2026 Q2 State of the Nonprofit Sector

AI Adoption & Governance

forvis mazars

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Introduction

Artificial intelligence (AI) is beginning to find its place in nonprofit operations, but its effects remain uneven and, for many, still uncertain. For organizations operating on limited budgets and with small teams, AI is often seen as a way to ease daily pressures.

Some hope these tools can help with accounting, financial reporting, donor engagement, or other routine tasks. Yet, AI may not resolve deeper structural challenges and can sometimes introduce new risks or inefficiencies if not thoughtfully implemented. Leaders are weighing AI's promise against a backdrop of rising service demand and costs, shifts in funding, and persistent staffing constraints.

Finance and executive leaders are also pointing to growing pressure on operations. Nonprofit trends show that while program participation rose 8% from the prior year,[1] and program costs are the highest they have ever been,[2] staffing and competition for funding continues to be the most challenging issues to address.[3] These trends are driving organizations to look toward technological solutions to enhance resources and decision making without additional manual effort.

This broader landscape of rising demands and changing conditions sets the context for how nonprofits are approaching new technologies, including AI. While AI is not a cure-all, at best, it is another tool that requires careful testing and judgment to help ensure it supports, rather than distracts from, the core mission of nonprofit organizations.

1 "Game-Changing 2025 AI Benchmark Report: How Artificial Intelligence Is Revolutionizing the Nonprofit Sector," blog.tappnetwork.com, January 27, 2025.
2 Ibid.
3 Ibid.

4 "Game-Changing 2025 AI Benchmark Report: How Artificial Intelligence Is Revolutionizing the Nonprofit Sector," blog.tappnetwork.com, January 27, 2025.
5 Ibid.

Practical Value for Nonprofits

For many nonprofits, interest in AI begins with the daily reality of constrained resources, time pressure, and manual work caused from disparate systems. The need for better data is clear, but only 9% of organizations consider themselves highly data-driven. This gap between what leaders hope for and what their systems allow often leads to viewing AI as a way to bridge the gap by making data more accessible for automation in order to reduce administrative burden and free staff to focus on the work that matters most to their mission.

While AI can learn from data, automate repetitive work, and suggest possible outcomes, its usefulness can be limited by data quality, integration with existing systems/routines, and its ability to genuinely address the specific bottlenecks that staff experience each day. Not every process is suited to automation, and AI's predictions can be flawed if information is incomplete or biased. However, with intentional and thoughtful implementation these are hurdles that can be navigated to see true ROI.

Once through these initial challenges, organizations can begin to realize the practical value in AI adoption through process improvement. Every organization's need and use case will be different but some common solutions include:

- Spotting patterns in donor behavior or program results that are difficult and time-consuming to find manually
- Quickly reading and summarizing organizational and financial reports, and highlighting important trends
- Using smart AI agents to better organize information and automate routine work across organizational silos

For nonprofits, this translates to:

- Improving program results by better using data to guide decisions
- Managing financial risks by finding unusual activity early
- Reducing administrative burden when analyzing data
- Engaging donors more effectively with targeted outreach
- Making compliance and reporting faster and more efficient

If these capabilities prove reliable they can offer organizations a new set of tools to test and adapt and allow them to respond more quickly to changes in funding, regulations, or community needs.

The Leadership Imperative Governance and Alignment

Nonprofits leaders and boards are becoming more tech savvy and there is an increased pressure to use data to refine strategies and measure impact.[6] Third-party applications used on top of ERPs and CRMs are the main driver of additional data insight for most organizations, however, increasingly complex tech stacks can become unwieldy and require additional training and resources that further stretch staff. AI can be a win for leaders when it consolidates some of the applications and processes, but to be operationally successful it requires leaders to set clear use cases and take a measured approach in its implementation. This is not just about picking technology, it means defining clear rules, enforcing policies, and safeguarding sensitive data so that AI remains aligned with the organization's mission and overall goals.

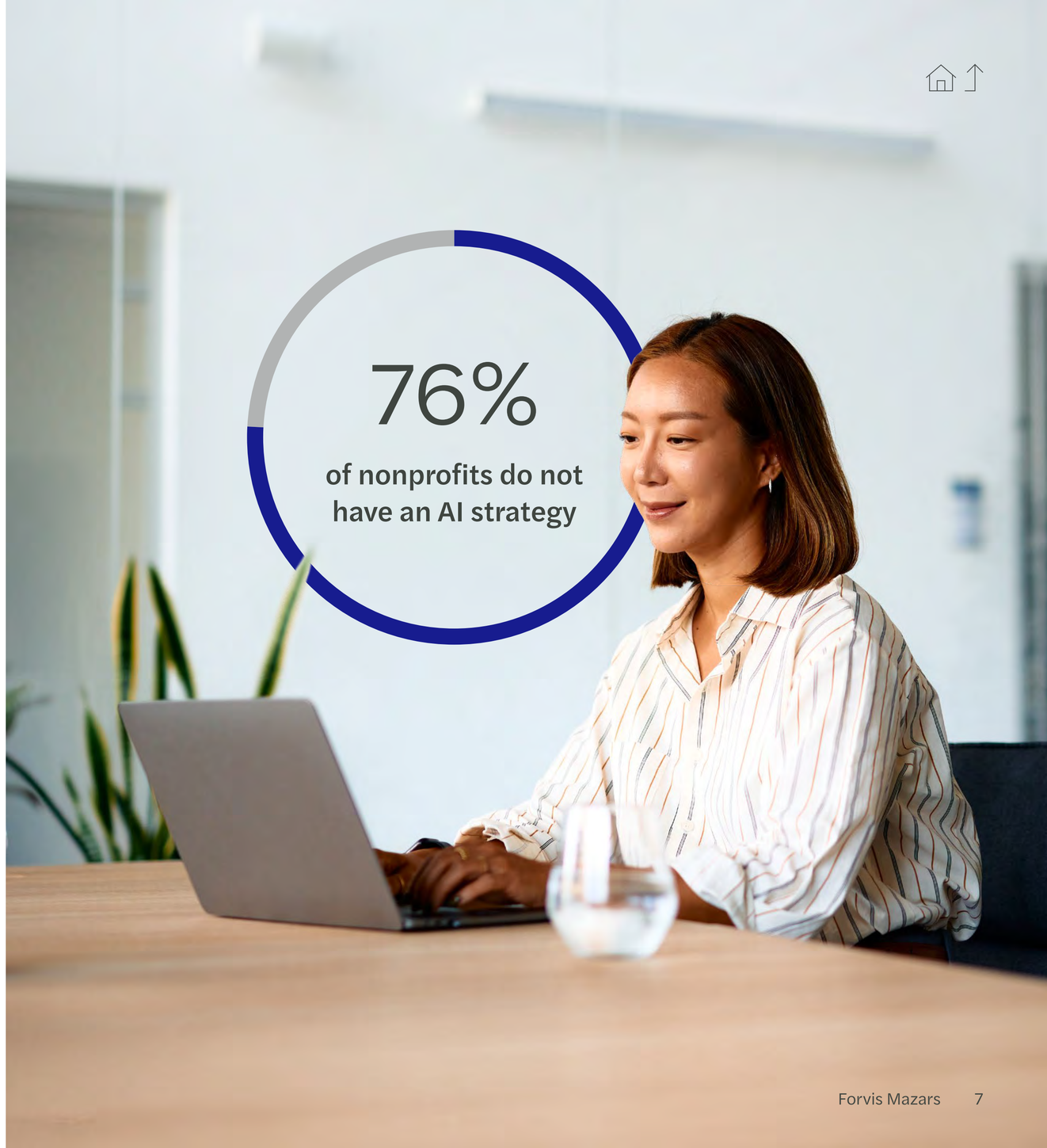
6 "2025 Nonprofit Technology Ecosystem Trends Report," omaticsoftware.com, 2026.

Whether it is the increased pressure to do more with less, or the fear of being left behind, more than half of nonprofits are actively exploring AI, while only one percent are actively implementing it into their organizations.[7] This positive trend points to an assumption of readiness, but the reality is even among these early adopters there is a readiness gap; most nonprofits do not have an AI strategy (76%) or an AI acceptable-use policy (80%), which presents risks to organizations regardless of their stage of adoption.[8]

Nonprofit leaders also cite data security and privacy (67%) and a lack of expertise or capacity among staff (58%) as primary concerns for AI adoption.[9] To address these issues nonprofit organizations should provide guidance and training early in the implementation process, establish governance frameworks, and create data stewardship protocols before widespread adoption.

Data security/governance and people should be at the forefront of leaders' minds early in AI adoption, and decisions should be made early on why and how AI will be used. Understanding the why and how will determine what data will be used and guide any safeguards that need to be in place to protect sensitive or regulated data and promote transparency, accountability, and promote trust across stakeholders.

7 "Game-Changing 2025 AI Benchmark Report: How Artificial Intelligence Is Revolutionizing the Nonprofit Sector," blog.tappnetwork.com, January 27, 2025.
8 "The State of AI in Nonprofits: Benchmark Report on Adoption, Impact, and Trends, 2025" pages.techsoup.org, 2026.
9 Ibid.



Where Nonprofits Are Seeing the Greatest Impact

Nonprofit AI adoption patterns indicate that most organizations start with core work products, communications, strategy, finance tasks, administration, productivity, and development/fundraising, underscoring the need for early focus on these areas to achieve tangible efficiencies.[10]

Donor Intelligence & Engagement

Fundraising is often the entry point for AI, as 61% of organizations that have adopted it are using it for donor-facing content and donor analytics and outreach as viable short-term solutions for segmentation, drafting, and follow-up, with final messaging and stewardship left to staff.[11] Development is a natural starting point and lower barrier of entry due to tasks that can be performed by generative AI without the need of complex tech stacks or agents to implement. AI excels in this area because it can identify giving patterns, assist in finding donors who might increase giving, and help design tailored messages.[12]

10 "The State of AI in Nonprofits: Benchmark Report on Adoption, Impact, and Trends, 2025" pages.techsoup.org, 2026.
11 Ibid.
12 "Game-Changing 2025 AI Benchmark Report: How Artificial Intelligence Is Revolutionizing the Nonprofit Sector," blog.tappnetwork.com, January 27, 2025.

Accounting & Finance Transformation

Accounting and finance teams are using AI to try to solve recurring workflow inefficiencies and bridge the gap in real-time visibility of finances. Leaders point to motivators in internal pain points of finance operations, such as budgeting and planning (35%), lack of real-time metrics (34%), and manual reporting (31%) as reasons they implemented AI.[13] One of the main drivers for early adoption in these departments are accounting ERPs that are pushing AI capabilities to their systems, making some automation features available to organizations that are on those platforms. This gives organizations that have been hesitant to adopt AI the ability to do so in a low-stakes and secure environment, while being able to capitalize on some on the built-in workflow efficiency gains.

13 "Game-Changing 2025 AI Benchmark Report: How Artificial Intelligence Is Revolutionizing the Nonprofit Sector," blog.tappnetwork.com, January 27, 2025.

Case Study

The Catholic Extension Society's AI Adoption Journey

Modernizing nonprofits can be intimidating, especially in the digital age. However, the potential finance transformation, ease of administrative burden, and improved operations can be net positives for those considering AI tools.

As more nonprofits adopt AI, it is critical to ensure that governance, culture alignment, and donor engagement are built into the foundation of their AI strategy.

Forvis Mazars recently spoke with Catholic Extension Society, a national fundraising organization that works in solidarity with 89 dioceses across the U.S., about the organization's AI adoption and early use cases. Seth Hopkins, director of consulting at Forvis Mazars, sat down to discuss the organization's journey with Stephen Bochenek, senior director of finance.

Editor's note: Responses have been edited and paraphrased for length and clarity.

Q What prompted Catholic Extension Society to explore AI tools?

A What really prompted us was the volume and cost of donor outreach. We were hearing firsthand, even from family members, that Catholic Extension Society was mailing them too frequently, and that aligned with what we were seeing in our spending. We had a high volume of outbound communication, but not always a comparable response. That prompted us to rethink our approach. We wanted to reduce physical mailers, create more of a two-way dialogue, and better align our outreach with donor behavior and message preferences while being good stewards of donor dollars.

Q How did Catholic Extension apply AI to donor engagement and fundraising operations?

A We started using predictive modeling to compare mailing dates with giving dates so we could identify patterns in donor responsiveness. Instead of treating every donor the same, we wanted a way to segment people more meaningfully based on behavior, such as giving frequency and responsiveness to outreach. What I would emphasize is that these models were not perfect on day one. They improved through iteration and feedback. To me, that is where this technology is most valuable. You work with the tools, learn from them, and use those insights to support the outcome you are trying to achieve.

Q From experience, what guidance does Catholic Extension have for other nonprofits starting with AI?

A My advice would be to address the misgivings head on, make use of the resources available to you, and start small. I think the right place to begin is with manual, burdensome tasks that are taking time away from your staff. As you begin to see time and cost savings, that creates momentum. From there, you can redirect energy toward other AI-supported opportunities that align with leadership priorities.

Case Study

Q How is the nonprofit utilizing AI in finance and accounts payable operations?

A In finance, we have taken an AI agent approach that supports accounts payable without removing human judgment from the process. We designed it so that the tools help our staff work more efficiently while keeping human oversight in the areas that matter most. For example, we now use a series of agents that support different parts of the workflow:

1. One exports the invoice population from an accounting tool (via scheduled reporting) for analysis.
2. Another agent operates within Microsoft Outlook, identifying emails that appear to contain invoice information and extracting cues like due dates and amounts.
3. The output is a recommended priority list for the accounts payable team, highlighting items like invoices due soon or higher-dollar items that might need more immediate attention, and flagging invoices present in the inbox that do not appear in the accounting system.

The value for us is that it gives the accounts payable team a clearer starting point each day and better visibility of the items that may need prompt attention.

Q Where does AI fit into the organization’s accounting system?

A Within our ERP environment, one area we focused on with built-in AI tools was general ledger journal entry outlier flags. We worked on refining what unusual activity looks like, whether that means account combinations that do not normally appear together, vendor-to-account activity that seems atypical, or dollar amounts that stand out.

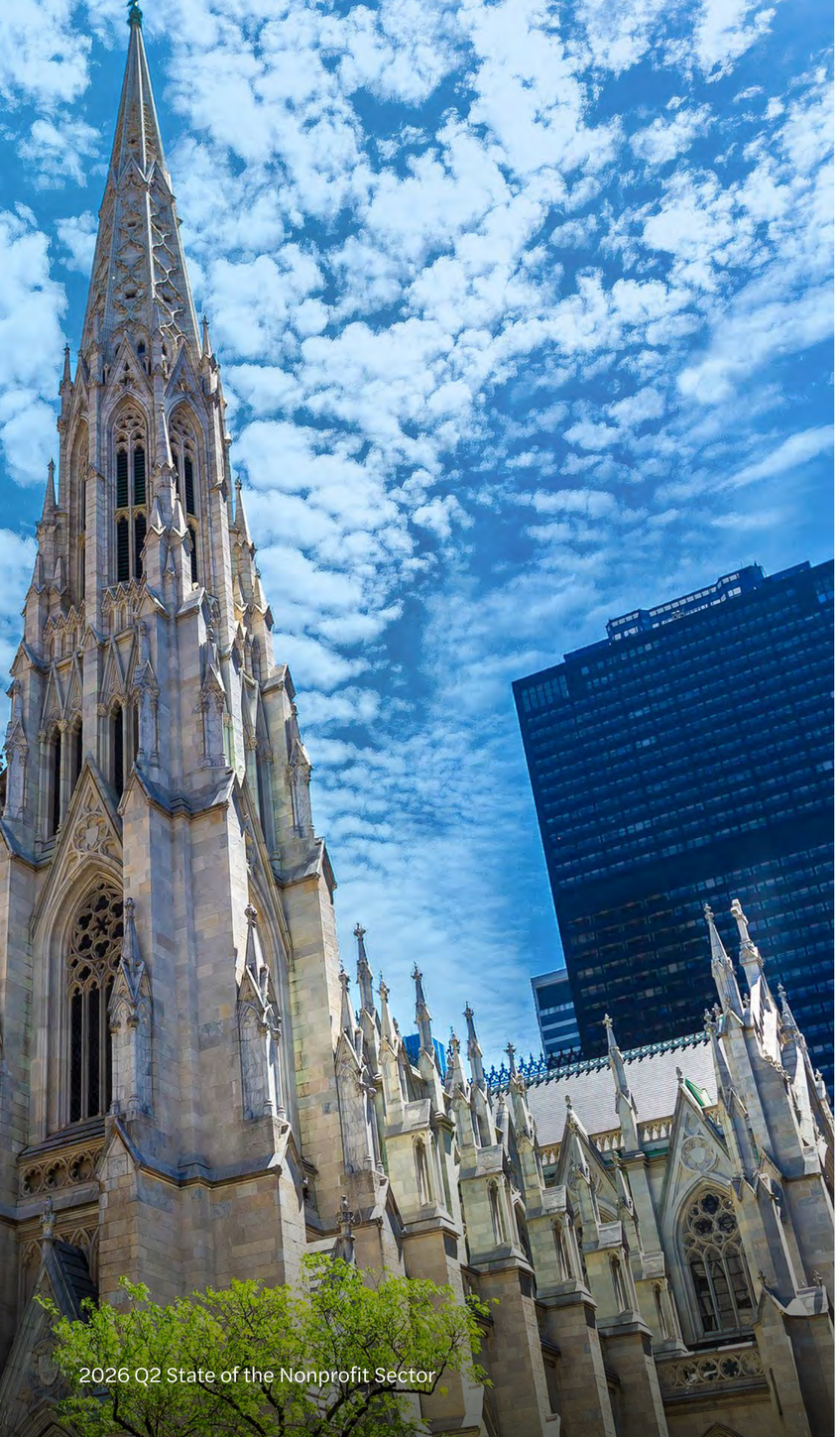
We also put a plan in place to improve bank reconciliation matching so we could support more frequent cash reconciliation. The idea is to match bank transactions to known fields, such as check numbers or ACH identifiers, and then record the related clearing activity more consistently.

Looking ahead, one area I am especially interested in is using pattern recognition to support month-end expense accrual work. We have not deployed that yet, but I believe it has meaningful potential.

Q What governance, security, and risk considerations came up during the AI implementation work?

A Because we work with sensitive donor and financial information, reputation and data sensitivity were front and center for us from the beginning. One of our early decisions was to use an enterprise AI platform rather than allow people to choose tools independently. That gave us a more consistent approach and helped us address data protection in a disciplined way.

We also had to align our acceptable AI use policy with real security constraints. For example, one of our agents needed to stay within Microsoft Outlook because of protocol limitations. Working through those realities broadened how we thought about privacy and security in practice.



Q Change is never easy; how did leadership and staff factor into the nonprofit's AI progress?

A Leadership played a significant role by staying focused on the why behind the tools. We wanted clarity around the investment, the operating changes, and the story we were telling internally because we knew staff would naturally have those same questions. In my view, sharing that context matters. The more people understand why a change is happening, the more prepared they are to work alongside these tools.

Accessibility mattered too. We made the enterprise AI approach available across the organization, but we were also mindful that not every role uses AI in the same way. We did not want blanket training that felt disconnected from people's day-to-day work. Instead, we leaned on manager-led conversations to identify quick wins and manual processes where AI could be helpful. For us, it ultimately came down to practical change management and collaboration.

Q Looking ahead, what future AI use cases matter most to Catholic Extension Society?

A One of the future use cases that matters most to us is the gift-to-grant life cycle. Being able to track a dollar from the time a gift comes in through grant deployment is a significant undertaking. We see that as a way to support faster internal handoffs, clearer visibility across functions, and stronger donor communication about where funds were directed. It also helps reduce the risk of visibility gaps around restricted funds in financial reporting.

Building a Sustainable AI Approach

Adopting AI is not just about buying new technology. Nonprofits need to consider how these tools will fit into daily routines, how information will stay secure, and what support staff will need as they adjust to new ways of working.

Organizations that have found success with AI tend to move carefully, and start with small, targeted AI projects/pilots. Size, mission, and specific needs shape which tools and systems they choose and how they use them. These groups set clear rules for AI, update data policies, invest in staff training, and maintain strong security practices. The most successful organizations create governance boards or committees that identify use cases, consider resources and outcomes that will have the most impact, and oversee initial pilots that will help show value where it matters most and guide future AI use.

The Strategic Opportunity Ahead

Nonprofits today face growing demands, limited staff, and heightened accountability expectations. Even with strong interest, the sector’s leading barriers are often people and policy-related. The majority of nonprofits that report using AI, cite obstacles such as limited internal expertise, lack of strategy, and organizational constraints as being barriers for wider organizational adoption, showing a gap between experimentation and organization-wide use.[14] This is why leadership's focus on governance, training, and practical use cases remains central to moving from interest to sustained use, and successful organizations will need to have a clear strategy, strong governance, and support for staff for AI to become a useful partner.

14 "The State of AI in Nonprofits: Benchmark Report on Adoption, Impact, and Trends, 2025” pages.techsoup.org, 2026.

Risk Management & Guidelines for Nonprofit Leadership

As nonprofits consider using AI to improve programs or operations, it is important to recognize that these changes bring both risks and opportunities. Bringing AI into mission-driven work requires careful consideration of how new systems might affect decision making, stakeholders, and sensitive data. Laying a strong foundation early can help ensure that AI adds value, rather than creating new complications.

Within the sector, leadership is balancing the desire to adopt it with reported concerns about how AI can affect trust, data, decision quality, and environment. The most mentioned AI issues include incorrect information or incorrect results (73%) and data security and privacy (67%). This justifies a risk-first approach that establishes guardrails before AI enters core processes.[15]

15 "AI With a Purpose: How Foundations and Nonprofits are Thinking About and Using Artificial Intelligence," cep.org, 2025.

43%

of organizations have one staff member making IT and AI decisions

Governance & Selection

After recognizing the risks, nonprofits should develop internal frameworks that inform AI adoption and use. This involves creating governance systems, such as oversight by organizational boards or the establishment of special committees, to help ensure that new tools are evaluated, monitored, and updated accordingly.

One of the most frequent gaps is governance, even when experimentation has begun, and reinforces the rationale for placing governance frameworks, tool selection criteria, and policy expectations at the early stage, before AI tools affect donor communication, program decisions, and reporting deliverables.

Nonprofits indicate that AI decision making frequently rests on a single individual: 43% of organizations have one staff member making IT and AI decisions, which underscores the importance of consistent vendor standards and documented approval procedures.[16] It also highlights the need to adopt a board or committee approach that pulls from across the organization to build trust and buy-in, and help assess how partners handle data security, address bias, and respond to regulatory mandates.

16 "The State of AI in Nonprofits: Benchmark Report on Adoption, Impact, and Trends, 2025" pages.techsoup.org, 2026.

Risks

As nonprofits move from planning and selection into operational implementation, it becomes important to understand the specific risks that AI can introduce across:

1. People
2. Processes
3. Decision Making
4. Reputation
5. External Stakeholders

Staff/Role Changes

Workforce pressure is already determining how nonprofits approach change, with staffing being the sector's most significant challenge, ranking above competition for funding and the economy.[17] Internal bottlenecks remain persistent, including manual and time-consuming workflows, which can increase workload and strain even before AI is introduced.[18] Adding AI into this environment works better when leaders connect AI use cases to workload relief and provide training and role clarity as part of rollout planning.

Although AI tools can simplify routine activities, they alter how individuals work and what they are expected to do, and these changes can cause anxiety or resistance among staff. As routine tasks are automated and roles shift, leaders need to prepare for upskilling and communicate clearly about why AI is being used. This helps employees focus on work that requires judgment and insight. Leaders also need to consider that some underlying reasons for resistance may come from environmental and socio-economic concerns within certain groups and may hinder wider adoption. It is important for leaders to understand these challenges and how to navigate them for successful implementations and to reduce overall risk.

17 "Game-Changing 2025 AI Benchmark Report: How Artificial Intelligence Is Revolutionizing the Nonprofit Sector," blog.tappnetwork.com, January 27, 2025.
18 Ibid.

Bias & Personability in Decision Making

AI can also impact the experience of nonprofit donors and other stakeholders. For example, excessively automated outreach can be considered impersonal, and AI-based decisions about programs can bring up questions of bias or injustice. Such risks are particularly apparent when automated processes fail to recognize key human context. In case the decisions made on sensitive subjects depend excessively on AI, the lack of human judgment may be the cause of concerns regarding:

> **Equity** – AI can favor or overlook certain groups if source data is incomplete or inconsistent.
>
> **Empathy** – Automated choices may lack warmth or alignment.
>
> **Transparency** – Decision-making processes might be unclear.
>
> **Fairness** – Algorithms sometimes yield biased or random results.
>
> **Authenticity** – Donors may disengage with generic, automated communication.

The risk of bias and trust is not an abstract matter; it is among the top concerns reported by leaders in the sector, with half citing bias or discrimination in AI algorithms as a concern.[19] These concerns coexist with adoption momentum in nonprofits, centering trust as a risk factor.

Nonprofits can build trust by being open about when and how they use AI, and by keeping human relationships at the center of stewardship and service. Open discussion of AI practices, along with clear policies that set limits, can help maintain authenticity and keep the organization aligned with its values.

What data should AI tools exclude? Nonprofit leaders should make sure that any personal information used in AI systems is securely stored, appropriately regulated, and used ethically and in accordance with the law.

Since nonprofits are often bound by rigid privacy requirements and, in certain cases, sector-specific laws, *e.g.*, donor confidentiality laws, FERPA, or HIPAA, noncompliance may expose them to financial, legal, and reputational liability. Boards and executives must remain aware of such liability and the potential dangers posed by AI that touches sensitive data.

19 "The State of AI in Nonprofits: Benchmark Report on Adoption, Impact, and Trends, 2025" pages.techsoup.org, 2026.

Reliability of Information

Reliability is a central concern for nonprofit leaders considering AI. Since AI systems can deliver incomplete, biased, or inaccurate outputs, nonprofits should consider implementing stringent inspection mechanisms prior to using automated knowledge. The reliability of AI-generated information depends on a variety of factors, such as the quality of the data it works with, the soundness of its model design, and the effectiveness of the protective measures implemented during its use.

To help ensure integrity and stakeholder trust, organizations are advised to assign qualified internal staff or engage external professionals to provide continuous supervision of AI applications. This supervision must involve systematic observation of model behavior, validation of high-impact decisions, and explicit definition of areas where human decision making must stand out.

Regardless of whether this task is handled by internal governance systems or with the help of professional advisors like Forvis Mazars, it is essential to establish a formal structure for AI testing, checking, and monitoring to validate that outputs are accurate, ethical, and do not contradict the principles of an organization's mission.

By facing these risks directly, nonprofit leaders can make more informed choices about when and how to use AI and protect their organization's integrity. Regular updates on AI practices and results help keep innovation focused on mission and values. The data shows both rapid adoption and ongoing resistance: most nonprofits are using AI in some way and spending more on technology, but concerns about ethics, skills, and staff acceptance remain. Risk management, staff support, and strong data controls are essential, and AI will continue to be scrutinized by stakeholders.

Preparing the Workforce for AI-Enabled Operations

The Organizational Impact of AI Adoption

AI is transforming how work is organized, how roles are defined, and how decisions are made. While much of the discussion focuses on efficiency and automation, long-term success will depend on how well leaders support staff through these transitions. AI is not a substitute for employees; it is a means of expanding capacity.

This is especially important in the nonprofit sector, as AI tools take on more routine, time-intensive tasks. In turn, employees will be able to spend more time on tasks that require judgment, empathy, and in-depth knowledge of the mission.

While the AI landscape is changing rapidly, it is not an independent system, and it still requires human surveillance and guidance. With the transfer of execution of responsibilities for review and interpretation, organizations that prepare for these changes may be more likely to enjoy the benefits of AI without impacting morale or losing institutional knowledge.

Clarifying Change & Maintaining Confidence

Clear communication is essential to easing staff anxiety during AI adoption. Leaders can build trust by explaining why AI is being used, where it will be applied, and what will remain under human control.

Staff are more likely to use new tools when they understand that AI is meant to reduce administrative burden, not diminish their professional value. Early involvement, pilot projects, and feedback can also help reduce resistance and improve outcomes.

In addition, supporting staff through change means providing practical, role-specific training. Organizations that invest in teaching their staff to review AI outputs, spot limitations, and use their own judgment alongside automated insights can help employees build confidence and take ownership, and over time, these skills can become daily practice.

> With the right support, AI can help organizations serve their communities, adapt to changing needs, sustain their work even with limited resources, and lead to real mission impact.

Practical Applications for AI

This report has highlighted how many nonprofit organizations are still working out what AI might mean for their daily work. The most promising early efforts so far focus on specific, practical problems that staff encounter instead of sweeping change. In these cases, organizations have used tools and data they already have, aiming for improvements that can be seen and measured within a short time.

AI, at least as it is being used now, is not a substitute for staff. Instead, it can sometimes help save time or reduce mistakes, freeing people up to focus on the parts of their work that require judgment and interpersonal connection, *i.e.*, tasks that technology cannot easily replicate.

Use Case as a Starting Point

A small, focused use case is the most effective way to start for most organizations and allows them to pilot potential solutions. Some considerations in deciding on an initial use case may include:

- A clearly defined problem or bottleneck, typically a manual process
- A simple workflow that can be automated or supported
- Use of tools already in place within the organization
- Measurable effects, such as time saved or reduced errors
- Results that are easy to communicate to leadership

By starting with these kinds of projects, organizations can try AI without disrupting daily work and may help staff and leaders see what is possible and where there are limitations.

Functional Use Cases

Most current AI uses are tied to an organization's core functions and shape daily work that addresses real tasks that staff face each day.

Finance & Accounting

AI is increasingly used to address recurring inefficiencies in financial workflows. The following examples depend on data that organizations already collect in their financial systems. When they work, they can give staff earlier warnings about possible risks and may reduce the amount of manual checking required.

- Identifying irregular transactions or early detection of fraud
- Detecting duplicate payments
- Automating expense categorization
- Reviewing invoices and spotting anomalies
- Improving efficiency in month-end close processes
- Checking grant or vendor compliance

Budgeting & Forecasting

AI can also enhance financial planning workflows by improving how quickly organizations can interpret data and respond to changes as they occur. Areas where this can be effective include scenario modeling to compare different funding or cost assumptions, recognizing trends across revenue and expense categories, projecting financial and grant program changes, and creating board-ready reports.

Donor Development & Fundraising

Fundraising is often one of the earliest entry points for AI adoption, where AI can help staff automate donor communications. Some options for AI applications include segmenting donors based on giving behavior or engagement, drafting personalized outreach communications for staff review, identifying lapsed donors (as well as prioritizing follow-up), supporting new staff with training examples and templates, and applying scoring models to spot potential high-value donors.

> Fundraising is often one of the earliest entry points for AI adoption...

Human Resources & Operations

When applied to HR functions, AI can streamline repetitive operational tasks and facilitate more efficient onboarding that takes less time and provides more consistent access to information.

Nonprofits can utilize AI in drafting job descriptions and employee onboarding materials, summarizing internal policies and procedures, assisting with resume screening for applicants, automating onboarding communications and document collection, and presenting a centralized interface for staff or volunteers to ask policy questions.

Program Delivery & Impact Measurement

In addition, AI tools can bring together information from different systems and highlight patterns that staff might otherwise miss in program operations. Doing so can help staff respond and report more quickly and clearly on their work and surface insights.

This may be applied to monitoring participant or client progress and flagging risks; observing patterns in engagement, attendance, or outcomes; supporting the intake and categorization of applications or service requests; and generating dashboards and summaries at an organization.

Moving From Content Development to Action

So far, most nonprofits have used AI mainly for activities such as writing emails or summarizing documents. However, some organizations are diving into AI's capabilities and exploring systems that can act on their behalf via agentic AI.

Where generative AI tools support individual tasks by producing outputs in response to prompts, agentic AI uses generative AI to build more complex automated processes. Some common agentic AI examples for nonprofits are executing multistep workflows, triggering actions based on defined conditions, integrating across systems (such as ERP, CRM, and case management tools), and operating continuously in the background.

A specific way to move from content development to action could be an AI-driven workflow that pulls financial data, matches expenses to grant categories, flags possible issues, and generates a draft narrative for staff to review instead of simply drafting a report. Many facets are brought together for a broader product.

Practical Pilot Approach

Organizations that have seen early results have usually started with small pilot projects, rather than large-scale initiatives. These pilots are designed to be completed and evaluated in a short period.

Typical pilot characteristics include focusing on a single high-effort manual process, low sensitivity of the data used, a clearly defined measure of success (such as time saved), and the ability to revert to the current process if needed.

Most pilots are structured to run over a few weeks or months. They begin by defining a specific problem, then move through testing, gathering feedback from staff, and measuring what changes as a result.

Results are often conveyed using simple metrics such as hours saved, reduction in errors, faster cycle times, and lower operational risk. Simple measures like these can help leaders and boards see how AI projects connect to the organization's mission and day-to-day work, linking AI use directly to mission impact and operational improvement.

Key Takeaway

The most useful applications of AI in nonprofits come from a clear understanding of manual processes and workflows that place a heavy burden on the organization and staff resources. Success may be reached when organizations focus on specific, practical problems that can reduce administrative work, support better decisions, and free up time for the work that matters most.

Conclusion

With the right support, AI can help organizations serve their communities, adapt to changing needs, sustain their work (even with limited resources), and lead to real mission impact.

This report is the second in our four-part series that explores forces shaping the nonprofit sector and ways organizations are working to establish themselves for long-term success.

Explore the first part of this series to learn more about funding your mission. In our next report, we'll explore the nonprofit workforce.

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