ISSUE #2

CFO VOICES

Fractional CFO Quarterly Insights

Reporting on insights from Q1 2026

Based on responses from fractional CFO consultants across CFO Selections' network, representing professional services, construction, manufacturing, technology, the nonprofit sector, and other industries.

CFO® SELECTIONS

ABOUT CFO VOICES

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We work in numbers. But we're in the business of people.

That's been true since CFO Selections was founded in 2002. The financial reports matter. The forecasts matter. But what we've always known is that behind every number is a person making a hard decision, and the quality of that decision depends on the quality of the insight supporting it.

CFO Voices is our quarterly window into what's actually happening inside the organizations our consultants serve. Our fractional CFOs sit in rooms where decisions are being made. They see the cash flow anxiety before it becomes a crisis. They know what leaders are asking for and what they don't yet know to ask. They understand the difference between what the headlines say and what the numbers in front of them say.

Each quarter, we ask them what they're seeing across industries, sectors, and the full range of organizations that make up our community, which is focused on the small to lower-middle market. We compile those responses into this report and share them with the business owners, executive directors, partners, and financial leaders we have the privilege of working alongside.

The goal isn't to predict what the economy will do. It's to reflect what our consultants are navigating right now, so the leaders who work with us, and the partners who trust us, can see a little more clearly from wherever they stand.

EXECUTIVE **SUMMARY**

Between our last report and this one, a new conflict began overseas and markets moved on the news of it. We fielded this survey in June. Uncertainty registered in the data without changing what leaders are doing about it. What our consultants reported from inside their clients' organizations looked much as it did last quarter: cash flow is still the first concern, while teams are holding in place.

Our consultants describe clients guarding margin. Surveyed separately, most CEOs of comparable companies expect higher sales in the year ahead while far fewer expect their profits to keep pace. The gap between the two is cost structure, and it's the part

Q1 2026: BY THE NUMBERS

35%

▼ *from 37% last quarter*

cash flow stability is the top financial concern in the for-profit sector

52%*

of all clients are holding headcount steady

32%*

of all clients lack the time or expertise to plan and forecast

** Not directly comparable to Issue #1, which reported this figure for for-profit respondents only. This quarter's figure reflects all respondents.*

EXECUTIVE **SUMMARY**

of the business that's easiest to stop watching when the top line looks healthy.

That discipline looks different across sectors. For-profit clients are holding position; they're not avoiding growth, but it's less of a priority than the things that make growth sustainable: predictable cash flow, a cost structure they understand, and a forecast they trust. The nonprofits our consultants serve are managing a shortfall, with the funding they count on less certain than it was (in our prior survey). Where 53% of nonprofit consultants described their clients' outlook as mixed or uncertain last quarter, 65% do now.

Q1 2026: NONPROFIT BY THE NUMBERS

45%

say most of their clients are running a deficit this year

65%

▲ *from 53% last quarter*

describe their clients' 12-mo outlook as mixed or uncertain

35%

▼ *from 47% last quarter*

cite declining grant renewals as the top concern

EXECUTIVE **SUMMARY**

Last issue, we said we would keep watching how AI is landing inside these organizations. This quarter we asked directly. It is arriving slowly, and in narrower places than the headlines suggest: useful for drafting and research, largely absent from operations, and not yet delivering measurable returns for the businesses we serve.

One finding sits at the center of the rest. When we asked our consultants what most gets in the way of planning, the answer wasn't the market or the economy. It was clarity — the time and expertise to see the numbers plainly. It's the most common obstacle leaders face this quarter, and it's a different kind of obstacle than the rest: the market isn't something a leader can fix. Their own line of sight is.

Bottom line: Whether a leader is weighing what to grow or what to protect, the question is the same: can they see their numbers clearly enough to know what that decision will cost? This quarter, the ones who can see clearly are the ones making deliberate choices.

"The prevailing sentiment within our client base is that business is relatively stable. I didn't necessarily expect this, given world events since our last report."

Kevin Briscoe, Partner
CFO Selections

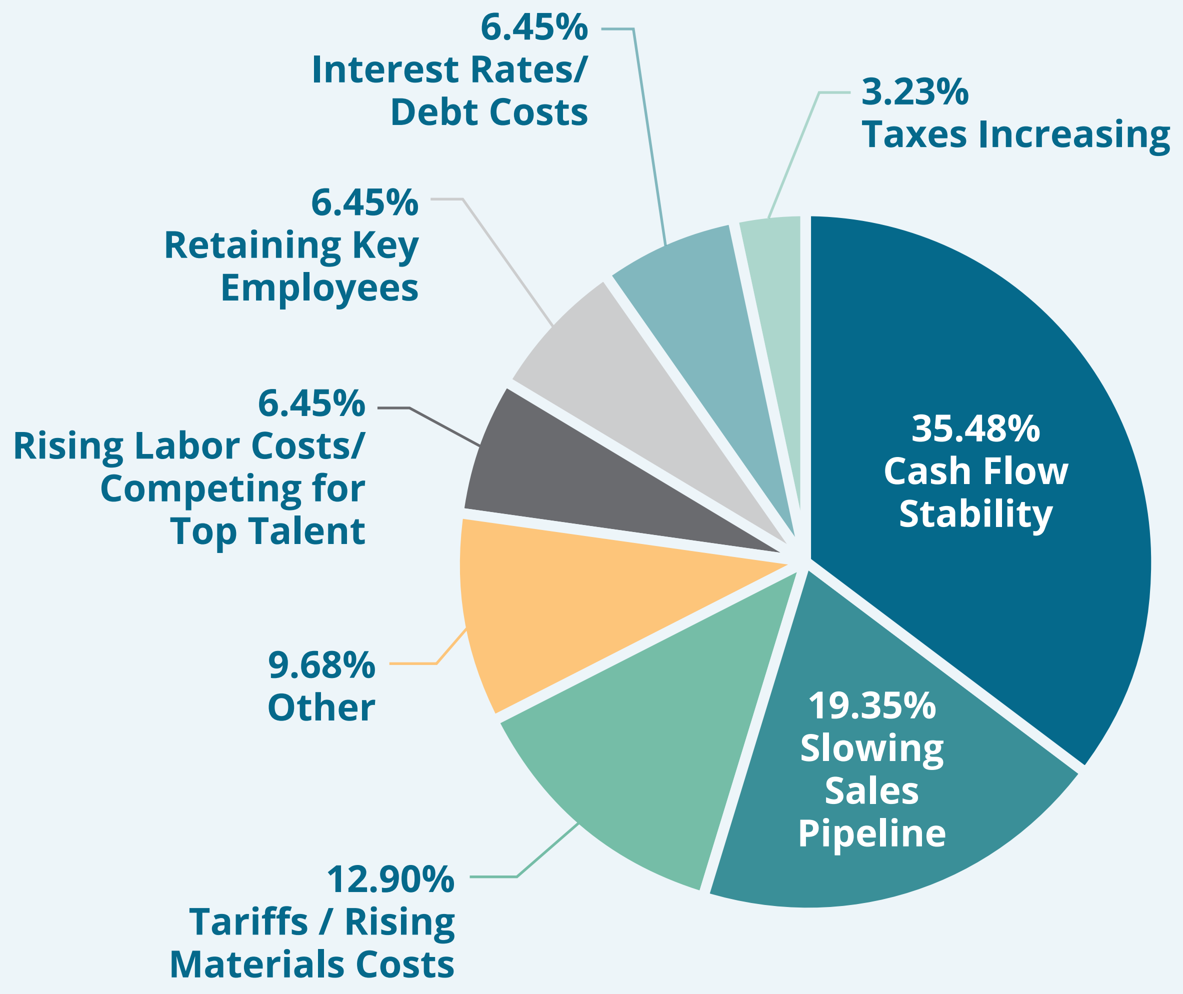
THE REPORT

Confidence held steady among for-profit clients

Each quarter, we ask our network of fractional CFOs what they're seeing inside their clients' organizations. Not the headline economic data, but the ground-level reality: what leaders are worried about, where they're investing, how they're thinking about the months ahead.

In Q1 2026, the picture looked much as it did the quarter before. The interesting part is what that steadiness is made of. Cash flow stability still ranks highest, named by 35% of for-profit consultants as their clients' biggest financial

BIGGEST FINANCIAL CONCERN HEADING INTO NEXT QUARTER



35%

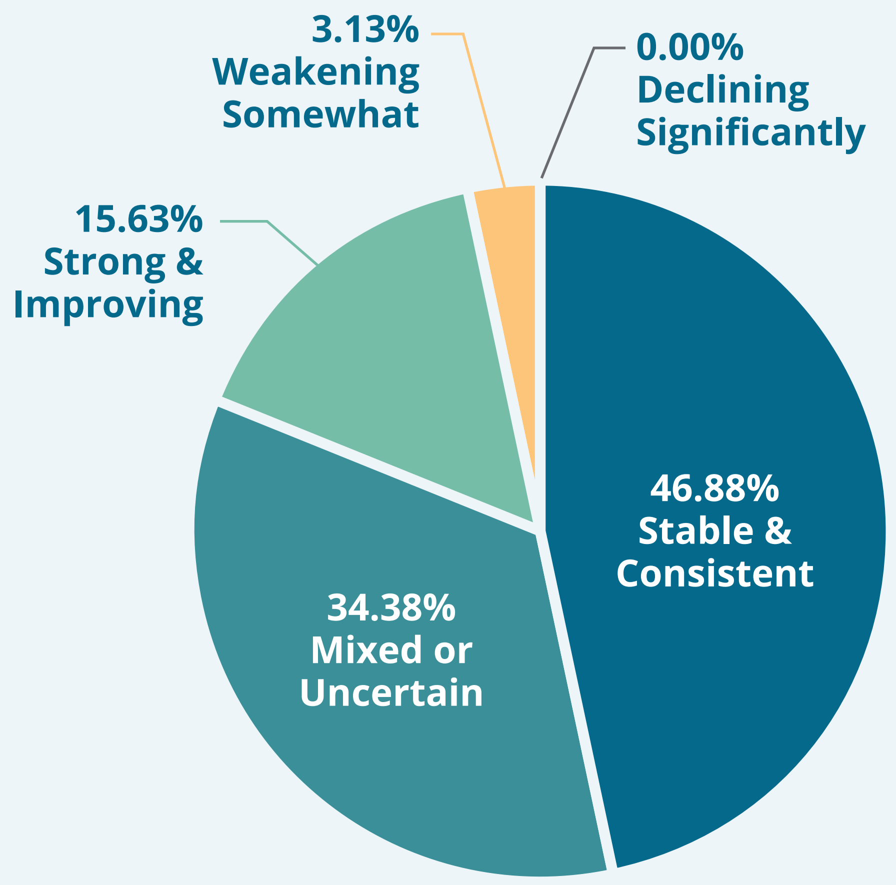
cash flow stability is the top financial concern in the for-profit sector

THE REPORT

concern, nearly unchanged from 37% in Q4 2025. And while growth remains the stated ambition for many, it is not what leaders are acting on: 42% describe their clients as holding steady, against 19% moving toward new opportunity. The outlook is stable for 47% and mixed or uncertain for 34%.

Read together, these say something specific. For-profit leaders did not retreat, and they did not advance. They held their position and watched their cash.

FINANCIAL OUTLOOK FOR THE NEXT 12 MONTHS



47%

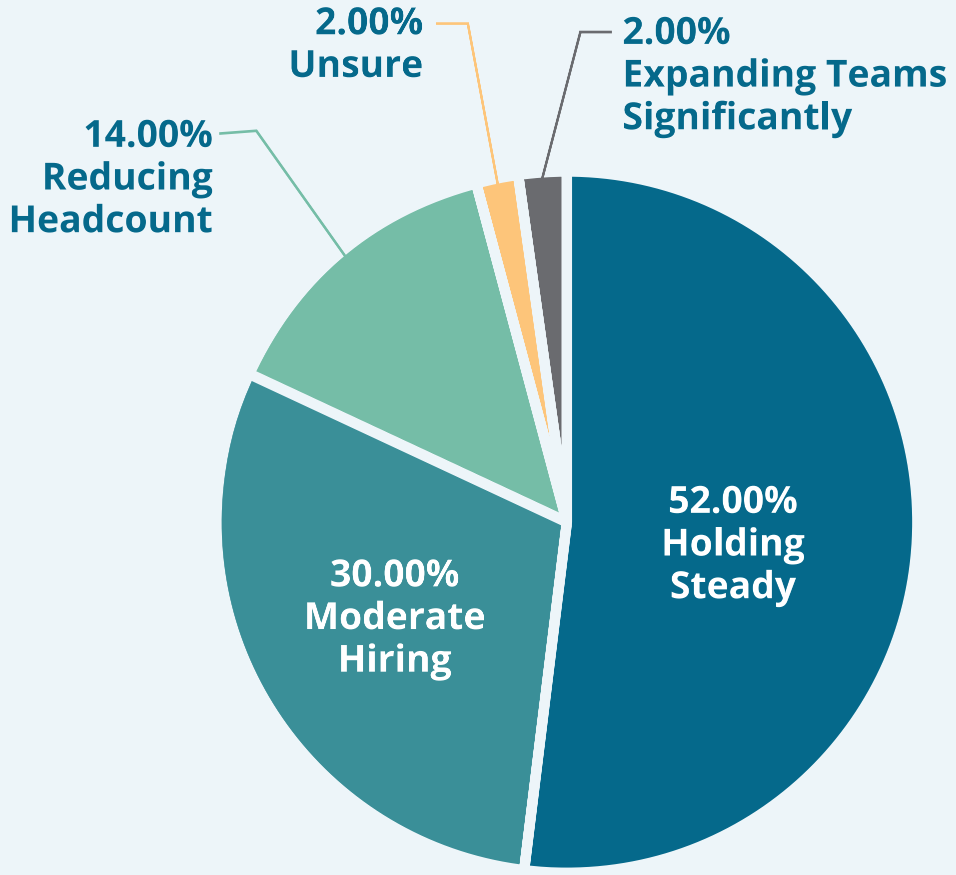
say their outlook is stable

THE CAUTION IS **IN THE DETAILS**

The steadiness described by our consultants is made of specific, deliberate choices. Two of them stand out, and together they explain what leaders are actually protecting.

The first is people. Across all of the clients our consultants serve, teams are staying where they are: 52% are holding headcount steady, 30% are hiring moderately, and only 2% are expanding significantly. Payroll is the largest fixed cost most of these organizations carry, so a decision to hold headcount is a decision about the cost structure, not about the labor market.

STAFFING APPROACH FOR THE NEXT SIX MONTHS



52%

are holding headcount steady

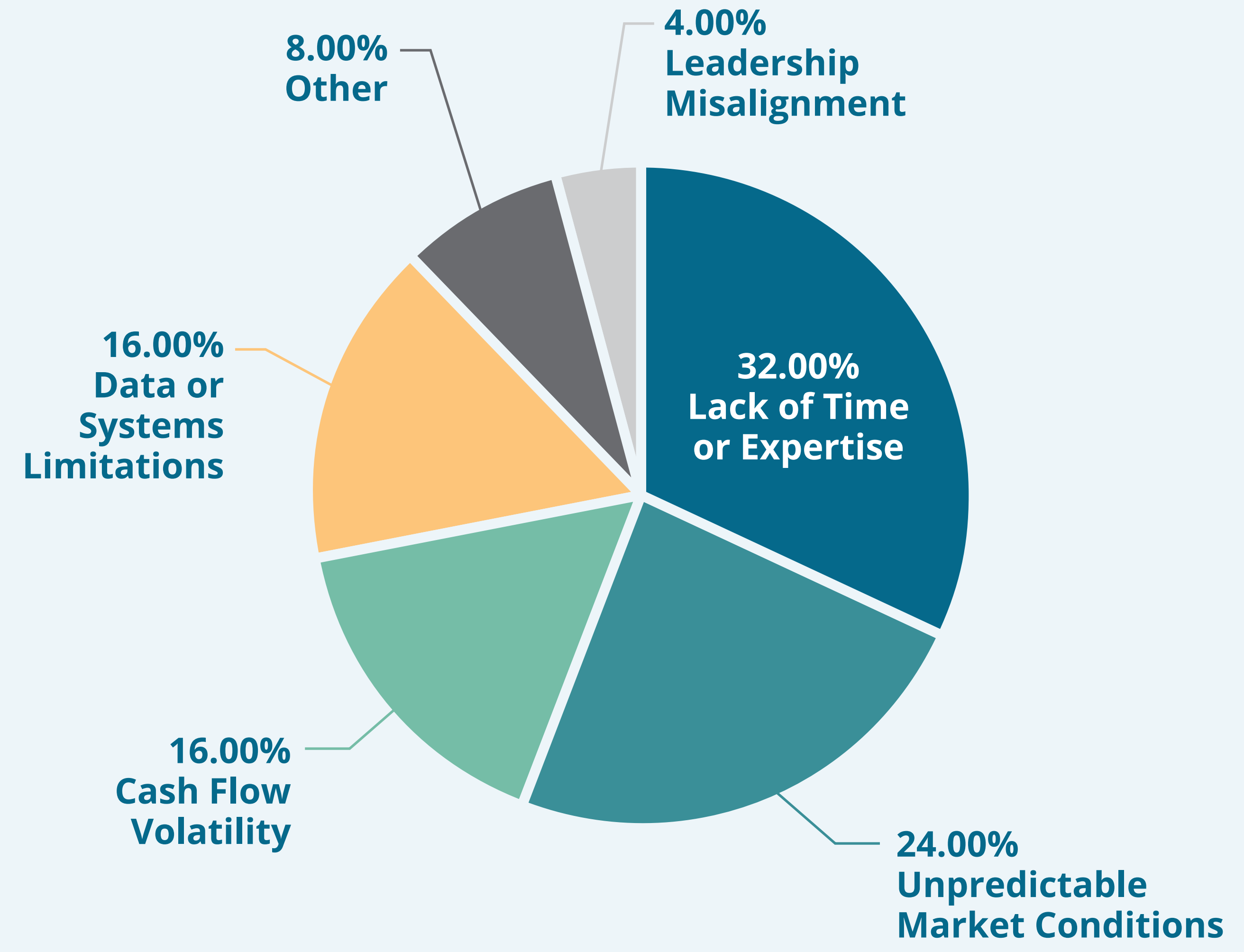
THE CAUTION IS **IN THE DETAILS**

Leaders aren't struggling to find people. They're being careful about who they commit to, and what they really need.

The second is visibility. Asked what stands most in the way of financial planning, our consultants most often named lack of time or expertise, at 32%, ahead of unpredictable market conditions at 24%. The most common obstacle to planning is the one that can be solved.

Read together: Leaders are guarding their cost structure while a third of them lack the capacity to see it clearly. This is the shape of caution in Q1 2026.

BIGGEST BARRIER TO FINANCIAL PLANNING



32%

say lack of time or expertise

WHO'S WATCHING **THE MIDDLE?**

Revenue is the number that gets reported first. But CFOs are also watching the middle, where revenue becomes profit — the part of the business that shows how much of a rising top line actually reaches the bottom line.

We asked our consultants what leaders should be paying more attention to right now. The most common theme across their answers was cost structure and margin discipline: pricing that keeps up with rising input costs, a caution against cutting capacity too deeply, and a warning against assuming that cheap capital is returning soon. One consultant put the link between growth and cost plainly.

"Predictability of cost structure as high growth occurs is important to architect."

Another named what leaders should focus on instead of waiting for conditions to improve.

"They need to be focused on liquidity, operational efficiency, and flexible planning scenarios rather than assuming cheap capital returns quickly."

That watchfulness is what allows a business to grow without straining. It also explains what our consultants heard when they asked clients to choose between the two.

"When we asked about priorities in the for-profit, it was steady as she goes, as opposed to growth. When push came to shove, we're prioritizing stabilization, but we're looking for growth."

— Kevin Briscoe, Partner, CFO Selections

WHO'S WATCHING **THE MIDDLE?**

The leaders of comparable companies report the same pressure. The Vistage CEO Confidence Index surveys CEOs, presidents, and owners of small and midsize businesses each quarter, largely the same population our consultants serve. In Q1 2026, 65% of those CEOs expected higher sales in the year ahead. Only 51% expected their margins to improve, and 17% expected margins to worsen, up from 13% the previous quarter.

Vistage warns of what it calls “profitless prosperity”: revenue coming in the door doesn't automatically add up to a healthier business. Its monthly reporting on small businesses points the same direction, describing leaders who are absorbing rising costs rather than passing them on to customers.

Sales are expected to rise. Margins are not expected to follow. Two groups, seated differently, describing one gap. When the person running the business and the person watching the numbers are looking at the same thing, decisions get made with fewer surprises. What that looks like in practice is the subject of the next few pages.

WHAT CLARITY **MAKES POSSIBLE**

We asked our consultants to describe one moment in Q1 2026 when a client used financial insight to make a better decision. Their answers had less to do with sophisticated modeling than with seeing something clearly, in time to act on it. Cash flow was the most common subject.

An organization that had cut staff ten months earlier hired two people. Updated cash flow projections showed the business could support them.

A client cleared an A/R balance that had grown quietly oversized. The consultant showed it to them. Clearing it improved cash flow and, in the consultant's words, went a long way toward “easing the owner's mind.”

A five-year review of customer spending revealed where to offer discounts. The client used them to secure pre-buy commitments and closed roughly $250,000 in additional revenue.

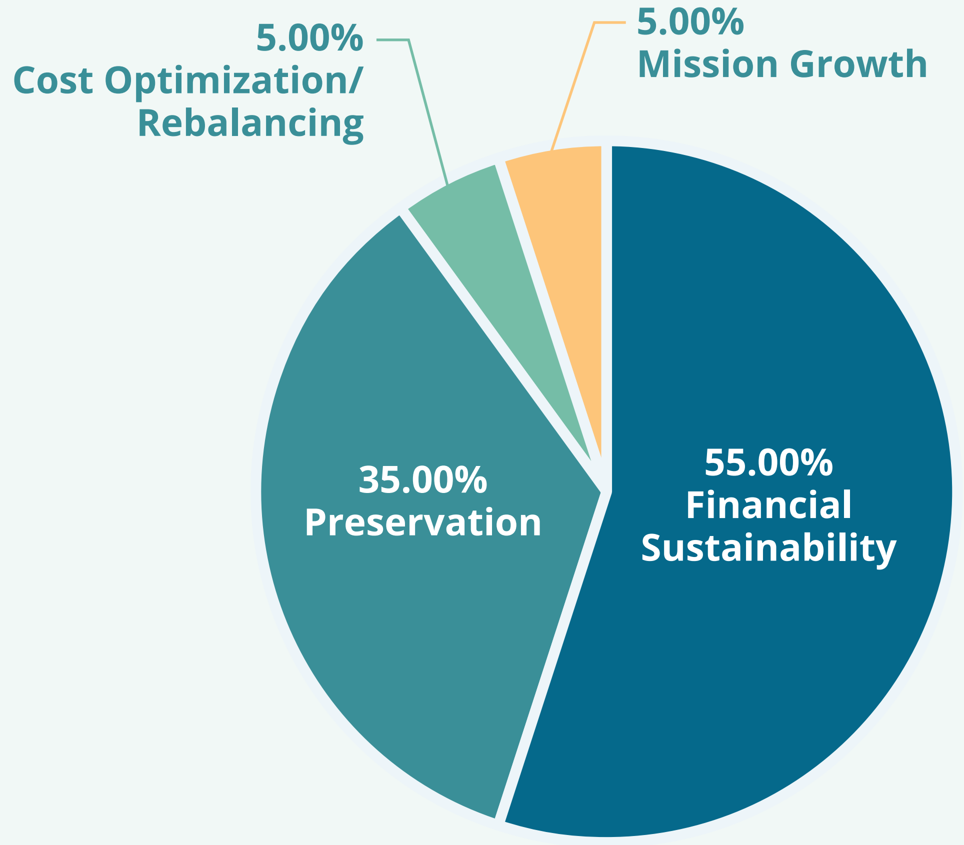
In each case the information was already in the numbers. What changed was that someone was looking.

NONPROFIT **REALITY**

Nonprofit consultants describe caution as well, arising from a different set of conditions.

Asked to describe their clients' outlook for the next 12 months, 65% of nonprofit consultants called it mixed or uncertain, up from 53% in Issue #1. Nearly half, 45%, report that most of their nonprofit clients are running a deficit this year. Asked where their clients' focus sits, 55% named financial sustainability. Asked where priorities are shifting, no respondent, 0%, reported clients moving toward mission expansion.

PRIMARY ORGANIZATIONAL FOCUS RIGHT NOW



55%

name financial sustainability

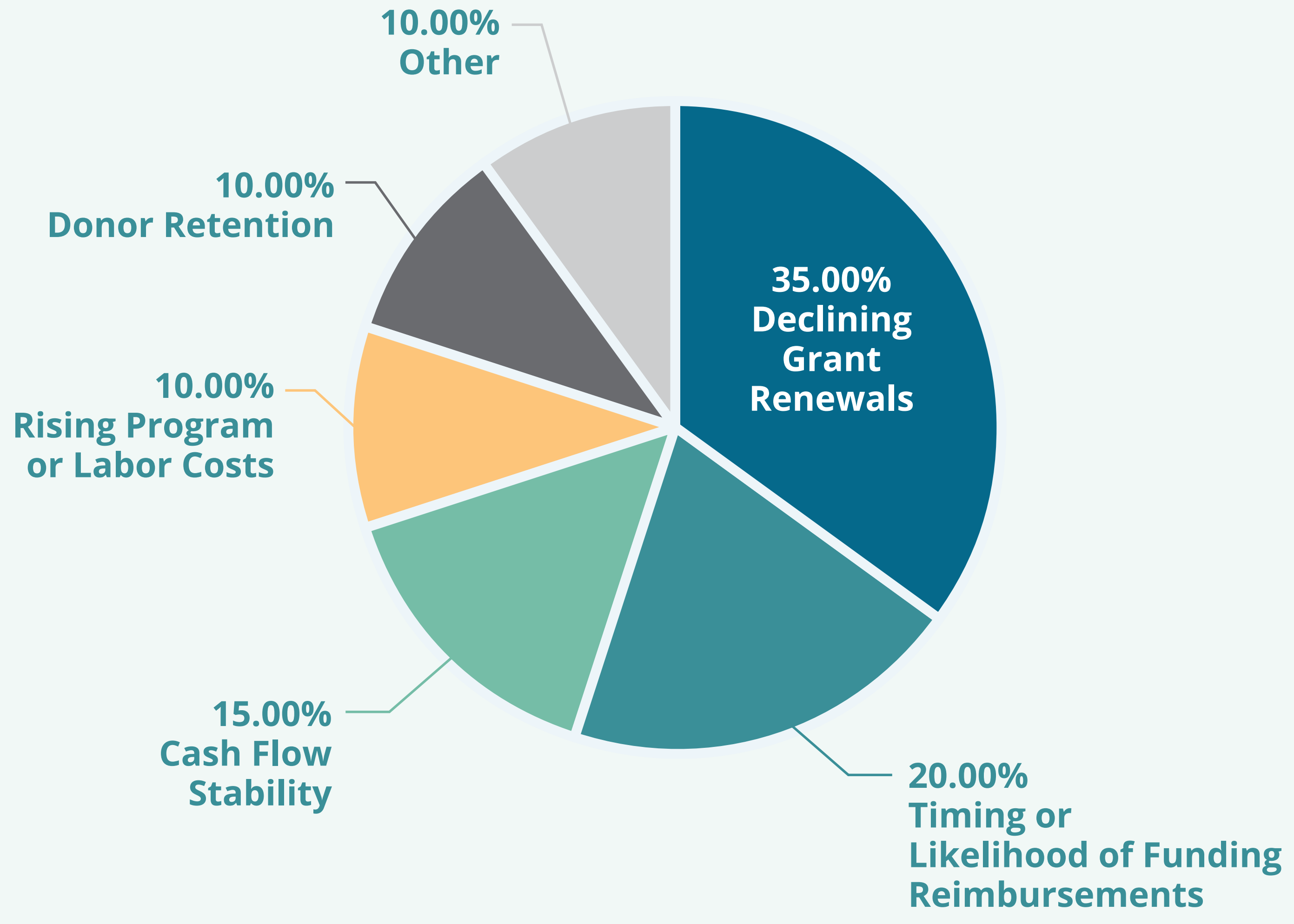
NONPROFIT **REALITY**

Government policy is the pressure they name most. Asked how federal or state policy uncertainty is affecting their clients' planning, 42% describe it as a significant disruption; another 32% call it moderate.

We also asked our consultants an open question: what trend or shift should executive directors be paying more attention to right now? Two answered by naming the funding environment directly.

“The massive instability in the federal funding stream. States have been cushioning that blow, but they won't be able to do so much longer, as they feel the loss of federal funds over time.”

BIGGEST FINANCIAL BARRIER HEADING INTO NEXT QUARTER



35%

state declining grant renewals

NONPROFIT **REALITY**

"Individual mid- and small-level donors are feeling particularly pinched right now financially. Even though each of these gifts might not feel significant if not renewed, collectively this is an important donor segment for most nonprofits."

Not every nonprofit measure moved in the same direction. The share of consultants naming declining grant renewals as their clients' top concern eased, from 47% in Issue 1 to 35% now, even as the share describing an uncertain outlook rose.

The contrast between the two sectors sits in what each group is deciding. For-profit consultants describe clients holding position and waiting until cash flow is predictable and costs are understood.

The nonprofits our consultants serve are managing a shortfall, with most of them running a deficit this year and the funding they count on less certain. Both groups are being deliberate. One is deciding when to grow. The other is deciding what to sustain.

"The shift feels heavy for nonprofit leaders. Funding once viewed as dependable is less certain, so they are spending more time shoring up operations than planning expansion. Early signs from State and Local funding have been more positive than expected, helping sustain operations and staffing, but it's still too early to tell where additional cuts may come from."

Todd Kimball, Partner
CFO Selections

CFO® SELECTIONS

AI,
IN PRACTICE

Last issue, we said we would keep tracking how AI is landing inside these organizations, and what our consultants were finding useful. In Q1 2026 we asked directly.

Leaders working to protect margins are looking for ways to operate more efficiently, and AI is the most-discussed of those options. Whether it has moved from something leaders talk about to something they can act on depends a great deal on the size of the organization, and the small to lower-middle-market companies we serve sit at a particular point on that curve.

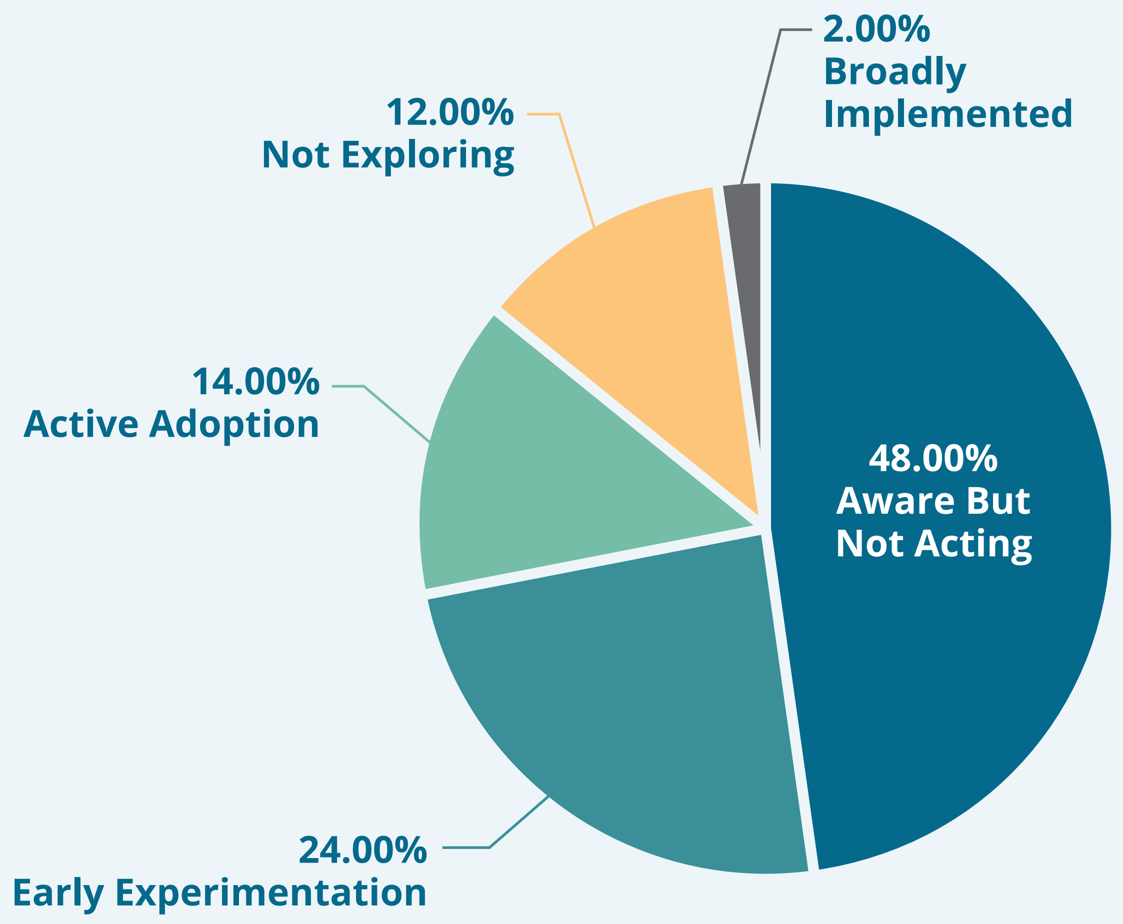
“The adoption curve looks very different for a sub-$30M business than for a mid-market or Fortune 500. For the small organizations we serve, AI is still a conversation rather than an actionable tool.”

Brian Turner, Managing Partner
CFO Selections

AI,
IN PRACTICE

We asked our consultants what they're seeing AI deliver right now. Two-thirds of clients aren't prioritizing AI investment yet, at 66%. Where they are, it's in operations and workflow automation (20%) and finance and accounting (12%). Adoption is early, with 48% "aware but not acting," 24% experimenting, and only 14% actively using it in real workflows.

STAGE OF AI ADOPTION



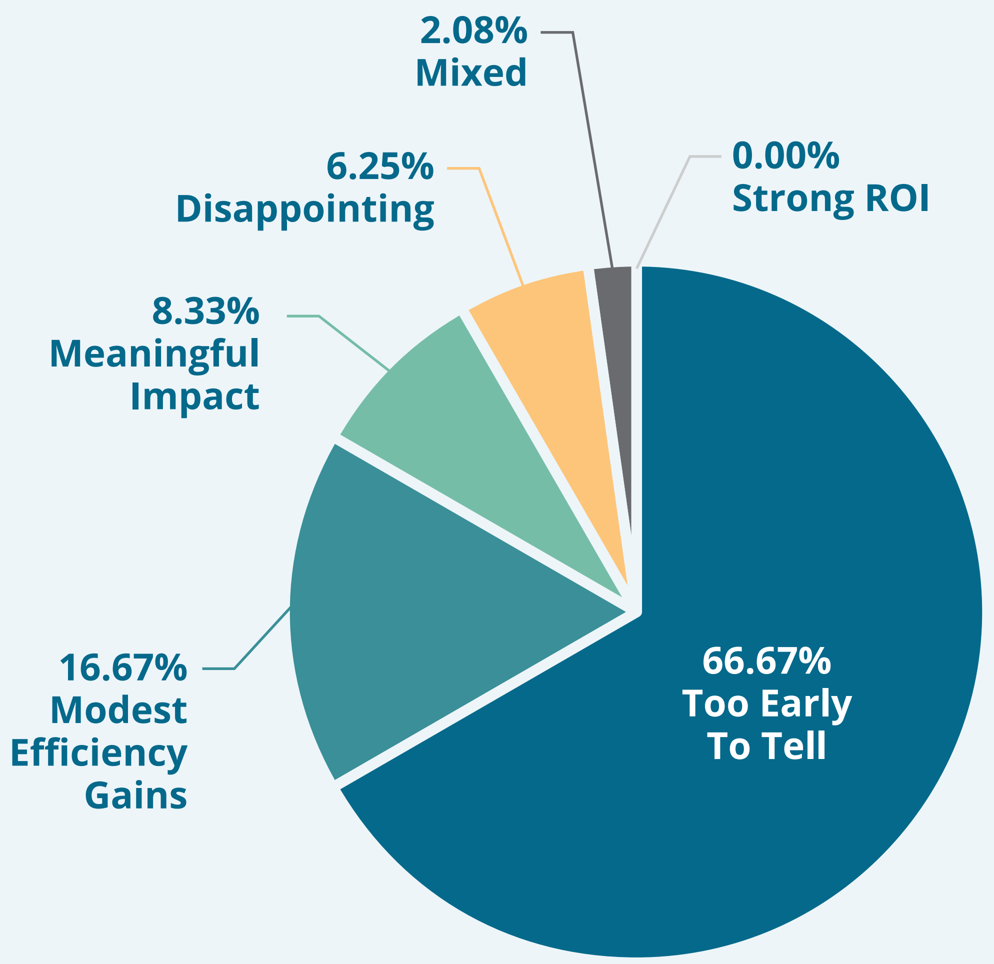
48%

are aware but not acting. Monitoring, not yet experimenting.

AI,
IN PRACTICE

On results: 67% say it is too early to tell, 17% see modest efficiency gains, 8% see meaningful impact, and no one, 0%, reports strong or measurable returns. The open responses fill in the texture. One consultant summed up the pattern: clients using AI for ad hoc drafting and information searches, with no operational applications yet. Another noted it takes about as much effort to get AI to be useful as the old way did. Where it is working consistently is writing: drafting documents, producing content, searching for information.

RESULTS FROM AI, SO FAR



67%

say it is too early to tell

AI,
IN PRACTICE

On grants, our consultants disagree. One reports that AI is improving grant writing. Another, asked where it is not living up to expectations, answered plainly.

"Finding and getting grants. Doesn't seem to work so well, yet."

A third is not yet using it there at all, describing clients who are still exploring possible application in grant management and billing. Three consultants, three different answers, on the same task.

What our consultants describe is useful in a few places, absent from most, and not yet visible in results.

One of our consultants sees the other side of that gap.

Gary Christianson advises a fund active in AI infrastructure, one of the most active investment areas in the market right now. That vantage point makes his read on the gap between capital and adoption a useful one to close on:

"Capital often moves ahead of adoption. The signal isn't the amount of money flowing into AI; it's where customers are consistently seeing measurable outcomes."

His guidance for leaders is practical:

"The right question isn't 'How do we use AI everywhere?' It's 'Where can AI create a meaningful advantage for our organization today?'"

THE FINAL WORD: **OPPORTUNITY**

If the last couple of years were about adapting to disruption, this year is shaping up to be about clarity: leaders acting on what their own numbers tell them, and knowing what growth would cost before they commit to it. Here's what we'll keep an eye on in the quarters ahead.

- ***Hiring*** — whether clients start hiring again or hold steady into the back half of the year.
- ***Pricing*** — how it changes as cost pressures continue.
- ***Nonprofits*** — whether the funding picture improves or worsens, at both the state and federal levels.
- ***AI*** — how adoption develops, and whether it moves from conversation to actionable as assets and agents get built inside organizations.

There's one thread worth pulling before we close. A few consultants pointed to something hopeful: when a lot of businesses are sitting on their hands, that hesitation itself can create openings for those willing to move. One framed it as being strategically proactive, noting “there's a lot of hesitancy in the markets right now and it's creating opportunities.” Another put it simply: understand your specific spot in the market and play to it.

THE FINAL WORD: **OPPORTUNITY**

"There are real bright spots across our client community. Our CFOs manage risk, look around corners, and offer the hard read when owners need it. And still, against a national narrative of headwinds and AI transforming the world, they're optimistic about what's ahead for the clients they serve."

— Kevin Briscoe, Partner, CFO Selections

It's a point that finds support outside our walls, too. As Eric Post, Deputy Chief Economist at ITR Economics, put it in the Vistage index:

"Leaders really just have to understand how their specific segment is performing and make their plans around that going forward, rather than getting swept up in what they're seeing in the headlines."

— Eric Post, Deputy Chief Economist, ITR Economics

The goal, as always, isn't to predict what the economy will do. It's to reflect what our consultants are navigating right now, so the leaders who work with us, and the partners who trust us, can see a little more clearly from wherever they stand.

CFO® SELECTIONS

Q2 2026 REPORT

ABOUT **THIS REPORT**

CFO Voices draws on a curated group of fractional CFO and Controller consultants within CFO Selections' network, with client relationships spanning professional services, construction, manufacturing, technology, the nonprofit sector, and other industries. We ask the same questions each quarter so that shifts in sentiment and priority are meaningful over time. Q1 2026 responses reflect work across both for-profit and nonprofit clients.

*Vistage data referenced from the Q1 2026 CEO Confidence Index. © 2026 Vistage Worldwide, Inc. Full data at **vistage.com/ceoindex.** Monthly small-business findings are drawn from the separate WSJ/Vistage Small Business CEO Survey and are referenced qualitatively; the two indices use different scales and samples and are not compared here.*

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