

## Abstract

Artificial intelligence (AI) is rapidly reshaping nonprofit operations, but governance, compliance, and measurable impact lag behind adoption. A fragmented regulatory environment, expanding enforcement, and rising fiduciary expectations are forcing nonprofits to rethink how AI is managed. This analysis examines how these converging pressures are transforming AI from a tactical tool into a core enterprise risk and strategic priority, requiring stronger governance, clearer policies, and deliberate organizational integration.

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# NMN Executive Briefing— The Growing Importance of Artificial Intelligence in Nonprofit Organizations

Week of April 13, 2026

## From Nonprofit Management Navigator

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*The following NMN Executive Briefing is the sixth installment in a new weekly feature from Nonprofit Management Navigator. Each week, we publish an analysis devoted exclusively to a high-priority nonprofit management topic—a topic likely to significantly impact 2026 nonprofit performance and beyond. The NMN Executive Briefing is provided in addition to your regular weekly Navigator News Update. You can subscribe to both for free at [NonprofitManagementNavigator.com](http://NonprofitManagementNavigator.com).*

*The April 13 NMN Executive Briefing examines the growing importance of artificial intelligence in nonprofit organizations, and the challenges and opportunities AI offers. This analysis provides nonprofit senior executives and their board members with the insight they need to make better informed AI management decisions—decisions that support long-term mission success and organizational resilience.*

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## AI Adoption Is Outpacing Organizational Readiness

Artificial intelligence has moved from a peripheral experiment to a central operational force within nonprofit organizations, reshaping how work is performed across fundraising, human resources, compliance, and program delivery. While adoption rates now exceed 80–90% across the sector, most organizations continue to use AI in fragmented, informal ways that limit measurable impact and create hidden risks.<sup>1</sup> This widening gap between widespread use and limited organizational integration is becoming increasingly problematic as both regulators and stakeholders begin to scrutinize how AI is deployed.

## **A Fragmented Regulatory Environment Is Raising the Stakes**

At the same time, nonprofits are entering a complex regulatory environment defined by a growing patchwork of state-level AI laws and the absence of a consistent federal framework.<sup>2</sup> Organizations operating across multiple states must now navigate overlapping and sometimes conflicting requirements governing hiring practices, automated decision-making, and data use.<sup>3</sup> This complexity is compounded by the federal government’s own rapid adoption of AI, particularly within enforcement agencies such as the IRS, which is using machine learning to expand audit selection and compliance monitoring.<sup>4</sup> Together, these developments are elevating AI from a technical issue to a regulatory and compliance priority.

## **Governance Is Now a Board-Level Responsibility**

These external pressures are converging with a significant internal governance gap. Although AI is widely used, only a small percentage of nonprofits have formal policies or oversight structures in place.<sup>6</sup> As a result, responsibility for AI has shifted decisively to the board level, where fiduciary duties now extend to understanding and overseeing AI-related risks, including data privacy, algorithmic bias, and vendor accountability.<sup>5</sup> This evolution reflects a broader recognition that AI is not simply a tool, but an enterprise-wide risk factor that must be incorporated into governance and risk management frameworks.

## **Moving from Experimentation to Strategic Integration**

Looking ahead, the challenge for nonprofit leaders is not whether to adopt AI, but how to move from ad hoc experimentation to structured, organization-wide implementation. This transition requires more than technology investment; it demands deliberate integration into workflows, staff training, and strategic planning. Frameworks such as the NIST AI Risk Management Framework provide a practical starting point for managing related integration risks, but successful implementation depends on aligning AI initiatives with measurable organizational outcomes.<sup>7</sup> Without this discipline, many nonprofits risk remaining stuck in an “efficiency plateau,” where AI produces incremental improvements but fails to deliver transformative value.<sup>1</sup>

## **Action Steps for Nonprofit Leaders**

To respond effectively, nonprofit leaders should prioritize several immediate actions: conducting a comprehensive inventory of AI tools and data usage, implementing formal governance and acceptable-use policies, integrating AI risks into enterprise risk management processes, and investing in staff training tied to clearly defined return-on-investment objectives.<sup>8</sup> Establishing

clear ownership and accountability for AI within the organization is critical to ensuring that its use supports, rather than undermines, mission objectives.

## Summary

AI represents both a significant opportunity and a growing source of risk for nonprofit organizations. Those that proactively address governance, compliance, and strategic integration will be better positioned to realize its benefits, while those that continue to rely on informal and uncoordinated use risk regulatory exposure, operational inefficiencies, and erosion of stakeholder trust.

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## List of Footnotes

1. Cerini & Associates, *AI Trends for Nonprofits in 2026*: <https://ceriniandassociates.com/ai-trends-for-nonprofits-in-2026/>
  2. Baker Botts LLP, *U.S. Artificial Intelligence Law Update* (Jan. 2026): <https://www.bakerbotts.com/thought-leadership/publications/2026/january/us-artificial-intelligence-law-update>
  3. Baker Botts LLP, *U.S. AI Law Update: Navigating the Evolving State and Federal Regulatory Landscape* (Jan. 2026): <https://www.bakerbotts.com/thought-leadership/publications/2026/january/us-ai-law-update-navigating-the-evolving-state-and-federal-regulatory-landscape>
  4. EisnerAmper, *AI at the IRS: Transforming Tax Enforcement and the Future of Taxpayer Services* (Jan. 27, 2026): <https://www.eisneramper.com/insights/tax/ai-irs-transforming-0126/>
  5. Forvis Mazars US, *AI Governance for Nonprofit Boards* (Feb. 13, 2026): <https://www.forvismazars.us/forsights/2026/02/ai-governance-for-nonprofit-boards>
  6. NonProfit PRO, *Nonprofit AI Adoption Hits 92% But Only 7% See Major Impact* (Mar. 2026): <https://www.nonprofitpro.com/article/nonprofit-ai-adoption-hits-92-but-only-7-see-major-impact/>
  7. National Institute of Standards and Technology (NIST), *AI Risk Management Framework*: <https://www.nist.gov/itl/ai-risk-management-framework>
  8. Info-Tech Research Group (via PR Newswire), *AI Cost-Saving Efforts Stall Without Clear ROI* (Mar. 30, 2026): <https://www.prnewswire.com/news-releases/ai-cost-saving-efforts-stall-without-clear-roi-finds-info-tech-research-group-302728941.html>
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Nonprofit Management Navigator is a trade name of PMG46, LLC doing business as Nonprofit Management Navigator. Nonprofit Management Navigator provides this

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