Top 10 Risks Facing Nonprofit Organizations

United States Breastfeeding Committee
Power Tools for Coalitions Webinar

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RISK: “The threat or possibility that an action or event will adversely or beneficially affect an organization’s ability to achieve its objectives.” – Health Education Funding Council for England

1. Naïve Crisis Planning.

Crisis Management Truths – warning signs appear and are often ignored; “The Crisis you prepare for may not be the one you experience, but that preparation will improve your resilience, come what may.” (source: Surviving and Thriving in Uncertainty: Creating the Risk Intelligent Enterprise)

Predictors of Strength – flexible crisis plan; work on key relationships

2. Unhappy stakeholders.

Provide ample opportunities to complain
Listen carefully, take action and follow-up

3. Unmanaged conflict on the board.

4. D&O risk.

Schedule time for thoughtful questions and review
Record the decision-making process
Review and update the budlaws so they suit and support evolving governance requirements
Adopt a COI policy that will surface, rather than mask, potential conflicts of interest
5. **Tax-exempt status.**

Six categories of danger for 501(c)(3) nonprofits:

- Private benefit/inurement
- Lobbying
- UBI
- Annual reporting obligation
- Operation in accord with stated tax-exempt purpose

6. **Copyright and trademark violations.**

- Make certain that a copyright notice appears on all materials published by your nonprofit. Consider using the following notice: Copyright © [YEAR] by [Name of Nonprofit]
- Place your copyright notice in a prominent location on your publication.
- Consider registering your published materials with the U.S. Copyright Office.
- Obtain a signed work for hire agreement with independent contractors retained by your nonprofit to produce written material before work begins on the material.
- Clarify in your employee handbook or your personnel policies that works created by employees in the scope of their service to the nonprofit belong to the employing organization, which will hold the copyright.
- If you plan to provide permission for the use of your material, plan accordingly. Work with an attorney to create a licensing agreement that will enable the use of your material under conditions you establish, while protecting your rights as the owner of the material.
- If you believe your nonprofit’s rights have been infringed, consult legal counsel about the next steps, which could include the mailing of a cease and desist letter.

7. **Conflicts of interest.**
8. Careless Contracting.
   • Important relationship? Use a contract or MOU!
   • Increase training for contract reviewers
   • Clarify contracting authority
   • Consider legal or independent review
   • Pressure to sign? Step back

   • Do you know what kinds of personal information your nonprofit collects, keeps, and uses?
   • Do you know how much of the personal information collected by your organization is stored online?
   • Do you know which of that personal information your nonprofit discloses—intentionally or unintentionally?
   • Do you know exactly what happens to information from internal and external sources that contains personal data about employees or clients?
   • How secure is the collected information from external hacking, internal sabotage, and generally from those who aren’t in a need-to-know position within your nonprofit?
   • Do you have a policy about the length of time that your organization retains personal information about employees and clients? If so, is that policy consistently followed?

10. Social Media Snafus.
    • Unintentional Illegal Discrimination: Social media sites provide endless information about prospects and current staff. Beyond being entertained, bored or surprised, Is there a tangible legal risk?
    • Too Strict Social Media Policies May Violate the NLRA: The hard truth is that you can’t prohibit employees from talking about work… in all cases.
    • Don’t Violate Employee Privacy: do your policies or practices cross the line?
    • Social Media and Copyright Protection: tweet and publish with care.
RESOURCES

- **RISK eNews**
  www.nonprofitrisk.org/library/enews/enews.shtml

- **My Risk Management Plan**, a cloud app used for creating a custom risk management plan
  www.myriskmanagementplan.org

- **My Risk Management Policies**, a cloud app used for drafting custom risk management policies
  www.myriskmanagementpolicies.org

- **Risk Management Essentials** Newsletter
  http://nonprofitrisk.org/library/newsletter/newsletter.shtml

Thank You!

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