



Donor Due Diligence Checklist

Managing risk and compliance for a nonprofit involves getting the full picture of any potential donor or partner, especially if it is a high-value or naming gift. This includes checking for all kinds of red flags in a donor's background, including their current and past affiliations and their business practices.

The process can be overwhelming because of the sheer amount of data out there—not to mention multiplying that by the number of donors you're working with. Here are 10 things to consider so nothing slips through the cracks:

1	Get to know your donors.	Conduct background checks on the prospect, including criminal, litigation, regulatory issues, etc. using court records, regulatory databases, and other public information sources.
2	Consider the whole network.	Research not just the prospect but also their inner circle - family, business partners, etc. to uncover any issues that may reflect poorly, like an association with a board member of a company that is counter to your mission.
3	Ensure mission alignment.	Identify any potential conflicts of interest between the prospect's business/ political activities and your nonprofit's work.
4	Embrace technology.	Use donor research technology and databases to efficiently gather information and identify potential risks. In addition to wealth validation, these tools can effectively search for red flags—like a donor's designation on a PEP list or negative news focus—that may raise concerns about your association with them, saving you time from manually searching.

5	Validate donor's giving ability.	Verify the source of the prospect's wealth through public records such as property records, SEC filings, political donation disclosures, and other documentation to ensure it is legitimate.
6	Evaluate giving history.	Use databases and records to review the prospect's history of charitable giving to other organizations through foundations and donor-advised funds to assess their values, interests, and giving capacity.
7	Broaden your data.	Expand your data coverage beyond basic biographical and financial information to include relevant news, social media activity, and other sources that provide a fuller picture of the prospect.
8	Keep up with public sentiment.	Evaluate the prospect's reputation in their industry and community by researching news coverage, speeches, social media, and other publicly available information.
9	Set up alerts.	Targeted media monitoring tools can flag mentions of your subjects and send you updates to keep you up to date on any potential news story that may impact your donor relationship.
10	Stay current.	Continuously update your research on engaged prospects to monitor changes and reassess the relationship as needed.

Faster, More Accurate Donor Due Diligence

With Nexis® for Development Professionals (NDP) and Nexis Diligence®, researching the risk associated with potential donors' is a snap. NDP's Donor Profile cards quickly highlight a target's most relevant news coverage, legal watchouts, donation history and more—all in one convenient location.

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