

HOW TO PROTECT YOUR NONPROFIT: ESSENTIAL STEPS

At a minimum: recruit a competent and engaged board, continue to operate for tax-exempt purposes, stay within the IRS lobbying limits, do not engage in electoral campaign activity, and limit your unrelated business activity.

YOUR BOARD

1. Ensure that there is a financial control environment.
2. Develop, implement and monitor proper policies and procedures.
3. Ensure compliance with applicable laws and regulations.
4. Make sure the organization does not engage in unauthorized activities.
5. Review program effectiveness.

PERSONNEL

1. Comply with I-9 employee verification to ensure that they are authorized to work in the US.
3. Work closely with an immigration attorney, if necessary.
3. Submit health insurance coverage forms to employees and IRS.
4. Keep tabs on sudden changes in laws and policies.

FUNDING

1. Review your budget: make strategic investments in fundraising and development.
2. Consider previously untapped funding sources.

DONORS

Create a donor privacy statement and confidentiality agreements, conduct donor due diligence, use a gift acceptance policy, and maintain insurance.

Watch out for fraudulent conveyances, gifts inconsistent with your mission, unknown/anonymous donors, and those who "shop" their donation.

WHERE CREDIT IS DUE

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POTENTIAL RISK AREAS

- Depending upon the type of work you do:
1. legal/compliance
 2. fiduciary
 3. reputational
 4. information
 5. operational
 6. safety
 7. security

STATE LAW

1. File and keep registrations to engage in charitable solicitations.
2. For the jurisdiction in which you are incorporated, obtain a state registration letter and retain your original filings.
3. Retain copies of communications with your state Attorney General or Secretary of State.
4. Get and retain certificates of authority to conduct business, where required.

BE PROACTIVE

Take basic, forward-focused steps to protect your organization to ward off disasters or anything that can throw your organization off balance:

Advocate for your organization and its rights; collaborate across identity groups, causes, faiths and fields; engage and inform constituents; and seek expertise in any area necessary (legal, IT, fundraising, etc.).

ANNUAL CHECKUP

1. Ensure that you have submitted all required annual filings, such as the IRS Form 990, to appropriate federal and state governments.
2. Update training manuals and sessions.
2. Provide one-on-one coaching.
3. Conduct board development.

COPIES

Make and retain copies of every document that is essential to defend your organization and give copies to your attorney:

financial records, tax filings, board minutes, executive correspondence, incorporation documents.

This list is not exhaustive.

MAKE A LIST

Make a list of all significant mistakes or negative outcomes and share it with the entire organization as a learning tool. Include details on incidents and how they could have been avoided or mitigated.

This can foster openness and lesson-learning, avoid speculation and rumors.

KEEP IT SIMPLE

The more basic the tool, the more likely it is to be used.

Consider one-page handouts/flyers that can be carried or posted as a way to educate and remind staff.

BE GOOD

Be a good member of the nonprofit community by participating in umbrella groups to make your voice heard and keep abreast of new developments.

MORE LISTS

Tally all potential risks and their possible mitigation measures.

This exercise can be very useful in decision-making.

CAUTION

Risk management is not always straightforward:

Mitigation or compliance measures for one risk can create new risks in other areas.

WORKING INTERNATIONALLY?

US Treasury rules prohibit transactions with certain persons and organizations listed as "terrorists" or "specially designated nationals" as well as listed countries or regions. Check this list regularly to make sure you do not have transactions with listed countries, entities or individuals.

Stay on top of sanctions programs that could affect your overseas operations.

HIGH-RISK AREAS

Additional due diligence is needed if working in areas such as Syria, South Sudan, Somalia, Yemen.

These settings involve multiple layers of risk that are interrelated and can include diversion to a terrorist organization, kidnapping and information security.

MIND THE GAP

- Watch out for gaps in:
1. Security risk mitigation for staff (off-hours transportation, site security)
 2. Security risk mitigation for partners (training, discussion of risks)
 3. Information security
 4. Terror legislation risks

FRAUD AND DIVERSION

Donors are increasingly emphasizing fiduciary risk - prevention of fraud and diversion.

Ensure adequate internal controls and oversight mechanisms, especially in remote areas or with local NGO partners.

ADVANCED RISK POLICIES

Going above and beyond best practices (below), these include:

1. A global tool for analyzing prioritizing and planning
2. Decision-making procedures
3. Follow-up and/or audit processes

EVACUATIONS

Evacuations of in-country, national staff may be considered if they are at direct risk.

There are potential risks for your organization, such as running afoul of local laws or setting a harmful precedent.

There is need for policy development on this issue.

BUT WAIT, THERE'S MORE

Find out more about protecting your nonprofit organization in our Know Your Rights series of webinars and other resources at charityandsecurity.org/knowyourrights



BEST PRACTICES

1. Consult widely within the organization to identify and quantify different types of risks.
2. Make operational decisions based on priorities identified in the risk register, at field and HQ levels.
3. Identify necessary mitigation measures or corrective actions.
4. Follow up with regular visits or audits to ensure that these take place.
5. Stay true to your mission and principles.