



BERNSTEIN

**Modern Nonprofits, Modern
Realities: Navigating Funding
Shifts, Governance, and
Strategy**

Nonprofit and Foundation Advisory

Wednesday, February 11th, 2026

In Conversation Today:



Katarina (Nina) Weir
Wealth Advisor & National Foundation
and Institutional Advisory Council Member



Marisa Swystun
National Director, Foundation and
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Jacquelyn Davis
Managing Partner & Founder,
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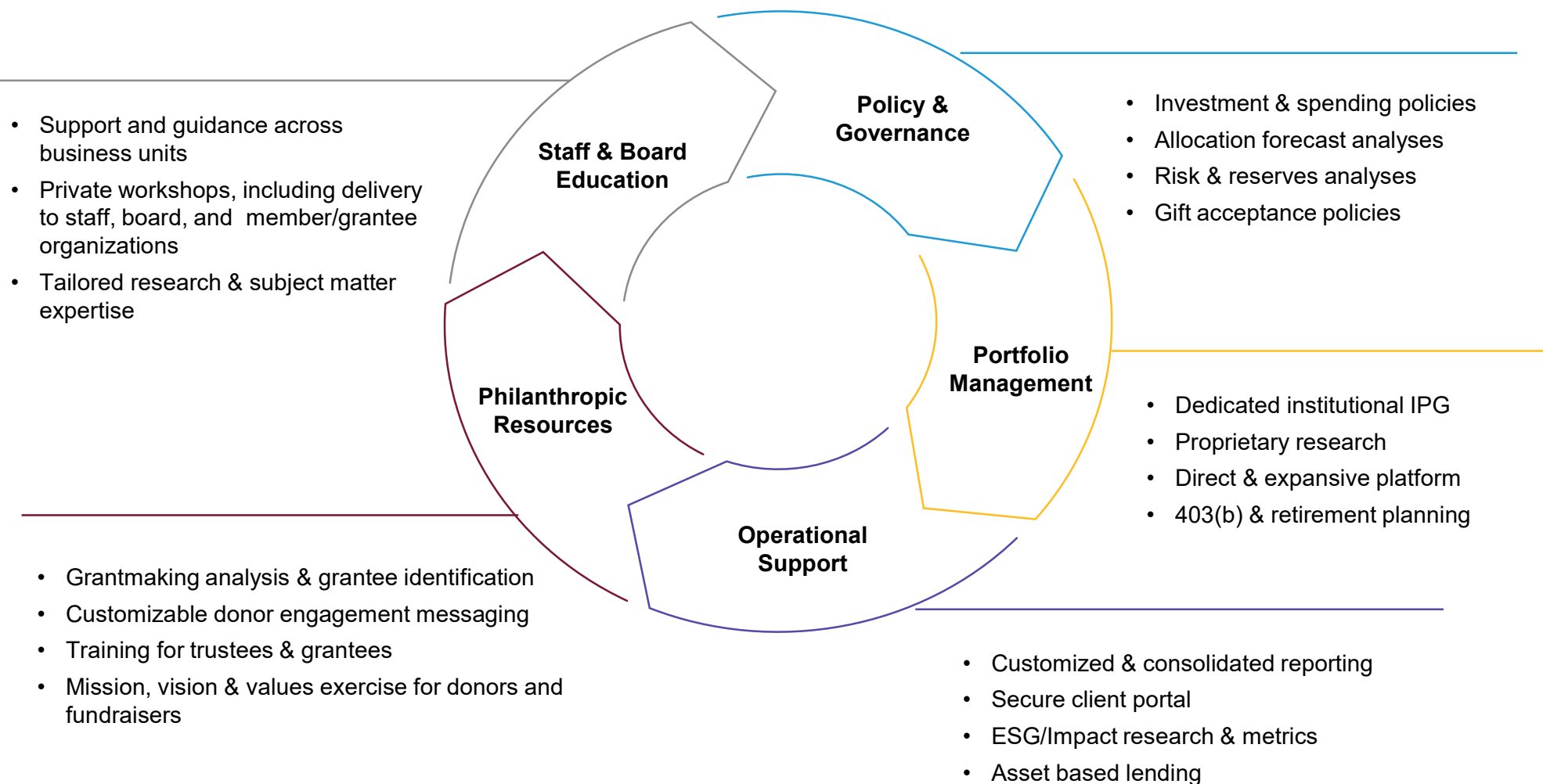
Dave Uejo
Chief Operating Officer,
Prosperity Now



Jordan Forney
Principal, Wealth Advisor

Holistic Approach

Comprehensive Suite of Services to Strengthen your Investment Strategies



Bernstein Foundation and Institutional Advisory

Sample Research and Educational Topics for Fiduciaries



Finance and Investments

- Investing Basics for Fiduciaries
- Reserves Analysis
- How to Measure the Financial Health of Mid-sized Nonprofits
- Economic & Capital Markets Updates
- ESG & Responsible Investing
- Alternatives Investing
- Nonprofit & Foundation Financial Statements



Policy and Governance

- Fiduciary Duty & Investment Committee Best Practices
- Investment & Spending Policy Drafting & Review
- Grantmaking Historical Analysis & Guidelines Development
- Mission, Vision & Values Statements
- Compensation & Retirement Benefits Support



Development & Donor Engagement

- Philanthropic Trends & Opportunities
- Fundraising Campaign Analyses & Best Practices
- Sustaining your Organization through Planned Giving
- Effective Ambassadorship/Culture of Philanthropy for Leaders
- Key Considerations for Endowments and Capital Campaigns

The above are included as part of your partnership with Bernstein.

Delivery of topics is customizable and intended to serve as an extension of your team, helping amplify your work and mission.

Q1 2026

Looking Ahead to a Year of Resilience



Questions We're Hearing from Clients



How should I evaluate geopolitical/exogenous risk?

Should we evaluate our spending policy?

Should we adjust our allocation or cash position?

Will the current economy effect my portfolio?

What should I be thinking about re: AI?

How exposed are grantees to public funding volatility?

Do we have the right board and exec team in place?

How much more will the Fed cut in 2026?

Are my investments values aligned?

Best practices for support grantees re: financial resilience?

Are we funding outcomes or capacity?

What should stay in-house vs. outsourced, to scale or promote efficiencies?



Our Key Economic and Market Expectations for 2025 and 2026

- **US Growth:** Diminished policy uncertainty and supportive tailwinds, such as AI adoption, should continue expansion in a more stable 2026.
- **Monetary Policy:** The Fed will keep balancing the dual components of its mandate, using the room remaining to maneuver toward neutral to support the labor market.
- **Inflation:** Although prices may remain elevated, the rate of inflation should moderate, enabling near term focus to stay on the labor side of the mandate.
- **SPX Expectations:** With Fed easing continuing and the outlook for corporate profitability improving, we assume another solid EPS growth year. Together with similar valuations, we may see SPX 7,400 by YE 2026.

	2025**	Forecast 2026
US GDP*	1.9%	2.0%
YoY Methodology*	2.1%	1.9%
Policy Range	3.50% - 3.75%	2.50% - 2.75%
10Y Treasury Rate	4.18%	3.75%
US Inflation	3.0%	2.5%

	2025**	Forecast 2026
SPX EPS Growth	9.5%	12.5%
SPX Base Case Assumption	6,846	7,400

As of December 31, 2025. Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized. *US GDP forecasts presented as 4Q/4Q, which is most comparable to the Federal Reserve. YoY methodology represents the average of the preceding four quarters taken at the end of each quarter. **Actuals as of December 31, 2025 except for US GDP and US Inflation, which remain forecasts pending release of December data. Source: Bloomberg, Bureau of Economic Analysis, Congressional Budget Office, Federal Reserve, FRED, S&P, and Bernstein analysis.

2026: A Year of Diversification



New Research Bernstein and Indiana University's Lilly Family School of Philanthropy

Analyzing more than 800,000 IRS Forms 990 from over 170,000 nonprofit organizations

Two Broad Research Topics:

1. What types of organizations comprise the “missing middle?” What is the size, scope, and scale of these organizations?
2. How do we define financial success for mid-sized nonprofits? What are best practices and practical advice to share across the philanthropic sector?

Case Studies Allowed us to Dig in Further...

- Overarching issues such as board governance, risk tolerance, human resources limitations, and financial literacy of the board and staff affect how an organization approaches financial matters
- Specific issues such as the need for liquidity, revenue diversification, the presence and size of an endowment, reliance on government funding, fundraising ability, and general economic conditions also shape how nonprofits address financial health

Source: Measuring the Financial Health of Mid-sized Nonprofits, Bernstein Private Wealth Management and Indiana University Lilly School of Philanthropy, October 2025



Financial Sustainability Measurements Used in This Study

Measurement	Definition	“Healthy” Rule of thumb
Administrative ratio	$(\text{Total Management and General Expenses, including Fundraising}) / \text{Total Expenses}$	10%-30%
Months of spending	$12 (\text{Unrestricted Net Assets— (Land Building EOY— TaxExemptBondLiabEOY—Mortgage Notes EOY)}) / (\text{Total Exp—Depreciation})$	3+ Months
Debt margin	$\text{Total Liabilities EOY} / \text{Total Assets EOY}$	$\leq 20\%$
Operating surplus as % of Assets	$(\text{Total Revenue—Total Expenses}) / \text{Assets}$	$\geq 3.4\%$
Debt Service Coverage Ratio (DSCR)	$(\text{Tax Exempt Bond Liabilities} + \text{Mortgage}) / \text{Operating Revenue}$	$\leq 100\%*$
Primary Reserve Ratio	$(\text{Total Assets—Total Liabilities}) / \text{Total Expenses}$	$\geq 40\%$

Source: Measuring the Financial Health of Mid-sized Nonprofits, Bernstein Private Wealth Management and Indiana University Lilly School of Philanthropy, October 2025

And What Is Not As Easily Measurable

Additional elements that “resilient” organizations counted as crucial to their financial health



Revenue Diversification



Endowments

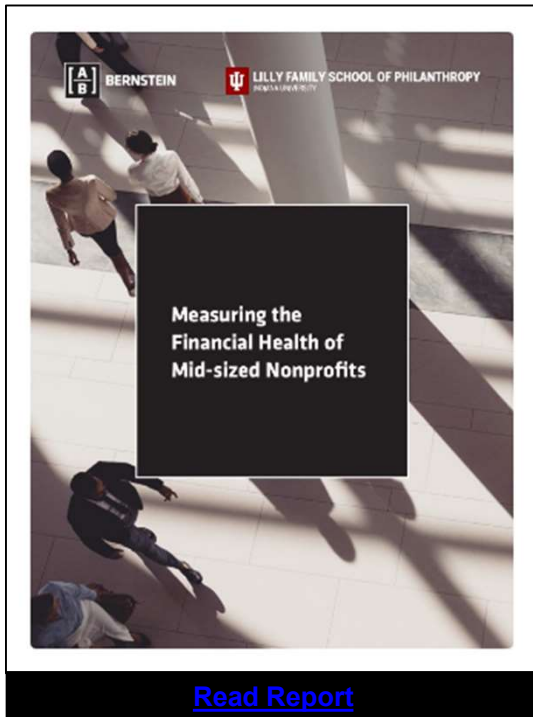


Strong Board Governance

Source: Measuring the Financial Health of Mid-sized Nonprofits, Bernstein Private Wealth Management and Indiana University Lilly School of Philanthropy, October 2025

Financial Assessment | Research and Evaluation Tools

Foundation and Institutional Advisory | Q1 2026



This new research study, "[Measuring the Financial Health of Mid-Sized Nonprofits](#)," reveals that mid-sized charities are more financially resilient than their larger or smaller peers. The report focuses on these mid-sized nonprofits and offers practical paths for all nonprofits to pursue to achieve strong financial health. Higher operating reserves, financial flexibility, and for some, greater revenue diversification, help nonprofits move toward resiliency.

The image is a screenshot of a "Cash Reserves Analysis Questionnaire" form. At the top left is the "BERNSTEIN" logo, and at the top right is the text "Foundation & Institutional Advisory". The title "Cash Reserves Analysis Questionnaire" is prominently displayed. Below the title, there is a section for "Sizing Short-Term Reserves" with "Current Reserve Policy Questions" and three bullet points, each followed by a text input field. A "Revenue Sourcing Table" section follows, with a bullet point and a table. The table has three columns: "Source", "Revenue as % of Total", and "Probability Will Be Received". The rows include "Annual Fund Donations", "Major Gifts", "Foundation Grants", "Government Contracts", "Fees for Services", "Ticket Sales, Tuition, etc.", "Endowment/Portfolio Distributions", "Other", and "Total". At the bottom right, there is a "View Blog" button.

Source	Revenue as % of Total	Probability Will Be Received
Annual Fund Donations		
Major Gifts		
Foundation Grants		
Government Contracts		
Fees for Services		
Ticket Sales, Tuition, etc.		
Endowment/Portfolio Distributions		
Other		
Total		

By assessing risks and diversifying revenue streams, organizations can better navigate funding challenges and secure their future. Now is the time to act and ensure stability in the face of change. Visit the blog to read more about [Bernstein's Reserves Analysis Tool](#).

**On Average, Nonprofits
Checked Two Thirds of the
“Financial Resilience” Boxes.**



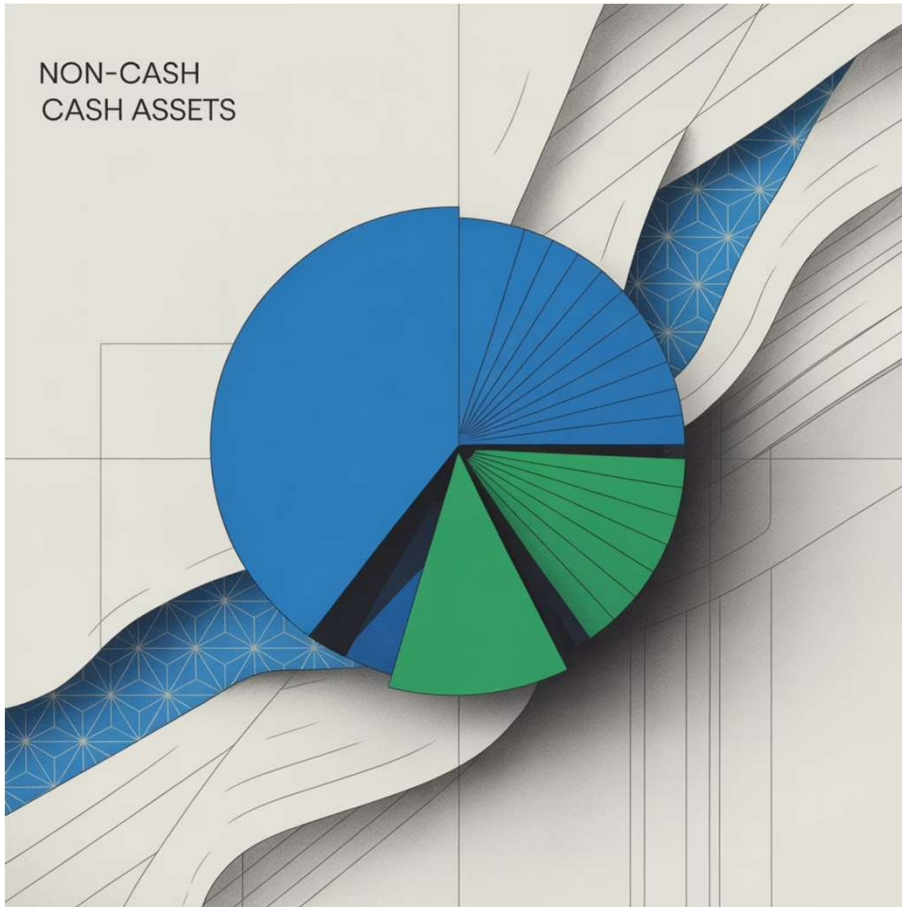
Source: Measuring the Financial Health of Mid-sized Nonprofits, Bernstein Private Wealth Management and Indiana University Lilly School of Philanthropy, October 2025

Putting the Research into Action in 2026

Actionable takeaways from the quantitative and
qualitative metrics



Making the Case for Revenue Diversification Amidst the ‘Great Wealth Transfer’



Over 90% of donor wealth is held in non-cash assets, yet most fundraising strategies focus on liquid gifts.

Average gift size for noncash giving far outpaces cash*

- Digital or Check: \$567
- Stocks: \$7,000
- IRA QCDs: \$7,600
- Cryptocurrency: \$10,978
- Bequests \$55,000

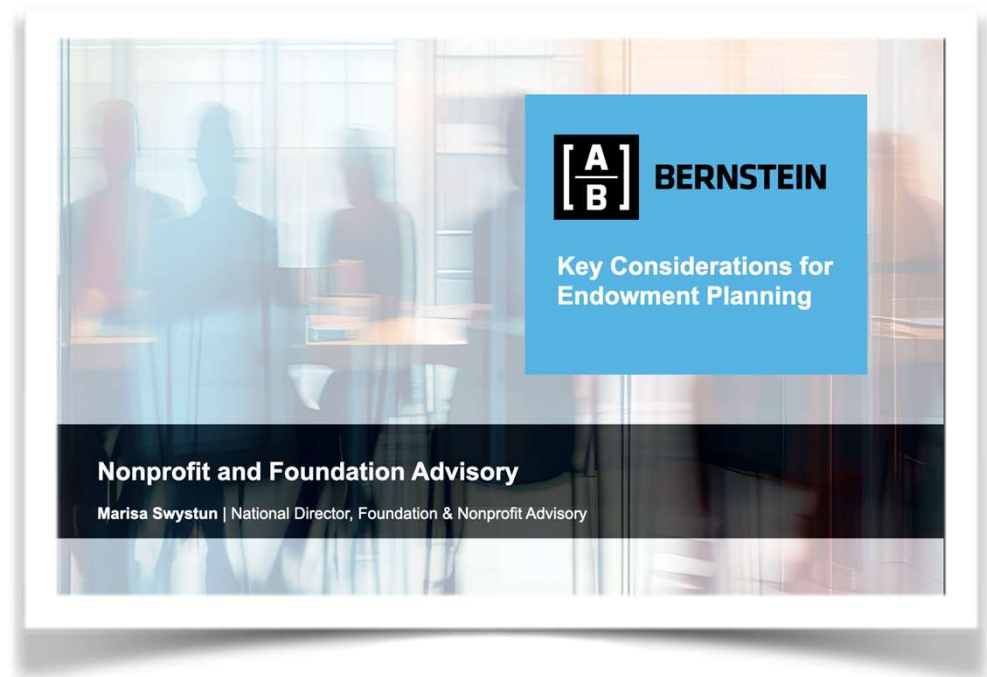
Sources:

[Blackbaud Institute – 2024 Charitable Giving Trends Report](#); [Blackbaud Stock Giving Trends](#); [The Giving Block – 2024 Annual Crypto Philanthropy Report](#); [The Nonprofit Alliance – QCD Insights](#); [Chronicle of Philanthropy – Bequest Giving Data Overview](#)

Bernstein Resource: Key Considerations for Endowment Planning

Key Takeaways:

1. Defining types of endowments
2. When to launch an endowment
3. High level investment strategies
4. Planning for staff, board, and donor education and engagement



Strong Board Governance | Some Examples

The Challenge:

Our Board is disengaged or unsure how to help us navigate the outcomes of 2025's pivots

The Opportunity:

Diversify the board with sector-specific skills

Current issues facing the sector, such as M&A, endowment creation or management, diverse revenue generation, and shifts in reserves management — are becoming successful with engagement from board members who have actually confronted these challenges in the past. Don't have those members? Engage Bernstein or other third party professionals with the expertise.

The Challenge:

Our financial position is unable to meet the needs of our programmatic and operation shifts

The Opportunity:

Boards are undergoing financial modeling and scenario planing before moving forward with any shifts in strategic planning

"We recently conducted a reserves analysis and allocation review of our portfolio to consider new was to put our capital to work before we assessed our fundraising plan. We realize we didn't have as much to raise awareness we'd originally thought."

- Nonprofit in LA

The Challenge:

Board Giving is down by over 50% — 41% attributed that to lack of clarity on their role

The Opportunity:

Promote implementation of one strategic measurable smart goal at the committee leadership level

"Our Development Committee created a temporary 'charter' - essentially a SMART goal for 2026 to only focus on raising our non-cash fundraising by 10%. Clarity is key."

- National nonprofit in NY



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M&A: Nonprofit Sector

Key Terms

Terms	Definition	Rationale
Merger	Two organizations combine into one legal entity. One remains or a new entity is created. Integrations of missions and governance. <i>"We become one."</i>	<ul style="list-style-type: none"> -Scale impact -Reduce duplication -Increase efficiency -Strengthen sustainability
Acquisition	One organization absorbs another. Absorbing organization controls governance, strategy. The absorbing organization remains, the other is dissolved. <i>"I buy you."</i>	<ul style="list-style-type: none"> -Strategic growth -Capabilities or talent -Market expansion
Consolidation	Multiple entities combine into fewer entities, often into one. Systems-level rationalization. <i>"We shrink the system into fewer entities."</i>	<ul style="list-style-type: none"> -Cost reduction -Long-term viability -Ecosystem simplification
Strategic Alliance	Formal partnership where independent organizations collaborate to achieve shared goals. Each organization remains independent. <i>"We collaborate, we don't combine."</i>	<ul style="list-style-type: none"> -Achieve goals -Complement capabilities -Strengthen capacity

We need fewer fragile, small organizations doing overlapping work.

~Funder



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Why M&A at This Moment?

- **Economic & Philanthropic Context** - funding is on sidelines, filling govt gaps, and often doubling down on current grantees.
- **Political Realities** - uncertainty, sunseting of government financial support
- **Leadership Turnover & Dearth of Talent** - high attrition in field without strong pipeline to meet need
- **Redundancy**- only slight difference in organization's mission or approach - sometimes duplicative efforts, funders believe there is redundancy and consolidation is IMPT, esp among smaller orgs. Reduce administrative and overall costs.
- **Strengthen Organization** - more resources and potentially talent, easier to scale, potentially make more sustainable

Opportunities & Challenges

Opportunities

- Greater mission achievement and impact
- Organizations stronger together
- Reduce admin and infrastructure costs
- Funding goes farther
- Leadership for succession and potentially strong talent
- Scale models and proof points with larger organization
- Leverage complementary assets

Challenges

- Give up some autonomy
- Finding aligned organizations
- Team may have shifts in roles, reductions
- Founders may need to transition out
- The work takes time & capacity to do well
- Cost of transactions
- Only works if Board on board

Adaptive Issues

- Recognizing a sense of “loss”
- Preventing a sense of “failure,” seeing benefit for mission and strength of organization
- Working through team structure and potential reductions
- Gaining alignment of leadership and board
- Supporting founders / leaders to land on their feet

Key Steps in the Process

- Board & Leadership Alignment
- Strategic Exploration, Readiness & Risk Assessment
- Vision, Values & Non-Negotiables
- Opportunity Identification, Diligence & Fit Assessment
- Negotiations & Closure
- Integration & Transition Planning
- Stakeholder Communications
- Change Management

Critical Roles & Players

- Nonprofit Boards
- Organizational Leaders
- Leadership Teams
- Funders
- Professional Services Support

Case Studies

Single Site Charter & Network

- Triggering Issue: Poor performance, under review
- Board saw as “failure” - needed to prioritize serving children well over protecting organization
- Identification of partner and negotiation challenging, but assets available: building, students (no recruiting needed)

National Nonprofit with Leadership Transition

- Triggering Issue: Founder transition, natural downsizing
- Board considered multiple options, including rebuilding the org and sunsetting
- Board misaligned, 2 members resigned
- Acquisition went forward



Prosperity Now + Change Machine: A Case Study



Agenda

- 01** Background
- 02** Why M&A? Why Change Machine?
- 03** Lessons Learned

Who We Are

A Modern National Intermediary

After nearly five decades of national leadership advancing financial security, Prosperity Now is now restructured for accountability and execution with unified leadership, professionalized operations, and a results-driven culture.

Capital Aggregation

Emerging CDFI + secondary-market apparatus to support market liquidity

Digital Infrastructure

Accessible and scalable technology platforms delivering measurable outcomes

National Network

86K people nationwide engaged on entrepreneurship, housing and homeownership, tax, and family financial stability programs



Strategy and Innovation Updates

Change Machine Acquisition

In October 2025, Prosperity Now announced our intent to acquire the Change Machine financial coaching platform.

What it is today

- A nationally used financial coaching platform supporting practitioners and clients

How it fits into what we're building

- Becomes a core delivery mechanism within Prosperity Next and for all Prosperity Now tools and resources
- Integrates with the Prosperity Action Network to connect coaching, tools, and network connections
- Enables a consistent, easy-to-understand service delivery across programs

What this acquisition enables

- Expands digital and bilingual coaching capacity
- Supports practitioner-led service delivery
- Enables compliant fee-for-service offerings
- Advances AI-enabled modernization that supports relationship-based coaching and financial interaction at scale



The transaction has a been a journey

Lessons Learned

Founder Relationship

Change Machine's founder approached us about an acquisition; they departed the firm in July 2025, leaving Prosperity Now with a handful of staff.

Organizational Governance

Out of an abundance of caution, Prosperity Now reached an agreement with the Change Machine board in July 2025 to manage Change Machine in advance of the acquisition.

Asymmetric Resources

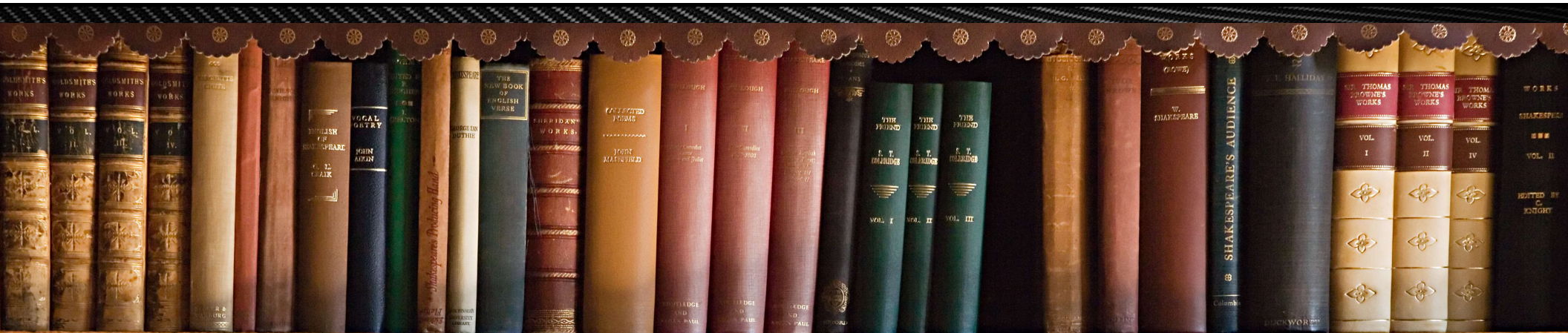
Working toward alignment on the structure of the transaction has been time consuming.

Open Discussion



Our Recommendations | Actionable Bernstein Resources

1. Host a financial resilience convening **encouraging your nonprofit teams to evaluate their 'financial resilience checklist'**.
2. Use Bernstein's **Reserves Analysis Tool** to assess cash position and bucket short, intermediate, and long horizon funds.
3. Conduct a **Spending Analysis**.
4. Nonprofits must invest in themselves; if an actual 'endowment' is not a timely fit, consider putting your capital to work in other investments. You are welcome to share our **'Key Considerations for Launching or Building an Endowment'**.
5. Nonprofit boards are vital partners in ensuring financial success - our **'Board Skills Assessment'** tool can help nonprofits review and potentially enhance a diverse skillset.



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Thank You!

Additional Resources



It Starts With Leadership

Should the DNA of our board shift amid new challenges?



How can our investment policy meet the needs of rising costs?

What role does board governance plan in the success of our mission?

How can we diversify fundraising to further our mission?



Make use of Bernstein Resources

Board Skills Assessment Tools

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Building or Evaluating Your Board

- **How Many Board Members?**
 - Consider at least 5 and up to 7 Board Members
- **Who Should Be on the Board?**
 - Leaders of the Organization – CEO
 - Professional Partners – Audit/Tax
 - Key Strategic Advisors – leaders
- **How Will they Support the Organization?**
 - Think about which prospective Board Members will enhance our Investment, in Grant Approval, HR, etc.
- **What is their Personal Style and Background?**
 - Think about how each individual's team
 - Also consider their age, background, board members with more seasoned backgrounds will enhance continuing thought along the way
- **How Long Will They Serve For?**
 - A timebound ask is easier to accomplish

Board Matrix Worksheet
Board Needs Assessment & Recruitment Tool

	Board Member #1	Board Member #2
	Name	Name
SME / Industry		
Investments		
Similar Foundation/Grantmaking Leader		
Financial Leader (CFO, etc.)		
Attorney		
HR/Governance		
CPA/Audit		
Mission-related Expertise (e.g. Cardiovascular Research)		
Mission-related Expertise (e.g. Jewish Philanthropy)		
Personal Style		
Consensus Builder		
Strong Communicator		
Strategist		
Visionary		
Age		
18 – 34		
35 – 50		
51 – 65		
65-75		
75+		
Gender		
Male		
Female		
Other Demographics		

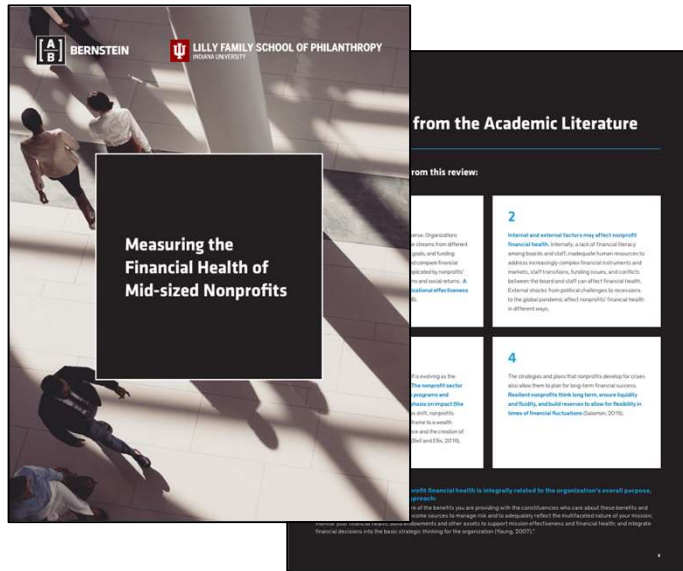
Board Workshops:

- Fiduciary Duty and Investment Committee Best Practices
- Key Governance Policies and Practices
- Sustaining your Organization through Planned Giving
- Strong Board Ambassadorship: Building a Culture of Philanthropy

Source: Bernstein

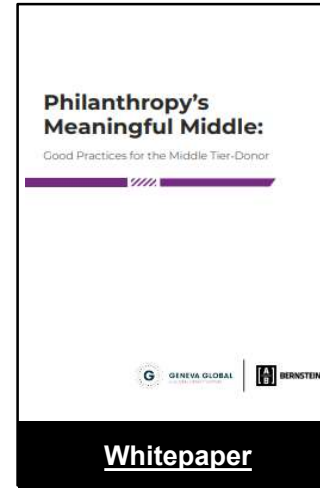
Tailored Thought Leadership to Meet the Moment

New Research: [Measuring Financial Health of Mid-Sized Nonprofits](#)

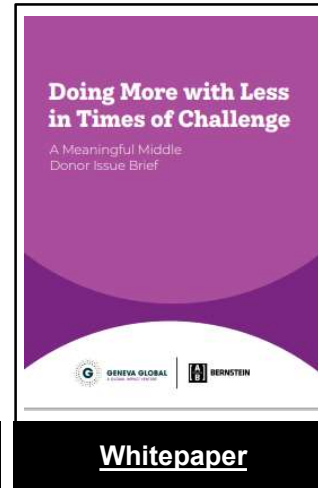


Conducted by the [Indiana University Lilly Family School of Philanthropy](#) and sponsored by **Bernstein Private Wealth Management**, this new research reveals the strategies and strengths that set mid-sized nonprofits apart. This study helps nonprofit fiduciaries, board members, donors, and advisors better understand the forces shaping social impact and charitable giving today.

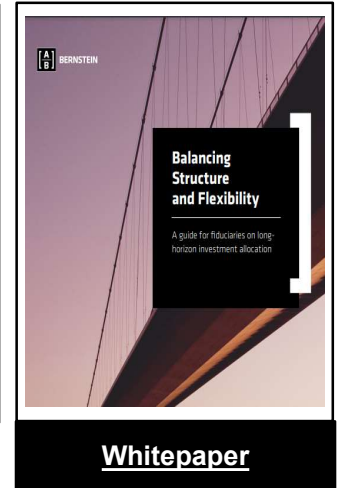
Explore Timely Content



[Whitepaper](#)



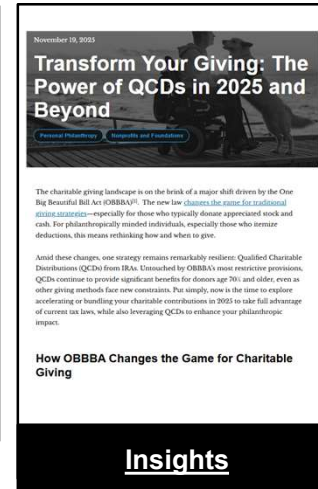
[Whitepaper](#)



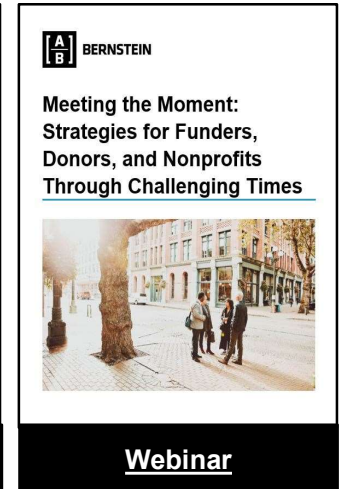
[Whitepaper](#)



[Insights](#)



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From our Case Study Conversations | Insights from your Peers



Fundraising alone cannot “get you out of a jam. You have to concentrate on the business of your organization.”

—Miss Porter’s School



Build a budget that is realistic but also has room for growth. Look at a baseline first, evaluating what you can count on and what has been consistent for 2-3 years. Then, envision what you can practically achieve in that timeframe.”

—Sequoia Riverland Trust



It is imperative not to get overextended financially but at the same time you must look at taking care of the needs in the community. Operate as close to a for-profit business as possible but with a big heart.”

—Meals of Hope



Treat the staff well and periodically review compensation and benefits packages.”

—American Cabaret Theatre

Source: Measuring the Financial Health of Mid-sized Nonprofits, Bernstein Private Wealth Management and Indiana University Lilly School of Philanthropy, October 2025



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