ACCRÉDITATION SANS FRONTIÈRES

ASF Financial Sustainability & Liability Management Policy

An internal governance policy — not a public financial disclosure — ensuring ASF can operate reliably and answer for its own liabilities

Version 2 · 2026

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Foreword

This policy is deliberately not a public financial disclosure — that is a separate question, for a separate future document, and this policy does not require or substitute for one. What this policy addresses is narrower and more foundational: does ASF have what it needs, financially, to keep operating reliably, and does ASF have a real means to answer for the liabilities its own activities could create? ISO/IEC 17011 treats this as a genuine, distinct management requirement for any accreditation body, separate from what that body chooses to publish about its finances [1].

1. Purpose

This policy governs two related internal management questions, consistent with ISO/IEC 17011's financing and liability management requirement [1]: whether ASF's financial resources are adequate to conduct its actual current operations, and whether ASF has adequate means to cover liabilities that could genuinely arise from its own accreditation activities.

2. Why Diversification Matters: The Real Evidence

The principle in Section 3.2 is not a theoretical precaution. Industry practice for nonprofit financial risk assessment treats any single revenue source exceeding twenty-five to thirty percent of total revenue as a genuine concentration risk — yet real survey data finds that two out of three nonprofit organizations rely on a single revenue channel for more than seventy-five percent of their total revenue, far beyond that threshold [2].

This is not a hypothetical risk. Research from the Urban Institute found that roughly one in three American nonprofits experienced a genuine government funding disruption in early 2025; the organizations affected averaged forty-two percent dependence on that single funding type, compared with twenty-eight percent sector-wide, and were twice as likely to be forced into staff cuts as a direct result [3]. Separately, nonprofit financial guidance commonly recommends maintaining ninety to one hundred eighty days of operating expenses in reserve — yet many organizations hold three months of cash or less, leaving essentially no cushion when a funding disruption of exactly this kind occurs [2, 4].

One honest complication is worth stating plainly: rigorous academic research on UK charities found that the type of income an organization depends on matters more than raw concentration alone — dependence specifically on grant funding was associated with greater financial vulnerability, while concentration in other income types was not, once that distinction was properly modeled [5]. This does not undermine the case for diversification; it refines it. This policy's own principle in Section 3.2 is written around avoiding dependence on any single source or funder type with a stake in ASF's own decisions — the same underlying vulnerability the research identifies, stated in terms specific to an accreditation body's genuine impartiality risk, not merely its cash flow.

> *Institutions rarely fail simply because funding runs out. They fail because they discover, too late, that they depended on a single donor, a single grant, or a single funding relationship — and by the time that dependency becomes visible as a crisis, there is no longer time to fix it.*

3. Financial Adequacy

3.1 Resourcing Review

As part of the annual ASF Management Review Procedure, the Council reviews whether ASF's current financial resources are genuinely adequate for the volume and complexity of ASF's current operations — the number of organizations accredited, standards under active revision, surveyors certified and maintained, and complaints or sentinel events handled — not merely whether ASF's accounts are currently balanced.

3.2 Diversification of Funding

ASF does not rely on a single source of funding for the majority of its operating resources, where this is genuinely avoidable. This is not primarily a financial risk-management principle — though it is that too — it is an impartiality safeguard: an accreditation body substantially dependent on funding from the organizations it accredits, or from a single funder with a stake in ASF's decisions, faces a genuine, structural pressure toward leniency that this policy is designed to resist.

4. Liability Management

ASF maintains adequate means — through insurance, reserved funds, or another genuine mechanism — to answer for liabilities that could reasonably arise from its own accreditation activities, including:

- A claim arising from an accreditation decision alleged to have been made negligently or in bad faith
- A data protection failure affecting information ASF holds under Section 11 of How ASF Develops and Revises Standards or the ASF Public Complaints & Feedback Policy
- A claim arising from the conduct of an ASF-certified surveyor while acting in that capacity

The adequacy of this coverage is reviewed at least as often as the annual management review, and specifically whenever ASF's scope of operations changes materially — a new organizational standard, a significant increase in accredited organizations, or a new jurisdiction of operation.

5. Relationship to Other ASF Processes

- Financial and liability adequacy is a required input to the ASF Management Review Procedure (Section 3 of that procedure), not a separate, disconnected check
- A financial or liability inadequacy identified through that review is addressed as a nonconformity under the ASF Internal Nonconformity & Corrective Action Procedure where it represents a genuine gap against this policy's own requirements
- This policy governs ASF's internal financial resilience; it does not itself require or govern public financial disclosure, which remains a separate matter for ASF's own future decision

References

[1] International Organization for Standardization. ISO/IEC 17011:2017, Conformity Assessment — Requirements for Accreditation Bodies Accrediting Conformity Assessment Bodies. Geneva: ISO; 2017.

[2] One Abacus Advisory. Financial Risk Assessment for Nonprofits: A Complete Guide. 2026.

[3] One Abacus Advisory, citing Urban Institute 2025 research. Finding Your Nonprofit's Funding Strategy: Complete Guide. 2026.

[4] DonorDock. Nonprofit Revenue Diversification: Don't Bet on One Stream. 2026.

[5] Financial Resilience, Income Dependence and Organisational Survival in UK Charities. VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations. 2021.

Annex A — Annual Financial and Liability Adequacy Review

Completed as part of the annual ASF Management Review Procedure.

Review period: ______________________________

Financial Adequacy

- ☐ Current resources assessed as adequate for current operations
- ☐ No single funding source represents an undue majority of operating resources (Section 3.2 benchmark: below 25–30%)
- ☐ Operating reserve reviewed against the 90–180 day benchmark

Liability Coverage

- ☐ Coverage confirmed adequate for accreditation decision claims
- ☐ Coverage confirmed adequate for data protection liabilities
- ☐ Coverage confirmed adequate for surveyor conduct liabilities

Gaps Identified

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Reviewed by: ____

Date: ______________________________

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This is not the document that tells the public how ASF is funded. It is the document that makes sure ASF can still be trusted regardless of who is asking — grounded in real evidence about exactly how organizations like ASF actually fail.