

THE 22 BIGGEST RISKS FOR ARTS ORGANIZATIONS

REPUTATION risks:

1. Loss of a major source of operations or capital/project funding (MAJOR FUNDING SOURCE LOSS)
2. Actual or alleged employee or volunteer misconduct or abuse (MISCONDUCT CLAIM)

COMPLIANCE risks:

3. Unauthorized use of restricted funds (RESTRICTED FUND MISUSE)
4. Failure to file essential information returns or remit payroll deductions (FAILURE TO FILE/REMIT)
5. Inadvertent breach of contract by organization representatives with artists or suppliers (BREACH OF CONTRACT)

FINANCIAL risks:

6. Sudden drop in the market value of investments (INVESTMENT LOSSES)
7. Unsuccessful fund-raising projects (FUND-RAISING FAILURES)
8. Fraud: skimming cash/inventory/supplies, false invoices/requisitions, altered cheque amounts or payees, mis-coding, favouritism/kickbacks, unrecorded liabilities (FRAUD)
9. Unintended material accounting or reporting error (ACCOUNTING ERRORS)
10. Theft of cash or equipment at an event or from the office (CASH/EQUIPMENT THEFT)

STRATEGIC/GOVERNANCE risks:

11. Irrelevance because programs or services are no longer valued by community or its changing demographics (IRRELEVANCE)
12. Failure of a major construction or other project or strategic initiative (MAJOR PROJECT FAILURE)
13. Loss of a key person due to burnout, accident or transfer (KEY PERSON LOSS)

OPERATIONAL risks:

14. Theft of artworks under the organization's stewardship (ARTWORK THEFT)
15. Destruction, deterioration or defacing of art, especially in public places (DESTRUCTION OF ART)
16. Approval of an expenditure or contract beyond signer's authorization (UNAUTHORIZED EXPENDITURES)

EXTERNAL risks:

17. Incapacity due to an emergency eg flood, fire or earthquake (FIRE/FLOOD/QUAKE)
18. Excessive increases in rent, utilities, insurance or other costs (RENT/INSURANCE PRICE SPIKE)
19. Accident liability claim against the organization (ACCIDENT LIABILITY CLAIM)
20. Defamation, loss of business, or similar claim against the organization by an artist (LAWSUIT BY ARTIST)

TECHNOLOGY risks:

21. Loss of accounting data or membership list (LOSS OF DATA)
22. Technology failure eg accounting system crash (ACCOUNTING SYS CRASH)