



QUARTERLY THEME

Building Resilience Under Pressure

Current through July 23, 2026

EXECUTIVE OVERVIEW

Nonprofits enter Q3 2026 with elevated pressure across funding, liquidity, leadership capacity, staffing, governance, and technology. Charitable giving and public trust remain meaningful strengths, but neither compensates for an unclear mission or a fragile operating model.

The board-level challenge is to ensure the organization remains mission-clear, financially resilient, well-led, measurable, trusted, and able to adapt.

Q3 SECTOR DASHBOARD

AREA	OUTLOOK	PRIMARY BOARD CONCERN
Government & grant funding	HIGH RISK	Concentration, restrictions, and disruption planning
Financial resilience	HIGH RISK	Liquidity, reserves, reimbursement, and full program cost
Leadership & workforce	HIGH RISK	Burnout, succession, role design, and key-person dependency
Charitable giving	MIXED	Retention, recurring giving, and flexible public support
Mission & governance	ELEVATED	Strategic focus, outcomes, and board effectiveness
Technology, data & AI	EMERGING	Privacy, security, accuracy, and responsible use

BOARD TAKEAWAY Resilience grows from clear choices, financial visibility, leadership depth, and disciplined follow-through.

Q4 2026 WATCH LIST

FEDERAL GRANTS Final rules, award terms, certifications, and pass-through effects.	CASH & REIMBURSEMENT Payment delays, receivable aging, and unrestricted cash pressure.	YEAR-END GIVING Case clarity, donor segmentation, digital readiness, and stewardship.
LEADERSHIP CONTINUITY Retirements, vacancies, access, documentation, and internal bench strength.	AI & CYBERSECURITY Policy adoption, staff training, vendor risk, and incident readiness.	BOARD RECRUITMENT Capabilities, community relationships, lived perspective, and officer pipeline.

WHY WE PUBLISH

To help nonprofit boards and leaders interpret changing conditions, ask better questions, and translate insight into responsible action.

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PRIORITY 1

The funding model is under pressure

Government uncertainty and weak liquidity reinforce one another.

Government funding is less predictable

KEY INSIGHT Funding risk now includes changing terms, delayed reimbursement, and greater discretion—not only nonrenewal.

SUPPORTING EVIDENCE In May 2026, the Office of Management and Budget proposed broad changes to federal grant rules. The National Council of Nonprofits cautions that the proposal could expand agencies’ ability to suspend, modify, or terminate awards. Exposure also reaches organizations funded through state, local, education, health, and nonprofit pass-through relationships.¹

LEADERSHIP IMPLICATION Boards need visibility into the original source of revenue, contract terms, renewal dates, reimbursement exposure, and the amount of unrestricted cash temporarily supporting restricted programs.	RECOMMENDED ACTION Create a one-page funding-risk map for the five largest funding relationships and model 10%, 25%, and 50% disruption scenarios.
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» **BOARD QUESTION** *What happens during the first 30, 60, and 90 days after a major funding delay or loss?*

A balanced budget can conceal financial fragility

KEY INSIGHT Liquidity, restrictions, and full program cost are stronger indicators of resilience than revenue growth alone.

SUPPORTING EVIDENCE Nonprofit Finance Fund reports that 36% of surveyed nonprofits ended 2024 with an operating deficit, 52% had three months or less cash on hand, and 84% of government-funded respondents expected cuts. CEP’s 2026 study found that 66% of nonprofit CEOs were concerned about financial stability and 39% reported a 2025 deficit.^{2,3}

LEADERSHIP IMPLICATION An organization can appear balanced while delaying maintenance, holding positions vacant, underinvesting in technology, or relying on staff sacrifice and unrestricted subsidies.	RECOMMENDED ACTION Add unrestricted days cash, revenue concentration, restricted revenue, receivable aging, and full-cost program margin to the board dashboard.
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» **BOARD QUESTION** *What costs or investments are being postponed in order to present a balanced budget?*

BOARD FINANCIAL RESILIENCE DASHBOARD

CASH	CONCENTRATION	RESTRICTIONS	RECEIVABLES	PROGRAM MARGIN
Unrestricted days available	Top-five revenue share	Restricted share of revenue	Aging and reimbursement lag	Full revenue minus full cost

Trend these measures over 12 months and define thresholds that trigger board attention or management action.

PRIORITY 2

Leadership and workforce capacity

Succession, staffing, burnout, and role design are parts of the same operating challenge.

Leadership sustainability is an operating issue

KEY INSIGHT Burnout and key-person dependency can threaten continuity long before a formal succession event.

SUPPORTING EVIDENCE CEP reports that 46% of nonprofit CEOs describe their own burnout as a major concern, up from just under 30% in 2025; 25% say burnout is significantly affecting staff. Current sector education also emphasizes succession for executive, financial, operational, and board roles.³

LEADERSHIP IMPLICATION

Some succession problems are actually job-design, workload, compensation, management-capacity, or documentation problems. Replacing a leader without correcting the operating model transfers the risk.

RECOMMENDED ACTION

Develop an emergency continuity plan and a three-to-five-year leadership pipeline plan for executive, financial, operational, and board roles.

» **BOARD QUESTION** *Would a capable leader want the executive role as it is currently designed?*

A PRACTICAL WORKFORCE LENS

ATTRACT	Can compensation, role clarity, flexibility, and mission meaning compete in the current labor market?
EQUIP	Do managers have the authority, systems, training, and information needed to lead effectively?
RETAIN	Are workload, culture, supervision, and growth opportunities strong enough to keep capable people?
CONTINUE	Are knowledge, access, responsibilities, and relationships documented well enough to withstand transition?

TEXAS NONPROFIT LENS Workforce scale and competition		
576,031 jobs at Texas 501(c)(3) organizations	5.1% of Texas private-sector employment	61.9% / 23.1% of private education / health and social- assistance jobs are nonprofit
WHY IT MATTERS Texas nonprofits employ more than half a million people while competing for talent across a large labor market. Leadership continuity, role design, and workforce development are strategic operating issues—not administrative details. ⁹		

RECOMMENDED NEXT STEP Identify the three positions whose sudden vacancy would create the greatest disruption; address authority, access, documentation, workload, and internal development for each.

PRIORITY 3

Mission, governance, and measurable outcomes

Boards create value by clarifying purpose, choosing priorities, and holding the organization accountable for meaningful results.

Mission clarity must drive program and funding choices

KEY INSIGHT Boards add the most value when they define outcomes, make tradeoffs, and protect the mission from drift.

SUPPORTING EVIDENCE BoardSource’s recommended practices emphasize strategic direction, chief executive support and evaluation, financial oversight, community representation, accountability, and continuous board improvement. Activity counts remain useful, but boards also need to understand outcomes, full cost, strategic fit, and organizational capacity.⁸

LEADERSHIP IMPLICATION

A board that only receives reports can unintentionally approve growth without capacity, programs without outcomes, or funding opportunities that pull the organization away from its central purpose.

RECOMMENDED ACTION

For each major program, document the need, intended outcome, evidence, full cost, strategic fit, and reason the organization is well positioned to deliver it.

» **BOARD QUESTION** Which three outcomes matter most—and which programs contribute most directly to them?

BOARD EFFECTIVENESS TEST

PURPOSE	Can every board member explain why the organization exists and what success looks like?
INFORMATION	Does the board receive decision-useful insight rather than operational volume?
ACCOUNTABILITY	Are priorities, ownership, measures, and follow-through consistently visible?
EXECUTIVE PARTNERSHIP	Does the board both support and evaluate the chief executive appropriately?
RENEWAL	Does recruitment reflect future capabilities, community relationships, and leadership needs?

PROGRAM DECISION FILTER				
FIT	OUTCOME	EVIDENCE	FULL COST	ALTERNATIVES
Is it central to mission?	What will change?	How will we know?	Can it be sustained?	Partner, redesign, or stop?
Use the same questions for proposed growth, renewal of existing services, and programs that consistently strain capacity.				

PRIORITY 4

Community support, trust, and responsible technology

Public support remains an opportunity, but durable trust depends on relationships, transparency, and responsible practice.

Giving is strong, but donor relationships remain fragile

KEY INSIGHT Aggregate generosity creates opportunity; flexible public support requires deliberate relationship-building.

SUPPORTING EVIDENCE Giving USA estimates that U.S. charitable giving reached \$617.2 billion in 2025. M+R reports 15% average online revenue growth, but new online donor retention was only 24%, overall one-time donor retention was 48%, and 37% of annual online revenue arrived in December.^{4,5}

LEADERSHIP IMPLICATION Fundraising activity does not automatically create community ownership. Durable support grows through clear impact, recurring relationships, stewardship, volunteer engagement, and board-led introductions.	RECOMMENDED ACTION Track active donors, new donors, retention, recurring support, unrestricted giving, board introductions, and planned-giving prospects each quarter.
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» **BOARD QUESTION** *Are we building durable relationships—or primarily running transactions, appeals, and events?*

Trust, data, cybersecurity, and AI now intersect

KEY INSIGHT Technology use is a governance and reputation issue, not only an efficiency question.

SUPPORTING EVIDENCE Independent Sector’s July 2026 polling found that 56% of Americans highly trust nonprofits and 76% expect disclosure of when and how AI is used. Thirty-seven percent said AI use would reduce trust, compared with 22% who said it would increase trust. NTEN’s nonprofit AI resources emphasize governance, privacy, vendor risk, contracting, and responsible-use policies.^{6,7}

LEADERSHIP IMPLICATION Boards should not select individual tools, but they should ensure that confidential information, human review, accuracy, security, vendor risk, and disclosure expectations are addressed.	RECOMMENDED ACTION Adopt an initial AI and data-use policy, confirm cybersecurity basics, and define information that may never be entered into an external system.
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» **BOARD QUESTION** *What information could cause serious harm if it were lost, exposed, altered, or used incorrectly?*

MINIMUM GOVERNANCE SAFEGUARDS

DATA BOUNDARIES Define what may never enter external systems.	HUMAN REVIEW Require accountable review of consequential work.	VENDOR RISK Evaluate privacy, security, ownership, and contracts.	INCIDENT RESPONSE Clarify reporting, containment, recovery, and communication.
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FROM INSIGHT TO ACTION

A practical board agenda and support framework

1 Mission Confirm the three to five outcomes that matter most; identify services to expand, redesign, partner, or stop. OUTPUT Ranked strategic priorities.	2 Finance Stress-test funding, liquidity, reimbursement exposure, and program economics. OUTPUT Responses to two plausible disruptions.	3 Continuity Address key-person risk, staffing, emergency succession, and leadership development. OUTPUT A prioritized continuity plan.	4 Governance Choose two board practices to improve during the next 12 months. OUTPUT Owners, dates, and follow-through.
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WHEN OUTSIDE SUPPORT ADDS VALUE

Outside support adds the most value when an organization needs neutrality, specialized expertise, additional capacity, or disciplined follow-through to move an important issue from discussion to execution.

Fundraising & Marketing	Clarify the case for support, strengthen donor and community communication, build recurring and major-gift relationships, and improve volunteer recruitment and engagement.
Leadership & Team Building	Strengthen board-executive alignment, clarify roles and accountability, develop leaders, and improve team effectiveness, engagement, and retention.
Financials & Budgeting	Improve budget visibility, forecasting, cash planning, program economics, and a focused dashboard of financial and operational indicators.
System Development	Identify and document critical processes, clarify ownership, reduce key-person dependency, and build more consistent, repeatable execution.
Short- & Long-Term Planning	Translate mission into realistic priorities, measurable goals, ownership, review rhythms, and decisions that increase long-term community impact.

Outside support should strengthen internal capability—clearer decisions, stronger leadership, better systems, and accountable execution—not replace board governance or management.

CITED SOURCES

- National Council of Nonprofits.** [OMB Uniform Guidance: 2026 Proposed Changes](#) 2026. Accessed July 23, 2026.
- Nonprofit Finance Fund.** [State of the Nonprofit Sector Survey](#) 2025.
- Center for Effective Philanthropy.** [State of Nonprofits 2026: What Funders Need to Know](#). 2026.
- Giving USA / Lilly Family School of Philanthropy.** [Giving USA 2026: The Annual Report on Philanthropy for the Year 2025](#). 2026.
- M+R.** [Benchmarks 2026: Fundraising](#). 2026.
- Independent Sector.** [Trust in Nonprofits and Philanthropy](#). July 2026.
- NTEN.** [AI for Nonprofits Resource Hub](#). 2026.
- BoardSource.** [Recommended Board Practices](#). Updated 2026.
- U.S. Bureau of Labor Statistics.** [Nonprofit Organizations: State and Regional Employment Trends](#). March 2025; latest state estimates are for 2022.

METHOD NOTE Superscript numbers identify cited evidence. Interpretations and recommended actions are the publisher's analysis. Local decisions should also use the organization's own financial, program, workforce, and stakeholder data.