EXECUTIVE PERSPECTIVES ON TOP RISKS AND OPPORTUNITIES

for the Near - and Long - Term

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Beyond the next grant cycle: Building capacity, trust and resilience in the nonprofit sector

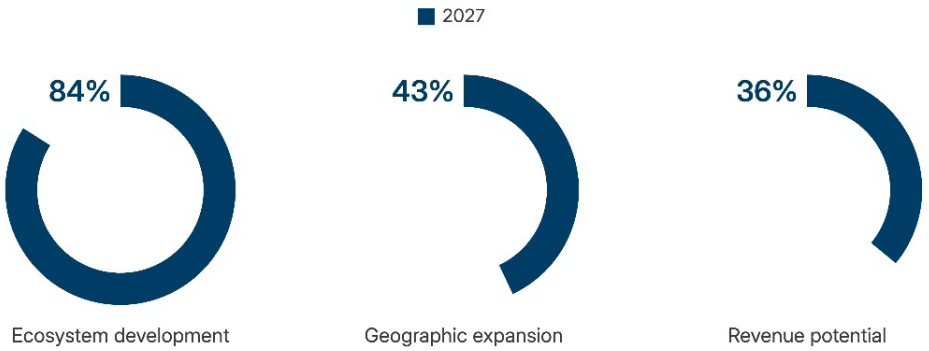
Nonprofit organisations are confronting a difficult operating environment marked by rising costs, constrained funding, workforce challenges and growing expectations from funders, regulators and stakeholders. These pressures affect more than day-to-day operations; they test whether organisations can sustain their missions over time.

*Protiviti's **2027 Executive Perspectives on Top Risks and Opportunities Survey** reveals that nonprofit leaders are responding to these pressures by strengthening the foundations of organisational resilience. Leaders see opportunities to extend capacity through external relationships, equip employees to use AI effectively, and strengthen trust through cybersecurity and data privacy investments. Together, these priorities reflect a pragmatic approach to growth: improve operational capacity, grow and protect relationships, and direct limited resources toward targeted mission delivery.*

Top findings

- Respondents overwhelmingly identify ecosystem development as an important opportunity, far ahead of revenue potential and geographic expansion.
- Economic conditions are the leading near-term risk, followed by talent challenges and organisational resilience and agility.
- More than half prioritise equipping their workforce to realise AI's value, while emphasizing stronger AI governance and accountability.
- Workforce skilling is the top investment priority, followed by cybersecurity and data privacy.
- Over the long term, ensuring organisational resilience is the leading risk theme.

Where do nonprofit leaders see the greatest opportunities for their organisation over the next two to three years?



Nonprofit leaders overwhelmingly point to expanding their ecosystem of relationships as their greatest opportunity (84% agree). At a time when organisations are under pressure to do more with less, partnerships offer a practical way to extend capacity, access expertise, share resources and pursue mission objectives that may be difficult to achieve alone. Whether through collaborations with peer organisations, funders, technology providers or shared-service arrangements, leaders appear increasingly open to models that extend capacity without requiring significant new investment.

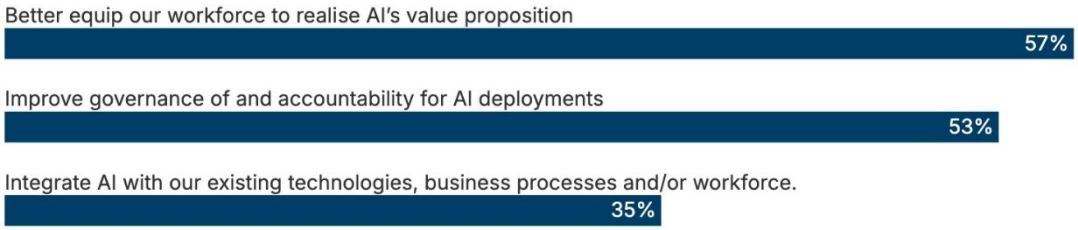
Nonprofit executives expressed far less optimism for revenue potential and, in some cases, may be looking to geographic expansion as one way to generate funding growth. As a strategy, expanding mission delivery into new geographies without a corresponding growth in funding and capacity can create more challenges than opportunities. On the other hand, reaching across geography to engage new donors, access new funding and develop new partnerships can potentially create future conditions for expanding the mission.

The main goal for many nonprofits in the current economic environment remains maintaining stable, diversified funding — and doing more with it. In practice, this means strengthening existing donor relationships, pursuing new grant opportunities and reducing dependence on any single funding source. Operational efficiency priorities, highlighted in other findings in the survey, appear aimed at extending internal capacity without adding more staff, i.e., achieving more with the same or less.

84%

of nonprofit leaders point to ecosystem development as their greatest opportunity to extend capacity without significant investment.

What priorities do leaders see as most important to maximizing the value of AI deployments?

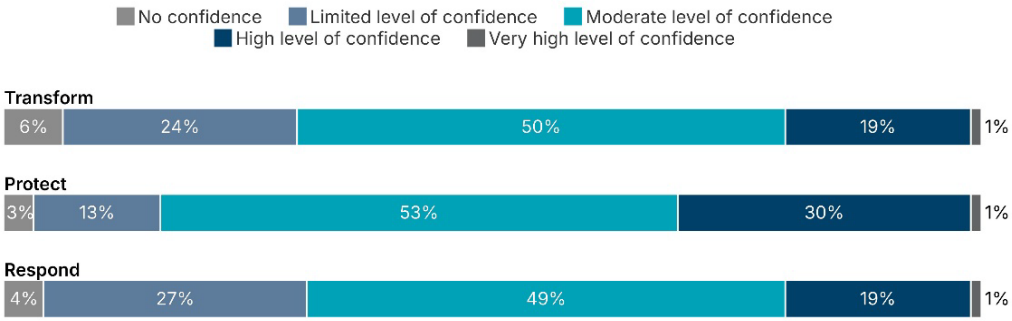


The nonprofit sector's approach to AI appears pragmatic and mission-focused. Organisations increasingly recognise that strategic technology partnerships can provide access to AI capabilities that can extend organisational capacity by helping employees spend less time on repetitive administrative tasks and more time advancing the mission. Whether supporting grant reporting, donor engagement, financial management or internal operations, integrating AI into existing processes is increasingly viewed as a means to improve productivity and amplify impact in a sector known for operating with constrained staff resources.

At the same time, leaders understand the need for a deliberate approach to AI. Nonprofits operate in environments where auditability, transparency and oversight are deeply embedded in organisational processes, and where data stewardship, accountability and trust are essential to maintaining stakeholder confidence. As a result, leaders are less focused on rapid adoption and more concerned with ensuring AI tools are deployed responsibly and are supported by appropriate governance, with effective safeguards and clear accountability.

These opportunities cannot be realised unless the workforce embraces the technology and is equipped to use it effectively and responsibly, targeting efficiencies while maintaining accountability for the outcomes. This recognition makes workforce enablement the top AI priority, sitting above governance or integration. In practice, none of these imperatives exist in isolation — targeted deployment, strong governance and workforce development must all come together to help organisations capitalise on AI's potential.

We asked leaders in the nonprofit sector three specific questions about their ability to (1) transform the organisation, (2) protect organisational value, and (3) respond with agility to market opportunities and risks. What did they tell us?



The confidence levels portray a sector that is capable but realistic about its limitations. Confidence in the ability to transform is moderate. Most nonprofit leaders understand the need to modernise processes, adopt new technologies and evolve operating models, but many are balancing those ambitions against immediate mission needs. The survey's other findings suggest leaders are looking for more practical forms of transformation, particularly through partnerships, workforce development and targeted technology investments that expand organisational capacity without requiring wholesale reinvention or undermining foundational strengths.

Agility to respond to risks and opportunities remains a similar challenge for many nonprofits — and is broadly consistent with other survey themes. Nonprofit organisations are facing a challenging economic environment while working with limited reserves, restricted funding and lean staffing models. These conditions can make it difficult to move quickly in response to both risks and opportunities, even when leaders recognise the need.

Protecting organisational value generated higher confidence levels compared to the other two measures. This likely stems from the sector’s deep experience safeguarding mission delivery and stakeholder trust. In an increasingly complex environment, protection extends beyond financial discipline and operational accountability to include cybersecurity, data privacy, compliance and oversight of emerging technologies such as AI.

What are the most significant near-term concerns and risks on the minds of nonprofit leaders?

Risk description	2027*
Economic conditions, including inflationary pressures	3.84
Skills and talent acquisition and retention, leadership development and succession challenges	3.69
Resiliency and/or agility to manage an unexpected crisis and other uncertainties	3.65
Cyber threats	3.64
Ensuring privacy and compliance with growing identity protection regulations and expectations	3.53
Heightened regulatory change, uncertainty and fragmentation	3.53

**Average values are based on a 5-point scale where 1 reflects "No impact at all" and 5 reflects "Extensive impact."*

Economic pressures are the top challenge as organisations head into 2027. Market uncertainty, inflation and shifts in donor and grant funding can have an immediate, and even oversized, impact on organisations whose ability to deliver services, retain staff and invest in future capabilities has very little room for fluctuation.

Talent challenges follow and are closely related to the economic headwinds. Nonprofit organisations compete for qualified talent with the private sector while operating under compensation constraints that make attracting and retaining experienced employees difficult. As a result, talent concerns appear concentrated in areas such as internal skill development, careful succession planning, and giving employees the tools and technologies to support the mission more efficiently while improving their day-to-day experience.

The resiliency concern underscores the sobering reality that many nonprofit organisations operate with very thin financial cushions and little margin for disruption. Any funding interruption, technology failure, regulatory issue or unexpected event can quickly send an organisation into survival mode, threatening its mission and wellbeing. The finding further highlights the need for agile, responsive models that can address such unexpected risks.

The challenges that follow include cybersecurity, privacy and regulatory concerns. These issues are closely tied to stewardship obligations and organisational trust where funders, regulators, boards and the public expect strong governance practices and responsible management of information and resources.

Given these near-term risk issues, where do organisations plan to invest most?



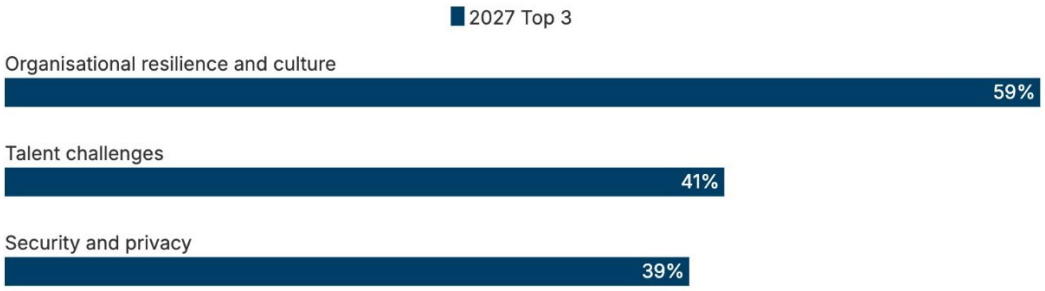
The highest investment priority reflects the recognition that people sit at the core of nonprofit organisations' success, shaping and advancing the organisation's mission. The priority encompasses developing leaders, nurturing employee growth, attracting new talent and providing the skills and tools needed to make the work more effective and rewarding. The finding brings together workforce concerns across multiple survey questions and signals an intention to preserve, protect and continue to develop the sector's most important asset: its people.

Cybersecurity and data privacy rank next, underscoring the growing importance of protecting stakeholder trust as organisations expand their use of digital platforms, data-driven decision making and AI-enabled tools. Many nonprofits continue to rely on aging technology environments that can be difficult and costly to secure, while cyber threats are becoming more sophisticated, targeted and increasingly powered by AI. Against this backdrop, investments in security, privacy and cyber resilience are increasingly viewed as foundational to maintaining donor, volunteer and community confidence.

Business process improvement is also a high investment priority, reflecting a focus on operational effectiveness and efficiency. Modernising administrative workflows, strengthening controls and streamlining core processes can reduce manual effort and administrative complexity, preventing staff burnout and enabling employees to devote more time to donor cultivation, grant prospect research, proposal development, stakeholder engagement, volunteer management and programme delivery. Business process improvement is one of the key ways organisations can maximise their reach without overextending resources.



How do nonprofit leaders view the 10-year risk outlook for their organisation?



The prominence of organisational resilience and culture among the long-term themes suggests leaders are looking beyond immediate operational demands and focusing on their organisations' capacity to adapt, evolve and sustain mission delivery through economic, technological and organisational changes long term. Advancing this goal can also raise organisations' confidence level in the ability to respond to opportunities and risks faster and more confidently, making them less vulnerable to the uncertainties of the next funding cycle.

The second theme, talent, also brings together several priorities already discussed. Talent retention, leadership development and workforce enablement are reflected not only in the sector's long-term focus, but also in its AI-related and investment priorities. Further, nonprofit leaders recognise that resilience ultimately depends on people: their ability to adapt and manage change, maintain a sense of purpose and mission, and develop the technology skills needed to make bigger impact with fewer resources in a rapidly changing world.

Cybersecurity and data privacy remain foundational to resilience as well as organisations evolve and forge new partnerships. Taken together, these priorities reveal a broader understanding that resilience is not a single initiative but a capability built over time through investments in people, operations and trust.

Top 10 near-term risks for nonprofit organisations

Risk description	2027 average*
Economic conditions, including inflationary pressures	3.84
Skills and talent acquisition and retention, leadership development and succession challenges	3.69
Resiliency and/or agility to manage an unexpected crisis and other uncertainties	3.65
Cyber threats	3.64
Ensuring privacy and compliance with growing identity protection regulations and expectations	3.53
Heightened regulatory change, uncertainty and fragmentation	3.53
Access to capital/liquidity	3.50
Third-party risks	3.42
Increases in labour costs	3.40
Lack of trust in reliability of information for decision-making	3.38

**Average values are based on a 5-point scale where 1 reflects "No impact at all" and 5 reflects "Extensive impact."*

"Risk management and mission delivery are no longer separate conversations. The nonprofits that thrive will be those that strengthen their resilience today so they can pursue their mission with confidence tomorrow."

– Zachary Unger, Protiviti

Calls to action: What should leaders do now?

The following actions can help nonprofit organisations survive the current economic turbulence and increase their confidence, agility and ability to deliver their mission through ongoing change:

- **Build organisational resilience before it is needed.** Strengthen the operational, financial and cultural foundations that enable the organisation to navigate funding fluctuations, leadership transitions and external disruption. Resilience is a long-term capability built through deliberate investment and planning.
- **Modernise the work behind the mission.** Deploy AI and automation where they can deliver the greatest impact, including grant management, donor reporting, prospect research, compliance monitoring and knowledge sharing.
- **Invest in people as a strategic asset.** Prioritise critical skills, retention, leadership development, succession planning and responsible AI adoption to strengthen organisational capacity and mission impact.
- **Turn partnerships into capacity.** Build relationships that expand access to shared services, technology, expertise, funding opportunities and broader community reach, enabling the organisation to do more than it can accomplish alone.
- **Pursue innovation with governance and trust.** Integrate cybersecurity, data privacy and governance into AI, digital transformation and partnership initiatives from the outset.
- **Connect near-term investments to long-term resilience.** Evaluate spending not only by its immediate return, but also by whether it strengthens organisational agility, resilience and mission continuity through future change.



About the survey

Our 15th annual **Executive Perspectives on Top Risks and Opportunities Survey** contains insights from 1,330 board members and C-suite executives around the world regarding their views on:

- Ability to transform and protect the enterprise and respond to market opportunities and risks;
- Opportunities for growth considering the current environment;
- Priorities perceived as most critical to maximizing the value of AI deployments;
- The top risks on the horizon for the near-term (two to three years ahead) related to 30 specific risks across three dimensions (transform, protect and respond);
- A discussion of their organisations' near-term strategic investment priorities, given the opportunities and the risks they face; and
- The long-term horizon based on 11 risk themes that encompass the 30 near-term risk issues.

Our survey participants shared their views through an online survey conducted in June and July 2026. This paper offers specific insights into these issues from the perspective of leaders in the nonprofit sector.

About the authors



Zack Unger is a Managing Director and serves as Protiviti's East Region Public Sector Industry Lead based in New York. He has assisted numerous clients with their business and process improvement, transformation and internal audit needs. As part of his work in the public sector, Zack has supported numerous organisations in the nonprofit, government and higher education space with accounting and finance matters, including preparing for or becoming current on past audits, and other major transformational efforts.

Contact Zack at zachary.unger@protiviti.com.



Dillon Clark is a Director in the Business Performance Improvement practice, focusing on public sector finance transformation at Protiviti's Los Angeles office. He has over 13 years of experience executing large-scale finance transformation projects for some of the nation's largest and most complex institutions and agencies. Dillon serves as a subject-matter expert in research administration and grants management for government contractors, state and local governments, federal agencies, higher education institutions and healthcare systems.

Contact Dillon at dillon.clark2@protiviti.com.

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