

# **Abstract**

The June 9-16, 2025 period marked a critical juncture for nonprofit organizations as the Trump administration intensified regulatory scrutiny while simultaneously expanding beneficial technology access. Federal executive actions targeting diversity programs and immigration advocacy organizations created unprecedented compliance challenges, with congressional proposals threatening tax-exempt status revocation powers. The IRS maintained standard operational updates amid broader federal workforce constraints, while state-level privacy regulations continued expanding nonprofit compliance burdens. Google's significant expansion of AI tools for nonprofits offered technological relief during a period of mounting regulatory pressures. Organizations face the urgent need to reassess risk management strategies, diversify funding sources, and strengthen legal compliance frameworks to navigate an increasingly complex operational environment that demands both defensive and adaptive responses.

## **June 16, 2025 Navigator News Update: Including Congressional Proposals to Revoke Nonprofit Tax-Exempt Status And More!**

**From Nonprofit Management Navigator**

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### **Introduction**

Federal executive branch developments during this reporting period centered on continued implementation of earlier executive orders affecting diversity, equity, and inclusion programs while congressional action advanced legislation that would streamline tax-exempt status revocation procedures for organizations deemed "terrorist supporting." The Trump administration maintained pressure on nonprofit organizations through targeted investigations and funding restrictions, with particular focus on immigration advocacy groups and organizations supporting marginalized communities. Federal human resources regulatory changes included workforce constraints affecting IRS operations during peak filing periods, while regulatory developments encompassed ongoing legal challenges to various executive orders. IRS developments remained largely operational, with standard filing reminders and technical guidance updates. State-level developments highlighted expanding data privacy compliance requirements across multiple jurisdictions, creating new operational burdens for nonprofit organizations operating in multiple states.

### **Nonprofit News**

### **Congressional Proposal Advances to Expedite Nonprofit Tax-Exempt Status Revocation**

The House tax-writing committee added language to the "One Big Beautiful Bill Act" that would allow the Treasury Secretary to suspend tax-exempt status of organizations the administration deems "terrorist supporting." This provision lacks adequate due process protections and gives exclusive discretionary power to designate organizations without neutral judicial review. The measure represents the latest effort to target organizations opposing the administration's agenda, with nonprofit leaders expressing concern about arbitrary application. Organizations face potential suspension before judicial hearings, creating operational uncertainty and reputational risks that could devastate missions and funding streams. Source: [CNN Politics](#)

### **Immigrant Rights Organization CHIRLA Faces Federal Investigation Threats**

Senator Josh Hawley threatened criminal investigation into Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA), claiming the organization is "bankrolling civil unrest." Department of Homeland Security Secretary Kristi Noem spoke against local unions and nonprofits during her Los Angeles visit, creating chilling effects for immigration advocacy organizations. The threats demonstrate escalating federal pressure on nonprofits serving immigrant communities and supporting civil rights causes. Organizations providing legal assistance and advocacy services face increased scrutiny and potential prosecution risks that could severely limit their operational capacity and discourage donor support. Source: [CBS Los Angeles](#)

### **Fulbright Program Board Resigns Over Political Interference Allegations**

The entire board of the Fulbright academic exchange program resigned, citing political interference from the Trump administration in award selections and recipient reviews. Board members reported the administration denied awards to selected individuals and initiated reviews of 1,200 foreign recipients, contradicting the program's mission of free speech and academic freedom. The resignations highlight broader concerns about government influence over nonprofit boards and mission integrity. Educational and cultural exchange organizations face unprecedented challenges maintaining independence while receiving federal support, creating operational dilemmas between funding needs and mission preservation. Source: [OnBoard Meetings](#)

### **Google Expands AI Tools and Services to 100 New Countries for Nonprofits**

Google for Nonprofits announced expansion to 100 additional countries and launched over 10 new AI features through Workspace for Nonprofits. Organizations can access Gemini app, NotebookLM Audio Overviews, and Deep Research capabilities at no cost for up to 2,000 employees or volunteers. Performance Max Ad Grants campaigns now include Google Maps placements, expanding nonprofit visibility and engagement opportunities. The expansion provides technological advantages during challenging regulatory periods, though organizations must evaluate data protection implications and ensure compliance with evolving privacy regulations across multiple jurisdictions. Source: [Google Blog](#)

### **Harvard University Faces Federal Grant and Contract Restrictions**

President Trump issued a proclamation restricting foreign nationals from entering the United States to study at Harvard University, currently blocked by temporary restraining order. The administration threatened Harvard's federal funding while demanding policy changes regarding student conduct, admissions, and diversity programs. The targeting of elite institutions signals broader administrative strategy to pressure organizations opposing policy directives through funding

restrictions. Educational institutions and affiliated nonprofits face escalating compliance demands and potential funding disruptions that require comprehensive risk assessment and alternative revenue planning. Source: [NAFSA](#)

### **Foundation Emergency Response Grants Expand to Address Federal Funding Cuts**

Multiple foundations launched rapid response grant programs to support nonprofits facing federal funding disruptions and operational challenges from executive orders. Emergency funding initiatives provide bridge support while organizations adapt to changing regulatory landscape and develop alternative revenue strategies. Foundation responses demonstrate philanthropic sector recognition of crisis conditions affecting nonprofit operations and community services. Organizations should explore emergency funding opportunities while developing comprehensive sustainability plans that reduce dependence on any single funding source during volatile regulatory periods. Source: [Chronicle of Philanthropy](#)

**Nonprofit Sector Experiences Significant Job Losses Due to Federal Budget Cuts** At least 14,000 nonprofit jobs disappeared since Inauguration Day as federal budget cuts rippled through an uncertain economy. Organizations across sectors reduced staffing levels in response to funding constraints and operational uncertainty. The employment impacts extend beyond direct service providers to include support organizations and advocacy groups. Workforce reductions threaten service delivery capacity and organizational sustainability while creating additional challenges for communities already facing reduced support services and increased demand for assistance. Source: [Chronicle of Philanthropy](#)

## **Federal Human Resources News**

### **Equal Employment Opportunity Commission Guidance on DEI Program Compliance**

Federal agencies received guidance on implementing executive orders eliminating diversity, equity, and inclusion programs while maintaining legal employment practices under existing civil rights laws. The guidance creates compliance challenges for nonprofit organizations with federal contracts or grants that must balance anti-discrimination requirements with new DEI restrictions. Organizations face complex legal navigation between conflicting federal mandates and established employment law protections. HR departments require specialized legal counsel to develop compliant policies that satisfy both new executive directives and existing civil rights obligations. Source: [Arnold & Porter](#)

### **Department of Labor Increases Enforcement of Immigration-Related Employment**

**Verification** Enhanced I-9 audit procedures and workplace immigration enforcement create new compliance burdens for nonprofit employers across all sectors. Organizations must prepare for increased scrutiny of employment eligibility verification processes and potential workplace raids affecting operations and employee safety. The heightened enforcement requires comprehensive staff training, document management protocols, and emergency response procedures. Nonprofit employers should conduct internal I-9 audits, develop workplace protection policies, and establish legal counsel relationships to manage enforcement encounters and protect employee rights. Source: [Pro Bono Partnership](#)

**Federal Contractor Affirmative Action Requirements Under Review** Executive orders directing civil compliance investigations of federal contractors create uncertainty about affirmative action and DEAI program requirements for nonprofit organizations with government contracts. The reviews target organizations with assets exceeding specified thresholds and could result in contract termination or compliance enforcement actions. Contractors face conflicting requirements between traditional affirmative action obligations and new anti-DEI directives. Organizations must carefully analyze contract terms, assess compliance risks, and develop strategies that maintain federal funding while navigating evolving regulatory expectations and potential enforcement actions. Source: [Arnold & Porter](#)

## Federal Regulatory Developments

**Multiple Legal Challenges Filed Against Executive Orders Affecting Nonprofits** Federal courts issued temporary restraining orders and preliminary injunctions blocking various Trump administration executive orders, including federal funding freezes and immigration enforcement policies. Legal challenges address constitutional separation of powers concerns and First Amendment violations affecting nonprofit operations. Court decisions provide temporary relief while creating operational uncertainty about long-term implementation. Organizations must monitor ongoing litigation while preparing for potential policy implementation despite current injunctions, requiring flexible planning and risk management strategies. Source: [U.S. News](#)

**Treasury Department Issues Digital Asset Reporting Relief for Brokers** The Treasury Department and IRS issued Notice 2025-33 extending and modifying transition relief for brokers filing Form 1099-DA for digital asset transactions. The guidance affects nonprofit organizations engaging in cryptocurrency activities or receiving digital asset donations. Organizations handling digital assets face evolving reporting requirements that demand updated internal procedures and compliance protocols. The extended relief provides additional time for implementation while highlighting the need for specialized expertise in emerging financial technologies and regulatory requirements. Source: [IRS Newsroom](#)

**Department of Government Efficiency Uses AI for Federal Contract Reviews** The Department of Government Efficiency implemented artificial intelligence tools to identify federal contracts for termination, with experts expressing concerns about AI appropriateness for such decisions. The system affects contracts with nonprofit organizations and raises questions about due process and decision-making transparency. Organizations with federal contracts face increased scrutiny and potential termination risks based on automated assessments. The use of AI in government decision-making creates new challenges for organizations seeking to understand and challenge adverse determinations. Source: [ProPublica](#)

**Travel Ban Proclamation Affects International Nonprofit Operations** Presidential Proclamation 10949 established travel bans on 19 countries, affecting nonprofit organizations with international operations, partnerships, or beneficiaries. The restrictions impact program implementation, staff deployment, and beneficiary services in affected regions. Organizations must reassess international programming and partnership agreements while developing alternative service delivery mechanisms. The travel restrictions create operational challenges for

humanitarian and development organizations while potentially affecting funding requirements and donor expectations. Source: [NAFSA](#)

## IRS Developments

**IRS Reminds Taxpayers of Second Quarter Estimated Tax Payment Deadline** The IRS issued reminder that second quarter 2025 estimated tax payments are due Monday, June 16, affecting nonprofit organizations with unrelated business income tax obligations. Organizations must ensure compliance with quarterly payment requirements to avoid penalties and interest charges. The deadline creates administrative burden during busy operational periods while requiring careful cash flow management. Organizations should review unrelated business income calculations and payment obligations while maintaining accurate records for audit purposes. Source: [IRS News Release IR-2025-65](#)

**Early Bird Registration for IRS Nationwide Tax Forum Extended** The IRS extended early bird registration for the 2025 Nationwide Tax Forum through June 10, providing professional development opportunities for nonprofit financial staff and advisors. The forums offer insights into regulatory changes and compliance best practices during uncertain regulatory periods. Professional development becomes critical as organizations navigate complex compliance requirements and evolving regulatory interpretations. Investment in staff training and expertise helps organizations maintain compliance while managing operational demands and resource constraints. Source: [IRS News Release IR-2025-64](#)

**Group Exemption Letter Applications Remain Suspended** The IRS continued suspension of group exemption letter applications, affecting central organizations seeking recognition for subordinate entities. The suspension forces organizations to pursue individual exemption applications with increased costs and administrative burden. Umbrella organizations face strategic challenges in structuring affiliate relationships while managing compliance requirements across multiple entities. Organizations should consider alternative structural arrangements and evaluate costs of individual applications versus delayed group recognition processes. Source: [IRS Publication 557](#)

**Clean Energy Credit Registration Tool Promotes Elective Pay Elections** The IRS promoted its Pre-filing Registration Tool for clean energy tax credit elective pay elections, providing refundable credit opportunities for tax-exempt organizations. Eligible entities must register before filing tax returns to claim elective payments for qualifying investments. The credits offer financial benefits for organizations investing in renewable energy and sustainability initiatives while requiring technical expertise for proper claiming. Organizations should evaluate clean energy investment opportunities and registration requirements while ensuring proper documentation and compliance procedures. Source: [IRS Exempt Organizations Update](#)

## State Level Nonprofit News

**New Jersey Implements Comprehensive Data Privacy Law Without Nonprofit Exemption** New Jersey's Senate Bill 332 took effect January 15, 2025, establishing broad data privacy

requirements with no exemption for nonprofit organizations. The law emphasizes consumer rights including data disclosure, deletion requests, and opt-out provisions for targeted advertising and data sales. Controllers must honor consumer rights without discrimination while conducting data protection assessments for high-risk activities. Organizations face compliance costs and operational changes to accommodate consumer rights while managing confidential assessment requirements and potential attorney general enforcement actions. Source: [Wagenmaker & Oberly](#)

**Delaware and Oregon Privacy Laws Create Limited Nonprofit Exemptions** Delaware's Personal Data Privacy Act provides narrow exemptions only for nonprofits preventing insurance fraud and organizations serving crime victims. Oregon's privacy law exempts insurance fraud prevention nonprofits and noncommercial activities of certain programming organizations. The limited exemptions require careful legal analysis to determine applicability while creating compliance obligations for most nonprofit organizations. Organizations must evaluate exemption eligibility and implement comprehensive privacy programs including consumer rights procedures and data protection assessments if not exempt. Source: [Wiley Law](#)

**Illinois Requires Demographic Reporting for Large Grant-Making Nonprofits** Illinois Public Act 635 requires nonprofits reporting \$1 million or more in grants to post aggregated demographic information about directors and officers on their websites. The law faces constitutional challenge from American Alliance for Equal Rights while creating new transparency requirements for qualifying organizations. Grant-making organizations must implement data collection and reporting systems while managing legal risks from ongoing litigation. The requirement demonstrates increasing state-level focus on diversity and transparency in nonprofit governance structures. Source: [The Nonprofit Alliance](#)

**Multiple States Advance Privacy Compliance Thresholds and Requirements** Rhode Island, Tennessee, and Pennsylvania introduced legislation affecting nonprofit reporting thresholds and compliance requirements. Rhode Island proposed raising financial reporting thresholds to \$1 million, while Tennessee revised solicitation filing deadlines and Pennsylvania sought to exclude in-kind contributions from reporting calculations. The varying state approaches create complex compliance matrices for organizations operating across multiple jurisdictions. Organizations must monitor legislative developments and adjust compliance procedures while managing increased administrative costs and operational complexity. Source: [The Nonprofit Alliance](#)

**Vermont Expands Unpaid Family and Medical Leave Access** Vermont's Governor signed legislation expanding access to unpaid family and medical leave while establishing 12-week annual limits for unpaid leave. The expansion creates new employee rights and employer obligations affecting nonprofit workforce management and operational planning. Organizations must update leave policies and administrative procedures while managing potential staffing disruptions during extended leave periods. The changes require human resources expertise and financial planning to accommodate leave coverage and compliance obligations. Source: [National Council of Nonprofits](#)

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## About Nonprofit Management Navigator

Nonprofit Management Navigator is a trade name of PMG46, LLC doing business as Nonprofit Management Navigator. Nonprofit Management Navigator provides this complimentary weekly subscription service designed for nonprofit leaders. This essential resource provides curated news updates on the legal, regulatory, and operational developments impacting organizations, saving executives time while keeping them informed about the important changes directly impacting their organizations. In addition to timely news, [Nonprofit Management Navigator](#) also offers in-depth reports and practical management guidance to help leaders navigate an increasingly unpredictable operating environment. What makes [Nonprofit Management Navigator](#) particularly valuable is its commitment to accessibility---the entire service is available as a complimentary subscription, ensuring critical operational intelligence reaches nonprofit leaders regardless of budget limitations during these chaotic regulatory and operating times.

## **Understanding This Information and Disclaimer**

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