

THE CULTURALLY CONSCIOUS BOARD

BOARD DEPTH SERIES

The Risk Profile Review

A Tool to Help Boards
Conduct Risk Oversight.

CulturallyConsciousBoard.com

The Risk Profile Review

Nonprofit boards face a range of **strategic, financial, operational, legal and reputational risks**—many of which can be anticipated and mitigated through regular board oversight. Below is a **risk category checklist** to help boards proactively identify and manage potential vulnerabilities. *Risks that responsible boards monitor to fulfill their duty of care, loyalty, and obedience:*

1. Governance Risks | Poor structures or unclear responsibilities can lead to dysfunction, inaction, or liability.

Risk Area	What to Watch For	Board Questions
Board Composition & Succession	Lack of diversity, missing skills, no succession or continuity plan	<input type="checkbox"/> Do we have the right people—and a plan for who comes next?
Bylaw Misalignment	Outdated, ignored, or conflicting bylaws	<input type="checkbox"/> Are we following and updating our governing documents?
Inactive or Unengaged Board	Missed meetings, low participation, lack of quorum	<input type="checkbox"/> Are we meeting regularly and contributing meaningfully?

2. Financial Risks | Insufficient oversight can lead to mismanagement, insolvency, or fraud.

Risk Area	What to Watch For	Board Questions
Budget Oversight	Unreviewed or unrealistic budgets	<input type="checkbox"/> Are we approving a budget we fully understand?
Internal Controls	Weak cash handling, unsegregated duties	<input type="checkbox"/> Do we have safeguards in place to prevent misuse of funds?
Audit or Review Gaps	No independent financial review or audit	<input type="checkbox"/> Are we meeting expectations for transparency and oversight?
Restricted Funds Misuse	Mixing or misapplying donor-designated funds	<input type="checkbox"/> Are donor-restricted gifts tracked and honored?

3. Compliance & Legal Risks | Failure to follow laws or contracts can result in fines, lawsuits, or revocation of tax-exempt status.

Risk Area	What to Watch For	Board Questions
IRS & State Filings	Missed Form 990, lapsed state registration	<input type="checkbox"/> Are we current on all nonprofit reporting requirements?
Employment Practices	Misclassification, unpaid overtime, discrimination	<input type="checkbox"/> Are we treating staff fairly and lawfully?
Fundraising Compliance	Unregistered solicitation, false advertising	<input type="checkbox"/> Are we registered and truthful in our fundraising appeals?
Insurance Coverage	Lacking D&O or liability insurance	<input type="checkbox"/> Are our insurance policies adequate for our risks?

4. Program & Mission Risks | Programs that drift off mission or underperform can waste resources and erode trust.

Risk Area	What to Watch For	Board Questions
Mission Drift	Taking on projects that dilute core purpose	<input type="checkbox"/> Is this initiative aligned with our stated mission?
Program Evaluation	No data to show impact or effectiveness	<input type="checkbox"/> Are we tracking the right outcomes to assess success?
Talent Pipeline	No plan to recruit, retain, or develop staff and future leaders	<input type="checkbox"/> Are we investing in people to ensure continuity, capacity, and leadership for the future?
Inadequate Licensing	Missing permits for childcare, health, housing, etc.	<input type="checkbox"/> Are we in compliance with all required program regulations?
Safety & Wellbeing	Situations where stakeholder may incur harm—physical, emotional, psychological or cultural, etc.	<input type="checkbox"/> Have we adequately assessed and mitigated risks to safety and wellbeing in our programs and facilities?

5. Reputational Risks | Damage to public trust can hurt fundraising, morale and community support.

Risk Area	What to Watch For	Board Questions
Crisis Readiness	No plan for public relations or leadership transitions	<input type="checkbox"/> Are we prepared to respond if something goes wrong?
Social Media & Public Image	Unmanaged digital presence or board missteps	<input type="checkbox"/> Are we proactively managing our public and digital reputation?
Donor/Stakeholder Trust	Lack of transparency or responsiveness	<input type="checkbox"/> Are we communicating clearly with those who support and depend on us?

6. Technology & Data Risks | Digital tools may invite cyber, privacy and operational risks.

Risk Area	What to Watch For	Board Questions
Cybersecurity	Lack of safeguards for donor/staff data	<input type="checkbox"/> Do we have protections in place for sensitive data?
Technology Reliance	Dependence on a single platform or vendor	<input type="checkbox"/> What is our backup plan if a key system or software application fails?
Staff Training	Staff unaware of phishing or data handling protocols	<input type="checkbox"/> Are our teams trained in digital security best practices?

Conclusion | Deepening the Risk-Readiness Posture

A capacity building board isn't one that eliminates all risk. That is an impossible standard the misses the opportunity to take ownership of what can be controlled and managed appropriately. Instead, a capacity building board **names risk early, monitors it consistently, and responds wisely**. Many of these

categories map directly to the board's **fiduciary duties**. If a board is failing to routinely ask questions of its own risk profile, it may be already at risk.