



TURKS AND CAICOS ISLANDS FINANCIAL SERVICES COMMISSION

Regulating with Honesty, Integrity and Transparency

19 December 2025

TO: All Registered Non-Profit Organisations
Turks and Caicos Islands

Circular to All Non-Profit Organisations (NPOs): Sector TF Risk Profile, Practical Protections, and Upcoming Outreach

Dear NPO Leaders and Controllers,

Following the Financial Services Commission's recent sectoral risk analysis, we write to share the current risk profile of the NPO sector, practical steps to protect your organisations and the integrity of the TCI financial system, and details of upcoming outreach.

Sector TF Risk Profile (Summary)

Although the overall terrorist financing (TF) risk for the Turks & Caicos Islands NPO sector is assessed as low, it is important for every organization to understand the factors that influence this risk and remain vigilant. Below are the key elements that define the sector's risk profile:

- The TCI NPO sector's inherent TF risk is low. Most organisations operate domestically, are community-based, and have transparent governance and modest financial activity.
- A minority have international links; no evidence indicates links to high-risk jurisdictions or TF actors. Nonetheless, continued vigilance is essential.

Global Typologies to Be Aware Of

(Rare in TCI, but vigilance is still needed)

While the TCI NPO sector is assessed as low risk for terrorist financing, global experience shows that certain misuse patterns can emerge in any jurisdiction. To support vigilance and good governance, NPOs review the main typologies observed internationally, noting that these are rare in TCI but valuable for awareness and early detection to prevent your NPO from being misused in the same ways:

1. **Diversion of funds** – donations/project funds siphoned to non-charitable/illicit ends.
2. **Affiliation with terrorist entities** – covert links to proscribed groups or fronts.
3. **Abuse of programming** – projects used to conceal/enable TF activities.
4. **Support for recruitment** – events or programmes exploited to recruit/radicalise.
5. **Sham NPOs** – fake charities created to move funds or cover illicit activity.

These typologies are not commonly observed in TCI but understanding them helps you detect issues early.



Practical Risk Indicators (Use for Self-Assessment)

To help your organisation identify potential vulnerabilities early, we recommend monitoring certain warning signs. These indicators do not automatically mean misuse, but they should prompt closer review and, if necessary, corrective action. Below are examples of practical risk indicators you can use for self-assessment:

- **Unexplained cash flows:** sudden spikes, poorly documented withdrawals, repeated round-number payments.
- **Opaque leadership/decision-making:** unclear controller roles, no minutes, single-person control over finances.
- **Activities/partners in high-risk areas:** operations/counterparties in jurisdictions with TF/terrorism concerns.
- **Weak financial controls:** no segregation of duties, missing reconciliations, absent supporting documents.
- **Unusual donor behaviour:** insistence on anonymity without reasonable justification, complex/indirect payment paths.

If any indicator is present, document your review, strengthen controls, and contact the FSC if concerns persist.

Good Governance: What We Expect and Encourage

Strong governance is the foundation of a resilient and trusted NPO. It helps prevent misuse, ensures accountability, and builds confidence among donors, partners, and regulators. Below are key practices we encourage all NPOs to adopt to maintain integrity and compliance:

- **Clear board roles & accountability:** chair/treasurer/secretary with defined responsibilities; avoid concentration of financial authority.
- **Regular meetings & records:** agendas, minutes, action logs; annual review of financial controls and risk.
- **Transparent financial records:** bank statements, receipts, vouchers, reconciliations, and documented approvals.
- **Due diligence on donors & partners:** verify identity (where appropriate), understand source/purpose of funds, check counterparties—especially abroad.
- **Robust internal controls:** dual signatories, payment limits, periodic audits/reviews, conflict-of-interest register, whistleblowing channel.

Risk-Based, Proportionate Compliance

Compliance requirements are designed to be proportionate to the level of risk your organisation presents. Most NPOs will not face intrusive measures, but all must maintain basic transparency and accountability. The following principles explain how risk-based compliance applies in practice:



- **Compliance is tailored to risk:** most NPOs will not face intrusive supervision.
- **All NPOs must maintain basic transparency and accountability** consistent with the Regulations and guidance.
- **Cash use is not inherently suspicious;** however, cash must be **documented, justified,** and proportionate to activities. **Banking channels are preferred** where feasible, for traceability and efficiency.

Timely and Accurate Reporting (Protects You and the Sector)

Accurate and timely reporting is essential to maintain transparency, protect your organisation, and uphold the reputation of the NPO sector. It ensures compliance with regulatory requirements and demonstrates accountability to donors and stakeholders. Below are the key reporting obligations every NPO should follow:

- **Annual financial statements:** submitted by the required deadline of June 30th (or within six months of your financial year end).
- **Notify changes** in controllers, governing documents, or contact details **promptly**.
- **Keep records for at least five years** and be prepared to evidence the legitimate use of funds.

Timely, accurate reporting helps prevent misuse, supports public confidence, and reduces supervisory follow-ups.

Open Communication with the FSC

The Outreach Unit is here to support you—not just to enforce rules. We encourage open dialogue on any questions, challenges, or concerns you may have, including issues related to compliance, banking access, or governance. If you encounter activity or situations that raise red flags, please report them promptly to the FSC. Early engagement helps prevent problems and ensures that your organisation continues to operate confidently and transparently. Your feedback is also welcome, as it helps us improve our guidance and outreach for the entire NPO sector.

Upcoming Outreach

To strengthen your organization's resilience and support compliance, the Outreach Unit has planned a series of interactive sessions and resources. These initiatives are designed to provide practical guidance, answer your questions, and help you implement best practices. Below are the key activities you can look forward to, schedule of dates to follow:

- **Quarterly Webinars & Town Halls:** TF risk awareness, governance & controls, and live Q&A.
- **Board Training Workshops:** practical sessions on roles, financial stewardship, and due diligence.
- **"Reporting Made Simple" Clinics:** hands-on support for annual returns and strengthening documentation.



- **On-Site Participation:** From time to time, the Outreach Unit will attend NPO activities to observe and monitor in real time the controls applied during those events. This helps us provide tailored feedback and strengthen sector-wide best practices.
- **Guidance Materials:** short factsheets and checklists will be emailed and posted on our website.

We appreciate your commitment to best practices and your contributions to the community. Together, we will maintain a safe, transparent, and trusted NPO sector.

For assistance or to register for outreach sessions, please contact the Outreach Unit at amloutreachunit@tcifsc.tc / 649-946-5314 ex. 5015.

Yours respectfully

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