

# BEST PRACTISES FOR NON-PROFIT ORGANISATIONS



## Introduction

Non-Profit Organisations (NPOs) including foundations play a critical role in supporting economies and social systems worldwide. However, their global impact and accessibility have also made them targets for misuse by terrorists and terrorist organisations. The diversion of NPO resources for funding terrorist activities undermines not only the reputation of the entire nonprofit sector but also the trust of financial institutions, and donors. It is therefore imperative for NPOs to implement robust mitigation measures, supported by effective government oversight, to counter such risks.

This Note outlines good practices for mitigating risks of terrorist financing abuse, focusing on governance, transparency, and accountability measures essential for a well-functioning NPO established in the Republic of Cyprus based on guidelines issued by the Cyprus Ministry of Interior and the Financial Action Task Force (FATF).

## Recommended Good Practises:

- NPO should be multi-level and multi-faceted and avoid accumulating power in a single person.
- Minutes of the general meetings and the board of directors should always be kept.
- To establish mechanisms to identify the donors and beneficiaries.
- To have a website on which to announce the NPO's financial data, actions, goals and its code of conduct.
- Staff members are not related up to the 4th degree to officials of the NPO.
- No fees for volunteer work.
- Volunteer details and financial transactions on behalf of the NPO are recorded and kept on file.

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- The name of the major donors should be included in the audited financial statements.
- The donations are deposited directly by the donors into the bank account of the NPO operating in the Republic of Cyprus.
- A receipt signed by an authorised person of the NPO shall be given for the donations received.
- To maintain a registry of beneficiaries to which the money and assistance granted to the NPO are included.
- No financial aid in cash.
- Funding foreign programs after a prior study and beneficiary identification.
- The transfer of financial aid for donations abroad, is made through the banking system of Cyprus and recognised foreign banking institutions.
- Preparing and Auditing Annual Financial Reports based on international standards.
- Holding funds in bank accounts in the Republic of Cyprus or Europe.
- Investing NPO funds in safe, low-risk options.
- No funds are transferred from the NPO to the personal accounts of the officers or founders.

### Conclusion

By adopting robust governance, transparency, and accountability measures, NPOs can safeguard their operations against misuse by terrorist and terrorist organisations and maintain the trust of their stakeholders. Therefore, we urge the NPOs to consider the above guidelines and incorporate these practices into their daily operations.

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