

Non-Profit Management

The "Terrible Ten" Common Risks

1. **IRS Letter of Determination** – Do you know where it is?
2. **Corporate Filings** –Do you file annually with the state, with new directors names, and to protect your own organization name?
3. **Federal Tax Return** – Does everyone who deals with your members and the public understand that a request for a 990 must be met without question?
4. **Directors and Officers Liability Insurance** –If you are a Realtor Association relying on the NAR coverage, are you in compliance with recommended policies, and are your bylaws, forms and policies reviewed annually for compliance? If you are another non-profit, have you not purchased D and O and because you don't see a need or don't have funds? And as a Realtor association, have you seriously considered purchasing your own D and O as additional coverage?
5. **Annual Audit or Review** – Do you have a program of **annual** audits and/or reviews by a qualified third party? Do the Directors examine the results?
6. **Sales Tax** – Are you selling items and not collecting sales tax, collecting sales tax and not remitting it? Have you qualified for sales tax exemption but not renewed it?
7. **Credit Card Reimbursement** –Do you have a clear policy for both staff or leadership regarding use of the card? Is the monthly statement reviewed and approved by a third person? Are expenditures documented?
8. **Minutes** – Do the minutes of Directors meetings and committee meetings read more like a gossip column than an official record of a business meeting. (If you don't want something read aloud in court, don't put it in the minutes!)
9. **Staff Salaries** – Do Board members ask what the staff makes (other than the CEO)?, Do they suggest staff salaries based on criteria other than the approved budget? Is the CEO reviewed annually and a written evaluation filed? Does the Board have a qualified legal advisor to assist in termination proceedings?
10. **MicroManagement** – Is the Board involvement in administrative duties, thus transferring liabilities from the CEO to the board of directors?