, instead of Accounting & Reporting • Real Time Financial Reporting Instead of Cycles • Debt Fund/Liquidity/Recapitalization Option Analysis....including international and alternative markets • Fuel New Revenue Streams through Finance Strategy! |
| OPERATIONAL | <ul style="list-style-type: none"> • Take Advantage of Offshore, Outsourcing or Other Finance Workplace Models • Performance Excellence Culture • New Operating Models Emerge as Robotics Value is Applied • Data Driven Workforce and Workplace Analytics | <ul style="list-style-type: none"> • Plan for the Fourth Industrial Revolution • Preparing for partial or total sale (Sell-Side Diligence. Valuation Expertise) • Intelligent Space (Workplace Enablement, Smart Building, Smart City) • Balance Innovation and Agility! |
| DIGITAL | <ul style="list-style-type: none"> • Connected, Self Service Data • Minimize application portfolio • Enhanced Cloud Strategy | <ul style="list-style-type: none"> • Digital Disruption (AI, RPA, Big Data, Etc.) • Data Analytics (Fundamental Information Functions) • Digital Collaboration Environments. Teams, Slack, Zoom, etc.! |
| LEGAL/TAX/ COMPLIANCE | <ul style="list-style-type: none"> • Create a Risk Intelligent Organization Anticipating New Pandemic Driven Regulations • Environmental, Social and Governance (ESG) Strategy | <ul style="list-style-type: none"> • Embed Analytics and AI Enabled Tools into the Risk Monitoring Environment • Ingrain Counsel as a Strategic Partner! |



**ISSUES & SOLUTIONS
FOR NOT FOR PROFITS**



KEY ISSUES FACING NOT FOR PROFITS

- Mission often competes with efficiency
- Complex and often unpredictable systems of payment
- Susceptibility to political and legislative stresses
- Working capital challenges given lack of financing support/options
- Limited supply of quality trained labor for lower rates
- Lack of systems and tools that are commonplace in for-profit companies and resource-rich competitors
- Deficit-funded contracts in the face of poor tracking
- Administrative overhead not always fully reimbursed
- Hard to obtain “surplus” without fundraising and fundraising is very economically cyclical
- Regulatory environment is strict, compliance is costly
- Shift to value-based payments requires integrated systems
- Government agencies (e.g., OPWDD, ACS, DYCD) present unique contractual challenges
- Fiduciary obligations different from for profit companies



FIDUCIARY DUTIES: THEY ARE DIFFERENT FOR NFP'S

- Fiduciary duties of NFP officers and directors, defined largely at the state level, are owed to the organization
 - **Duty of care:** act prudently and reasonably in the best interests of the organization (informed, vigilant, independent)
 - Measured by a standard virtually indistinguishable from definition of private business judgment rule.
 - **Duty of loyalty:** prohibits using position to further personal interests (issues include conflicts, opportunity, confidentiality)
 - Obligates directors to act in good faith, in the best interests of the corporation, and to refrain from self-dealing or other acts that would confer an improper personal benefit from a relationship with the corporation.
 - Duty of loyalty claims are tested on an “entire fairness” standard - fair process, fair price. *Weinberger v.*
 - **Duty of obedience:** ensure compliance with charter, by-laws, applicable laws (adhere to mission)
 - This duty is not required of for profit D/Os.



DUTY MEETS REALITY: HOW FIDUCIARIES GET IN TROUBLE

- Excessive focus on mission
- Lack of focus on making money
- Lack of financial discipline and acumen
- Non-economic considerations and constituents
- The addition of religion to the mix
- Overreliance on donors (or a single donor)
- Balance sheet issues (high value but illiquid assets, asset light entities, borrowing challenges)
- Special funds (restricted, government, trust)
- Agency issues (lack of shareholders)
- Oversight (which, in part, varies by industry) and failure to comply (fiduciary duty claims, re-direction of restricted funds, false claims act, civil investigative demands, etc.)



CASE STUDY: FULL 360 ASSESSMENT



Situation / Opportunity

In December 2014, the City of Boston engaged us to conduct a financial and operational assessment of the Boston Public Library (BPL). The evaluation included all services (library services, community services, museum services, and event planning and coordination) for BPL whose holdings (\$23 million) are second only to the Library of Congress (\$35 million). The assessment identified and quantified areas of strength and weakness and proposed specific action plans for high-priority improvement areas. This highly publicized audit served as a valuable roadmap for the Mayor of Boston during a tumultuous time in the library's history as it was released simultaneously with significant losses of high-value artworks at the library (over \$600,000).



Actions Taken

We used a time-boxed approach to focus most heavily on the areas of greatest impact and grounded our findings in valuable peer data research. This allowed us to provide detailed action plans in the key improvement areas: 1) Union Cooperation, 2) Prioritization and Accountability, 3) Employee Performance Management, 4) Fundraising, 5) Inventory Management, 6) Implementation Mindset, 7) Website Design and Implementation, 8) Technology Leverage, and 9) Hiring.



Impact

- \$1.5 million in additional annual funding.
- \$1.1 million total cost avoidance related to improved inventory management and deaccession of non-core special collections.
- Closing discoverability gap from current 19% of assets searchable; striving towards peer average of 92%.
- An estimated \$0.5 million - \$1.5 million in annual revenue from newly commercialized space by consolidating staff and internal usage of highly valuable real estate.
- Increased percentage of interactions where patrons resolve requests with a single staff interaction.
- Speed implementation of key improvements through increased cooperation of unions and decreased negotiation where not required by contracts.
- Improved organizational effectiveness through technology upgrades.



CASE STUDY: STABILIZE, RENEW



Situation / Opportunity

- A leading New York City social services agency providing an annual \$31 million in behavioral health, early childhood, and youth development services had \$7,000 in net assets and was unable to meet its cash needs.
- A large portion of Medicaid receivables had expired, and the agency was at risk of potentially having to restate its financials.
- The agency's systems were outdated, and corporate culture results in costly overspending of contracts.
- Benefit costs were increasing at alarming rates.



Actions Taken

- Immediate implementation of a KPI culture, and dashboards across the finance department and within the fee-for-service revenue stream.
- Medicaid receivables were analyzed, and a determination was made to pursue legal action to mitigate the loss.
- Partnerships with hospital systems and the State were implemented, with specific actions from them based on the outcomes of the turnaround of the organization.
- Negotiations took place, aligning high-costs with results and KPIs.



Impact

- The organization grew from \$31 million in revenue to over \$50 million, and net assets grew from \$7K to millions.
- A legal settlement was reached, resulting in a large cash infusion.
- The KPI culture resulted in a margin being made on all fee-for-service services.
- Compensation and benefits were better aligned to results.
- A large hospital system provided a substantial amount of seed money to overhaul systems.



CASE STUDY: TRIAGE, STABILIZE, RENEW



Situation / Opportunity

The Boston Ballet was suffering from over five years of operating deficits and was significantly over-levered from funding losses with debt. Operations and staffing issues had arisen from adversarial management and inadequate financial controls, and there was a need to balance budget constraints with dancer safety and company mission.



Actions Taken

- Created a 24-month turnaround plan and budget and led the implementation.
- Created financial controls for on-time reporting.
- Worked with the artistic director to bolster management team.
- Worked with chairman of the board to restructure governance.
- Worked with union to restructure contracts.
- Worked with community to secure a permanent performance home.



Impact

- Financial/monthly tracking available for the first time in many years.
- Achieved \$1.5 million+ variance to budget by month 10 of the plan.
- Achieved an operating surplus for the first time in 5+ years at end of year one.
- Raised \$5.5 million additional (incremental development) to begin debt restructure.
- Negotiated a 30-year lease with new performance home, lowering annual costs by approximately \$1.0 million.
- Replaced executive director with a permanent hire.
- Began the restructuring of board and governance (successfully completed one year later).



CASE STUDY: BAD ACTS, STABILIZE



Situation / Opportunity

This not-for-profit organization focused on providing school transportation for disabled students, technology services for school districts and municipalities, and continuing education for teachers. In 2011, the Board of Directors of this troubled Massachusetts non-profit turned to us to lead the organization through a severe crisis. In an interim Executive Director role, we were tasked with running, fixing, and improving the day-to-day operations of this diversified non-profit that was under review from multiple state and federal agencies.



Actions Taken

We quickly came to terms with the operational, financial, and legal issues with which the Board was contending. Staff, customers, and vendors were quickly communicated with while best practice financial and operational controls were implemented. New funds were raised to pay for a significant settlement and federal and state funding agencies were given comfort that new controls were in place, and that, under new leadership, the organization was worthy of continued support.



Impact

- Minimal staff and customer attrition in spite of highly volatile situation.
- All policies, procedures, and controls were revised to follow best practices.
- After discussions with over 60 lenders, new borrowing was obtained to fund a major legal settlement.
- Vendor payment plans were negotiated.
- Technology and new marketing were introduced into the professional development division.
- Significant investment was made into the transportation division after the award of two major new contracts.
- Once a point of relative stability was achieved, a long-term replacement executive director was hired.



CASE STUDY: TRIAGE, STABILIZE, RENEW



Situation / Opportunity

The Aquarium was suffering badly and at serious risk of having to shut down. Operating losses, coupled with poor strategic decision making, had left the organization over-leveraged, with crumbling infrastructure, without an endowment, and unable to meet its liabilities as they became due. We were retained as financial advisor to provide the Board of Trustees with a plan and help the organization get back on a solid footing.



Actions Taken

Creditors were closing in on a tired institution that was failing to keep up with the basics, let alone innovate. We helped the organization return to operating profitably while attempting to maintain as many mission goals as possible. This resulted in a massive overhaul of the infrastructure, improved attendance, and long-term financial stability at a now thriving local institution.



Impact

- Bottom up restructuring developed in conjunction with department heads resulted in annual cost savings of \$4.5 million and a return to operating profit.
- Refocused marketing efforts boosted memberships and attendance by over 20%.
- Eliminated non-core space and sold non-core assets (i.e., boats, sea lions) raising significant cash.
- Increased collaboration with other aquariums to access nationwide best practices.
- Restructured bond payments and negotiated five-year payment plans for unsecured creditors.
- Invested portion of cost savings to reinvigorate development, which focused on addressing \$35 million of deferred maintenance.



CASE STUDY: BAD ACTS, STABILIZE



Situation / Opportunity

WonderWork, Inc. was a charity whose mission was to provide life-changing surgeries for children and adults who are blind, severely burned or crippled with clubfoot. After losing an arbitration proceeding, in which the arbitrator awarded blindness charity HelpMeSee in excess of \$16 million in damages, WonderWork filed for Chapter 11 protection. HelpMeSee immediately moved for the appointment of a Chapter 11 Trustee, which the Court denied without prejudice, and appointed an examiner to investigate HelpMeSee's allegations of malfeasance by WonderWork's former management, including its Founder and CEO. The Chapter 11 Examiner issued a report that confirmed HelpMeSee's allegations, including that WonderWork operated in disregard of key legal requirements and industry standards regarding charitable solicitation, restricted gift practices, financial reporting, and compensation standards. Following issuance of the Examiner's Report, the Court appointed a Chapter 11 Trustee, who retained the Cohnreznick professionals as Financial Advisors to the Estate.



Actions Taken

As Financial Advisor to the Trustee, we negotiated with WonderWork's creditors and state regulators for several months. Specifically, we negotiated with the Charities Bureau of the New York Attorney General's office, HelpMeSee, WonderWork's largest creditor, MiracleFeet, a non-profit that is dedicated to transforming the lives of children born with clubfoot in low-income countries, ReSurge International, a non-profit that is dedicated to provide reconstructive surgeries for those in developing countries who suffer from disabling injuries or congenital anomalies, and the Thompson Family Foundation, WonderWork's largest prepetition lender in order to facilitate a global resolution for the Estate.



Impact

- Created, Solicited and Confirmed a Chapter 11 Plan that structured a successful liquidation and winddown that provided under the Plan:
 - (a) MiracleFeet to receive WonderWork's restricted club foot assets and donations;
 - (b) ReSurge to receive WonderWork's restricted burns assets and donations;
 - (c) HelpMeSee to receive WonderWork's restricted blindness and surgery funds;
 - (d) Allowed creditor claims to receive a substantial recovery (65%-100%); and
 - (e) A litigation trust to be formed to pursue Estate claims, including against those responsible for WonderWork's fraud and mismanagement.



THOUGHT LEADERSHIP

- 5 Key Tips for Not-for-Profit's ERM Process
- 2019 FASB Update for NFPs - ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made"
- How to Ensure Financial Sustainability for Your NFP
- Clock is Winding Down On Implementing Uniform Guidance Standards
- IRS Releases Interim Guidance on Unrelated Business Income Tax (UBIT): Notice 2018-67
- Tax Exempt Groups Face New IRS E-Filing Rules Under TFA
- Revenue Recognition Considerations for the Not-for-Profit Sector
- IRS Issues Revenue Procedure 2018-39, Partially Easing Donor Requirements
- IRS Provides Interim Guidance on Employer-Provided Non-Deductible Parking Expenses for Unrelated Business Reporting Purposes
- The Wayfair Decision and the Impact on Not-for-Profit Organizations
- What Not-for-Profits Need to Know About the Tax Cuts and Jobs Act
- What To Do Before Disaster Strikes: Business Continuity Planning for Not-for-Profits
- Cybersecurity: 5 Questions to Ask Your NFP Board to Minimize Risk
- Foundations and the Changing Landscape of Philanthropy





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