



Nonprofit Legal Services Initiative



Risk Assessment Checklist for Nonprofits

Modified from the National Council of Nonprofits below are some initial steps that nonprofits can engage in to conduct a risk assessment as the Administration targets federal grants and contracts for termination. While the full steps that should be taken - and the rules that apply - will be specific to your grant, contract, organization, and the specific federal agency that provided the funding, the below checklist will provide initial steps your organization can take and decisions you should consider.

1. Inventory All Federal Funding Sources

Take a comprehensive view of your organization's federal funding:

- Include direct federal grants and contracts.
- Identify awards received by individual staff or contractors.
- Account for pass-through funding received via state, local governments, or other nonprofit or for-profit intermediaries.

2. Review Termination Provisions and Award Conditions

Understand when and how your funding can be terminated:

- Examine your grant or contract's terms and conditions, especially termination clauses.
- Check the Notices Inviting Applications (NIA) or Notices of Funding Opportunities (NOFO) for additional termination language.
- Clarify how much funding has already been obligated versus what is contingent on future approvals.
- Confirm drawdown timelines and requirements to ensure compliance with federal rules.

3. Analyze Relevant Executive Orders and Federal Memos

Review current federal directives that could impact your funding:

- Certain Executive Orders have targeted DEI initiatives, immigration work, environmental programs, LGBTQ+ advocacy, and civic engagement.
- Others attempt to restrict funds tied to specific legislation (e.g., Inflation Reduction Act, Infrastructure Investment and Jobs Act).
- Determine how your activities intersect with these issue areas.
- Document which activities are federally funded and which are not.
- Refer to NCN's Chart of Executive Orders for ongoing updates.

4. Review Mission Statement and IRS Form 990

- Ensure your mission statement aligns with your current programming and does not inadvertently create conflicts with recent federal directives.

- Review your Form 990, the IRS's primary tool for assessing nonprofit activity, for consistency with your stated mission and activities.

5. Audit Public-Facing Profiles and Communications

- Review past reporting to the Federal government, website, reports, and social media for language that may raise red flags under recent Executive Orders.
- Evaluate the personal social media accounts of key staff who post about the organization.
- Maintain intentionality in your language—you may choose not to alter content, but understanding potential risks is essential.

6. Conduct Stakeholder Outreach

- If changes are made to reduce risk or align operations, communicate transparently with:
- Internal stakeholders (staff, board)
- External supporters (donors, volunteers, partners)
- Emphasize what work is continuing and how it aligns with your mission.

Sources

- A Nonprofit Checklist from National Council of Nonprofits, April 3, 2025 – <https://www.councilofnonprofits.org/nonprofit-checklist-conducting-risk-assessment-federal-funding>