DREXEL UNIVERSITY
Raj & Kamla Gupta
Governance Institute
*LeBow College of Business*

# NONPROFIT DIRECTORS DIALOGUE

## DIGEST

*Governance and the Art of Impressions*

OCTOBER 29, 2025

NONPROFIT DIRECTORS DIALOGUE

**Nonprofit Directors Dialogue** is the Raj & Kamla Gupta Governance Institute's annual invitation-only, intentionally intimate, closed-door peer exchange focused on governance issues that are top of mind in nonprofit boardrooms. Attendance is limited to 40 nonprofit board members and senior executives.

**Nonprofit Directors Dialogue Digest** consists of articles developed from each Nonprofit Directors Dialogue session that can be read together, as in this report, or as stand-alone articles on specific topics of interest. The Digest enables the Gupta Governance Institute to share highlights and key takeaways from Nonprofit Directors Dialogue with a wider audience while respecting the confidentiality that governs the program.

## *Get on Board*

### Participate

To share your impressions of the Digest or request an invitation to the next Nonprofit Directors Dialogue contact Lisa Woods, Executive Director, Gupta Governance Institute at **lisa.woods@drexel.edu**.

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# Governance and the Art of Impressions

Board members and senior executives from more than 40 nonprofit organizations met at the Barnes Foundation to exchange experiences, share best practices, and explore strategies and tactics for navigating the most urgent governance challenges facing the sector.

In a year marked by regulatory volatility, technological disruption, political polarization, and shifting stakeholder expectations, participants confronted a central question: ***How must nonprofit boards evolve to lead effectively at this moment?***

It is precisely to help leaders navigate through such challenges that the **Raj & Kamla Gupta Governance Institute at Drexel University's LeBow College of Business** organized its annual **Nonprofit Directors Dialogue**, upon which this report is based.

Drawing inspiration from the Barnes Foundation and the spirit of Impressionism, this year's theme, ***Governance and the Art of Impressions***, invited participants to adopt new ways of seeing. Like the Impressionists who revolutionized perspective and challenged convention, nonprofit boards today must respond to turbulence with clarity, creativity and courage.

**Several themes emerged from the program:**

- Mission clarity and courage matter now more than ever.
- Trust is a form of capital; it is earned through transparency, communication and integrity.
- Digital transformation is not optional; it is foundational.
- Advocacy is a governance responsibility, not a political statement.
- Financial stewardship is mission stewardship.
- Fear is not a strategy; nonprofit leaders must address risk proactively, not reactively.

Most importantly, the dialogue underscored that **governance is a collective act**. Just as Impressionists thrived through collaboration and shared critique, nonprofit boards must cultivate diversity of perspective, strong partnerships with management, and a shared commitment to values.

The insights in this report offer readers a roadmap to govern boldly, responsibly and generatively at a time when the stakes for missions, communities and democratic institutions have rarely been higher.

We hope this report inspires nonprofit boards and executives to approach their work with a fresh perspective — to adapt where necessary, stand firm where principles demand, and embrace the creativity and courage that define strong governance. **The challenges ahead are significant, but so is the sector's capacity for resilience and transformation.**

Thank you to the session facilitators and participants whose insights enriched the program, to our 2025 session sponsors, **Bernstein Private Wealth Management** and **Grant Thornton**, whose financial support and expertise were invaluable, and to the organizations across the nonprofit sector that continue to serve our communities with integrity, purpose and unwavering commitment.

**Lisa Woods**
Executive Director
Gupta Governance Institute

**Chavonne Hoyle**
Senior Director
Gupta Governance Institute

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# Navigating the Changing Landscape

## Legislation, Litigation and Executive Action

**Laws, court decisions and executive actions leave marks on the nonprofit sector much like brushstrokes shape a canvas.** In today's polarized and fast-moving environment, those marks appear rapidly, increasingly, and with growing impact on mission-driven work.

During the Gupta Governance Institute's 2025 Nonprofit Directors Dialogue, **Morgan Lewis partners Ann Batlle and Emily DeSmedt**, guided participants through a discussion of the accelerating legal and regulatory risks facing nonprofits, and what boards must do to stay prepared.

The discussion made one theme clear: **the operating environment for nonprofits is changing faster than many organizations' governance practices.**

Legislative proposals, congressional inquiries, litigation strategies, and executive agency actions are converging to create a new era of scrutiny. But with preparation, discipline and mission clarity, **nonprofits can navigate these pressures without compromising their mission or reputation**.

**Ann Batlle**
Partner, Morgan Lewis

**Emily DeSmedt**
Partner, Morgan Lewis

## A NEW ERA OF HEIGHTENED SCRUTINY

There has been a sharp increase in legislative proposals, executive actions, and oversight activity targeting tax-exempt organizations, particularly those working in advocacy, education, immigration, climate action or international grantmaking. **The volume and speed of change suggest an era of sustained, and potentially expanding, scrutiny.**

As legal and policy landscapes continue to shift, nonprofit boards must remain vigilant, intentional, informed and mission driven.

### Congressional Inquiry and Executive Action

Congressional hearings and inquiry letters are increasingly used to examine nonprofits' missions, funding and tax-exempt status. Although they don't impose legal penalties, they can create significant burdens such as extensive document requests, which can burden staff and lead to unwanted media attention and public scrutiny.

Since January 2025 President Trump has signed more than 200 Executive Orders (EOs) on a broad range of issues that may directly or indirectly affect nonprofits that receive federal funding, and those with programs or missions related to DEI, LGBTQ+, climate or immigration.

While EOs don't change substantive law, they do provide guidance and directives to federal agencies that can encourage agencies to reinterpret long-standing rules, shift enforcement priorities, and expand False Claims Act exposure.

### The Weaponization of Existing Laws

While most DEI programs remain legal under existing interpretations of longstanding civil rights laws such as Title VI and Section 1981, recent high-profile cases such as *Students for Fair Admissions v. Harvard* and *American Alliance for Equal Rights v. Fearless Fund* are templates for future litigation and preview arguments and tactics likely to resurface.

Although their direct impact on most nonprofits is limited, the trend has an indirect chilling effect on the sector. Even when programs are legally sound, the decision to stand on principle in the face of potential legal challenges may not be an easy one. No matter the outcome, litigation is expensive, discovery is intrusive, and cases can take years to wind through the courts.

### Reputation vs. Legal Risk

**Legal risk** includes potential litigation, enforcement action, and loss of funding. **Reputational risk** includes political backlash, negative press, donor concern, and hostile social media campaigns. **Boards must consider both without allowing optics alone to drive anticipatory compliance.**

Boards are left to grapple with a strategic dilemma: "lean in" to DEI and risk reverse-discrimination lawsuits, agency investigations, hostile media campaigns and donor backlash or pull back from DEI and risk traditional discrimination claims, diminished staff morale, and undermining the mission.

### Threats to 501(c)(3) Status

Despite numerous constitutional and legislative protections, there are rising concerns about attempts to weaponize tax-exempt status against nonprofit organizations associated with liberal causes and other perceived political opponents of the administration.

**Participants agreed the potential loss of tax-exempt status is the most existential risk for nonprofits.** Emergent threats include:

- Use of the **illegality doctrine** to revoke the tax-exempt status of organizations involved in immigrants' rights, protest movements or environmental activism.
- Use of a broadened definition of "**illegal DEI activity**" under federal civil rights laws to challenge the tax-exempt status of nonprofits whose missions involve equity, inclusion or civil rights as acting "**contrary to fundamental public policy**."
- Directions to the DOJ, FBI, Treasury and IRS to investigate nonprofits suspected of "**aiding and abetting unlawful activity**," which would trigger automatic suspension of exempt status under 501§(p) of the tax law with no IRS review, advance notice or immediate appeal.

Even if later reversed, revocation of tax-exempt status under any of the above would create reputational damage and jeopardize operations. Strong parter-screening processes, OFAC checks, donor communications plans, monitoring systems for policy and litigation developments, and legal counsel on standby are prerequisites for organizational preparedness.

## CALCULATING RISK TOLERANCE

The board's fiduciary duty includes protecting the organization from foreseeable risks while also ensuring commitment to its mission. For many participants, **losing sight of their purpose is the most immediate threat to their organizations.**

When defining an organization's risk tolerance, boards must balance risk exposure with mission integrity. For example, loss of tax-exempt status is generally non-negotiable, however, loss of certain grants or contracts may be outweighed by mission imperatives. **Boards should be guided by organizational values rather than social or political trends.**

In addition to the organization's core purpose and values, board members should consider the organization's culture, budget, values, public profile, and ability to withstand the legal and reputational costs of legal challenges. Boards should also understand the level of support for politically sensitive initiatives within the organization and its stakeholders including members, donors and grantors.

## ASSESS AND ADAPT

As dynamics continue to change, boards must engage in regular discussions to reaffirm the organization's purpose, clarify what is worth defending, and ensure alignment — both internal and amongst stakeholders — particularly around politically sensitive or equity-related work.

**Internal risk assessments can identify vulnerabilities** and enable boards to take proactive steps to terminate and/or adjust programs and practices considered too risky.

**Areas for internal review include:**

- Programs related to DEI, immigration, climate, or other politically charged areas
- Public-facing communications
- Federal funding and dependencies
- Grant structures and documentation
- Grantmaking and scholarship criteria

When potentially controversial programs are identified, organizations may take incremental steps to mitigate risk or lower the organization's profile such as scrubbing websites to remove DEI language or replacing protected class-based qualifications with other factors that achieve the same objective (e.g., first-generation status, socioeconomic disadvantage, etc.). However, organizations whose purpose is in direct conflict with an EO or directive may choose to take more drastic action.

**Boards should ensure internal and stakeholder alignment in answering the following questions:**

- What are the organization's core mission and values?
- What risks are we willing to take to remain true to mission?
- What can be modified to reduce unnecessary risk exposure?
- What cannot be compromised without undermining purpose?

## KEEP CALM AND CARRY ON

In today's fast-moving environment, **fear is not a strategy, preparedness is.** Operational discipline, scenario planning (both crisis planning and financial modeling), legal preparedness, and proactive crisis management are essential oversight functions.

Tools such as litigation and legislation trackers, policy alerts, and briefings by legal counsel can help boards make decisions based on information and strategy rather than fear.

**Proactive steps for boards to consider include:**

- Develop frameworks for monitoring, calibrating, managing and reporting potential risks.
- Designate staff to track and regularly update leadership and the board on legislative proposals, executive actions, litigation, state attorney general activities and trends in congressional oversight.
- Document and rehearse response protocols for potential threats including clear approval processes and coordination between legal and communications teams.
- Train staff to spot legal issues and build a team of external experts in advance of litigation or increased regulatory pressure.
- Practice message discipline; be aware that internal communications are discoverable and public statements can be misinterpreted.
- Ensure Directors & Officers liability insurance is in place and fit for purpose.
- Collaborate, pool resources, share intelligence and threat assessments, and engage in collective action with peer groups.

## Key Takeaways

**Stay mission focused.** Purpose, not politics, should anchor decision making.

**Avoid anticipatory compliance.** Strengthen oversight, but don't overcorrect out of fear.

**Define and align on risk appetite.** Align board and management on what is core to mission and worth defending.

**Audit programs and funding streams.** Conduct a privileged review of programs, grantmaking, contracting and communications.

**Communicate with discipline.** Train teams on message control and legal sensitivities.

**Be proactive, not reactive.** Thoughtful preparation protects mission and reputation.

**Collaborate with peers.** Cross-sector partnerships reduce isolation and strengthen resilience.

**Additional Resources**

Tracking the Policy Landscape for the Charitable Sector – Independent Sector

Congressional Investigations - ICNL

# The Composition of Capital

## Integrating Strategy, Sustainability and Stewardship in Financial Governance

CO-AUTHORED WITH BERNSTEIN PRIVATE WEALTH

**Like an artist blending tones to create balance and depth, nonprofit boards must balance assets, allocation, and mission priorities to achieve both sustainability and impact.**

**Evan Linhardt**
Principal, Bernstein Private Wealth Management

During the Gupta Governance Institute's 2025 Nonprofit Directors Dialogue, **Evan Linhardt, Principal at Bernstein Private Wealth Management**, facilitated a discussion about the signals nonprofit financial decisions send to stakeholders and why capital management is fundamentally a governance function tied to mission alignment, transparency and trust.

Participants left with a clearer understanding that **financial stewardship is mission stewardship**. A nonprofit's financial strategy does far more than manage risk and return. Every decision involving capital — allocating across asset classes, managing non-cash gifts, setting reserves, or communicating endowment policy — conveys a story about the organization's stability, values and long-term vision. Done well, capital strategy strengthens both confidence and credibility.

## FINANCIAL STEWARDSHIP IS MISSION STEWARDSHIP

Aligning mission, money and strategy under a unified framework is essential to ensure institutional assets can support mission outcomes in both strong and challenging financial environments. **Capital decisions should reinforce the organization's purpose, strengthen its resilience, and position the organization to thrive amid uncertainty.**

Nonprofit budgets must balance realistic expectations with aspirational goals that will help the nonprofit grow, refresh and remain viable. Higher operating reserves, financial flexibility, and greater revenue diversification can help increase resiliency.

**Strong financial stewardship:**

- Signals accountability and stability
- Attracts multi-year philanthropic funding
- Enhances credibility during uncertainty
- Supports leadership and talent planning
- Creates flexibility when crises arise

**Size reserves according to risk of shortfall considering:**

**Revenue risk:** uncertainty or potential for disruption in revenues

**Spending risk:** fixed commitments or potential for spike in expenses

**Timing differences:** seasonality or mismatch in timing of receipts and disbursements

**Ability to borrow:** access to line of credit, margin, or loan from a donor or affiliate

## VOLATILITY CREATES OPPORTUNITY

Today's financial environment is marked by rising volatility, shifting government funding, and heightened scrutiny from donors and regulators. Government grants, once seen as a stable source of revenue for nonprofits, are now among the highest-risk revenue streams. While challenging, **such disruption can create opportunities for well-governed organizations** that act with foresight.

Planning ahead creates strategic clarity and preserves mission continuity. Scenario planning is a powerful tool for boards to model best-, mid-, and worst-case financial outcomes. If the worst-case would force impossible tradeoffs, such as deciding between providing services or paying staff, boards may need to evaluate opportunities for restructuring, partnering, or merging with mission-aligned organizations.

## TRUST IS CAPITAL

**Trust is one of the most valuable forms of capital a nonprofit possesses.** Transparency around how resources are allocated, how financial risks are managed, and how reserves are stewarded strengthens trust among donors, staff, partners and communities.

Organizations that communicate clearly and proactively with funders build goodwill before they need it. Increased trust can result in more unrestricted gifts, which offer the most flexibility, help address liquidity concerns, and avoid additional debt.

## PLAY THE LONG GAME

**Financial sustainability requires resisting the temptation to solve short-term operational pressures by compromising long-term strategy.** Investment in competitive wages, talent, and scale are the foundational elements that enable impact. As participants noted, these are not indulgences, they are prerequisites for mission fulfillment.

## GOVERNANCE MATTERS

To fulfill their essential role in ensuring that investment and capital strategy are aligned with mission, purpose and values, boards must be clear about the organization's identity and willing to ask difficult questions.

Adapting a financial model that balances structure with flexibility will define clear governance and policy boundaries while allowing management the operational discretion necessary to adapt quickly to changing conditions.

**Boards should embrace:**

- Long-term thinking over short-term fixes
- Responsible governance and disciplined oversight
- Flexibility to adapt to evolving market conditions
- Integration of investment, reserves and program strategy
- Regular reviews of revenue mix, liquidity and cash reserves, concentration risk, investment structure and time horizons

Many nonprofits lack in-house capacity for sophisticated investment management. **While investment expertise is not necessary on every committee, boards do need access to financial expertise.** Forming a small, skilled task force or partnering with trusted advisors can strengthen financial oversight while enabling management to stay focused on operations.

## Key Takeaways

**Align mission and money.** Treat investment strategy as mission strategy to signal alignment and strengthen trust.

**Measure what matters.** Regularly assess reserves, spending rates, and investment performance against market benchmarks and mission goals.

**Diversify revenue.** Reduce dependency on government contracts; build reserves and multi-year philanthropic support.

**Prepare for volatility.** Use scenario planning tools to anticipate risks, identify opportunities and guide financial decisions.

**Think long term.** Stay abreast of new technologies and invest in talent to ensure the right level of expertise exists to capitalize on new opportunities.

**Trust is currency.** Communicate transparently with donors and funders to build credibility before a crisis emerges.

**Additional Resources**

Balancing Structure and Flexibility Investment Approach

Measuring the Financial Health of Mid-Sized Nonprofits

Receive a complimentary Reserves Analysis Tool assessment by contacting Evan Lindhardt at evan.linhardt@bernstein.com.

# Framing the Future

## Board Oversight of Digital Transformation

CO-AUTHORED WITH GRANT THORNTON

**Digital transformation is integral to nonprofit organizational strategy and mission success, and is reshaping how nonprofit organizations operate, provide services and measure impact.** Updating technology — from modernizing back-office systems to engaging stakeholders through digital platforms — is not optional.

During the Gupta Governance Institute's 2025 Nonprofit Directors Dialogue, **Matt Unterman, Practice Leader & Principal, Not-for-Profit & Higher Education Advisory Services at Grant Thornton**, facilitated a discussion about how boards can lead technology transformation responsibly and strategically.

The accelerating pace of digital transformation raises its degree of difficulty, while also increasing its upside potential. **Nonprofit boards play a pivotal role in ensuring investments in technology are mission-aligned, well-governed and sustainable.** They must balance opportunity and risk, exercising effective oversight even when they are without deep technical expertise.

**Done well, digital transformation is a catalyst for mission achievement, transparency and trust.** For nonprofit boards, the challenge is not to master every technical detail, but to lead with curiosity, accountability and vision, ensuring that technology serves purpose, not the other way around.

**Matt Unterman**
Practice Leader & Principal,
Not-for-Profit & Higher
Education Advisory Services,
Grant Thornton

### TRANSFORMATION IS A STRATEGIC IMPERATIVE

**Technology is no longer a back-office function, it is a strategic enabler of mission success.** Likewise, digital transformation is not just a technological upgrade, it is essential organizational transformation.

Effective nonprofit boards view technology as a tool to drive operational efficiency, enhance mission and measure impact. They recognize that the shift to remote or hybrid work arrangements and the ability to engage stakeholders virtually offers opportunities to broaden inclusion and participation and foster new forms of community and belonging across geographies.

**Organizations that invest in digital transformation report 96% improved service delivery and 82% better financial stability.** On the other hand, boards that view investments in digital transformation as overhead risk falling behind their peers in impact and innovation.

### MISSION AND STRATEGIC ALIGNMENT

Digital transformation can give organizations a competitive advantage in everything from donor engagement to impact measurement, but only if undertaken with a clear long-term strategy, an understanding of how it fits into their broader mission, and in alignment with organizational values.

Ill-advised digital transformation or technology implementation risk compromising many of the qualities that set nonprofits apart: equity, trustworthiness, accountability, and a respect for donor and beneficiary privacy.

**Management should have a cohesive digital transformation strategy to guide investments and maximize their impact.** Boards must ensure this strategy is grounded in mission, and understand how proposed investments will enhance outcomes and strengthen organizational resilience.

> If management provides materials that are too detailed, yet lack answers to key questions, the board should meet with management to explain what information the board wants and in what format. When management can't provide the requested data, or do so efficiently, strategic boards see an opportunity for digital transformation.

### GOVERNANCE AND OVERSIGHT

With innovation comes new governance challenges including increased concerns about ethics, data and donor privacy, cybersecurity and misinformation. It is critical that boards oversee digital initiatives to ensure that appropriate risk management structures are in place to mitigate these risks.

**Effective oversight does not require board members to be technologists, but it does demand they are equipped to ask the right questions about cost, complexity, risk, controls and integration.**

Before making a large investment in technology or launching a sizable digitally-enabled initiative, the board should ask questions that straddle fiduciary, strategic and generative governance such as:

- Are we optimizing delivery on our mission and strategy?
- Are we effectively leveraging technology to do so?
- How will management provide comfort to the board throughout the project so that we understand this is being well managed?
- What are our measures of success and how will you make certain that they are achieved, while simultaneously ensuring that we avoid risks and challenges?

Boards must ensure management provides them with accurate, realistic assessments of risks and organizational readiness rather than overly optimistic projections. Clear roadmaps, checkpoints, and defined scopes of work are essential tools for boards to avoid "scope creep" and ensure accountability.

It is critical that boards have conversations among themselves and with management to make intentional decisions about resourcing and expected outcomes, especially when it relates to technology.

When technology expertise is limited, boards can establish task forces, tap external advisors, or partner with peer organizations to enhance capacity, efficiency and transparency.

## FINANCIAL CHALLENGES

Nonprofits often suffer from long-standing underinvestment in modern technology. As a result, they rely on multiple, disconnected software systems for different functions (e.g., fundraising, accounting, client management), which can lead to inefficiencies, lack of integration, absence of controls, or inability to leverage AI or have a unified view of data. Nearly 45% of nonprofits admit they aren't spending enough on technology.

When technology is viewed as an overhead expense rather than a mission-critical investment, it can be difficult for nonprofits to secure adequate funding. Only 20% of grants currently include funding for technology-related investments. Donor attitudes are shifting, however, and participants recognize underinvestment in technology as a fixable barrier.

## BUILD CAPACITY

Many nonprofits lack adequate resources and infrastructure to implement desired transformation, or to implement policies to protect the organization against risks from those initiatives it does undertake. For example, **while more than 80% of nonprofit organizations have adopted generative AI to some extent, only 10% have internal governance policies over its use.**

While today's focus is AI, tomorrow it may be a newly emergent technology. As such, ongoing leadership training is essential to ensure that board members continue to be aware of the upside and downside risks. With this knowledge and understanding the board will be better able to help management see what may be around the corner or lurking beneath the surface.

Transformation is ultimately about people. Investing in staff, training, and education ensures that technology enhances rather than overwhelms operations.

**Guidance for maximizing the impact of technology investments:**

- Start by understanding the mission and then create a technology strategy aligned to it
- Focus on solutions that optimize processes while complementing, not substituting, human expertise
- Phase implementations so small teams can absorb the change
- Tie infrastructure investments directly to mission outcomes and long-term savings
- Focus on ability to measure outcomes not outputs
- Foster a culture where efficiency is a strategic imperative
- Ensure stakeholder buy-in across all levels of the organization

## SUSTAINABLE TRANSFORMATION

True transformation is never finished — it must be continuously refreshed and integrated into long-term strategy. Boards should ask how management plans to maintain and evolve digital systems, ensure ongoing alignment with mission, and integrate digital investments into the long-term resource allocation strategy. **Organizations that retool technology without examining their processes up front run the risk of generating the same old ineffective results, but faster.**

**An effective technology strategy does more than address current challenges, it also positions the solutions to scale into the future.** To do so effectively, organizations must take a balanced approach to transformation that includes modernizing core infrastructure, managing cultural change sensitively, and ensuring stakeholder buy-in across all levels of the organization. Organizations that scale effectively are those that rethink assumptions, invest in sustainable operating models, and approach innovation with purpose and pragmatism.

## Key Takeaways

**Think strategically, not technically.** Technology transformation is a mission-critical issue.

**Technology should enhance not overwhelm operations.** Focus on solutions that complement, but don't substitute for human experience.

**Ask the right questions.** Oversight depends on inquiry, not expertise.

**Get access to experts.** Supplement the board's knowledge diet as needed.

**Manage new risks.** Stay abreast of emerging threats and changing regulations.

**Keep evolving.** Treat transformation as continuous, not episodic.

**Build a culture of digital literacy.** Ongoing education is vital to maintaining informed oversight in a rapidly changing environment.

# Influence by Design

## Redefining and Reclaiming Nonprofit Advocacy

**Advocacy is one of the most powerful tools nonprofits have to influence perceptions and shape public policy, yet boards hesitate to engage in it.** The number of nonprofit organizations engaged in advocacy has declined steeply in the past 20 years, leaving the sector's collective power and influence untapped at a time when it is most needed.

In an era marked by political volatility, heightened scrutiny of mission-driven work, and unprecedented pressure on nonprofit leaders, **the question is no longer whether advocacy matters, but whether organizations can fulfill their missions without it.**

During the Gupta Governance Institute's 2025 Nonprofit Directors Dialogue, **Jeff Moore, Chief Strategy Officer at Independent Sector**, facilitated a candid conversation on how nonprofit leaders can reclaim advocacy as a core leadership responsibility and what boards need to engage confidently in public policy conversations.

The session functioned as a focus group for Independent Sector's forthcoming update to its *Principles for Good Governance and Ethical Practice*. Participants representing more than 35 nonprofit organizations offered firsthand experiences, voiced the concerns that keep them from engaging in advocacy, and shared insights into what nonprofit leaders need to meet the moment.

**Jeff Moore**
Chief Strategy Officer,
Independent Sector

### THE RETREAT OF INFLUENCE

Advocacy is a diagnostic marker of organizational health, a signal of good governance, and a contributor to public trust. **Engaging in advocacy is one of four hallmarks of a healthy nonprofit organization** according to Independent Sector, which defines advocacy as "educating stakeholders and policymakers on issues central to an organization's mission" and distinguishes advocacy from lobbying, which the IRS defines as "attempting to influence legislation."

Research shows that **while 71% of nonprofits engaged in advocacy two decades ago, only 31% do today**, a dramatic decline at a moment when policy decisions, public narratives, and political actions have an outsized impact on nonprofits, their staff, their financial security, and the communities they serve. As one participant noted, **"The power the nonprofit sector is leaving on the table is enormous."**

### PURSUING INFLUENCE OVER FEAR

Moore opened the session by asking participants whether they are more frightened of losing their organization's voice or of becoming the target of politically motivated backlash. Responses showed fear of public exposure varies widely by region and mission. And participants noted that **while wading into controversy requires courage, silence can be more damaging than controversy.**

Some view losing voice as an existential threat, equating silence with mission abandonment. One participant noted, "If you're not under attack, you may not be doing your job." Others, particularly those whose organizations serve highly vulnerable communities, wrestle with the moral calculus of using their voice "if doing so impacts our ability to serve."

**Despite their differences, most agreed that losing an organization's voice can erode trust, damage employee morale, and compromise mission integrity.**

**The four hallmarks of a healthy nonprofit are:**

- Financial resilience
- A thriving workforce
- Public trust
- Engagement in advocacy

### BARRIERS TO ADVOCACY

The dialogue surfaced a host of barriers that keep nonprofit organizations from effectively engaging in advocacy including:

- Fear of political backlash or media controversy
- Lack of fluency in advocacy and lobbying rules
- Resource constraints, particularly for smaller nonprofits
- Aversion to appearing partisan
- Concerns about donor reactions
- Misalignment among board members about mission and values
- Disagreement among board members over risk tolerance

### EDUCATION EMPOWERS

Effective advocacy requires board and staff education. The steep decline in the number of nonprofits engaged in advocacy is, in part, because although most know what they cannot do with respect to advocacy, few know what they can.

Independent Sector reports that **only 32% of nonprofit organizations know they can legally support or oppose federal legislation**. One participant summarized the group's general sentiment: "Our board members need to understand what is allowable. Fear fills the vacuum left by misunderstanding."

### CLARITY, ALIGNMENT AND OVERSIGHT

While boards can struggle to define their role in advocacy and effectively manage perceived risks, they should **oversee advocacy like they oversee other risks and opportunities** — by setting expectations, understanding risks, ensuring advocacy is strategic, and that it upholds the organization's mission, visions and values.

**Core responsibilities of the board include:**

**Defining advocacy and the board's role in it.** Before entering public debates, boards must define advocacy and their role in it--to support management, ensure alignment with mission and values, and enable responsible advocacy within legal and ethical boundaries.

**Upholding mission, visions and values.** Boards should align on the fundamental purpose of the organization, and be equipped to articulate it to ensure the organization's policy agenda is grounded in its mission.

**Aligning mission and message.** The organization's communications plan should establish clear expectations and include principles to guide engagement and ensure consistent messaging.

**Clarifying leadership roles.** The executive director should be the public spokesperson for the organization. The board and individual members are champions of the organization's policy agenda and support public stands that align with the organization's mission.

**Ensuring legal and ethical compliance.** Boards should confirm that advocacy activities comply with IRS rules, election laws and internal policies. Legal counsel should inform strategy, not restrict advocacy unnecessarily. As one attorney in the room stated, "Nobody benefits from the lawyer who says no to everything."

**Providing strategic oversight.** Boards should set expectations, understand risks and opportunities, and ensure advocacy is strategic. Whenever possible, clarify risk thresholds and identify "red lines."

**Serving as thought partners in risk assessment.** Boards must help management navigate reputational, operational, political and safety risks.

### FOSTER CONSTRUCTIVE DIALOGUE

Given the growing risks of threats against staff, hostile media attention, politically motivated investigations, and backlash against public positions on polarizing issues, it is imperative that boards **make room on the agenda for regular, recurring discussions of advocacy-related risks alongside financial and operational risks.** Although these discussions can be difficult, avoiding them is itself a risk to both mission and morale.

**To foster constructive dialogue on potentially polarizing issues, boards should consider the following actions:**

- Deploy the board chair and/or executive director to lead the conversation
- Emphasize shared values to keep conversations productive and inclusive
- Frame the debate around the impact on the organization's beneficiaries to help depoliticize the issue
- Address potential power dynamics between board, management and staff
- Include external experts or facilitators to reframe tense discussions

**The path toward greater impact through advocacy begins with an honest board conversation about the organization's mission, goals, and vision for the future.**

### MIND THE GAP

Participants identified the following as tools that would empower boards to support civic engagement and elevate boardroom discussions about advocacy from reactive to strategic:

- **Case studies** of organizations that are navigating advocacy successfully
- **Crisis and scenario planning templates** for reputational, political and physical threats
- **Crisis communication protocols**
- **Legal and ethical frameworks** that clarify rules around nonprofit advocacy
- **Table-top exercises** to prepare for real-life scenarios
- **Sector-wide policy agendas** to define shared priorities
- **Board self-assessment tools** to understand members' values and comfort levels
- **Shared tools, data and resources** between peer organizations
- **Practical playbooks** for navigating advocacy in polarized environments
- **Access to data and advice** from outside experts

## Key Takeaways

**Advocacy is a core indicator of nonprofit health.** Elevate advocacy from a task to a governance imperative.

**Define advocacy clearly.** Distinguish mission-driven advocacy from lobbying and partisan political activity.

**Alignment is essential.** Unity on mission, message and risk tolerance strengthens impact.

**Stay in your lane.** Board members should support public stands but not speak for the organization.

**Knowledge is power.** Most boards know what they cannot do, few know what they can.

**Silence has consequences.** Retreating from advocacy due to fear of controversy can erode mission and morale and leave power on the table.

**Review risks regularly.** Being prepared is a sign of relevance and courage.

**Additional Resources**

Nonprofit Advocacy & Civic Engagement Research – Independent Sector

The National Council on Nonprofits 2025 Public Policy Agenda

Bolder Advocacy – Alliance for Justice

Nonprofit Advocacy and Ambassadorship – BoardSource

# Through the Stakeholder Lens

## Managing Perception and Public Image

**Every communication a nonprofit makes — proactive, reactive, internal or public — shapes stakeholder perception.** Donors, regulators, staff, partners and community members form impressions based not only on what organizations say, but how, when and why they say it.

During the Gupta Governance Institute's 2025 Nonprofit Directors Dialogue, **Travis Coley, Director of Growth & Strategy at Whitepenny**, **Jessica Sharp, Co-founder and Principal at Maven Communications**, and **Evan Urbania, Co-founder and Chief Executive Officer at ChatterBlast**, facilitated a discussion about strategies nonprofit senior executives and boards can use to strengthen trust, enhance visibility, and communicate with confidence in a rapidly shifting information environment.

Core themes emerged during the discussion including the growing centrality of communications as strategic infrastructure, the importance of aligning internal values with external messaging, the role of brand differentiation, and the need for organizations to control their narrative in a fragmented media environment. Layered across these themes was an urgent call for boards to **see communication not as a reactive function, but as a leadership imperative that advances mission, credibility and long-term impact.**

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Director of Growth & Strategy, Whitepenny

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### COMMUNICATION IS ESSENTIAL

**In today's environment, *how* nonprofit organizations communicate is as important as *what* they communicate.** Effective communication begins with internal alignment. Organizations with strong mission-aligned communications strategies are better positioned to manage partnerships, navigate regulatory scrutiny and legal challenges, gain donor confidence and maintain internal alignment.

**Messaging must be clear, direct and strategic.** Clear and consistent messaging that reflects the organization's established values can boost team morale, reinforce trust in leadership, and support cohesive decision-making. When boards, CEOs, senior leaders, and staff share a unified narrative, organizations avoid contradictions that weaken credibility. In the age of social media, misalignment quickly becomes public.

While words matter, updating language or refining messaging may be necessary to enhance clarity, minimize risk or improve resonance. Modifying the message does not equate to changing the mission or abandoning the organization's values.

Participants emphasized that **strategic communication is essential infrastructure**. It affects governance, fundraising, crisis response, partnerships, culture and mission delivery. Organizations with strong systems, skilled communications teams, and leadership investment in communications infratructure are more resilient in moments of uncertainty.

**Strategic communication is not limited to crisis management or donor outreach. It is a cross-functional asset that affects all aspects of performance and public perception including:**

- Governance and oversight
- Fundraising effectiveness
- Partnerships and alliances
- Alignment of mission, values and culture
- Crisis preparedness
- Mission delivery

### TRANSPARENCY + PROXIMITY + AUTHENTICITY = TRUST

While trust in the nonprofit sector remains relatively strong, **trust in individual organizations increasingly hinges on transparency, proximity and authenticity**. Stakeholders want — and expect — to understand what nonprofits do, how they use resources, and why their work matters. Transparent communication deepens stakeholder connection, while opaque or inconsistent messaging erodes credibility across stakeholder groups.

Authenticity requires coherence between what an organization says and how it operates day-to-day. **Boards play a critical role in ensuring external messages reflect internal practices, priorities and values.**

### PROACTIVE CRISIS COMMUNICATIONS

Every nonprofit, especially those reliant on government funding or working in politically charged spaces, needs a crisis communications plan before a crisis occurs. **The most resilient organizations have clear communications strategies, trained spokespeople, and well-defined response protocols.**

**A strong crisis communications plan includes:**

- A designated response team
- Defined spokesperson roles
- Clear decision-making thresholds ("deal breakers")
- Operational continuity plans
- Messaging frameworks for different stakeholder groups

**Crisis communications should be transparent, fact-based, and aligned with mission and values.** They should address steps the organization is taking in response to the crisis and specify actionable steps for supporters to take. While the framing of the message may differ depending on stakeholder interests and concerns, the core narrative must remain consistent.

**When nonprofits face funding crises, political pressure, or reputational threats, how they communicate can either reinforce or undermine trust.** Responding with clarity, authenticity, and mission alignment becomes a strategic advantage.

## CONTROLLING THE NARRATIVE

Nonprofits no longer rely solely on traditional media to reach stakeholders. With digital channels including websites, email, social platforms, and video, organizations can tell their stories directly to stakeholders. This creates opportunities but also requires skill, attention and resources.

**In a noisy environment, the goal is not to be the loudest, but to speak with clarity and resonance.**

Strong narrative control depends on:

- A clear understanding of the brand and its values
- Deep insight into key audiences
- Knowing what matters to those audiences
- Meeting stakeholders where they are
- Platform-specific messaging
- Proactive, rather than reactive, communication

## SCENARIO PLANNING

The process of proactively identifying and preparing for potential risks — e.g., personnel issues, governance challenges, cybersecurity incidents — and external risks — e.g., regulatory changes, political shifts, economic downturns, public health crises — is essential to crisis preparedness. When used to identify vulnerabilities, scenario planning enables an organization to build operational and communications strategies that will minimize disruption, protect reputation, and maintain stakeholder trust should a hypothetical vulnerability become reality.

Engaging in proactive scenario planning builds adaptive capacity, strengthens resilience, and positions leaders to navigate challenging situations with greater confidence and clarity.

## NAVIGATING AN AI-DRIVEN WORLD

Search, social and AI-powered discovery are converging. Platforms like TikTok, Instagram and YouTube increasingly function as search engines. AI-powered search experiences on traditional search tools now pull content directly from social platforms. Stakeholders are seeking authentic connection, but have shorter attention spans. **Boards should understand these shifts — visibility, credibility and discoverability depend on them.**

This evolving digital ecosystem offers nonprofits tremendous opportunities. Organizations that embrace technology with agility, and share authentic and compelling content, can broaden their reach and increase impact.

### Tips for navigating the digital ecosystem:

- "Flood the zone" on digital channels
- Amplify earned media, written content and announcements across platforms
- Use social strategies like tagging and hashtags to maximize visibility
- Share ready-to-post content with staff, partners and board members
- Embrace "snackable content" like short-form video and other high-engagement formats
- Prioritize authentic engagement and genuine connection



## BRAND AS STRATEGY

**Brand is more than a logo or color palette; it is a strategic asset** that shapes perception, clarifies identity, differentiates the organization, and frames how the public understands its purpose. In a crowded field, a strong brand reinforces mission, elevates credibility, strengthens reputation, and positions organizations for long-term sustainability.

Brands should **regularly assess brand strength** by asking:

- Is our organization relevant in today's landscape?
- Are we sustainably positioned?
- Are we meaningfully differentiated?
- Does our brand express and reinforce that differentiation?

The current moment presents an important opportunity to revisit messaging, sharpen the narrative, and ensure brand identity mirrors organizational purpose.

## DIGITAL VOICE BRINGS THE BRAND TO LIFE

Digital voice is more than posting content; it is the living expression of an organization's brand. A strong digital voice is essential to controlling the narrative, particularly as stakeholders increasingly consume information through digital channels.

**Like brand, digital voice should reflect the organization's mission and values.** A well-crafted digital voice builds trust, reinforces authenticity, elevates and strengthens brand identity, and invites meaningful stakeholder engagement.

**Developing a strong digital voice includes:**

- Understanding target audiences
- Defining core values
- Choosing a consistent brand personality
- Establishing tone and style guidelines
- Identifying content pillars
- Tailoring content for each platform
- Investing in compelling visual identity and content

## Key Takeaways

**Communication is a strategic tool.** It is a cross-functional asset that affects all aspects of performance and public perception.

**Proximity builds trust.** The closer nonprofits are to the people they serve, the more credible and trusted they become.

**Own your own story.** If you aren't shaping your narrative, someone else will.

**Meet people where they are.** Tailor messages to platforms and audiences without losing the core mission-driven message.

**Brands evolve.** They must be reviewed, refreshed and reaffirmed regularly to stay relevant.

**Be proactive.** Preparation can turn a potential crisis into a manageable challenge.

**AI readiness matters.** Strong digital presence and voice drive discoverability and engagement.