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## REDUCING RISK AND PROTECTING THE INTEGRITY OF YOUR NOT-FOR-PROFIT ORGANIZATION

In recent years, numerous not-for-profit organizations have put their private donations, corporate funding, and tax-exempt status at risk as a result of a crisis caused by the improper actions of an employee or director. Actions at the national level of one well-known not-for-profit reverberated throughout local chapters leading to a sharp decline in donations nationwide. Local chapters that survived the scandal with less of an impact to their donor contributions were those that had a good governance system in place and clearly communicated their principles, policies, and procedures to their donors and the public. These local chapters were able to illustrate how their governance procedures provided a shield from these types of problems.

### WHY SHOULD YOU CARE ABOUT GOOD GOVERNANCE?

Clear roles and responsibilities are more important than ever in today's competitive world. Organizations with a carefully considered vision and operational structure often reap the rewards of better performance and are more successful at attracting funding. By implementing a good governance system with proper policies and procedures, we can help you avoid or minimize crisis situations and help you:

- Protect the integrity of your brand and organization
- Build the trust you have with your constituents, including donors, employees, the public
- Improve fiscal stability and obtain more favorable financing opportunities
- Reduce risk and liability exposure for your organization, management, and directors

### WHY SHOULD YOU CARE ABOUT PROTECTING YOUR BRAND AND REPUTATION?

Essentially, a donation to a not-for-profit organization is an investment in that organization's good name and deeds. Philanthropic donations are based upon a level of faith and trust which may be severely compromised by organizational impropriety. Maintaining compliance and good governance is the surest way your organization can safeguard its brand and reputation to ensure the ongoing contributions essential to continuing your good work.

### HOW CAN HARRIS BEACH HELP YOUR ORGANIZATION?

Our experienced team can help your organization by developing an ethics and compliance program for you or by conducting a risk assessment of your existing programs. Once the assessment is complete, we can help you implement the recommendations.

Our attorneys can create a handbook of corporate governance guidelines for your organization. The handbook would address areas such as: roles and responsibilities of the board and management; dealing with conflicts



of interest; requirements for committees; definitions of executive roles; executive compensation structure; board composition and terms; voting practices; and procedures for evaluation. Our services also include helping clients develop and implement effective training programs and codes of ethics.

In addition, we provide counsel on the new New York ethics regulations, including the Public Employee Ethics Reform Act of 2007 (PEERA), the Public Authorities Accountability Act (PAAA), and what is known as the Procurement Lobbying Law, which addresses the procurement process by limiting contacts and attempts to influence outcomes.

An independent, outside perspective without preconceived impressions of an organization can provide valuable insight. When you retain independent counsel, you gain credibility and the

opportunity to instill confidence in outside parties that matters will be objectively evaluated.

When we conduct an independent evaluation of your existing policies and procedures, we work with you to ensure your operations run smoothly and are in compliance with all applicable laws. This evaluation clearly demonstrates your organization's commitment to good governance.

By following these procedures, if your organization does become the subject of an inquiry, you are better positioned to demonstrate adherence to best practices and good intentions for compliance.

Our Government Compliance & Investigations team, which includes the former executive director of the New York State Ethics Commission, provides counsel for private, public, and not-for-profit companies.

## ABOUT HARRIS BEACH

Ranked by the *National Law Journal* as a *Top 250* law firm, Harris Beach provides a full range of services for clients across New York state as well as nationally. Clients include *Fortune 500* corporations, financial institutions, health care providers, emerging technology businesses, privately-held companies, educational institutions, not-for-profit organizations, foundations, state and local governments and authorities, and individuals. Harris Beach has offices in Albany, Buffalo, Geneseo, Ithaca, New York City, Niagara Falls, Rochester, Syracuse, Yonkers, and Newark, NJ.

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