



GIVING

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“Those of us who have looked to the self-interest of lending institutions to protect shareholders’ equity are in a state of shocked disbelief.”

Alan Greenspan, former Federal Reserve chairman, 10/13/08.

When housing prices started to collapse all over the country, New York real estate continued its climb into the stratosphere. We seemed to be protected from the havoc, saved by our tiny, overbuilt geography, and fueled by Wall Street bonuses and hedge fund profits.

So can New Yorkers be forgiven for being as stunned as Mr. Greenspan to find ourselves in the epicenter of the Great Recession?

Like most foundations, The New York Community Trust is very dependent on the stock market. In good times, our assets increase in value, our donors become even more generous, and more people set up charitable funds.

So it’s a good thing that we follow Mel Brooks’s advice from the 1970 (another

time of serious recession) movie *The 12 Chairs*: “Hope for the best, expect the worst . . .”

That means years of running lean even in good times, steadily and prudently building operating reserves, and preparing three budgets annually—one for good times, one for normal times, and one for bad times. Even so, our portfolio took a hit in 2008 and fewer people set up funds.

The Trust responded to, and even anticipated, tough times, helping individuals, families, nonprofits, and businesses manage money more wisely. You’ll read about

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offering financial counseling and legal representation to clients referred by community groups and legal services offices in Brooklyn. It also set up an advisory group to explore advocacy campaigns on bankruptcy procedures, tax credit policies, and a host of other financial policy matters that affect working-poor families.

some of those efforts in the pages that follow. And we want to remind you that this is but a part of the \$168 million in grants we made in 2008.

WHEN THE COURTS COME CALLING

Wage garnishments, bankruptcies, tax disputes—the kinds of financial problems that need a lawyer. But legal fees are out of reach for many low-income workers, and federally funded legal service offices are overwhelmed with cases involving housing, public benefits, and family law. These workers need free and low-cost legal representation, complemented by financial counseling and training, to help resolve their financial problems.

The Financial Clinic was established in 2005 as a program of a Brooklyn credit union, employing an attorney along with volunteer accountants and law students to help credit union members. The Clinic soon spun off and began

In 2007, the Clinic began working with dozens of community groups in low-income neighborhoods throughout the City. It ran financial literacy workshops and hired staff, counseling more than 200 people, a third of whom were represented in cases that, together, won more than \$125,000 in alleviated tax debt and abated money judgments. It instituted a system for tracking client results by measuring factors such as increased savings, new bank accounts, direct deposits, and improved credit scores. Last year, the Clinic, along with the Community Service Society, trained dozens of older adult volunteers to counsel low-wage workers and use the tracking system to make sure they were getting results. Its innovative mix of services is helping the working-poor resolve personal financial problems, a need that is likely to intensify as the economy continues to decline.

Ever since the credit card industry was deregulated in the late 1990s, a lot of elderly and disabled people have amassed major debt, often to pay medical and home repair bills. Because most of them have their Social Security and pension checks (which legally can't be garnished) deposited directly into their bank accounts, it's become easy for

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Brooklyn Legal Services client

predatory debt collectors to use technology to match debtors and bank accounts. Other low-income credit card holders are the victims of collection agencies, who buy debt in bulk on the Internet at a fraction of their face value. When these debtors are taken to court, the litigation is riddled with gross errors, identity theft, and wrong addresses, resulting in 60 percent of defendants failing to answer summonses.

South Brooklyn Legal Services has been helping elderly and poor people threatened with foreclosure, a program it started 10 years ago with a Trust grant. Recently, it began protecting Social Security recipients from illegal debt collection and training lawyers and advocates at other agencies. The Legal Aid Society’s Queens Civil Practice Unit is offering similar services to low-income Queens residents, and also takes on

cases where a pattern of improper practices can be challenged under the Fair Debt Practices Act.

Sixty-year-old Ronald Coote, a former middle-manager at a supermarket, went on Social Security disability after a fall at work. Last October, he tried to withdraw the remnants of his last \$800 Social Security check—his only income—from an ATM, only to discover that his bank account was frozen by a creditor. The creditor refused to release the account unless Mr. Coote paid some money. When Mr. Coote protested that his next Social Security check would be sent electronically into the frozen account, the creditor replied “that’s your problem.”

“I was really stressed out and nervous,” recalls Mr. Coote. “I had no money for food, never mind rent which was soon due. The creditor didn’t care that I was on disability.” Luckily, Mr. Coote found Johnson Tyler at South Brooklyn Legal Services. Mr. Tyler threatened to file a Fair Debt Collection Practices Act

suit and got the law firm to release the account. “It’s a typical creditor ploy,” said Mr. Tyler. “Unless you know your rights, the creditor wins by bullying.” Mr. Tyler has trained other advocates on how to defeat illegal creditor practices. He also is challenging illegal debt collection practices involving child support and student loans.

WHEN THE HELPERS NEED HELP

Banks and other mainstream financial institutions often merge in order to realize savings. But achieving economies of scale for credit unions serving poor communities is challenging. Ironically, the larger and more successful community development credit unions become, the greater their financial recordkeeping expenses. Many must hire outside accounting consultants at great cost in order to comply with federal regulations.

The New York City Financial Network Action Consortium provides financial and technical support for the City’s premier community development credit unions. Its current members hold \$57 million in assets and have an estimated 25,000 members. With a shared loan officer, more than \$1 million in small business loans were made on behalf of Consortium members. A shared certified public accountant provides accounting services.

Last year, the Consortium continued to help members reduce costs, improve recordkeeping, and comply with regulations. The accountant began to explore ways to make the credit unions’ data processing systems more compatible, with the long-term goal of instituting centralized functions in that area as well. By reducing one of the biggest expenses of community development credit unions, the Consortium helps them achieve long-term sustainability, strengthening their capacity to help low-income communities.

With nonprofits all over the City feeling the pinch of declining donations and government funding, layoffs and other cuts in services have become the order of the day—at a time when demand for their help is skyrocketing. Started several years ago with the aid of a Trust grant, ReServe Elder Services places retired professionals with agencies that need them. Unlike most retiree volunteer programs, ReServe pays stipends ranging from minimum wage to \$10 an hour.

Cyril Brosnan has a Ph.D. in economics and spent most of his working life in health care. And he’s been an active volunteer for most of his career. In short, he’s a volunteer recruiter’s dream. But he was no longer willing to work for free. He believes that organizations fail to take seriously any effort by someone who works for nothing.

Mr. Brosnan joined ReServe in 2007 and was soon assigned to the New York Academy of Medicine, where he manages

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forums, focus groups, and roundtable discussions—sometimes with several hundred seniors at a time—to find out how they are faring in their neighborhoods. He and his team are helping to organize a summit with New York officials, advocating for a commission to ensure that seniors' concerns are addressed. Young bureaucrats, Brosnan argues, should never presume to know what seniors want or need, nor should they disregard those needs. "I'm still wishing to be an instrument of change," he says.

WHEN THE RISKS ARE TOO HIGH

As we all have learned, when businesses fail to take risk into account, the impact on their profitability can be enormous. Toxic chemicals pose huge

risks to the health of consumers—and to the bottom lines of manufacturers and retailers.

Organized in 2004, the Investor Environmental Health Network uses the clout of institutional investors, who collectively control 60 percent of the 1,000 largest U.S. companies, to speed corporate use of safer chemicals. Its data on toxic chemicals in cosmetics, toys, pet food, toothpaste, and other consumer products, and the related risks they pose to shareholders, have been covered in business journals. Its shareholder resolutions on toxic chemicals have resulted in companies removing products that contain suspicious chemicals.

The Network also works with Institutional Shareholder Services, the largest proxy voting advisory service in the nation, on updating its proxy voting guidelines for toxic chemicals, and has convinced institutional shareholders to file resolutions that call on retailers to take responsibility for the products they sell. Mary Tortorice, vice president and deputy general counsel for Sears Holdings, says, "The Network and the Center for Health, Environment and Justice's PVC Campaign (another Trust grantee) together have played an important role in working with Sears Holdings (Sears and Kmart) to develop and implement a policy to phase out PVC packaging and products. The investors' shareholder resolution brought this to the attention of our senior management, and when the resolution was withdrawn in favor of a collaborative dialogue, they provided sub-

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stantial amounts of useful information about what other companies were doing. We're now identifying safer, more sustainable and cost-effective alternatives to PVC, and encouraging vendors to reduce or eliminate their use of PVC in merchandise and packaging."

The New York Industrial Retention Network works to strengthen the City's small manufacturing businesses. But nearly 7,000 of these manufacturers work out of old buildings and warehouses that have antiquated heating and cooling systems, poor insulation, and obsolete electrical systems. When coupled with rising energy prices, they threaten the viability of these businesses. A grant from the U.S. Department of Energy is providing attractive financing for small companies to buy energy and water conservation equipment to lower their operating costs. Our grant will help the Network design and set up a loan program, help manufacturers with energy audits, and advise them on equipment purchase—and ultimately save jobs.

WHEN WE NEED COMMUNITY

In 1854, President Abraham Lincoln said: "The legitimate object of government is to do for a community of people whatever they need to have done but can not do at all, or can not so well do, for themselves." That is also a legitimate object of The Trust—but never more

than during bad times. We are always mindful that a foundation like The Trust—even in the flush of times—can fund only a fraction of what needs to be done. But again and again we are impressed by the commitment of nonprofits to keep going in the face of great odds. We invite you to join us in supporting them.

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—Mary Tortorice, vice president and deputy general counsel, Sears Holdings

