



Not-for-profit survey 2025:  
*Collaboration and adaptation  
are shaping the future*

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## About the *survey*

At Pitcher Partners, we're passionate about seeing not-for-profit (NFP) organisations thrive. That's why we've connected with sector leaders through our survey conducted in March 2025, to understand how NFPs are navigating today's ever-shifting landscape and give you meaningful insights you can benchmark against.

Thank you to everyone who contributed their valuable time and insights. We hope this report serves as a practical resource to support decisions and help you continue making a difference in the communities you serve.

# How NFPs are *reshaping* their future

2025 reveals a sector in transition, with not-for-profits (NFPs) adapting to significant operational pressures while seeking new collaborative approaches to ensure sustainability. Unsurprisingly, rising operating costs have emerged as the primary challenge facing these organisations, prompting strategic shifts in how they pursue their missions while maintaining financial viability.

**Australian NFPs have the chance to reshape their sector during 2025 and beyond by addressing some of the immediate challenges highlighted by the survey respondents:**



## ***Rising operational costs***

Greater collaboration and investment in technology are helping NFPs leverage resources and achieve efficiencies.



## ***Changing stakeholder expectations***

Impact measurement, policies and storytelling is helping NFPs communicate how funds are used and their impact.



## ***Cybersecurity***

Boards must take responsibility by ensuring a cyber response plan is in place and simulations have been run to be ready if an incident arises.



## ***Environmental, social and governance***

Implementing ESG initiatives may enhance reputation, support funding and improve employee engagement.



## ***Generative Artificial Intelligence***

Identify low-risk use cases to test and learn. Be cognisant of the risks and train your people.

As the sector continues to evolve, organisational resilience and adaptability have become essential qualities for NFPs looking to thrive in 2025 and beyond. The most successful organisations are those developing innovative strategies that balance mission fulfillment with operational efficiency, leveraging collaborative opportunities while strengthening their capacity to respond to an increasingly complex operating environment.







# Strategic approaches *to financial pressures*

Soaring operating costs and economic uncertainty have left not-for-profits tightening their budgets. Our survey reveals Australian NFPs are responding by seeking to diversify their funding, collaborate with other organisations and invest in technology. Notably nearly a quarter of respondents intend to draw more heavily on their capital reserves, and while this is helping to sustain them in the short term, it underscores the need for structural changes for long-term sustainability

Many of these themes are also being played out in overseas markets. Leveraging the extensive experience of our international network firm, Baker Tilly (US), who support over 3,600 NFP organisations, we’ve gained valuable insights and contrasts from the highly developed North American NFP market. These insights can guide strategic discussions in the Australian NFP sector.

## Cost of operations crisis

Just as the persistent cost-of-living crisis continues to exert financial pressure on household budgets, a cost of operations crisis appears to be hitting NFP organisations. This latest NFP sector survey reveals that operating costs, excluding staff expenses, have grown to become one of the two most significant challenges, with 56% of respondents identifying it among their top four concerns – a notable increase from 32% in 2022. This escalation underscores the broader economic strain impacting the budgets of NFP organisations.

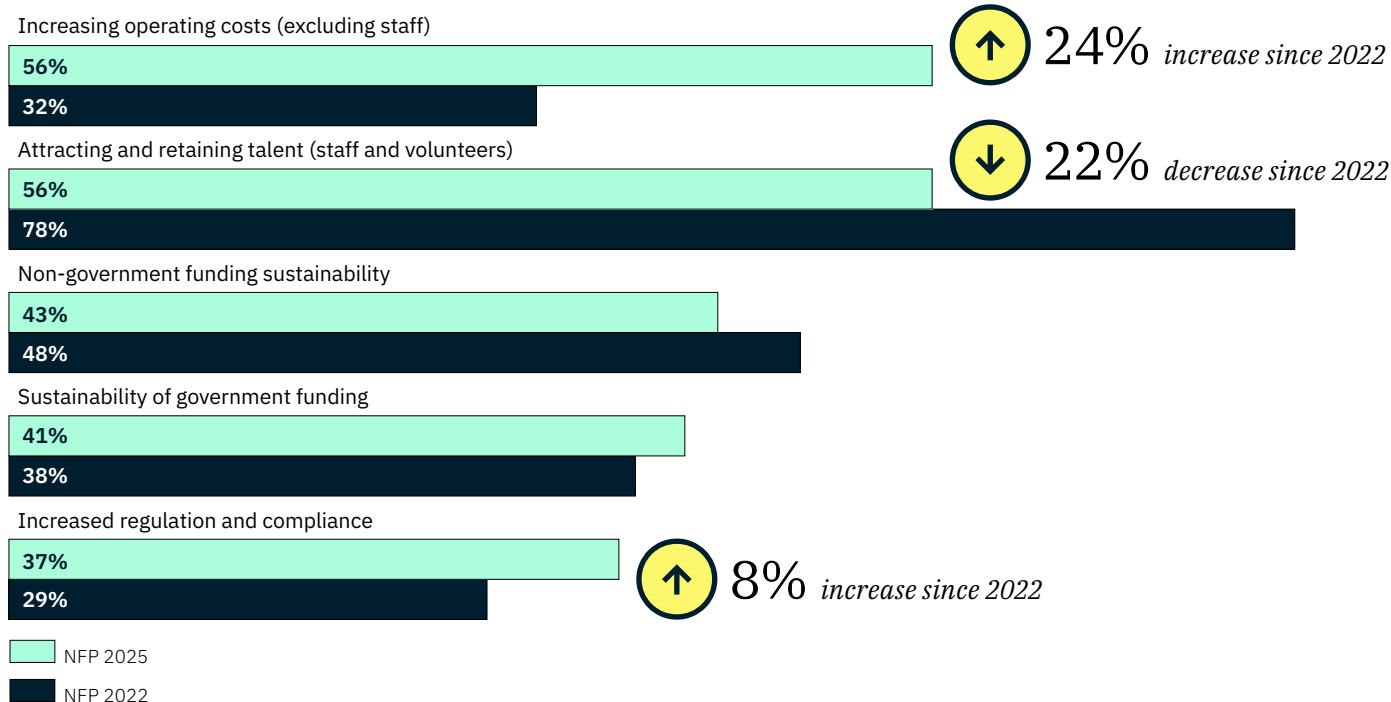
Interestingly, while staffing challenges remain, their perceived impact has lessened, with 56% citing this as a key issue, down from 78% in 2022 which reflects the slight easing in

the labour markets we’ve seen over this period. The pressure may continue to ease if the North American market is anything to go by. Baker Tilly (US) notes that “younger generations are being driven towards more purpose-oriented work rather than purely salary-driven roles, which benefits the NFP sector”.

Sustainability of funding, both government and non-government, remains a significant and perennial challenge, noted by over 40% of respondents, which is relatively consistent with our 2022 sector survey. This has put diversification of funding models at the top of the list of strategic opportunities being considered by over 70% of NFPs.

Regulation and compliance burdens are intensifying for many NFPs, with 8% more charities identifying this as a key challenge in 2025 compared to 2022. These challenges are broad and varied, but include new tax reporting obligations, changing funding models (such as within aged care), increasing accountability and reporting demands from funders, growing expectations for ESG commitments and reporting, increased focus on wage compliance and ongoing vigilance around privacy

## Top challenges impacting NFPs\*

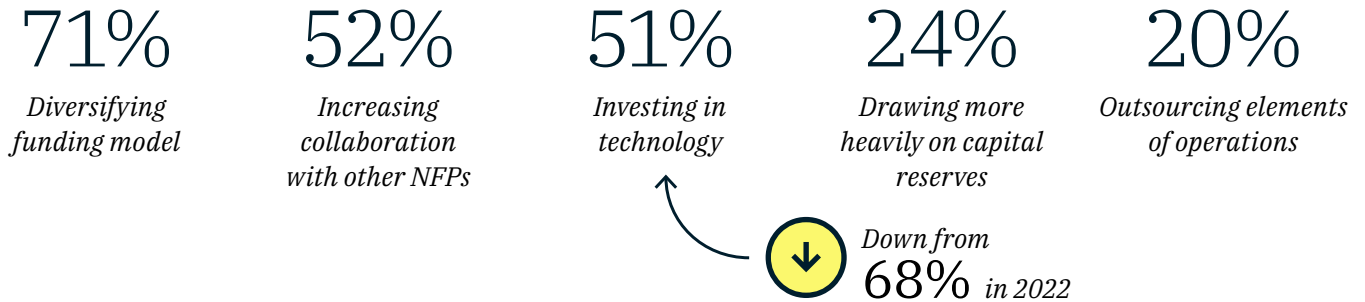


\*Respondents selected 4 options



## Differing approaches to strategic challenges

Strategic opportunities being considered to overcome challenges



A range of approaches are being employed by NFPs to address the cost crisis and diversify funding, with similar strategies observed globally. Baker Tilly (US) confirms that while other advanced economies follow similar trends, there are contrasts in the Australian NFP sector.

## Collaborate v integrate

Over 50% of Australian organisations are considering collaborations with other NFPs as a solution to rising costs. It seems Australian NFPs prefer working closely with like-minded organisations rather than pursuing formal mergers and acquisitions. This enables strategic alliances to leverage shared resources and expertise, while maintaining organisational identity.

Baker Tilly (US) said that while collaborative partnerships are currently also more common in the US they believe “these arrangements may not remain sustainable in the long-term. As staffing challenges, technological shifts and financial pressures persist, not-for-profits may need to more seriously consider M&A as a strategic path forward.”

## Outsourcing as a solution, or not

In response to the rising operating cost environment, 20% of Australian NFPs were considering outsourcing as part of their armoury, which has barely changed since 2022 (18%). Outsourcing elements of operations can reduce latent resources and provide flexibility to adjust capacity in response to prevailing market conditions.

The lack of a material increase in interest in this solution may be due to the significant initial investment and resources required to set it up. Additionally, utilising lower-cost offshore resources comes with its own set of challenges. Issues of privacy and data security become more acute, necessitating robust governance and risk frameworks to prevent potential damage from breaches.

However, the low transition to outsourced providers stems primarily from the fact that core functions like client support (which drives the majority of costs), cannot be outsourced as these are hands on roles. It may also be that outsourcing is finally being superseded by technology. Adoption of AI to create efficiencies in some operating functions may be viewed as a more appropriate shift in the short term.

## Technology plays a part

Technology investment as a strategic opportunity has declined in Australia (down to 51% from 68% in 2022), however it remains significant. This decrease is consistent with our commercial observations, as in recent years the sector has undertaken significant investment in various technologies to support changed funding and operating models (particularly the shift to consumer controlled funding) and systems to support internal operating activities and compliance (particularly around human resource management and wage compliance). In Australia, the focus is now on utilising these tools to improve operational efficiency, stakeholder engagement and program delivery.

Internationally, while operational efficiency and program delivery are a focus, organisations are also embracing technology more to evolve their approach to donor engagement and fundraising. Baker Tilly (US) highlight that in the US “large, long-time donors are scaling back their contributions, grants are being reduced or denied, and federal funding is expiring. Conventional ways of fundraising, including direct mail, annual year-end gifts and office wide campaigns are not always attractive ways to reach newer generations.”

In this environment some NFPs are turning to less conventional approaches such as:

- personalised giving platforms, with options tailored to the preferences, interests and past contributions of the donor;
- AI predictive analytics to focus efforts on high potential donors with personalised messaging that resonates with individual motivations; and
- peer-to-peer fundraising where charities mobilise individuals to leverage their networks to raise funds for their cause.

Digital experiences delivering interactive websites, virtual reality immersions and multimedia storytelling are also being employed to further stakeholder engagement and demonstrate impact.

Leveraging these overseas experiences, Australian NFPs should seek to utilise a combination of continued traditional engagement methods complemented by digital and AI technologies to engage all stakeholders and demonstrate their outcomes. Examples include the use of enhanced data analytics enabling highly targeted campaigns based on specific donor characteristics and bespoke communications to broaden their voice in the community.



## What this means for you

As a NFP, it's crucial to recognise the shifting landscape and adapt your strategies accordingly.

- ✓ **Evaluate collaboration opportunities:** Identify complementary organisations where shared resources could reduce operational costs while maintaining service quality.
- ✓ **Explore outsourcing opportunities:** Utilise outsourcing to reduce latent resources and increase operational flexibility.
- ✓ **Implement robust governance and risk frameworks:** Ensure that privacy and data security are prioritised.
- ✓ **Diversify funding models:** Move beyond traditional fundraising methods and adopt innovative approaches that leverage technology and community sentiment.
- ✓ **Strategic technology investment:** Select technology tools that further your core mission and utilise available resources, while learning from international digital innovation around engagement.
- ✓ **Leverage collective wisdom:** Connect with other NFPs to share insights and experiences. There's real value in learning from the experiences of others.



# Adapting to changing *external stakeholder expectations*

Responding to changing external stakeholder expectations has grown as a key challenge for the sector in our 2025 survey. This increase highlights the growing importance for NFPs to adapt their strategies to meet the evolving demands of donors, communities and suppliers.

## Top challenges impacting NFPs

*Changing external stakeholder expectations  
(donor, community, and suppliers)*



The landscape for NFP organisations is continually evolving, with changing expectations from external stakeholders requiring leaders to be keenly aware of the marketplace while remaining agile and responsive enough to maintain and grow their support base.

## Tools to demonstrate impact

One of the primary responses to this challenge, being considered by 39% of respondents, is developing impact measurement, policies and storytelling to ensure NFPs communicate more effectively about how funds are used and the societal impact they create. Stakeholders increasingly demand evidence of the tangible impact of their contributions. By improving how they measure and report on their activities, NFPs can provide compelling stories that highlight their successes and the difference they make, strengthening the organisation's narrative and appeal. This can have a strong return on investment by helping to improve engagement with external stakeholders – by extension improving employee and volunteer satisfaction at an organisational level.

## Collaborating for insights

Engaging with external professionals is also essential. Collaborating with experts in various fields can provide NFPs with the insights and tools needed to navigate complex stakeholder landscapes. Whether it's through consulting services, partnerships or advisory boards, leveraging external expertise can help NFPs stay ahead of trends and meet stakeholder expectations more effectively.

Recent funding increases for social enterprises and community organisations were highlighted in the 2025–26 Federal Budget, aimed at ensuring they can continue to deliver essential services to those in need. Specifically, the Budget outlines several key funding initiatives for the NFP sector.



## Expertise *in action*

**Background:** Four years ago, a NFP sector audit client faced significant challenges in securing continued funding for their services relating to mental health and emotional wellbeing of Australian infants, children and families. The organisation was even considering winding up its operations due to financial uncertainties.

The primary challenge was finding sustainable funding to support their principal activities – vital mental health services. The organisation needed to find a way to not only secure ongoing funding but also to expand its reach and impact.

Through persistent and strategic discussions with funding bodies and leveraging meaningful storytelling, the organisation was able to turn the situation around. They successfully secured funding by demonstrating the value and impact of their services. Moreover, they expanded their services to other states and engaged subcontractor services to enhance their capacity and reach.

As a result of these efforts, the organisation not only secured the necessary funding but tripled their funding income. Their funding agreements were structured to renew every three years, and they have successfully secured funding for a second renewal. This strategic approach has ensured the sustainability and growth of their mental health services, allowing them to continue making a significant impact in the community.

## What this *means for you*

- ✓ **Enhance impact measurement and storytelling:** Invest in robust impact measurement tools and craft compelling stories that showcase your organisation's achievements.
- ✓ **Engage with external professionals:** Seek advice and collaboration from experts to better understand, meet and respond to stakeholder expectations.
- ✓ **Regularly review stakeholder feedback:** Implement mechanisms to gather and act on feedback from donors, communities and suppliers.
- ✓ **Stay informed on trends:** Keep up to date with the latest trends and expectations in the NFP sector to proactively address stakeholder needs.





# Cybersecurity: the heat *is on for NFPs*

Imagine a scenario where a NFP organisation falls victim to a cybersecurity attack and loses access to all its data. This would lead to significant operational disruptions, increased operational costs, and strategic setbacks, much like any business.

49%

*not confident in their ability to recover effectively from a significant cyber-attack*

59%

*indicated that they have a cyber incident response plan in place*

43%

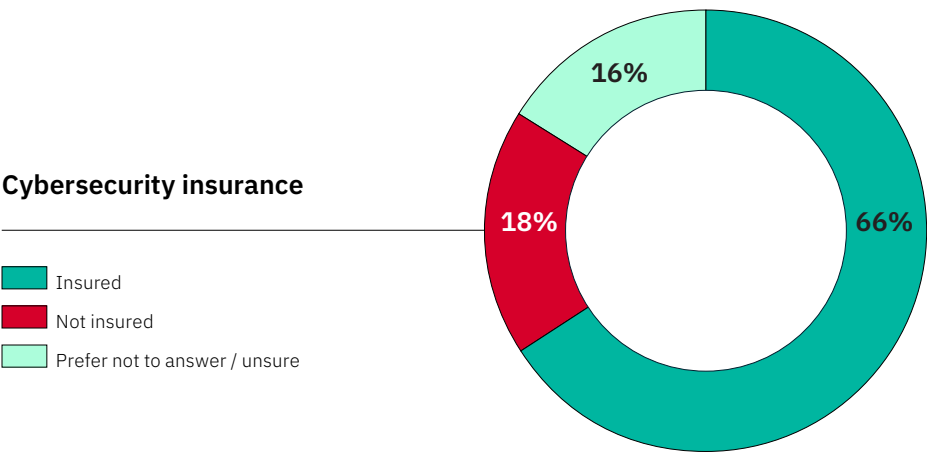
*feel their organisation has a strong cybersecurity culture*

Copies of donor information being stolen may have a significant impact on stakeholder relationships and lead to reputational damage. Such a loss could severely undermine a NFP and its ability to access funding to fulfill its mission and support the community. With almost half the respondents in the 2025 survey expressing a lack of confidence in being able to recover from a cyber-attack, and only 59% indicating they have a cyber response plan in place, cybersecurity is a growing concern for NFPs.

To insure or not insure?

Australian businesses experience a [cyber-attack once every six minutes](#). With only 30% of the 2025 survey respondents reporting that they have experienced an incident, they either have robust cybersecurity measures in place, have been extremely lucky or aren't aware they've had an incident.

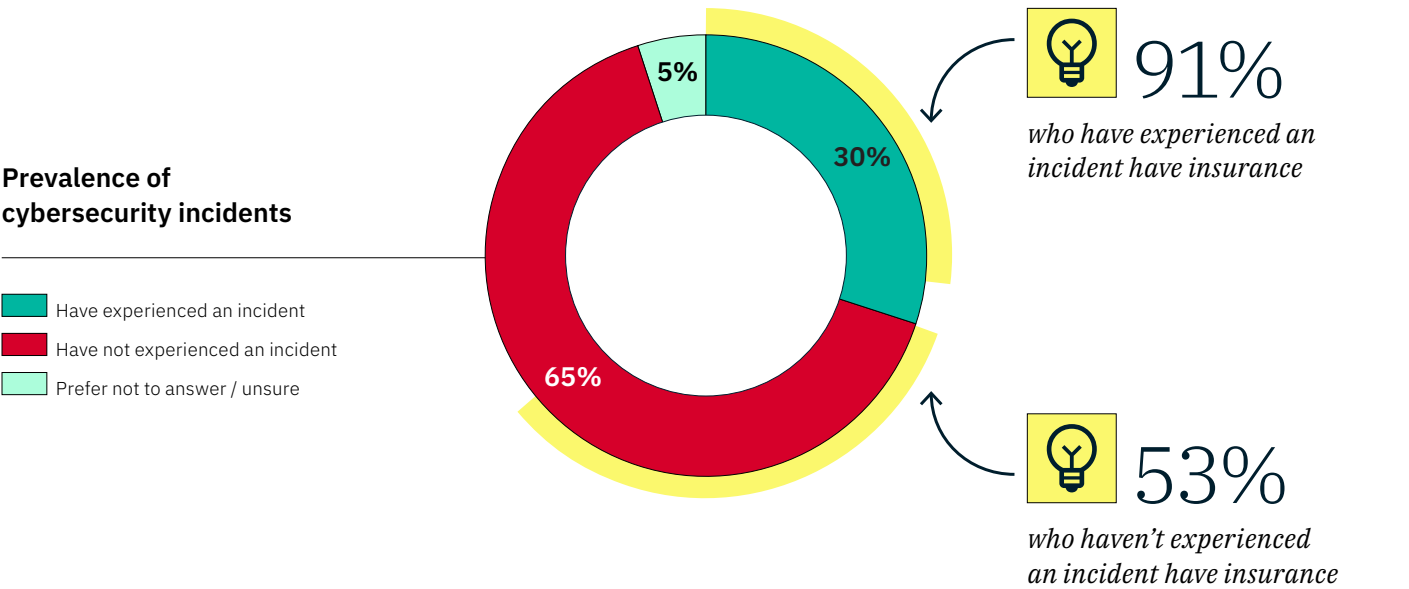
Interestingly, 66% of respondents indicated that they currently have cybersecurity insurance, highlighting a proactive approach to risk management. However, nearly 20% remain uninsured.



One of the primary challenges identified by responding NFPs is an increase in operating costs. This pressure may influence their decision against taking up insurance. Organisations must balance the cost of insurance against the substantial risks and potential financial impact of a cyber-attack.

The other factor discouraging organisations from obtaining cyber insurance is the operational burden required to meet insurer requirements. NFPs need to demonstrate they have the systems and controls in place to mitigate against attacks. Implementing these can add to already high operational costs.

Further analysis shows a stark contrast between organisations that have experienced a cybersecurity incident and those that have not. Among the 30% of organisations that have faced an incident, 91% are insured, compared to 53% of those who have not experienced an incident. This disparity suggests that experiencing a significant cyber-attack often prompts organisations to seek insurance, emphasising the need for pre-emptive measures rather than reactive ones.





## Lack of cybersecurity preparation and confidence

71% of respondents agree that the benefits of capturing and storing customer data outweigh the risks and associated responsibilities to customer privacy. It makes sense as donor data is the lifeblood of many NFPs. However, when it comes to organisational preparedness, the survey results indicated some concerns.




Nearly half of the respondents expressed a lack of confidence in their ability to recover effectively from a significant cyber-attack.

Moreover, the fact that only 59% of respondents identified as having a cyber incident response plan highlights a significant vulnerability for many NFPs. An incident response plan is the first step in planning for a cyber-attack and may directly relate to the lack of confidence to recover effectively from a significant attack that many NFPs feel.

Of those with plans in place, only 26% have practiced implementing their cyber-attack response plans. A plan is only as effective as its execution, so embedded practice is critical to allow for continuous improvement in incident response planning and recovery strategies.

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### To what extent do you agree with the following statements?

 Agree  Not sure  Disagree

#### The benefits of capturing and storing customer data outweigh the risks



#### I'm confident our NFP could recover well from a significant cyber attack



#### Our organisation has a cyber incident response plan in-place



 *Only*  
**26%**  
*have practiced  
the plan*



Whose responsibility is it really?

63% of respondents believe their primary decision-makers are well-educated on cybersecurity matters, yet only 43% feel their organisation has a strong cybersecurity culture.

While the tone at the top results seem positive, there is heightened scrutiny and increased accountability for directors of NFP organisations. Directors must understand key compliance obligations, monitor risks, and take reasonable steps to guide and oversee management. With cyber risks now well established as a critical organisational risk, leaders are accountable if they fail to act appropriately when there is a foreseeable risk of serious harm to the organisation.

Only 43% of respondents indicated that cybersecurity is top of mind and ingrained in their workplace. One of the most effective ways to combat cyber-attacks is by ensuring that the workforce is vigilant and understands that protecting the organisation is everyone’s responsibility. Employees can often be the ‘weakest link’ in cyber defence plans. For many NFPs, the challenge lies in their volunteer workforce, who often have access to the same systems as employees but are not included in cybersecurity education and training.

While awareness at the executive level is crucial, fostering a culture of cybersecurity throughout the organisation is equally important.

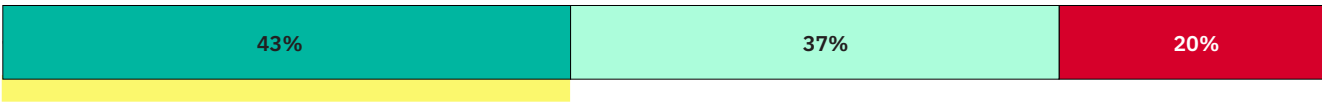
To what extent do you agree with the following statements?

Agree Not sure Disagree

The ultimate decision makers in our NFP are well educated on cybersecurity



We have a strong cybersecurity culture



Only 43% indicated that cybersecurity is top of mind and ingrained in their workplace

Management is aware of their legal obligations in the event of a data breach





## Are NFPs really at risk?

Nearly 40% of respondents believe that their organisation is not an attractive target for a cyber-attack. This complacency can be dangerous, as it may lead to underestimating the potential threats and not investing adequately in cybersecurity measures.

This also highlights a knowledge gap when it comes to cybersecurity. Attackers often cast a wide net, aiming to exploit vulnerabilities wherever they find them, regardless of intended targets.

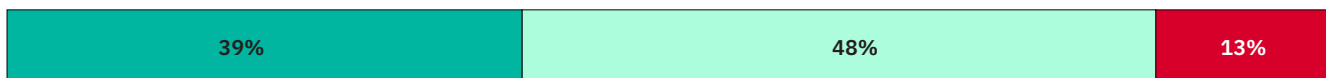
Cyber-attacks are often opportunistic, using automated tools to scan for vulnerabilities. Attackers may also employ volume-based strategies, sending out phishing emails or malware to as many recipients as possible. Additionally, your organisation can be affected through the supply chain, where cybercriminals might target a less secure partner or vendor to gain access to your systems.

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### To what extent do you agree with the following statements?

■ Agree ■ Not sure ■ Disagree

#### Our organisation isn't an attractive target for a cyber attack



## Plan for the worst and hope for the best

The complexity of managing cybersecurity plans increases significantly for federated NFP organisations, where each branch or chapter may manage its own systems and processes. Managing your own cybersecurity roadmap is important, but what happens if the other branches aren't adhering to the same levels of security?

While a cyber attack would likely be confined to a single branch and limit the impact on business continuity, the reputational damage could be extensive, affecting the organisation holistically – potentially reducing donor confidence and increasing regulatory scrutiny. Ultimately the challenge for NFPs is balancing rising operating costs with growing cybersecurity threats and the obligation to keep relevant data safe.

### What this *means for you*

- ✓ **Take your cyber response plans off the shelf:** conduct simulations to evaluate how your organisation would respond to a cyber attack.
- ✓ **Training and education are crucial:** treat your volunteers the same as full-time employees and don't assume new employees have the same level of cybersecurity knowledge as existing staff.
- ✓ **Directors, it is your responsibility:** to understand more you can reach out to expert advisors or read up on the [Australian Institute of Company Directors Cybersecurity Handbook for Small Business and NFP Directors](#).



Ultimately the challenge for NFPs is balancing *rising operating costs* with growing *cybersecurity threats* and the obligation to keep relevant data safe.

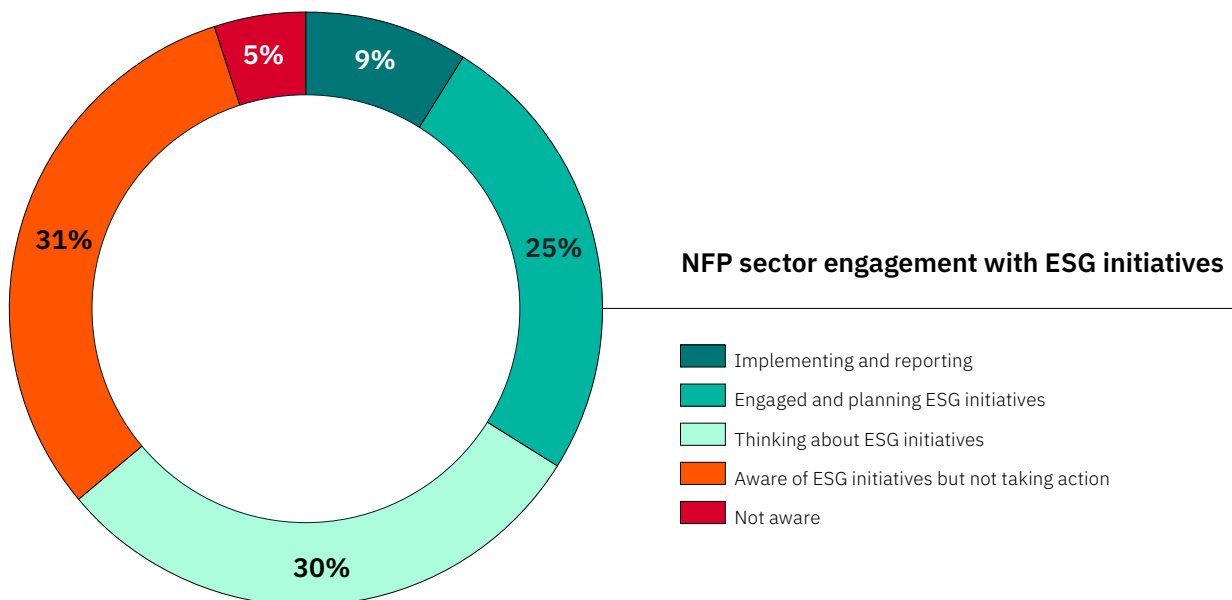


# ESG: Cost constrained NFPs *lag in adoption*

Environmental, Social and Governance (ESG) principles are steadily gaining traction as part of business strategies across industries, but adoption is slower in the NFP sector. NFP organisations are aware of ESG's potential to strengthen governance, build trust, and attract funding, however operational challenges are slowing progress.

## Strong intent, slow uptake

Only 9% of NFP organisations report taking active steps to improve their business activities through an ESG lens, with a further 25% engaged in the planning phase of initiatives, compared to 15% and 36% of middle market businesses as reported in [Pitcher Partners recent Business Radar report](#). These figures suggest that while ESG is on the radar, for most organisations it remains in the 'intent' phase rather than embedded in operations.





The sector's slow uptake is likely a reflection of broader operational pressures. The top three hurdles for implementing ESG initiatives for NFP organisations are increased costs and time constraints (63%), measuring and reporting (51%) and shifting operations and culture (37%). In an environment with time and resource constraints, measuring and reporting ESG factors simply isn't a high priority for most when competing against constant operational pressures.

#### Top three challenges of implementing ESG initiatives



63%

*Increase in costs and  
time constraints*



51%

*Measuring and  
reporting*



37%

*Shifting operations  
and culture*



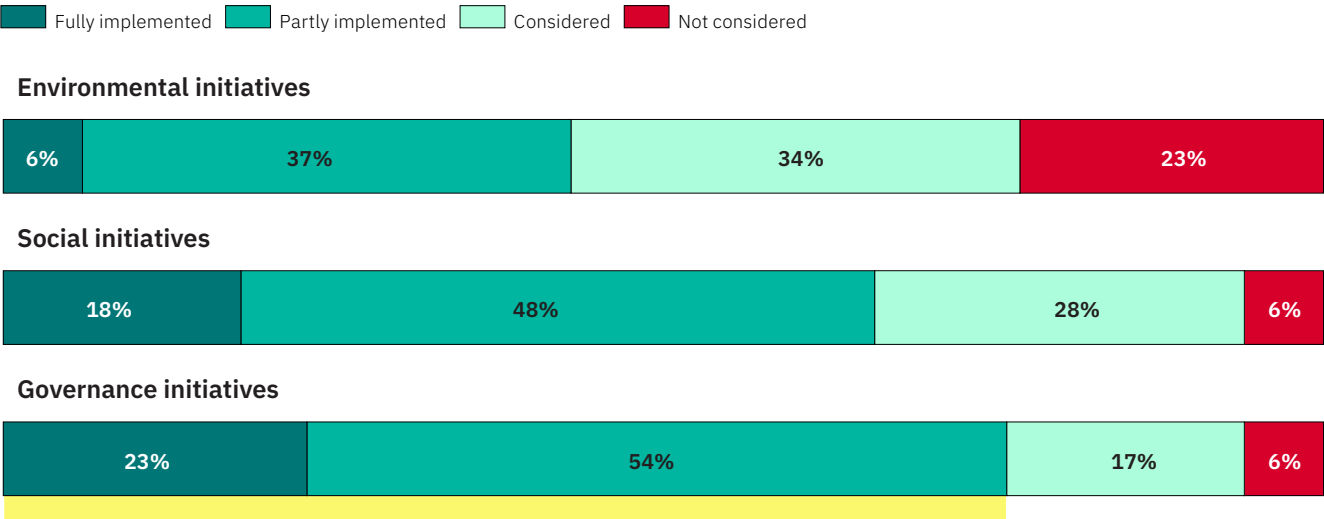


## Governance leads the way

Of the three ESG pillars, governance is receiving the most attention. Over three-quarters (77%) of respondents have at least partially implemented governance initiatives, and 23% have fully integrated these into their operations. Social initiatives take the next priority, with 18% of respondents stating they have fully implemented relevant initiatives.

Environmental initiatives, however, rank lowest in the priority pecking order. Nearly a quarter of respondents (23%) reported that environmental considerations have not been addressed at all – underscoring the challenge of balancing mission-driven outcomes with long-term sustainability goals.

### ESG initiatives being considered or implemented



## ESG seen as a tool to overcome sector challenges

The top challenges identified by respondents were increased operating costs, attracting and retaining staff and funding sustainability (both government and non-government). Interestingly ESG was highlighted as a possible tool to address some of these pressures. Respondents saw that the key benefits of implementing ESG initiatives can include enhanced reputation (66%), regulatory compliance and access to subsidies or grants (54%), and improved employee engagement (45%). Far from being just a tick-the-box exercise, ESG is seen as a way to enhance organisational reputation, draw funding (helping with operating costs) and attract talent.

 **77%**  
*have at least partially implemented governance initiatives*

### Key benefits of implementing ESG initiatives



### Top factors driving ESG implementation



74%

*Ensuring the approach aligns with the organisation's mission*



74%

*To meet donor, stakeholder and community expectations*



58%

*To fulfill governance expectations*



29%

*The personal beliefs of those on the committees / board*

For organisations that have begun their ESG journey, the motivation is clear. A compelling 74% said that aligning ESG with the organisation's mission was the main driver for investment. Meeting donor, stakeholder, and community expectations was equally important (74%), while 58% cited fulfilling governance expectations as a key reason for pursuing ESG initiatives.

However, 29% of NFPs also site the personal beliefs of those on committees or the board as being a top three factor driving ESG adoption. To ensure ESG strategies remain mission-driven, boards must adopt a clear, objective framework that prioritises aligning with the NFP mission and the long-term impacts.

## What this means for you

The not-for-profit sector is well positioned to benefit from a strategic ESG focus – particularly as employees, governments and the community increasingly demand transparency and accountability. While the current uptake may be slow, the underlying drivers are strong. As tools, frameworks and partnerships evolve to support ESG implementation, NFPs that invest early will be better placed to strengthen their impact, attract support, and future-proof their operations.

- ✓ **Start with small, mission-aligned ESG initiatives:** Begin with targeted projects that connect directly to your core mission and can demonstrate immediate value to stakeholders.
- ✓ **Leverage existing governance frameworks:** Build on your current governance structures rather than creating entirely new systems for ESG implementation.
- ✓ **Prioritise measurement of social impact:** Focus first on metrics that showcase your organisation's existing community contributions before expanding to new environmental measures.
- ✓ **Communicate ESG alignment with potential funders:** Highlight how your ESG initiatives address donor priorities to strengthen funding applications and stakeholder engagement.
- ✓ **Develop ESG partnerships:** Collaborate with similar organisations to share ESG implementation costs, expertise, and reporting frameworks.







# Generative AI: cautious adoption *amid clear potential*

Generative AI technologies have made significant inroads across industries, but the NFP sector is approaching this digital revolution with measured steps. The survey findings indicate that while NFPs recognise generative AI's potential to enhance operations and engagement, adoption remains strategic and focused on specific applications. This emerging pattern mirrors the sector's approach to ESG implementation – cautious but deliberate, with clear recognition of both benefits and challenges.



### Top five uses of generative AI in NFPs



### Marketing leads adoption priorities

Marketing and communications emerge as the primary use case, with 44% of NFPs leveraging generative AI to streamline content creation and enhance outreach, and 19% using it in fundraising and donor engagement efforts. This focus reflects the sector's strategic prioritisation of stakeholder engagement and donor relationships and could be an important tool in helping communicate value and impact to address changing expectations.

Use in internal communications is also popular at 33%, as organisations look to find ways to increase efficiency and augment skill sets.

The survey reveals a pattern of practical implementation, with 27% utilising AI for data analytics and 19% for customer service. This targeted approach suggests that NFPs are selectively implementing AI where immediate value is most evident, rather than pursuing comprehensive digital transformation.

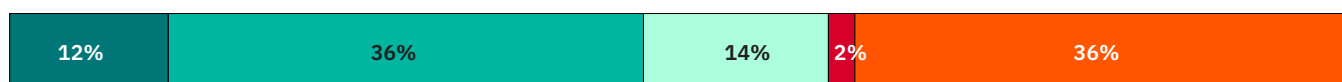
### Positive impacts emerging

Nearly half (48%) of respondents report that generative AI has positively impacted their operations, pointing to early returns on investment for organisations that have embraced these technologies. However, a significant portion remain uncertain about AI's effects, suggesting that many NFPs are still in experimental phases or lack robust assessment frameworks to measure outcomes.

This cautious optimism mirrors the sector's approach to other digital innovations – focused on practical applications that directly support mission fulfillment rather than technology adoption for its own sake.

### Impact of generative AI on NFPs

Significantly positive Moderately positive No impact Negative Unsure



Only 2% think generative AI has a negative impact in NFPs



## Quality concerns top the list of challenges

The top concerns surrounding generative AI reflect the sector's commitment to building trust. Data inaccuracy and quality concerns lead the list at 64%, followed by data protection and privacy issues (56%) and intellectual property and legal concerns (44%).

These priorities underscore the uniquely sensitive position of NFPs, where trust is a fundamental currency and where organisational reputation can directly impact funding and community support. For a sector often working with vulnerable populations and sensitive information, these concerns represent significant barriers to wider AI adoption.

### Top five risks of implementing generative AI



64%

*Inaccuracy of data  
and quality concerns*



56%

*Data protection  
and privacy*



44%

*Intellectual property  
and legal concerns*



39%

*Lack of control of  
the technology*



36%

*Ethical  
concerns*



# What this *means for you*

The NFP sector stands at a critical juncture with generative AI – balancing the operational efficiencies and enhanced engagement these technologies promise against legitimate concerns about quality, privacy, and legal compliance.

Organisations that develop clear governance frameworks for AI implementation, focusing on transparency and quality control, may find themselves better positioned to leverage these tools while maintaining stakeholder trust. As adoption increases and best practices emerge, NFPs that thoughtfully incorporate AI into their operations may discover new ways to amplify their impact and extend their resources – particularly valuable in an environment where operational pressures continue to mount.

For NFP leaders, the path forward likely involves strategic implementation in areas of clear return, coupled with robust governance frameworks that address the sector's unique concerns and responsibilities.

- ✓ **Identify key areas for AI implementation:** Determine where AI can add value, without introducing significant risks, such as marketing or communications.
- ✓ **Develop an AI governance policy:** Create clear guidelines for when and how AI can be used, who has authority to approve outputs, and what verification processes must be followed.
- ✓ **Create data privacy safeguards:** Develop explicit policies about what data can and cannot be input into AI systems, particularly regarding donor or client information.
- ✓ **Engage stakeholders:** Involve board members, staff, and volunteers in the planning and implementation process. Their insights can help identify valuable use cases and ensure buy-in across the organisation.
- ✓ **Invest in training and skill development:** Provide training for staff to understand and effectively use AI tools. This includes both technical skills and strategic understanding of AI's potential impact.
- ✓ **Pilot and iterate:** Start with a small, focused pilot project to test AI applications. Use the insights gained to refine and expand AI initiatives gradually.
- ✓ **Monitor and evaluate:** Continuously assess the performance and impact of AI projects. Use data-driven insights to make informed decisions and adjustments.



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