Turning resilience into reality

Not for Profit sector report 2026

Foreword

Nā tō rourou, nā taku rourou ka ora ai te iwi

With your basket and my basket, the people will thrive

Where would Aotearoa be without its Not for Profit sector?

It's a question that doesn't bear thinking about. It's confronting. The answer paints a dire picture for everyone charitable organisations support in this country.

That's why we've continued invest in this research for over two decades. We want to shine a perpetual light on what it's like to operate in this sector: the struggles, the battles, and the successes achieved in the face of ongoing uncertainty. We have the privilege of working with determined, dedicated leaders who could choose easier paths, but instead dedicate their skills, energy and time to purposes bigger than themselves. And that deserves recognition.

A heartfelt thank you.

Thank you for the work you do. Whether you're supporting vulnerable families, protecting our environment, or advocating for those whose voices are not always heard (and everything in between), your commitment to creating a better future for others makes you a vital cornerstone for our communities.

We hope this report reinforces our deep conviction the work you do is critical to Aotearoa, provides value-adding insights and sparks meaningful conversations about the sector.

Let's keep those conversations going.

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Purpose under pressure: Building resilience for the future

The last time we surveyed the Not for Profit sector in 2022, Aotearoa was in the early stages of recovering from the upheavals of the pandemic. Now the dust has settled, 2026 shows us the trends that were temporary, and those that now appear to be more permanent.

Financial sustainability remains the dominant concern and governance capacity is under pressure. Fraud and cyber risks continue to be underestimated and many organisations are yet to unlock the full value of service performance reporting. At the same time, we see encouraging signs of innovation, particularly through greater investment in digital technology and artificial intelligence.

This year's research analyses how Not for Profit organisations are responding to these challenges. The survey attracted nearly 18% more respondents than our previous report, reflecting a sector that wants its experiences, challenges and opportunities to be heard and understood.

Five key themes impacting the sector in 2026.

The themes emerging from this report suggest the NFPs most likely to thrive over the next decade won't simply be those with the biggest budgets. They will be organisations that build resilience financially, strategically and operationally, while remaining firmly focused on their purpose.

1

Demand is increasing, but funding isn't keeping pace

The gap between community need and available funding continues to widen. Organisations are managing increasing demand while facing rising costs and ongoing uncertainty around future funding. The challenge is no longer to simply secure funding, but to build sustainable organisations that can continue delivering on their purpose over the long term.

2

Service performance reporting is yet to deliver to its full potential

Four years after becoming mandatory for Tier 1 and Tier 2 reporters, service performance reporting has yet to deliver the value many organisations expected. Too often it is viewed as another compliance obligation rather than a management tool that can improve decision-making, demonstrate impact and strengthen funding conversations.

3

Fraud and cybersecurity remain underestimated

Most organisations have mature approaches to health and safety, and broader organisational risk, yet fraud and cybersecurity continue to receive comparatively little attention. As threats become more sophisticated, Boards and management will need to build resilience by placing greater emphasis on prevention, preparedness and responsiveness in this area. The financial, operational and reputational consequences are too important to risk for organisations of any size.

4

Governance capability is becoming harder to sustain

Strong governance remains fundamental to NFPs' success, but attracting and retaining capable Board members continues to be a challenge. Succession planning, Board renewal and leadership development are becoming priorities rather than governance "nice-to-haves" in resilient organisations. In a sector where governance remuneration is uncommon, there is a limited pool of willing candidates.

5

Technology is an important resilience tool

Technology is no longer simply an operational overhead. Digital platforms continue to be a key area for investment to help organisations engage with donors, volunteers, communities and stakeholders, and more than one-third of respondents have already invested in some form of artificial intelligence. Used well, technology has the potential to help organisations improve productivity, strengthen decision-making and increase impact without proportionally increasing costs.

Challenges facing the sector

More people in need, fewer resources to go around

The economic situation for everyday Kiwi households has deteriorated since we last surveyed the sector. There are more people in need, and fewer resources to go around. New Zealand has long standing productivity challenges, our housing market has stagnated, and confidence is low across both consumers and businesses. Living costs have risen, while wages have not kept pace, and unemployment is at its highest rate in a decade.

The Government's 2026 Child Poverty Report found New Zealand is not meeting targets with 50,000 more children in hardship than in 2022. KiwiSaver hardship withdrawals in 2025 were up by 10,000 compared to the previous year, and over 40% of Kiwi households say their income is either "not enough" or "only just enough."

In 2022, New Zealand was still struggling with the after effects of the pandemic. To help remedy this, there was a fairly large number of grant funds available, with a high trust and fast-moving model. Now there are fewer contracts and grants, and more communities in need, making it increasingly difficult for NFPs to deliver their services and fulfil their purposes. Not for Profit organisations are working harder than ever and doing their best, but money is tight and there's no relief on the horizon.

Financing remains the top concern

It's no surprise funding and finance concerns are once again top of mind for NFP respondents. Funding has been the number one concern since we began surveying the sector in 2003. The top three concerns are all funding-related: financing the organisation's activities, long-term financial sustainability and diversifying sources of income.

Many NFP leaders we have talked to say the current government appears increasingly interested in private philanthropy and other non-government funding sources. These sources are encouraged to play a larger role alongside public funding in supporting Not for Profit organisations.

This is generally framed as partnership, co-investment, and community-led solutions rather than an explicit policy of replacing government funding with philanthropy.

While there is real potential in stronger partnerships between the public sector, philanthropy and community funders, it's important to recognise the huge contribution NFPs already make to the economy and the country.

Without them, our people, animals and environment would be much worse off, and the Government would be forced to pick up the pieces, at a considerable cost. For example, formal volunteers contribute 159 million hours of unpaid labour, worth $4 billion, every year.

Talent pressures have eased

Financial worries dominated the top three concerns in this year's research which saw 'attracting, retaining and motivating key team members' shift from third place in 2022 to fourth place in 2026.

The dramatic percentage drop from 43% in 2022 to 8% 2026 can be attributed to survey respondents choosing three challenges in the previous survey but only their top challenge in this year's survey.

This tells us that pressures in this area have eased, and we believe this reflects today's weaker job market compared to 2022. Back then, NFPs were competing for talent in an overheated labour market, with the public sector in particular offering significantly higher wages and benefits than many NFPs could match.

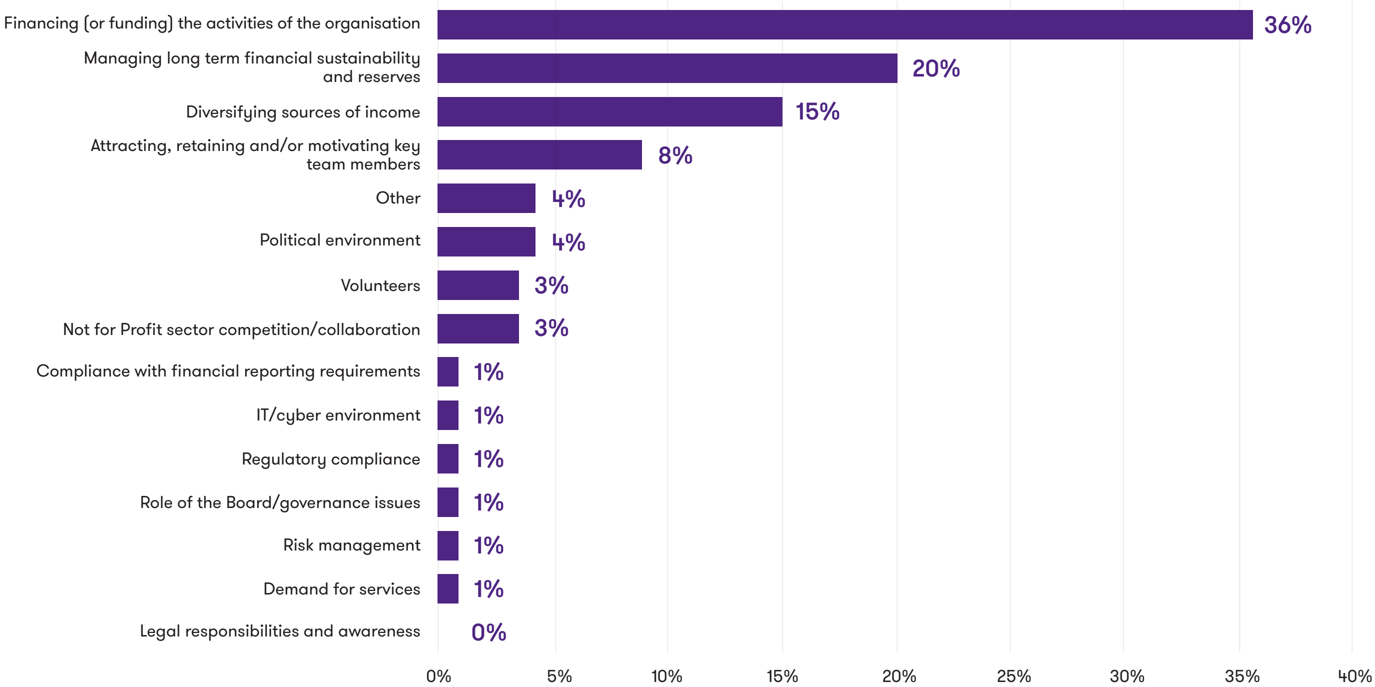
Today, with high unemployment and the public service shrinking, workers are less confident about switching jobs and less likely to be shoulder-tapped for other roles. This could be helping NFPs retain their key people. However there are still challenges in this space (see p21).

Cybersecurity and fraud are not high on the agenda

Finally, we once again see IT and fraud are barely a blip on most NFPs' radars. This is a concern because Not for Profit organisations are exposed to real risks from fraud and cybercrime, yet these areas often receive less attention than they deserve. Importantly, this is not always due to a lack of awareness.

Many NFPs understand the risks but must make difficult choices about how to allocate scarce funding, people and time. When organisations are focused on meeting growing demand for services, investing in fraud prevention and cybersecurity can be challenging, despite the potentially significant consequences of getting it wrong.

Chart 1: From the list below, which do you think is the most significant issue currently challenging the overall Not for Profit sector today? (n=205)



Legislative changes

Service performance reporting (SPR) is difficult for medium and large NFPs

Four years after it was rolled out for Tier 1 and Tier 2 NFPs, SPR doesn't appear to be helping many organisations measure or communicate their success.

Auditors must apply professional standards that require reported information to be supported by reliable evidence. This can create a challenging audit process which requires considerable time and effort to agree on appropriate measures and how they should be reported. This leaves NFPs trying to measure complex social, environmental or community outcomes that are not always easy to quantify under such a formal framework.

As a result, organisations struggle to identify meaningful measures and collect evidence to support them. This is why the main SPR challenges were around defining success (48%), aligning measures (43%), and lack of auditable data (38%).

Many of these challenges can be mitigated by engaging with your auditor early. Talk to them before you make changes to measurements or reporting, so they can provide input sooner rather than later. Working with your auditor during these changes can lead to a smoother process instead of a last-minute scramble to agree measures and reports before your deadline. An early engagement approach will give you more time, make the process less stressful, and it may cut costs by eliminating time on making edits.

Chart 2: Overall, how would you describe your experience implementing SPR? (n=205)

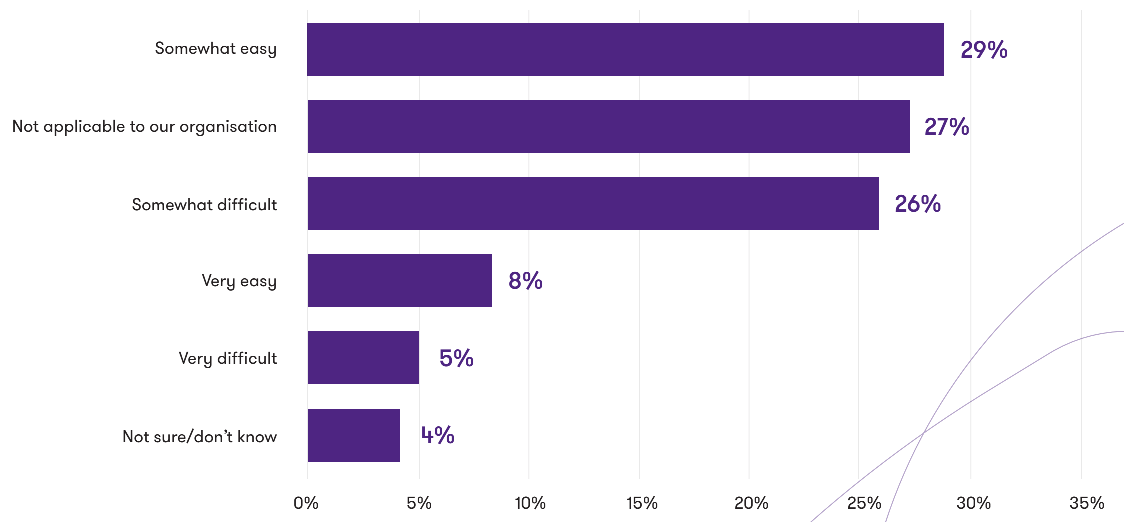
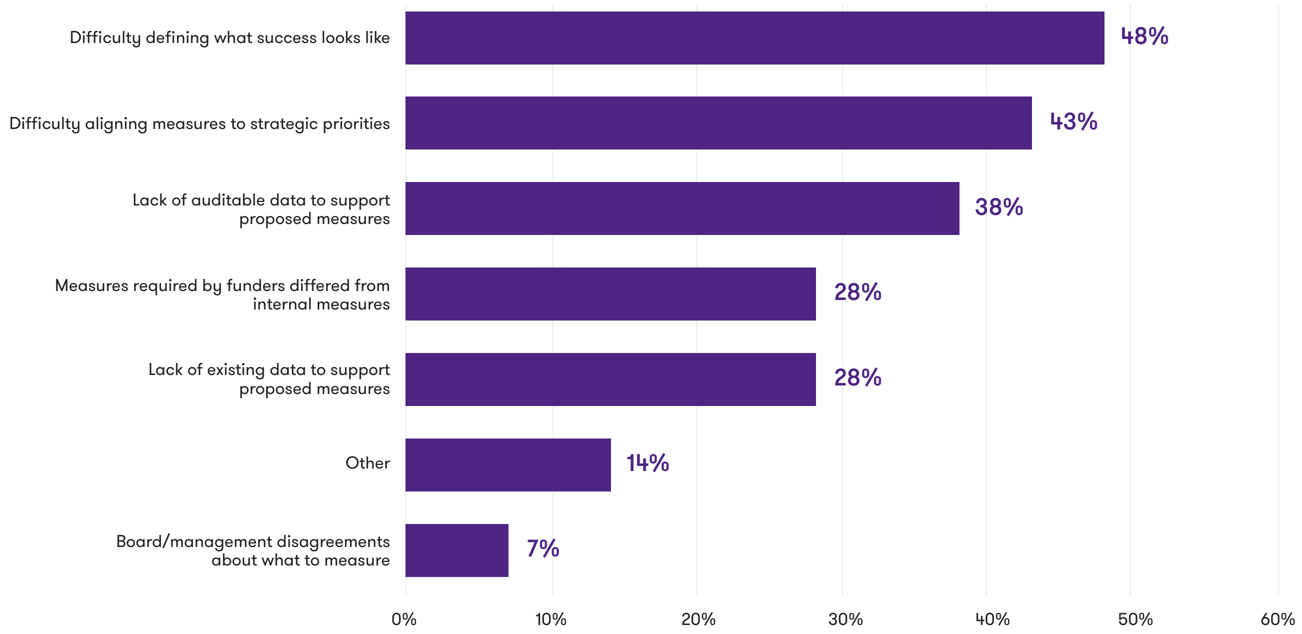


Chart 3: What were the challenges your organisation experienced when implementing SPR? Please select all options that apply to your organisation. (n=121)



Overall, SPR looks like a missed opportunity

We asked NFPs whether SPR had improved their ability to evaluate their performance. More than half told us there was either "no noticeable improvement" or they were "not sure/ don't know". Just 3% said "yes, significantly". Rather than viewing this as a failure of NFPs to embrace SPR, it highlights a broader challenge: too many organisations are still struggling to see a return on the time and cost invested in the process.

For many organisations, the effort required to deliver compliant service performance information can outweigh the practical insights produced. The opportunity now is for NFPs to move beyond compliance and use performance reporting as a genuine management tool; one that supports better decision-making, strengthens funding conversations, and helps organisations tell a credible story about the difference they make.

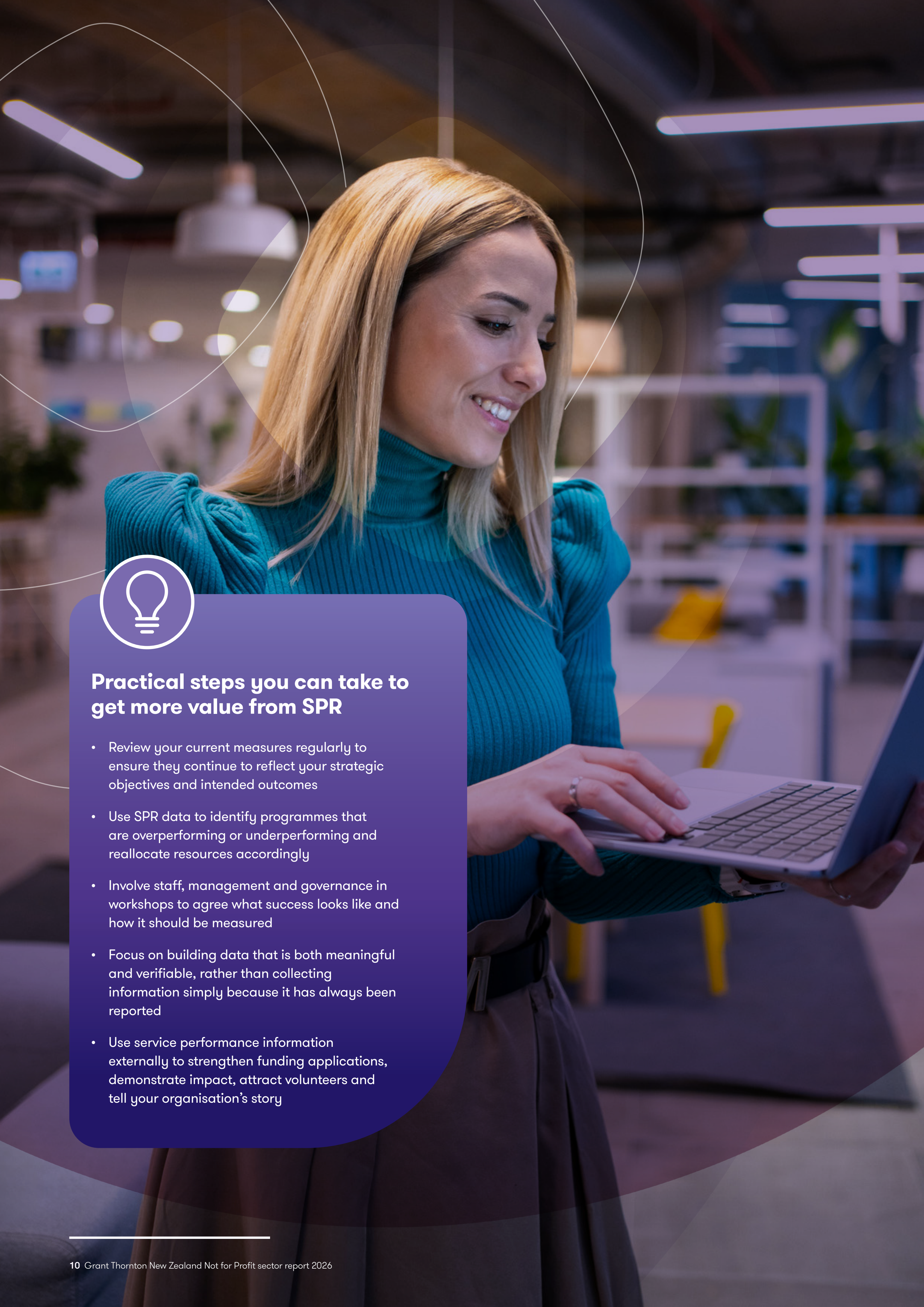
We continue to see significant potential in service performance reporting as more than a compliance requirement. When supported by meaningful measures and reliable data, SPR can help organisations better understand their impact, allocate resources more effectively, and communicate their value to funders, donors, volunteers and the communities they serve.

The process of collecting non-financial information can also reveal previously unseen opportunities, highlight areas of strong performance, and identify programmes that may need adjustment or additional support.

Organisations that regularly review their measures, improve data collection processes, and use service performance information in Board and management discussions are likely to derive far greater value from the effort involved.

High compliance with the Charities Amendment Act 2023

NFPs have found it relatively straightforward to comply with the Charities Amendment Act 2023. Most (86%) were aware of Charities Amendment Act changes, and 81% of organisations have reviewed, or are reviewing, their governance procedures to ensure they comply. Only 11% of organisations have yet to review their governance procedures.



Practical steps you can take to get more value from SPR

- Review your current measures regularly to ensure they continue to reflect your strategic objectives and intended outcomes
- Use SPR data to identify programmes that are overperforming or underperforming and reallocate resources accordingly
- Involve staff, management and governance in workshops to agree what success looks like and how it should be measured
- Focus on building data that is both meaningful and verifiable, rather than collecting information simply because it has always been reported
- Use service performance information externally to strengthen funding applications, demonstrate impact, attract volunteers and tell your organisation's story

Strategic planning

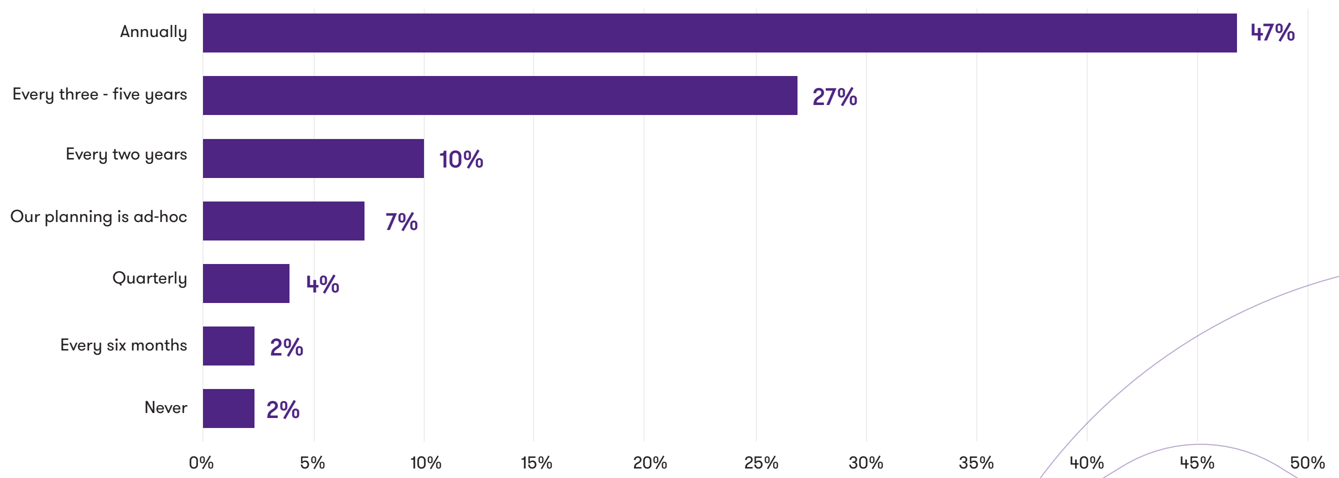
Planning frequency and activities remain steady

Strategic planning is essential to running a successful organisation. It helps Boards and management make deliberate choices about how success will be measured, and how the organisation will respond to emerging challenges and opportunities. For NFPs in particular, a clear strategy provides a framework for balancing increasing community need against limited resources.

The majority of respondents undertake strategic planning annually or every three to five years. Our recommendation is to develop a strategy that looks three to five years ahead, while reviewing progress against that strategy at least annually. A longer-term horizon provides direction and continuity, while regular reviews ensure organisations remain responsive to changing circumstances.

13% of NFPs undertake strategic planning more frequently (quarterly, six-monthly or ad-hoc). This might reflect the highly uncertain operating environment they're facing, but if that's not the case, continually revisiting strategy can create instability if organisations become overly focused on short-term pressures. A balance needs to be struck between being adaptable and maintaining a clear long-term direction.

Chart 4: How often does your organisation undertake strategic planning? (n=205)



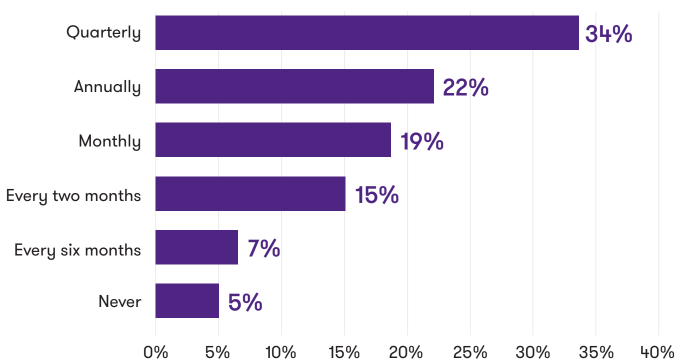
Organisations tend to report against their strategic goals either quarterly or annually. Reporting is important because a strategy has little value unless progress is regularly measured and discussed.

Effective reporting helps Boards identify risks early, allocate resources more effectively, hold themselves accountable, and make adjustments before small issues become significant problems.

The only result we found concerning was the 5% of organisations that reported never monitoring or reporting against their plans. Without regular reporting, it becomes difficult for Boards and management to know whether resources are being invested in the activities that create the greatest impact.

Successful NFPs are not necessarily those with the most resources, but those that are most intentional about how they use them. For example, consider an organisation experiencing increasing demand for services while facing funding pressures. Without a clear strategy, it may try to do more of everything with the same resources, stretching staff and volunteers thinly and delivering poorer outcomes. By undertaking strategic planning and regularly reporting against its strategic goals, the organisation can identify which programmes create the greatest impact, discontinue lower-value activities, invest in stronger partnerships, and direct funding toward its most effective services.

Chart 5: Once your strategic plan is set, how often do you report on progress? (n=200)



Engagement during planning is too narrow

Who do NFPs engage with when developing their strategies? The answer is overwhelmingly governance and management. There has been a slight increase in employee engagement compared to 2022, but overall, this question showed a lack of progress.

We found that:

18%

of organisations don't engage with their volunteers

22%

don't engage with recipients of their services/activities

27%

don't engage with relevant community groups

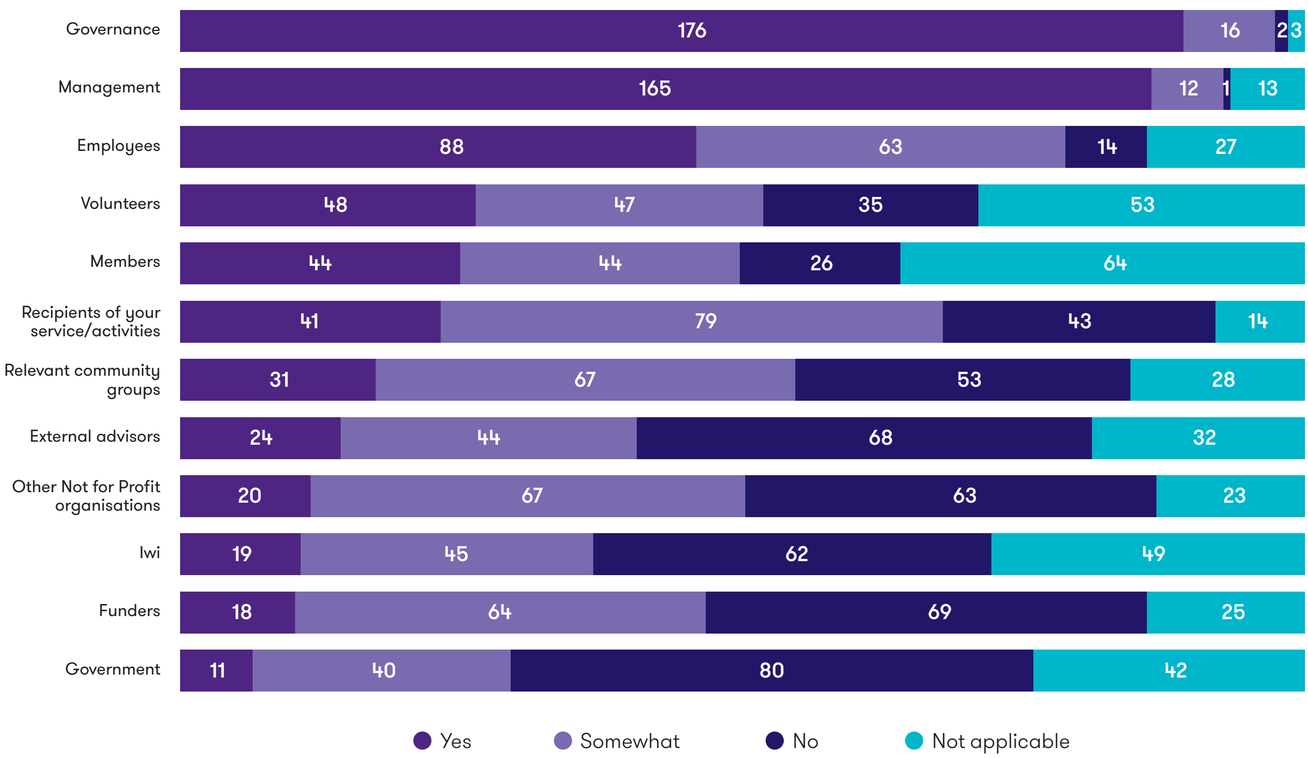
31%

don't engage with Iwi

Diversity is a challenge for NFPs, and ideally strategic planning should incorporate a wide range of perspectives and experiences. Leaning heavily on the viewpoints of the Board and management team is a risk, particularly if they are from similar backgrounds.

For example, an NFP delivering community services may spend considerable time debating strategy at a Board level, only to discover through conversations with volunteers and service users a completely different issue is limiting impact. Engaging the people most affected by an organisation's activities can uncover unmet needs, challenge assumptions and help ensure strategic priorities reflect the realities of the communities being served.

Chart 6: When developing your strategy, who does your organisation engage with? Please select all options that apply to your organisation. (n=200)



Governance structure

The number of Boards with independent members has fallen

Our last survey in 2022 recommended six or seven Board members as the optimal number, so we were happy to see 67% of respondents had Boards with six to 10 members. Smaller Boards can lack diversity of skills, experience and different perspectives. Bigger Boards can make it hard to have good discussions and make decisions efficiently.

Meanwhile, the number of Boards with independent members has fallen. In 2022, 31% of Boards had no independent members, rising to 40% in 2026.

Independent Board members are an important part of effective governance. They bring external perspective, constructive challenge and additional expertise to Board discussions, helping organisations make more balanced and robust decisions. They can also strengthen credibility with funders, regulators and other stakeholders, while reducing the risk of conflicts of interest and supporting greater independence in Board oversight.

Paid Board members are the exception, not the rule

Only 28% of NFPs remunerate Board members which was the same result in 2022 but up from 22% in 2015. Only 14% of respondents told us they had increased their Board member remuneration over the past two years, which was much lower than the 35% we saw in the 2022 survey.

Among those who are paid, it's usually at a low rate: 72% of paid Board members receive $15,000 or less per year for a role with serious responsibilities and genuine risks.

This is a complex issue, especially for smaller NFPs balancing limited budgets with frontline delivery. While remuneration may recognise the responsibility of Board roles, it doesn't necessarily lead to stronger governance or better engagement.

The bigger challenge may be the limited pool of capable Board members, many of whom are already stretched across multiple organisations.

Chart 7: How many members does your Board currently have? (n=205)

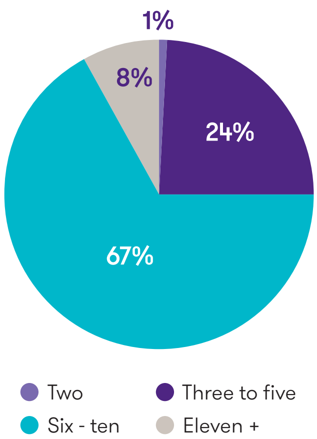


Chart 8: How many independent members does your Board have? (n=204)

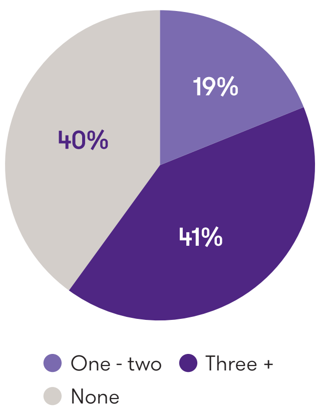


Chart 9: Are any of your Board members remunerated for their position? (n=204)

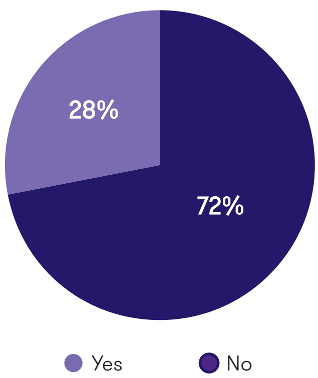
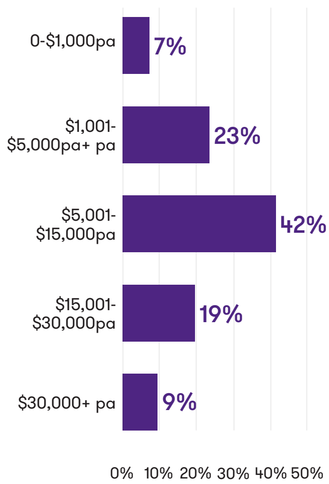


Chart 10: What is the annual fee level per individual? (n=57)



More responsibilities and no money makes it hard to find Board members

Ideally, Boards would have term limits, clear succession planning, and fresh faces to provide diverse skills, experiences and perspectives. In practice, that's tough, because NFPs struggle to attract Board members. No wonder, when the governance requirements and responsibilities keep increasing, but remuneration remains the same – usually zero.

As a result, existing Board members often come from the same pool of willing prospects. While these individuals make valuable contributions, relying on a small network may limit diversity of thought, reduce succession options and availability of time to fully engage with the Board roles.

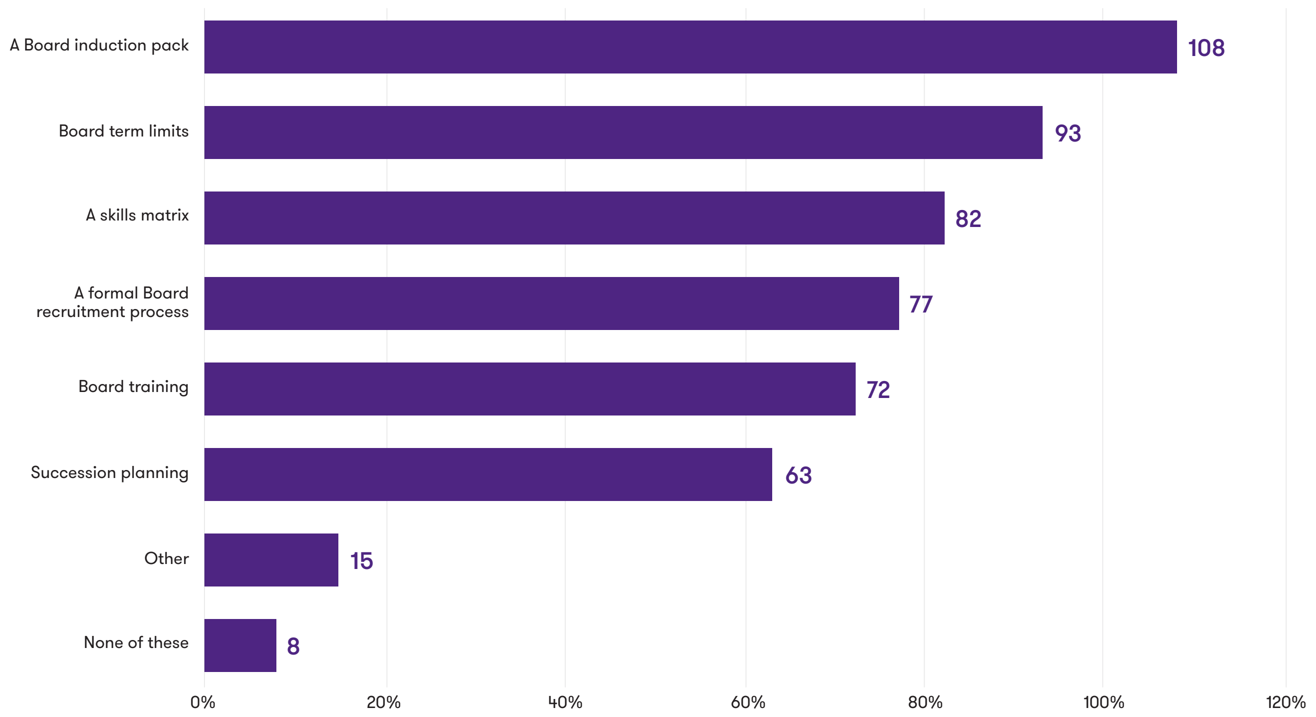
Only 63 respondents undertake succession planning for Board members, and Board term limits are in place for 93 of the organisations surveyed. These results may well reflect the lack of willing Board members, rather than any strong desire to keep the same people on a Board for many years. However, succession planning remains important. Boards that identify future leadership needs early, cultivate potential candidates and create pathways for new members are generally better prepared to maintain continuity and adapt to changing circumstances.

One approach is to think more broadly about the governance talent pipeline. Some organisations are successfully introducing Board observer, Board apprentice and director-in-training programmes, allowing emerging leaders to gain governance experience before taking on full Board member responsibilities. Mentoring arrangements between experienced and aspiring Board members can also help expand the pool of future governors while increasing diversity of age, background and experience.

When it comes to assessing how the Board is performing, 37% of NFPs say they do this annually, the next-highest result was 'never', at 30%.

Board assessments don't need to be expensive or complex. A simple annual discussion can be held to identify skills gaps, improve meeting effectiveness, clarify responsibilities and highlight opportunities for development. Strong Boards reflect regularly on whether they have the right mix of expertise, if governance processes are working well, and how they are effectively supporting the organisation to achieve its purpose.

Chart 11: Does your organisation implement any of the following for its Board members? Please select all options that apply to your organisation. (n=183)



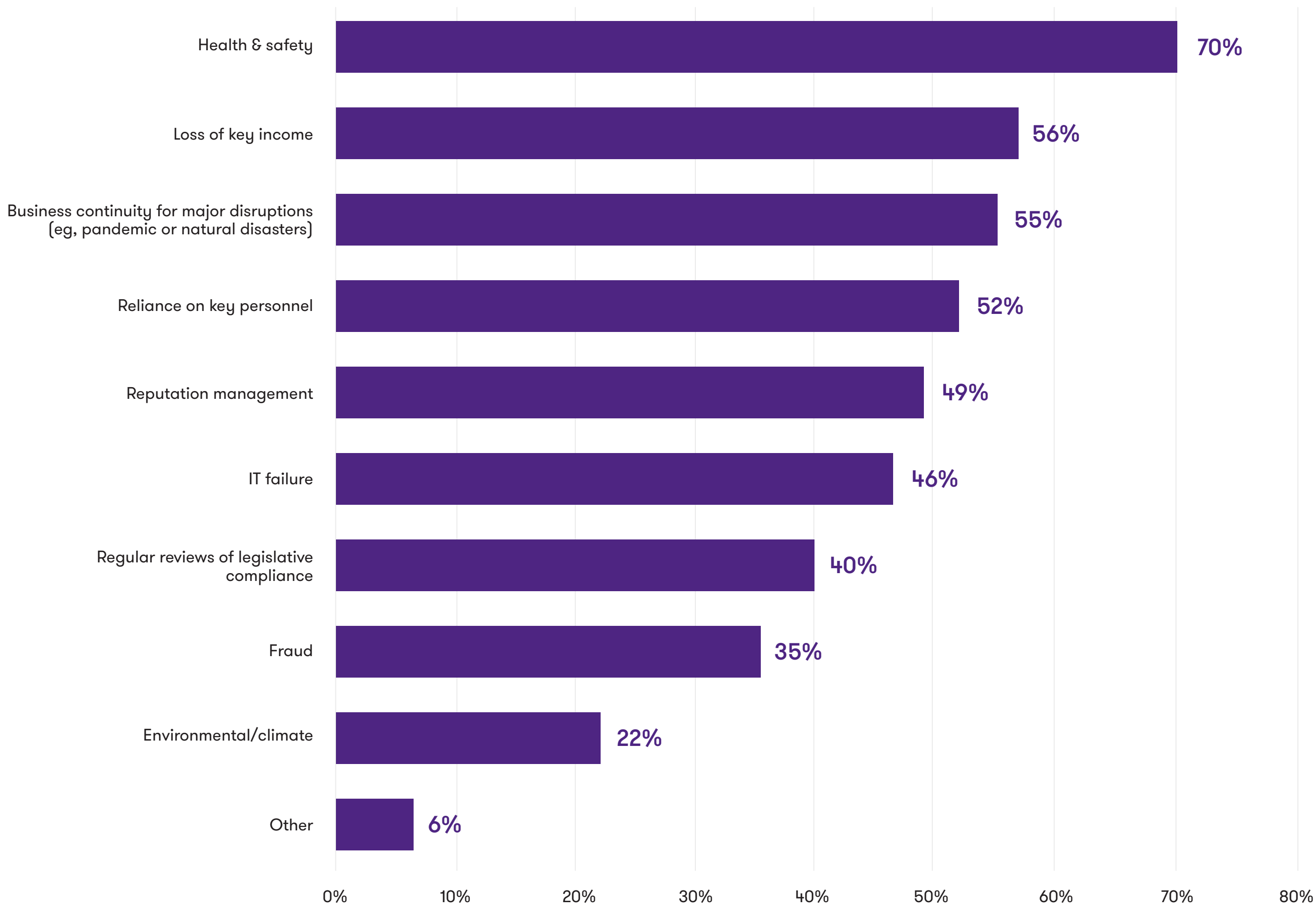
Risk planning

Fraud is an underrated area of risk

Risk planning has remained broadly consistent across our 2022 and 2026 surveys. Most respondents maintain a risk register and review it regularly, indicating formal risk processes are in place across much of the sector. Health and safety remains the most well-planned area of risk, which is unsurprising given the serious consequences of getting it wrong and the intensive legislative requirements organisations must meet.

There's one risk area where NFPs could do more: fraud. Specific planning for fraud risk has fallen from 44% in 2022 to 35% in 2026. The unpleasant reality is the NFP sector is not immune to fraud. NFPs are vulnerable because they often operate with limited resources, high levels of trust and lean administrative teams. This can reduce oversight and increase opportunities for criminal activity. Fraud can involve the theft or misuse of funds, manipulation of financial information, unauthorised use of assets, conflicts of interest, or abuse of trusted positions.

Chart 12: Which areas of risk does your organisation undertake specific planning for? Please select all options that apply to your organisation. (n=193)



Recent examples of fraud in New Zealand's NFP sector include:

- a husband and wife who stole around $500,000 from a trust that provided community-based services for people with intellectual disabilities
- a trusted senior administrator of a charity who transferred more than $800,000 in funds into her own bank accounts
- a worker who stole over $1,000,000 from a Porirua charity that provides social service support.

Even a single fraud incident can cause significant financial and reputational damage, erode stakeholder trust, and set an organisation back by years. In serious cases, it can threaten the organisation's survival.

Practical steps you can take to reduce fraud risk in your organisation

Trust is important but it isn't a robust internal control. Strong organisations ensure clear processes, oversight and accountability are all in place by:

- ensuring no single person controls an entire financial process from start to finish by separating responsibilities for initiating, approving, recording and reviewing transactions
- requiring dual approvals for payments, changes to supplier bank accounts and significant financial transactions
- regularly reviewing user access to banking, payroll and accounting systems to ensure staff only have the permissions they need
- providing fraud awareness training for staff, volunteers and Board members so they can understand common fraud schemes and warning signs
- establishing clear reporting channels and encouraging people to speak up if something doesn't seem right; confidential reporting mechanisms are associated with earlier detection and lower fraud losses.

Technology

Digital platforms attract the most investment

NFPs have invested in various types of technology in almost the same proportions as they did in 2022. The top technology once again, is websites, social media and other digital platforms, with 71% of NFPs investing in these over the past two years. When we asked about future investment in tech projects, digital platforms were also the number one result, with 21% of respondents expecting to invest in them over the next two to three years.

The continued focus on digital platforms is unsurprising. Websites, social media and related technologies help NFPs reach donors, volunteers and service users, communicate their impact, and support fundraising and community engagement activities. In a challenging funding environment, they are a relatively cost-effective way to extend an organisation's reach and strengthen relationships with stakeholders.

This year we added AI to the list of technology options. 36% of survey respondents had spent money on it, and 16% of NFPs are planning to invest in AI, making it the second top result.

This is encouraging, because AI can help small organisations leverage their resources more effectively and improve productivity across a range of activities. From drafting funding applications and communications, to analysing data, preparing reports, and automating routine administrative tasks, AI can help organisations free up valuable staff and volunteer time for higher-value work.

Chart 13: Which technologies has your organisation invested in over the last two years? Please select all options that apply to your organisation. (n=191)

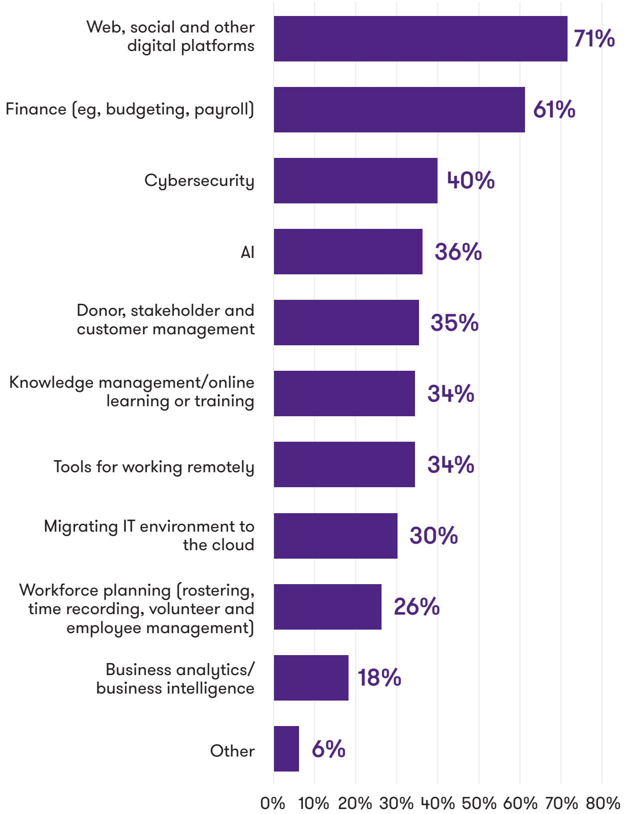
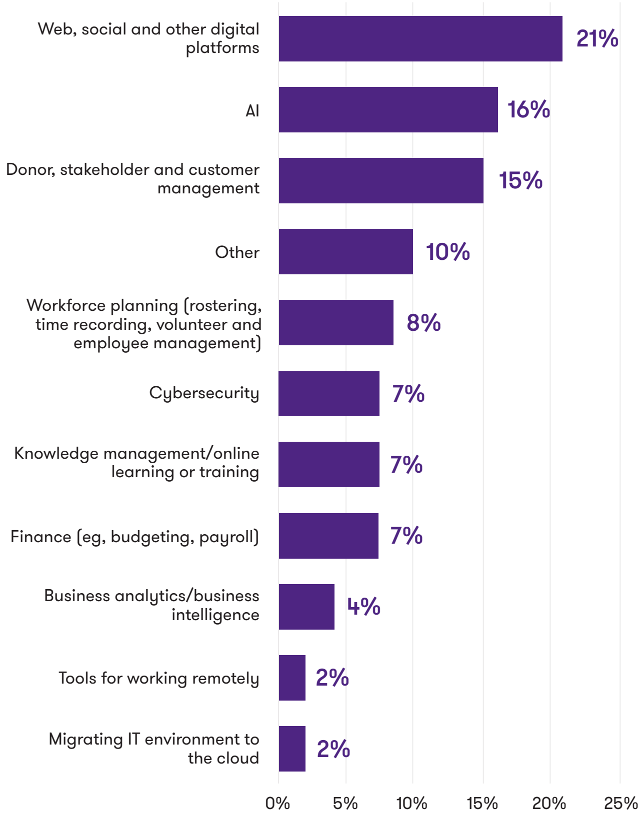


Chart 14: What is the top technology project you expect to invest in over the next two to three years? (n=189)



Cybersecurity overconfidence is a concern

We were surprised to see cybersecurity investment has not risen, falling slightly from 43% to 40% between 2022 and 2026. This may reflect difficult choices many NFPs face when limited resources are directed to frontline services and programme delivery, with technology and cybersecurity often being seen as administrative overheads. However, cyber risk is no longer simply something IT must deal with, it's a governance, operational and organisational resilience issue.

Equally worrying is the 19% of respondents who told us they have no cybersecurity policies or practices, alongside 3% who aren't sure or don't know. In addition, 33% have no incident response plan for a cyber event or incident, and 6% aren't sure or don't know if these exist in their organisations: a grand total of just over 60% of organisations who aren't fully prepared for when (not if) they fall victim to some form of cybercrime.

While investment has remained relatively static, cybercrime continues to grow across businesses, government agencies and community organisations. The National Cyber Security Centre reported financial losses in the third quarter of 2025 reached $12.4 million, up from $8.9 million in the same period in 2022.

Among our respondents, 17% have experienced a cybersecurity event or breach in the past 12 months, which demonstrates the genuine and rising cyber risk facing NFPs. The outcomes of cybercrimes can be devastating, from financial losses to privacy breaches and reputational damage.

Despite all this, a surprising 69% of NFPs tell us they are either "very confident" or "somewhat confident" they can prevent a cybersecurity incident. This suggests a degree of overconfidence. It can be tempting for Not for Profits to think they're too small, or too under-the-radar to attract the attention of threat actors. Unfortunately, that is not the case; cybercriminals don't care how small or charitable your organisation is, they will still apply their usual tactics to try and extract money if they can easily find vulnerabilities in your systems.

Cybersecurity deserves the same level of attention as health and safety. Most organisations would not knowingly leave significant health and safety risks unmanaged, yet there's often much less emphasis on cyber risk despite the potential for equally serious consequences. Boards also have an important role to play here. While many Boards have strong financial, legal and operational expertise, fewer have access to specialist technology or cybersecurity knowledge. As cyber threats continue to evolve, organisations should consider whether they have the expertise required to effectively oversee and challenge cyber-related risks and decisions.

Education is perhaps the most effective cyber resilience tool. However, only 43% of respondents currently provide cybersecurity training, while 11% plan to do so in the future. Worryingly, 38% have no plans to provide cybersecurity training at all. Overall, our results suggest many NFPs remain underprepared for a risk that continues to grow in both frequency and impact.

Chart 15: Does your organisation have formal cybersecurity policies or practices in place (eg, password policies, access controls, data protection processes)? (n=205)

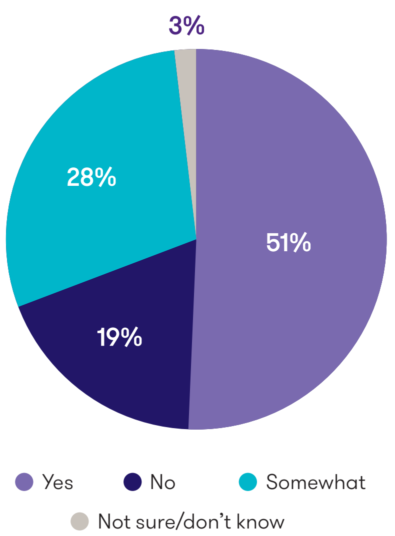


Chart 16: Does your organisation have an incident response plan for cyber events or incidents (eg, phishing, ransomware, or data breaches)? (n=205)

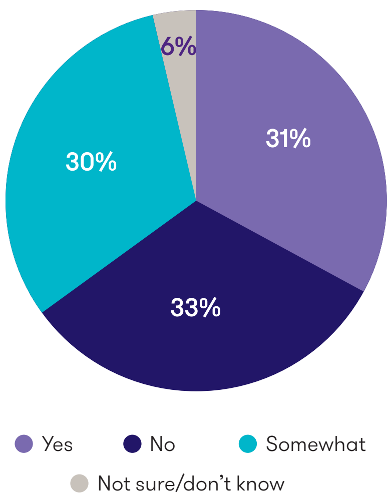
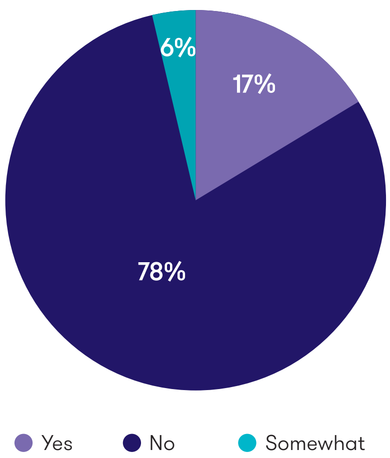


Chart 17: Has your organisation experienced a cybersecurity event or incident (such as phishing, ransomware, or data breaches) in the past 12 months? (n=205)



Practical steps you can take to improve cybersecurity in your organisation

Cybersecurity can be one of the most expensive areas to underinvest in. The good news is even the smallest organisations can take basic steps and training to improve cybersecurity by:

- making sure multifactor authentication is turned on for all platforms, and that everyone understands why it matters
- educating your team and volunteers about using strong passwords and not reusing the same passwords across platforms; password management tools should also be considered
- updating software frequently to enable the latest patches and security improvements
- regularly training employees and volunteers about how to identify and avoid phishing and impersonation scams
- assessing third-party risk: how much data is your NFP sharing with partners or providers, and how are those organisations protecting that data?

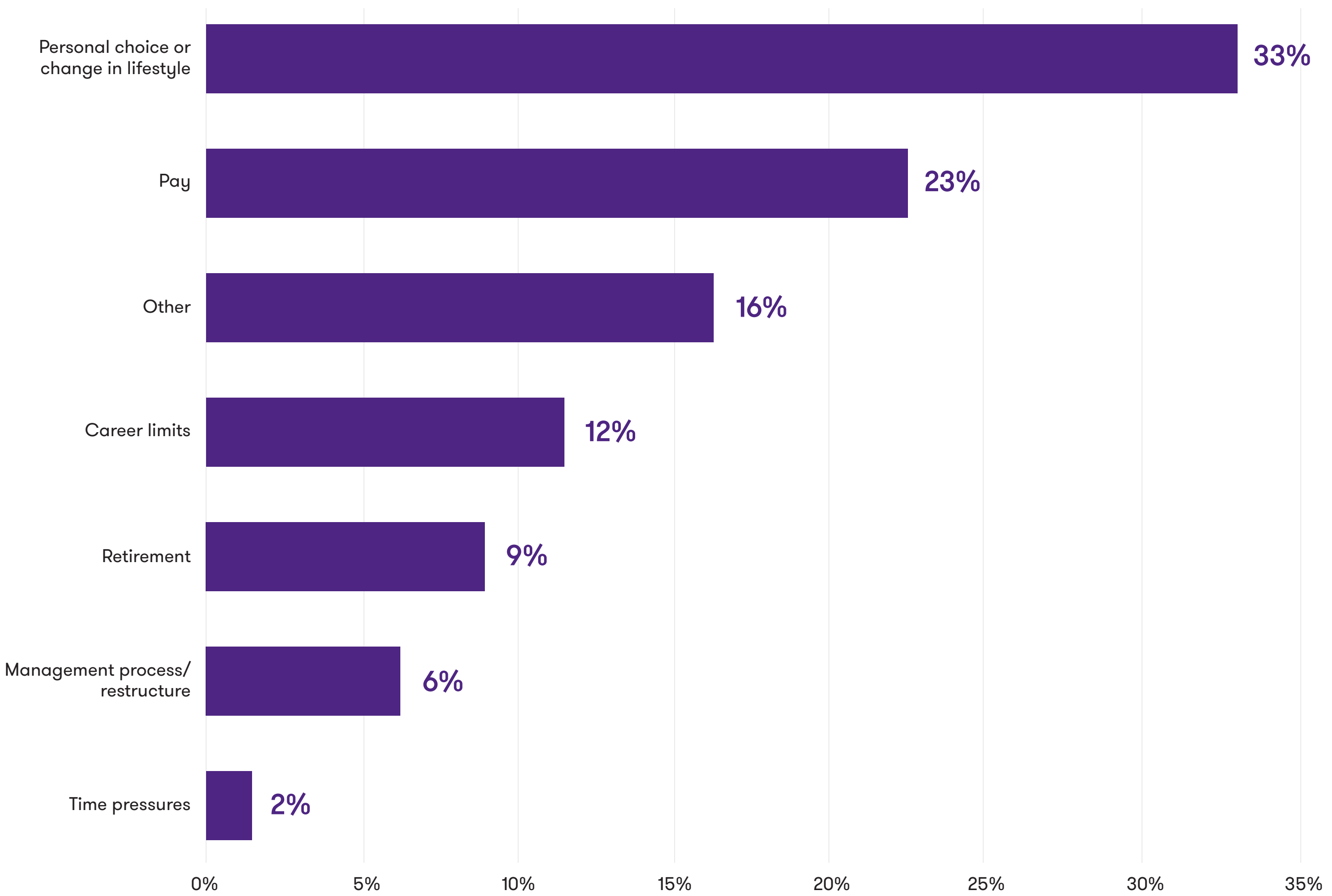
Team, people and volunteers

We asked NFPs about the main reason they lose paid employees, and 'Personal choice or change in lifestyle' again topped the list, at 33%. This is up from 25% in 2022, and from just 4% in 2015. This is a substantial change, which we suspect reflects shifting priorities over the past decade.

Funding fair remuneration for the team remained the top personnel challenge for NFPs; 28% said it was incredibly challenging, and 41% said it was somewhat challenging.

Remuneration pressures are compounded by the cost of recruiting and training new staff, as well as reward and recognition initiatives to retain current staff. However, now more than ever, this is an impossible task for many of the 71% of organisations that cited various financial restraints as the number one issue facing the sector (see p6).

Chart 18: From the list below, please select the primary reason your organisation loses paid employees. (n=191)



Volunteers: The 'leaving for lifestyle change' trend gathers pace

When we asked about the main reason for losing volunteers, the top answer was the same as in 2022: 'Personal choice or change in lifestyle', at 34%. This appears to be related to both attitudes, and demographics.

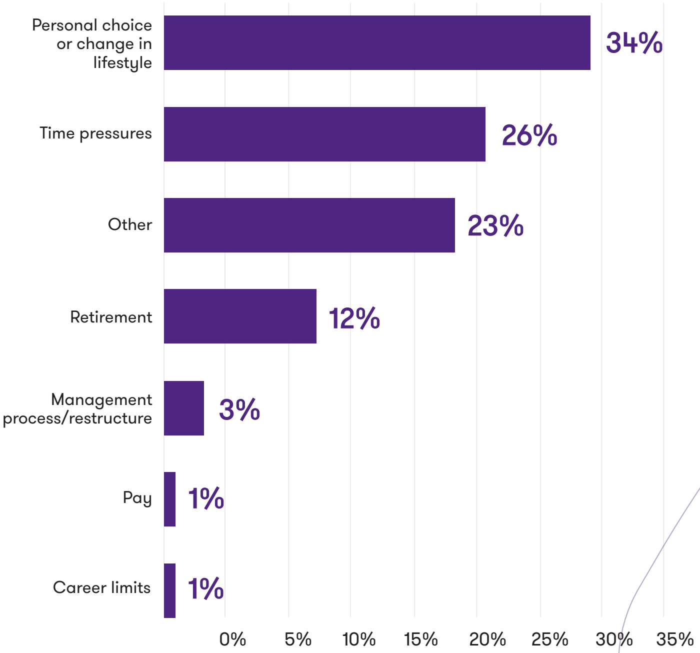
The *State of the Decade of Volunteering 2025* report, by Volunteering New Zealand, goes deeper on this question. It found around half of organisations (49.8%) see the ageing of the volunteer workforce as a major challenge. One respondent commented, "Ageing volunteers is our single biggest challenge as an organisation," and another noted health problems were affecting older volunteers.

For the younger generations, the report found they were less likely to commit to long-term roles, and are increasingly motivated by personal values, skills development and alignment with causes they care about. It also noted some younger volunteers reported burnout and disengagement.

Organisations that can clearly demonstrate how a volunteer's contribution is making a difference, while also providing opportunities to learn new skills and build connections, are more likely to attract and retain volunteers over time.

To some extent, NFPs need to adjust to a new normal: a fairly high turnover of volunteers. This makes it essential to reduce key personnel risk by documenting knowledge, sharing responsibilities and building capability across teams. Doing so can improve organisational resilience and ensure valuable knowledge is retained, even when volunteers or staff move on.

Chart 19: From the list below, please select the primary reason your organisation loses volunteers. (n=188)



Practical steps you can take to retain volunteers

- helping younger volunteers understand their role clearly when they start, through well-documented processes and a welcoming induction
- linking the volunteering to personal (and potentially professional) growth outcomes
- ensuring volunteers feel valued and supported through regular recognition, clear communication, meaningful feedback, and opportunities for development
- communicating the organisation's values and purpose, and how their individual contribution to volunteering helps achieve these.

Financial resilience

Building reserves with purpose

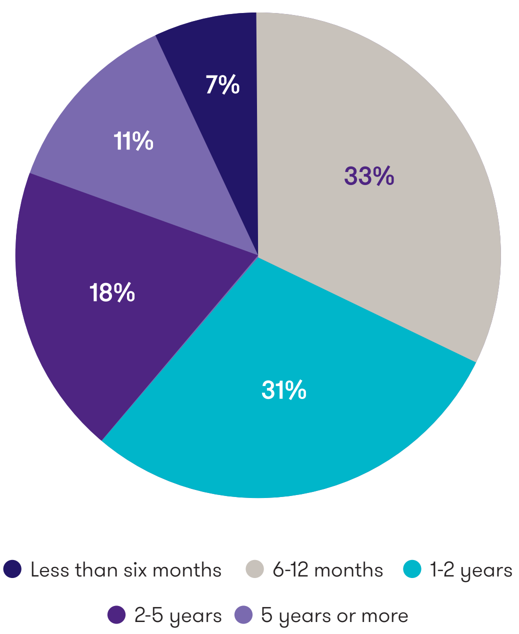
This year, we asked organisations to consider both their available reserves and any secured funding arrangements when assessing how long they could continue operating. These findings provide a broader indication of financial resilience than reserves alone. It was encouraging to see 31% of respondents reporting they have sufficient reserves and/or secured funding to support operations for the next one to two years.

However, 40% of respondents indicated they have less than one year's worth of reserves and secured funding available. For some organisations this may be entirely appropriate, particularly where funding sources are predictable and regularly renewed. For others, it may mean less flexibility to respond to unexpected challenges, delays in funding, or opportunities that require investment.

At the other end of the spectrum, the proportion of organisations with more than two years of reserves and secured funding was 29%. This is not necessarily a concern. Some organisations may be building towards major projects, property purchases, organisational transformation initiatives or other strategic priorities. The more important question is whether there is a clear rationale for the level of funding and reserves being held, and if it aligns with the organisation's long-term strategy and risk profile.

Increasingly, funders, regulators and other stakeholders are not only interested in how much financial capacity an organisation has, but also the long term strategy in place for the funds it currently holds. Organisations that can clearly articulate how reserves and secured funding support future plans, manage risk and contribute to achieving their purpose are likely to inspire greater confidence than those simply accumulating funds without a clearly communicated strategy.

Chart 20: How many months/years of activity can you plan ahead for based on your current funding agreements or reserves? (n=205)



Planning to diversify income streams

We asked NFPs if they were considering diversifying their income streams, and over three-quarters told us either "yes" or "it's a possibility". Respondents identified a wide range of potential income sources, including grants, sponsorships, fundraising initiatives, social enterprise activities, and new service offerings.

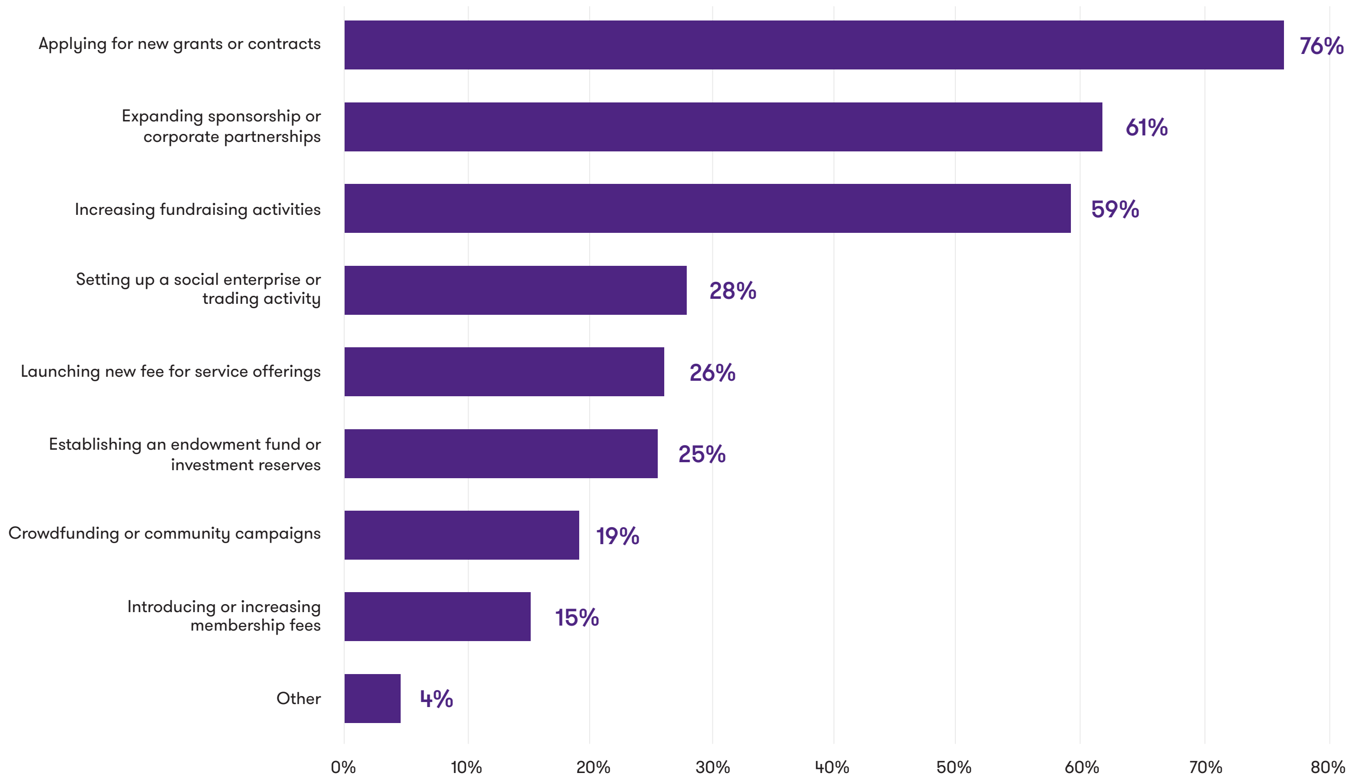
Diversification can be an effective way to strengthen financial resilience and reduce dependence on any single funder, contract or revenue source. It can also create opportunities to reach new audiences, develop new capabilities and support long-term sustainability.

However, diversification is not without its challenges. New income streams often require different skills, governance oversight, systems and investment. Organisations considering new ventures should carefully assess whether the opportunity aligns with their purpose, strategic objectives and existing capabilities. The most successful initiatives are often those built on an organisation's existing strengths, relationships and expertise rather than pushing into entirely unfamiliar territory.

Boards and management should also consider the risks alongside the potential rewards. New ventures can take time to become financially sustainable and may require upfront investment of money, people and leadership attention. A thoughtful business case, clear success measures and appropriate governance can help ensure diversification strengthens the organisation rather than creating unintended pressure on resources.

The challenges associated with establishing and operating new income-generating activities may help explain why the proportion of respondents running a social enterprise fell from 35% in 2022 to 15% in 2026. This may reflect a more cautious approach to risk, some organisations exiting ventures that were no longer viable or aligned to their purpose, or simply natural turnover within the sector.

Chart 21: Which alternative income generating options would your organisation consider? Please select all options that apply to your organisation. (n=158)



Survey methodology

Background

The Grant Thornton New Zealand Not for Profit sector survey has been conducted in Aotearoa since 2003. It is a public study undertaken to uncover the challenges charitable organisations face as they strive support their communities by delivering on their purposes. The research also explores the legislative environment the sector has to work within and internal processes like strategic planning, governance, risk management, and technology.

Methodology

The survey questions were developed by Grant Thornton New Zealand's team of Not for Profit sector specialists and set up in an online questionnaire. The survey was distributed through multiple channels including email invitations from Grant Thornton to complete the questionnaire. The survey was also promoted in an issue of Charities Services' newsletter, and by other individuals and organisations that support the sector.

The survey opened on 15 April 2026 and closed on 8 May 2026. The number of completed surveys received was 205. Most participants are either incorporated societies or charitable trusts across all reporting tiers. We also received a few responses from unincorporated bodies and other types of Not for Profit organisations. A more detailed breakdown of the sample can be found on p26.

Charitable donation

Survey participants who completed the questionnaire went into a draw to win $1,000. The donation went to Tāmaki Estuary Protection Society at the request of Julie Chambers, the organisation's Chairperson.

Acknowledgments

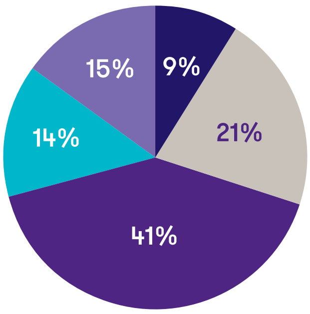
Thank you to the 205 Not for Profit organisations who took the time to complete this survey, and shared their knowledge and insights about the sector.

Grant Thornton New Zealand would also like to thank **BNZ**, **CPA Australia**, **Craig Fisher**, **DIA Charities Services**, **Moran Law**, **Not for Profit Resources**, **NZ SAE**, **Parry Field Lawyers**, **Sue Barker** and **Volunteering NZ** for promoting the survey and giving their networks the opportunity to participate.

Survey respondents

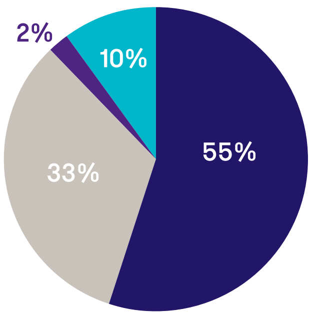
This year's sample of 205 predominantly comprised charities and incorporated societies. The majority of respondents came from the social services and health sectors.

Chart 22: Tier (n=205)



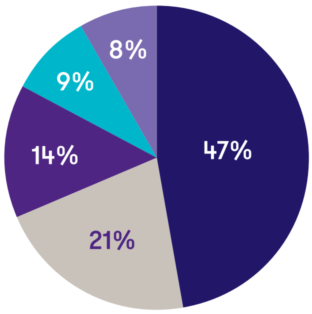
- Tier 1
- Tier 2
- Tier 3
- Tier 4
- NA/don't know/no response

Chart 23: Legal structure (n=205)



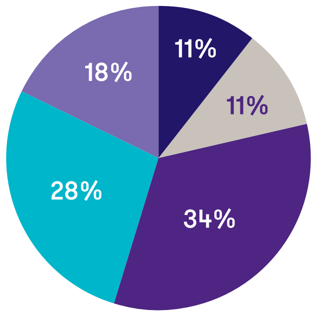
- Charitable Trust
- Incorporated Society
- Limited Liability Company
- Other

Chart 24: Headcount (n=202)



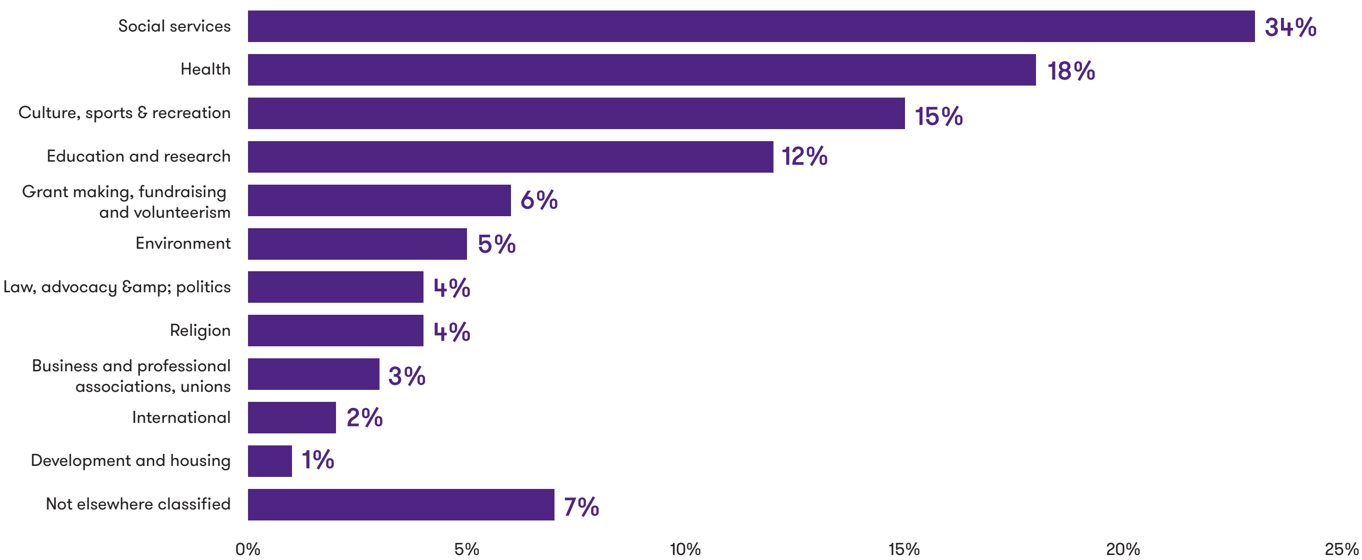
- Less than 20
- 21 - 50
- 51 - 100
- 101 - 500
- 501 or more

Chart 25: Annual income (n=200)



- Less than $50,000
- 50,001 - $100,000
- $100,001 - $1,000,000
- $1,000,001 - $10,000,000
- $10,000,000+

Chart 26: Primary activity (n=202)



Our work in the Not for Profit sector

If we have gained anything from working with NFP clients over the past 25 years, it is a deep conviction the work you do is critical to NZ Inc.

We know the sector is continuously evolving. New approaches to funding, maximising your technology investment and ensuring your best people stay with you are all critical factors for success.

Our clients include some of New Zealand's most loved and admired NFPs, and we are proud to help these organisations address their challenges and succeed. Grant Thornton understands the commitment and scrutiny within this sector, and our industry specialists can offer innovative solutions to help you develop new skills and open up sources of funding.

We offer NFPs advice in reporting requirements, audit, specialist assurance confirmation, business risk, technology risk, internal audit, taxation, GST, investments, and governance. Our specialists can help you with raising finance, conducting due diligence, reducing costs, avoiding fraud and using technology to its best advantage.

Your Not for Profit specialists

Our Not for Profit sector leaders and their teams are passionate about helping you achieve your mission and goals, and they understand the market you operate in. We work across the whole industry, both nationally and internationally.

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