

# Top 10 Things Your Agency *Should* be Doing

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# Presentation to the California Downtown Association

October 1, 2010  
Sacramento, CA

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# Objectives

- Be aware of issues affecting your agency
- Minimize the risk of being blind-sided
- Make proactive risk-avoidance the default
- Establish regular policies to review and keep your agency in compliance

# 1. Executive Compensation

# Executive Compensation Rules

- Rules apply to President/CEO and Treasurer/CFO
- Compensation, including benefits, must be “just and reasonable.”
- Board must review compensation at initial hire, when term is renewed or extended, and whenever compensation is modified.
- Board must review objective market comparables and/or comparable positions in similar field or roles

## 2. Meals and Breaks

# Rest Period (Break) Rules

- Employees entitled to one rest period of at least ten minutes for every 4 hours worked.
- “Should be” given as close to the middle of each 4-hour segment as is practical.
- Must pay additional one hour’s wages for failing to provide a break.

# Meal Period Rules

- If employee works over 5 hours, they must be given a duty free meal period of at least 30 minutes. Over 10 hours = 2 meal periods.
- Exception: If total work day < 6 hours, meal period may be waived by mutual consent.
- Meal periods must be duty free, unless agreed to in writing by employee. On-duty meal periods are paid time.

# 3. Contracting and Contracts

# What “contracts” should you be concerned with?

- Leases
- Employment/Independent Contractor Agreements
- Funding Agreements with Governmental Entities
- Grants
- Procurement Contracts
- RFPs

# Dealing with Contracts

- Forms and templates are available
- Other associations are also a good source of documentation
- **WARNING:** Do not assume any form you find is right (or legally proper) for your situation
- Consult regularly with HR professionals, consultants, and/or attorneys

# Contract Procedures

- Should be negotiated, developed, and reviewed by staff
- For most transactions, contracts should be reviewed and approved by Board
- Calendar relevant contract dates - deadlines, options to renew, expiration, etc.

# 4. Fundraising Rules

# Fundraising Rules

- There are specific obligations and prohibitions spelled out in Government Code § 12599.6 that govern the conduct of nonprofits when soliciting funds.
- Commercial Fundraisers and fundraising counsel must register with the Secretary of State's Registry of Charitable Trusts and must keep records of solicitation campaigns for ten (10) years. Gov. Code § 12599.7(a).

# Fundraising Rules

- Use of a commercial fundraiser or fundraising counsel by a charitable organization requires a written contract between the fundraiser and the charitable organization. Specific elements must be included in contract.
- Fundraising counsel must file a notice containing specific information about the charity and the event with the Attorney General's Registry of Charitable Trusts at least 10 working days prior to the start of a solicitation campaign or event.

# 5. Review and Update Personnel Policies

# Personnel Policies

- Manuals and policies should be reviewed at least annually.
- Have review done by lawyer familiar with both state and federal laws that may apply.
- Make sure employees have received and understand employee manuals.
- Include robust complaint policies for dealing with harassment and discrimination.

# 6. Tax Issues

# California Nonprofit Integrity Act of 2004

- If the agency's revenues (*not* including government grants) exceed \$2 million/year, an annual outside audit is required.
- If the agency's revenues (*not* including government grants) exceed \$2 million/year, the agency must create an audit committee.
  - If there is already a finance committee, its members *cannot* be more than 50% of the audit committee's membership.
  - President/CEO and treasurer/CFO *cannot* serve on audit committee.

# Federal Taxation Issues

- New (since 2008) reporting requirements on IRS Form 990.
- Form 1099s - Track and issue as needed to vendors and independent contractors.
- Review your mission statement. To keep nonprofit status, IRS wants to see you are carrying out your mission.
- Beware executive compensation issues!

# 7. Protecting Intellectual Property

# IP for Nonprofits

- Why? Organization has developed goodwill, branding, and knowledge
- What? Logos, branding, business lists, contacts, white papers... all of this is protectable
- How? Copyright, trademark, patent; consider Nondisclosure/Confidentiality Agreements

# 8. Keeping up with the Legal Landscape

“The law is not the same  
morning and night.”

*- George Herbert, 1651*

# Current events impact your agency

- Local business and land use issues
- State and Local budgets
- Labor and Employment Law Changes
- Impacts on local businesses of State and Federal policies and changes
- Utilize online and other resources to stay informed

# 9. Emergency Planning

# Disaster and Casualty Planning

- For your agency: What if your servers crash? Your building burns down? The downtown floods?
- Establish clear, straightforward policies and procedures for any reasonably foreseeable contingency
- For the community: Learn about and understand local, state and federal disaster plans for your area
- What, if any, is the role of your agency in an emergency?

# 10. Public & Community Relations

# Businesses & the Public Are Your Greatest Asset

- They (hopefully) understand and appreciate your programs and services
- If you are a valuable resource for them, they'll want to help you succeed
- Engaged voters (and \$\$\$) = political power
- Can connect with government and funding sources on a personal level



Q & A