

THE NONPROFIT ACTION BRIEF

A nonprofit leadership and resilience brief



Q4 2026 | BOARD & EXECUTIVE LEADERSHIP EDITION

QUARTERLY THEME

Resilience Amid Uncertainty

Current through October 14, 2026

EXECUTIVE OVERVIEW

Federal grant rules, economic pressures, leadership capacity, and day-to-day impact of AI remain uncertain. Congress delayed proposed federal grant changes, while Texas businesses report input costs rising faster than their selling prices.^{1 3} **Boards must protect essential capacity and make responsible 2027 decisions without waiting for perfect certainty.**

Q4 SECTOR DASHBOARD

AREA	OUTLOOK	PRIMARY BOARD CONCERN
Government & grant funding	HIGH RISK	Grant rules and renewal exposure
Financial resilience	HIGH RISK	Liquidity, funding mix, cash triggers
Leadership & workforce	HIGH RISK	Critical roles and backup capacity
Charitable giving	MIXED	Economic strain, year-end giving
Mission & governance	ELEVATED	2027 outcomes and tradeoffs
Technology, data & AI	ELEVATED	AI safeguards and data risk

The dashboard classifications are the publisher's qualitative assessments, not independently published risk ratings.

SINCE OUR LAST BRIEF | Q3 PRIORITIES

1 FUNDING & FINANCE Federal grant-rule decision delayed to Dec. 11. ¹	2 LEADERSHIP & WORKFORCE Survey shows high levels of dependence on volunteers and contractors. ⁴
3 MISSION & GOVERNANCE Program tradeoffs remain key board responsibilities. ⁵	4 COMMUNITY & TECHNOLOGY AI findings and donor tax guidance call for action. ^{6 7}

BOARD TAKEAWAY

Resilience requires knowing exposures, preparing options, and making timely decisions despite uncertainty.

Q1 2027 WATCH LIST

FEDERAL GRANTS Rulemaking and FY2027 funding	CASH & FUNDING Renewals, reserves and timing	YEAR-END GIVING Campaign and donor retention
LEADERSHIP Critical functions and backups	AI & CYBERSECURITY Policies, training, data	BOARD PRIORITIES Outcomes, owners, milestones

WHY WE PUBLISH

To help nonprofit boards and leaders interpret changing conditions, ask better questions, and translate insight into responsible action.	PUBLISHED BY Rory Sheppard ActionCOACH of West Texas westtexas.actioncoach.com/nonprofit westtexas@actioncoach.com
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Funding and financial resilience

Uncertainty requires financial visibility, practical alternatives, and clear decisions before disruption.

Federal grant uncertainty remains unresolved

KEY INSIGHT Congress has delayed proposed grant-rule changes, providing preparation time without resolving long-term funding uncertainty.

SUPPORTING EVIDENCE Public Law 119-103, enacted September 2, prohibits OMB from issuing or finalizing its proposed Uniform Grants Regulation, or a substantially similar rule, through December 11. The proposed changes address grant administration, award conditions, and termination authority. The restriction does not preclude final action after December 11.^{1 2}

LEADERSHIP IMPLICATION	RECOMMENDED ACTION
The pause is not a guarantee of future funding. Nonprofits with direct or pass-through federal awards still face renewal, reimbursement, and award-specific risks.	Map the five largest public funding relationships: amounts, terms, renewal dates, cash exposure, and the first response to a delay or loss.

» **BOARD QUESTION** Which program commitments would be hardest to sustain if a major public funding relationship changed in 2027?

Prepare for giving volatility before it affects cash

KEY INSIGHT Economic pressure could constrain charitable support. Donation declines are planning scenarios, not established forecasts.

SUPPORTING EVIDENCE In September, 282 executives responding to the Dallas Fed’s Texas business survey reported 4.9% average input-price growth over 12 months, compared with 3.0% selling-price growth. This shows business cost pressure, not a measured decline in charitable giving.³

LEADERSHIP IMPLICATION	RECOMMENDED ACTION
Donor and business financial flexibility may be affected over time. Boards should understand how revenue shortfalls would change cash, staffing, and service commitments.	Stress-test budgeted donations at 3%, 5%, and 7% below plan. Document dollar and cash effects, available responses, and board decision triggers.

» **BOARD QUESTION** If donations fall 3%, 5%, or 7% below plan, what changes first—and which mission outcomes do we protect?

TEXAS NONPROFIT LENS | ECONOMIC PRESSURE – previous 12 months

INPUT COSTS	WAGES	SELLING PRICES
4.9%	3.9%	3.0%

WHY IT MATTERS Input Costs & Wage pressure may eventually influence household and business giving. The timing and magnitude are uncertain; use 3% / 5% / 7% shortfalls as prompts for illustrative decision tests – if unrestricted giving was down by a given percentage (3/5/7%), what actions can leadership pre-plan as the best right steps? ³

Leadership and workforce capacity

Resilience depends on people, relationships, and knowledge required to sustain essential work.

Capacity extends beyond employees

KEY INSIGHT Nonprofit continuity depends on more than executive succession. Volunteers, board members, and contractors may carry responsibilities essential to operations and service delivery.

SUPPORTING EVIDENCE Independent Sector’s September 2026 research found that among surveyed 501(c)(3) organizations with paid staff, 45% had fewer than 10 employees, 67% had regular volunteers, and 70% engaged consultants or contractors. Boards commonly contribute to planning and fundraising, and outside specialists often support finance and communications.⁴

LEADERSHIP IMPLICATION	RECOMMENDED ACTION
A critical relationship or function may depend on someone outside the organizational chart. Losing that person can disrupt service, information access, funding, or institutional knowledge.	Identify the three most vulnerable functions. Record the lead person, key knowledge and relationships, authorized access, backup coverage, and first transition steps.

» **BOARD QUESTION** Which essential activities or relationships depend too heavily on one person—and what happens if that person is unavailable?

A PRACTICAL CAPACITY AND CONTINUITY TEST

DIMENSION	LEADERSHIP QUESTION
PEOPLE	Who performs the work, including volunteers and outside partners?
KNOWLEDGE	Are critical procedures, contacts, and information documented?
COVERAGE	Who can step in with appropriate access and authority?
CAPACITY	Can the team sustain current commitments without excessive strain?
DEVELOPMENT	Who is being prepared for future responsibility?

RECOMMENDED NEXT STEP

Select one vulnerable function and conduct a 30-day continuity review. Close the most important gaps in backup coverage, documentation, authority, and training before year-end.

Continuity is both a people question and an operating-model question. Replacing an individual without improving the underlying system often preserves the exposure.

PRIORITY 3

Mission, governance, and measurable outcomes

Boards protect the mission by choosing priorities and holding the organization accountable for results.

Mission clarity must drive resource choices

KEY INSIGHT Uncertainty makes tradeoffs more important. Resilient nonprofits distinguish essential mission outcomes from activities that may no longer be sustainable in their current form.

SUPPORTING EVIDENCE BoardSource’s recommended practices emphasize strategic direction, budget approval, chief executive partnership, accountability, and board improvement. Independent Sector’s workforce findings also document the role that board members play in strategic planning and fundraising.^{4 5}

LEADERSHIP IMPLICATION	RECOMMENDED ACTION
A worthy program can still outrun available cash, staffing, or leadership attention. Approving every existing commitment by default can gradually weaken organizational effectiveness.	Before setting 2027 priorities, review each major program for mission fit, meaningful outcomes, full cost, and capacity. Decide what to maintain, improve, partner on, or reconsider.

» **BOARD QUESTION** Which outcomes must we protect in 2027—and what are we prepared to change to sustain them?

BOARD PRIORITY AND ACCOUNTABILITY TEST

TEST	QUESTION
PURPOSE	Does the commitment directly advance our mission?
OUTCOME	What meaningful change should it produce?
RESOURCES	Can we fund the full cost and supply the capacity?
OWNERSHIP	Who is accountable for execution?
REVIEW	When will the board assess progress and revisit the choice?

A PRACTICAL GOVERNANCE DISCIPLINE

For each 2027 priority, document the intended outcome, available resources, one accountable leader, the next milestone, and a review date. Use this information to guide real decisions, not simply create another report.

The board sets direction and accountability; management leads implementation within the agreed boundaries.

PRIORITY 4

Community support, trust, and responsible technology

Strengthen the relationships that sustain the mission and protect the information entrusted to it.

Year-end giving requires active donor education

KEY INSIGHT Tax benefits and giving events create opportunities only when nonprofits communicate them clearly, alongside a credible case for mission impact.

SUPPORTING EVIDENCE For 2026, eligible taxpayers who do not itemize may be able to deduct up to \$1,000 in qualifying cash donations (\$2,000 for married couples filing jointly). The Panhandle Gives takes place November 23–December 1 across the 26 Texas Panhandle counties, with amplification funding for qualifying participants.^{7, 8}

LEADERSHIP IMPLICATION	RECOMMENDED ACTION
Donors may not know about the deduction or available regional giving opportunities. Giving messages must be clear and accurate, and relationships must continue beyond a single appeal.	Include qualified, nonpersonalized IRS guidance in Q4 appeals; lead with impact, clarify campaign dates and giving links, then assign board and staff follow-up to strengthen retention.

» **BOARD QUESTION** *Are our donor communications giving people a compelling reason and a practical way to support us before year-end?*

AI use is advancing ahead of organizational safeguards

KEY INSIGHT AI is entering everyday nonprofit work while many organizations lack complete governance and staff preparation.

SUPPORTING EVIDENCE NTEN and Bridgespan’s September survey of 917 nonprofit professionals found 45% of respondents answering the usage question used AI daily or more (n=723). Among executive respondents answering governance questions (n=404), about 39% reported written safe-use guidance and 22% reported an AI risk plan.⁶

LEADERSHIP IMPLICATION	RECOMMENDED ACTION
Staff may use AI for communication, operations, fundraising, or programs before policies address sensitive data, errors, tool approval, and accountable review.	Inventory current AI uses; name an oversight owner; define prohibited data and approved uses; require human review and basic staff training.

» **BOARD QUESTION** *Do we know where AI is already being used—and who is accountable for its safe and appropriate use?*

Q4 EXECUTION CHECK

Confirm campaign messages and follow-up owners; document AI boundaries, human review, and the oversight lead.

FROM INSIGHT TO ACTION

A practical board agenda for Q4 and 2027

1 FUNDING & CASH Map critical public awards and stress-test 3%, 5%, and 7% donation shortfalls. Define the first financial decision trigger. OUTPUT Funding exposure and cash-response map.	2 CONTINUITY Identify three critical functions, including those carried by volunteers or contractors. Establish backup coverage. OUTPUT Continuity responsibilities and action dates.
3 MISSION & GOVERNANCE Confirm 2027 outcomes and program choices against full cost and capacity. Assign accountable owners. OUTPUT Ranked priorities and board review dates.	4 DONORS & TECHNOLOGY Approve year-end donor communication and stewardship steps; adopt initial AI-use boundaries. OUTPUT Giving follow-up plan and AI oversight owner.

WHEN OUTSIDE SUPPORT ADDS VALUE

Outside support can add value when an organization needs neutrality, specialized capacity, or disciplined follow-through to move from discussion to execution.

AREA	PRACTICAL SUPPORT
Fundraising & Marketing	Clarify the case for support, strengthen giving and stewardship, and engage volunteers.
Leadership & Team Building	Clarify roles and accountability, build leaders, and improve team retention.
Financials & Budgeting	Improve cash planning, forecasting, program cost analysis, and dashboards.
System Development	Document processes, reduce key-person dependency, and improve execution.
Short- & Long-Term Planning	Translate mission into priorities, measures, ownership, and reviews.

Outside support should strengthen internal capability—not replace board governance or management.

CITED SOURCES

1. [U.S. Congress. Pub. L. 119-103, §157. Sept. 2, 2026.](#)

2. [Congressional Research Service. The Uniform Grants Regulation. Sept. 4, 2026.](#)

3. [Federal Reserve Bank of Dallas. Texas Business Outlook Special Questions. Sept. 28, 2026.](#)

4. [Independent Sector. Doing the Work of Nonprofits. Sept. 2026.](#)

5. [BoardSource. Recommended Board Practices. July 2026.](#)

6. [NTEN & Bridgespan. State of Nonprofit AI Adoption and Governance. Sept. 10, 2026.](#)

7. [Internal Revenue Service. Publication 6196, Charitable Deduction Tips. Oct. 2026.](#)

8. [Amarillo Area Foundation. The Panhandle Gives, 2026.](#)

METHOD NOTE

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