

A Pause for Perspective

Katrina. This beautiful name will always be tied in our memories not only with a ferocious storm, but also with an incomprehensible task of rescue, recovery and rebirth.

At Goulston & Storrs, our thoughts are with the hundreds of thousands of survivors moving past despair to find loved ones, build new homes and create new lives. And we applaud the tireless, selfless and heroic efforts of relief workers across the Gulf Coast.

We dedicate this issue of InBrief to all those affected by the devastation of Katrina. We urge you to pause for a moment to consider the many ways we can help the victims of the storm.

Hurricane Katrina Disaster Relief

by **Cuong Hoang**

In the aftermath of the devastation wreaked by hurricane Katrina, which hit the Gulf Coast at the end of August, we are providing you information about ways to assist the hundreds of thousands of people affected by this disaster.

The immediacy and scale of the need is great. United Nations Undersecretary-General Jan Egeland, who oversaw relief efforts after the Indian Ocean tsunami in December 2004, called Katrina one of "the largest, most destructive natural disasters ever." Over one million people in Louisiana, Mississippi, and Alabama are without water, electricity, or homes to return to.

The reconstruction process will be lengthy and slow, and many of the people displaced by Katrina will

require long-term assistance. This is especially true of evacuees from New Orleans, as it may take up to three months to completely drain the city of flood waters.

Multiple Dimensions of Need

The most pressing need is for disaster relief assistance—food, water, and medical care—for individuals and families affected by the hurricane. Over 250,000 evacuees continue to be housed in shelters across southern United States, with many states preparing to

accept additional evacuees; countless more are living in hotels and private residences. Many of these evacuees will be moving to long-term shelters. Everyone affected by Katrina, whether returning to their homes or remaining in long-term shelters, will continue to require basic humanitarian assistance as well as household goods.

Clean-up and reconstruction is beginning. Cities and towns across the gulf coast will require equipment to clear the rubble left in the hurricane's wake and construction equipment and materials to rebuild homes and communities. In many areas, basic transportation, communication, and utilities infrastructures need to be re-established.

The long-term emotional and psychological impact must not be underestimated. Social service and health agencies must be prepared to respond to the severe emotional stress caused by the devastation.

How Can You Help?

Cash donations will provide the fastest and most effective help at this time. They allow relief agencies to channel assistance to hurricane survivors in the quickest manner possible and respond to immediate needs of

each site as local assessments are conducted. Cash donations also allow agencies to avoid the labor-intensive need to store, sort, pack, and distribute donated goods and the prohibitive cost of air or sea transportation that donated goods require.

Cuong Hoang is the Director of Programs for Philanthropic Advisors LLC, a subsidiary of Goulston & Storrs. For more information about organizations who are accepting donations to assist in the disaster relief and reconstruction efforts, he may be reached at 617.574.7707 or at choang@philanthropicadvisors.com. For information about Philanthropic Advisors, please visit www.philanthropicadvisors.com.

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Goulston & Storrs does it again!

For the eighth consecutive year, Goulston & Storrs has ranked as one of the top law firms in which to work in a survey conducted by the magazine, *American Lawyer*.

For more information about the survey, please visit www.alm.com.

On September 29, The Boston College Alumni Association bestowed the 2005 Alumni Achievement Award in Law upon Richard Renehan, a Director in the Litigation Group, in recognition of his accomplishments serving the Bar for more than 47 years.

Ten Tips For Charities

The following suggestions describe certain best practices and methods of operation to which public charities should aspire. Depending on the specific circumstances, these suggestions may also be legally required.

1. The Board of Directors should be involved and meet regularly.

The days have passed when acceptable Board behavior involved only an annual meeting, ratification of the budget and election of officers and directors. Boards should be informed, be involved and meet regularly. This would usually mean Board meetings be held at least quarterly, with agendas and supporting materials being distributed in advance of the meeting.

2. Board members shouldn't claim ignorance when it comes to financial affairs.

As important as energetic and successful fundraising is to a charity's ability to fulfill its mission, Board members should not limit their involvement by claiming "I'm not good with numbers - let the lawyers and the accountants on the Board worry about that." Although not every Board member needs to have the skills of a CPA, all Board members should develop a basic level of financial literacy.

3. Conflicts of interest should be addressed, not ignored.

Conflicts of interest are a fact of life for many charities and they can arise in the most innocent of situations. When encountering a conflict, the prudent charity will follow its conflict of interest procedures. Typically this would mean that, when faced with a conflict, the following actions would be taken: (i) the

by Jack A. Eiferman

conflict would be disclosed, (ii) the person with the conflict would absent him or herself (lawyers like to call it recusal) from the meeting and all other decision-making related to the matter and (iii) the minutes would reflect these actions.

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4. Performance of the CEO should be periodically reviewed.

The President (or CEO or Executive Director, depending on the charity) should not regard him or herself as "owning the position." The performance of the CEO should be periodically reviewed, ideally once a year, according to previously agreed to criteria. This review may be performed by a committee of the Board, but such a review should be communicated to the entire Board.

5. The compensation of the CEO should be set by the Board of Directors.

Although a compensation committee or CEO evaluation committee may make a recommendation to the full Board in connection with the CEO's compensation package, the final decision should be left to the full Board, not to a committee.

6. Every member of the audit committee should be above reproach.

Audit committee members should not have any conflicts of interest with the organization. Neither they nor any of their immediate family members (or their equivalents) should be an employee of the organization or otherwise, directly or indirectly, provide compensated goods or services to the organization. A charity should make its audit process be above reproach.

7. The auditor should be accountable to the Board.

Although management of a charity may make recommendations to the Board for hiring a CPA to perform the annual audit, the final decision should be made by the Board (or an audit committee of the Board). At least some of what an auditor does is check management's performance. For management to dictate selection of the auditor diminishes the independence one should hope to obtain from an audit.

8. Management letters from an auditor should not be ignored.

In the past few years, management letters have become much more common in connection with annual audits. These letters should be carefully reviewed by the audit committee (or the Board) and should be taken seriously. As important, the response by management to recommendations contained in the management letter should also be carefully weighed and considered.

9. Board members owe their duty to the charity, not to their constituency.

Although it is not unusual for a Board member to be elected to the Board because it is believed they will give voice to a certain important constituency (for example, consumers, patients, donors or employees) once serving on the Board, each director owes his or her undivided loyalty to the charity and not to the group that he or she purportedly represents. Unlike representative government, such as the State Legislature or Congress, Board members should not regard themselves as accountable to a particular constituency. Rather, Board members are required to act in the best interests of the charity. Needless to say, invariably there will be differing perspectives as to what constitutes a charity's "best interests," but each director should be able to conclude that he or she is acting in furtherance of the charity's best interest.

10. Life is usually easier if you write it down.

Documentation is the best way to minimize problems of forgetfulness, differing recollections and proving that what one thought took place did, in fact take place. The charity's official records of meetings, such as minutes or other official records, need not be elaborate or detailed, but almost always, something is better than nothing.

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We welcome the following attorneys to the firm:

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Jamie Katz, Assistant Attorney General and Chief of
the Public Charities Division of MA Attorney General's Office;
Jack Eiferman, Director, Goulston & Storrs; and
Terry Lane, Vice President of Programs, The Boston Foundation.

*On September 13,
Goulston & Storrs and
The Boston Foundation
co-sponsored a seminar
on the Proposed Changes
to Massachusetts Laws
Concerning Governance of
Charitable Organizations.
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