

Abstract

The nonprofit sector faces unprecedented challenges as federal grant oversight intensifies under new executive orders requiring political appointee review, while donor-advised fund activity reaches historic highs with \$14.9 billion in 2024 distributions. Critical developments include EPA's termination of the \$7 billion Solar for All program, enhanced federal grant termination authority, and expanded PWFA enforcement. Organizations must adapt to restrictive PSLF eligibility changes targeting diversity initiatives while navigating increased cybersecurity threats and political scrutiny. State-level regulations expand with Oregon Consumer Privacy Act enforcement and Illinois nonprofit diversity reporting facing federal constitutional challenge. Strategic priorities include diversifying funding sources, strengthening documentation practices, and implementing comprehensive privacy compliance programs. Emergency coalition funding models demonstrate rapid response capabilities totaling \$36.5 million in bridge funding, while federal payment systems transition to electronic-only by September 30.

August 25, 2025 Navigator News Update: Including Federal Grant Oversight Expansion, Record DAF Activity, and More!

From Nonprofit Management Navigator




Please see Understanding This Information and Disclaimer at the conclusion of the article

Introduction

This week's Navigator highlights transformative shifts reshaping nonprofit operations as federal oversight mechanisms fundamentally alter grant award processes while private philanthropy reaches unprecedented levels. Organizations face dual pressures from enhanced political review of federal funding and accelerating cybersecurity threats targeting sector vulnerabilities. Emergency response models emerging from foundation coalitions demonstrate sector resilience while highlighting critical funding diversification needs. Leadership teams must balance operational continuity with compliance innovation as regulatory frameworks evolve rapidly across federal, state, and local jurisdictions. Strategic planning now requires scenario modeling for federal funding termination, enhanced documentation protocols, and comprehensive risk management frameworks addressing both traditional operational challenges and emerging political pressures. State-level developments intensify with Oregon Consumer Privacy Act enforcement beginning for nonprofits and Illinois nonprofit diversity reporting facing federal constitutional challenge, while Texas nonprofits experience severe federal funding cuts leading to widespread layoffs.

Priority Legend

Priority indicators help nonprofit leaders quickly identify which developments require their most immediate attention based on urgency and operational impact.

 Immediate Action  Requires Organizational Response  Monitor and Prepare

Nonprofit News

Executive Summary

The nonprofit sector experiences dramatic funding volatility with record-breaking donor-advised fund activity reaching \$14.9 billion while federal programs face termination under enhanced political oversight. Emergency coalition models demonstrate rapid private sector response capabilities totaling \$36.5 million in bridge funding. Political appointee review processes create systematic delays and unexplained rejections across federal agencies. Scientific research funding faces new "Gold Standard Science" requirements prioritizing institutional commitment over historical reputation. Illinois nonprofit diversity reporting faces federal constitutional challenge while Public Media confronts existential funding crisis following federal elimination of \$1 billion in CPB funding.

Key Actions for This Section

Organizations must immediately adapt funding strategies and compliance protocols to navigate the new regulatory environment:

- Diversify revenue streams by developing DAF donor education and digital engagement tools
- Implement enhanced documentation practices linking programs to stated administration priorities
- Establish emergency coalition partnerships with foundations for crisis funding scenarios
- Review all federal grants for new termination clauses and compliance requirements
- Prepare alternative funding strategies for programs targeting equity, inclusion, or civil rights initiatives
- Monitor constitutional challenges to state diversity reporting requirements and prepare disclosure frameworks

Record-Breaking DAF Activity Drives 2024 Philanthropic Surge

Fidelity Charitable reported historic donor-advised fund activity in 2024, with over 350,000 donors granting \$14.9 billion to charities worldwide---a \$3 billion increase from 2023. The number of individual grants rose 12% while accounts grew 10% to 217,402, demonstrating sustained momentum in the fastest-growing charitable giving vehicle. Nonprofits benefit from

this expanding funding source but must adapt solicitation strategies to capture DAF donors who tend to make larger, more strategic gifts than traditional donors.

Source: <https://www.fidelitycharitable.org/insights/2025-giving-report.html>

Political Appointee Review Creates Grant Award Delays and Uncertainty

Federal employees report that political appointee review processes implemented earlier in 2025 are now codified, creating bureaucratic layers and unexplained grant rejections. Grant proposals face rejection without explanation from political appointees. Organizations should build additional time buffers into funding timelines, document performance rigorously, and prepare detailed justifications linking programs to administration priorities.

Source: [STAT News](#)

Federal Agencies Directed to Review DEI-Related Grant Programs

The executive order explicitly prohibits funding programs based on race or supporting transgender individuals, with agencies directed to review existing DEI-related grants. Organizations focused on equity, inclusion, or civil rights face immediate funding threats and potential termination of existing awards. Nonprofits must urgently assess program descriptions, rebrand initiatives to emphasize merit-based outcomes, and develop alternative funding strategies.

Source: [Government Executive](#)

Emergency Coalition Models Emerge for Nonprofit Funding Crises

The Public Media Company coordinated foundation response demonstrating rapid coalition-building for emergency funding totaling \$36.5 million within weeks of federal cuts. The model includes bridge grants, low-interest loans, and advisory services for operational sustainability. Nonprofit leaders should study this coalition approach for crisis response and preemptively identify potential foundation partners for emergency funding scenarios.

Source: [Knight Foundation](#)

DAF Revenue Growth Outpaces Traditional Fundraising Metrics

Research indicates nonprofit revenue from DAF gifts grew significantly faster than non-DAF revenue between 2019-2023, with average gift increases of 888% when donors converted from traditional giving to DAF channels. Organizations reported median DAF revenue growth exceeding traditional fundraising by substantial margins, with smaller nonprofits seeing 143% increases in DAF percentage of total revenue. Nonprofits must prioritize DAF education and digital tools to maximize this high-value donor segment's transformative giving potential.

Source: <https://www.givechariot.com/daf-fundraising-report>

EPA Administrator Zeldin Terminates \$7 Billion Solar for All Program

EPA Administrator Lee Zeldin announced termination of the \$7 billion Solar for All program, citing elimination under the "One Big Beautiful Bill," affecting 60 grant recipients across 49 states. Individual nonprofits face significant losses, with San Antonio's Opportunity Home losing \$24 million and Indiana losing \$130 million in solar funding for low-income communities. Environmental nonprofits should assess alternative funding sources and prepare for potential legal challenges to the termination.

Source: [CBS News](#)

PSLF Application Processing Backlogs Affect Nonprofit Employees

More than 72,000 borrowers face application backlogs for PSLF relief, with over 1.5 million pending applications for new repayment plans as of June. Approximately 65,448 PSLF buyback requests remain pending, worsening since May when 59,000 applications were under review. Nonprofit HR departments should counsel affected employees about processing delays and document qualifying employment periods for future relief applications.

Source: [CNBC](#)

Sector Analysis Shows Federal Controls Reshaping Community Partnerships

Policy experts warn reduced federal support and political oversight shifts may upend decades-old nonprofit-government delivery models. Legal challenges are expected as Trump's executive order centralizes grant control and gives political appointees unprecedented power over funding decisions. Organizations should prepare for more competitive awards, higher documentation burdens, and increased political risk in federal partnership strategies.

Source: [STAT News](#)

Department of Education Proposes Restrictive PSLF Eligibility Changes

The Education Department issued proposed rules excluding organizations with "substantial illegal purpose" from Public Service Loan Forgiveness, with employers facing 10-year PSLF disqualification if found in violation. Changes target organizations involved in immigration services, gender-affirming care, and diversity initiatives, potentially affecting thousands of nonprofit workers. Nonprofits should review current activities for compliance and prepare staff for potential loan forgiveness loss.

Source: [U.S. Department of Education](#)

National Council Releases Executive Order Impact Tracker for Charities

Comprehensive tracker documents litigation and agency memos affecting charitable operations under recent executive orders. Organizations should use this resource to brief boards on policy exposure and prepare compliance updates. The tracker provides analysis of legal challenges and implementation guidance across multiple policy areas.

Source: [National Council of Nonprofits](#)

Illinois Nonprofit Diversity Law Upheld

On August 21, a federal judge rejected legal challenges from the Trump administration and Edward Blum's group seeking to block Illinois Senate Bill 2930---which requires nonprofits to publicly disclose board leadership demographics (race, gender, sexual orientation). The court found both parties lacked standing or sufficient legal harm to merit a preliminary injunction.

Source: [Reuters](#) | [OnBoard Meetings](#)

Public Media Faces Existential Funding Crisis

Following the elimination of over \$1 billion in federal funding to the Corporation for Public Broadcasting (CPB), the CPB announced imminent shutdown plans. In response, Public Media Company launched the *Public Media Bridge Fund*, aiming to raise \$100 million over two years--including \$50 million this fall---to support vulnerable local stations, especially in rural areas. The Knight and MacArthur Foundations have already contributed \$26.5 million.

Source: [Politico](#)

Nonprofit Regulatory Developments

Executive Summary

Enhanced federal grant oversight introduces termination authority and political review processes while OMB receives directive to revise Uniform Grant Guidance within 30 days. FEMA implements risk-based allocation systems for nonprofit security grants with compressed timelines. Legal analysis warns of expanded political control over discretionary funding decisions. Scientific research organizations face new institutional affiliation reviews prioritizing commitment over prestige. Federal payment systems transition to electronic-only requirements while religious accommodation enforcement intensifies.

Key Actions for This Section

Organizations must immediately strengthen risk management and compliance frameworks to address expanded federal oversight:

- Map all federal contracts for termination clauses and develop alternative revenue scenarios
- Update indirect rate methodologies and prepare competitive cost structure documentation
- Complete FEMA vulnerability assessments and coordinate with state administrators for security grants
- Establish formal review processes anticipating enhanced political scrutiny of funding applications
- Document transparent research methodologies and reproducibility protocols for scientific compliance
- Ensure electronic payment capabilities implementation before September 30 federal deadline

Federal Grant Termination Authority Expanded Under New Political Review Process

Within 30 days, agencies must report termination provisions in active grants and insert new clauses permitting termination if awards no longer effectuate executive branch goals. Foreign assistance awards require specific national interest termination language. Risk management protocols should include federal funding concentration analysis, alternative revenue development, and board governance updates addressing potential termination scenarios.

Source: [Wiley Law](#)

OMB Directed to Revise Uniform Grant Guidance Within 30 Days

The executive order instructs OMB to revise the Uniform Grant Guidance (2 CFR Part 200) to streamline applications and strengthen oversight mechanisms. Analysts warn potential revisitation of the 15% de minimis indirect rate and other cost recovery flexibilities. Grant management teams should scenario-plan for tighter facilities and administrative cost restrictions and prepare documentation supporting current indirect rate methodologies.

Source: [AAI News](#)

Enhanced Oversight Requirements Target Scientific Research Grant Recipients

The order requires scientific grant applicants commit to "Gold Standard Science" compliance with enhanced benchmarks and progress measurement. Institutional affiliation review prioritizes commitment to reproducible scholarship over historical prestige. Research institutions should document transparent methodologies, establish reproducibility protocols, and prepare detailed performance metrics for federal funding applications.

Source: [AAI News](#)

FEMA Issues Public Assistance Deadline Reminder for Private Nonprofits

FEMA reiterated August 21, 2025 Request for Public Assistance deadline for certain events and eligibility standards for private nonprofit facilities. Faith-based operators and eligible facilities

should validate documentation immediately to avoid missing critical deadlines. Eligible activities include emergency work and permanent restoration of damaged facilities.

Source: [FEMA Fact Sheet](#)

FEMA Implements Risk-Based Allocation System for Nonprofit Security Grants

FY2025 Nonprofit Security Grant Program features \$274.5 million in funding with new state-directed allocation process requiring vulnerability assessments completed within three years. Awards anticipated for late summer 2025 with compressed timelines for subaward processing. Security-focused nonprofits should update vulnerability assessments immediately, coordinate with state administrators, and prepare Environmental Planning and Historic Preservation compliance documentation.

Source: [FEMA](#)

New Federal Preferences Favor Lower Indirect Cost Rates in Grant Awards

The executive order directs agencies to prefer applicants with lower indirect cost rates when evaluating discretionary grants to maximize direct project funding. Organizations must also demonstrate broad recipient distribution rather than concentration among repeat awardees. Finance teams should analyze indirect rate competitiveness, explore cost structure optimization, and prepare justifications for necessary administrative expenses.

Source: [Holland & Knight](#)

Nonprofit Human Resources Developments

Executive Summary

Nonprofit boards face escalating political attacks and cybersecurity threats requiring enhanced governance frameworks while AI adoption accelerates across HR functions despite policy gaps. Religious accommodation enforcement intensifies with enhanced EEOC action while PWFA implementation faces ongoing legal challenges with Fifth Circuit reinstating protections. Child labor enforcement maintains high priority with ongoing DOL oversight. Federal changes include Johnson Amendment exceptions for churches and continued educational assistance programs through 2025.

Key Actions for This Section

Organizations must immediately strengthen governance, compliance, and technology oversight to address mounting HR challenges:

- Implement comprehensive cybersecurity protocols and board-level technology oversight frameworks
- Develop AI policies addressing data privacy, accuracy concerns, and bias reduction in hiring processes
- Strengthen religious accommodation procedures and train managers on Title VII obligations
- Review youth employment policies and enhance age verification systems to prevent child labor violations
- Update pregnancy accommodation policies ensuring PWFA compliance and manager training programs
- Evaluate educational assistance program implementation for employee retention and recruitment

● **Nonprofit Boards Face Increased Cybersecurity and Political Scrutiny**

Nonprofit boards are responding to escalating political attacks and cybersecurity threats, with organizations now the second most-targeted sector for cyberattacks requiring board-level oversight. Policy changes including potential SNAP and Medicaid cuts are forcing strategic pivots. Nonprofit boards must strengthen governance frameworks, legal defenses, and technology oversight while navigating politically motivated challenges that threaten organizational stability and mission delivery.

Source: <https://www.onboardmeetings.com/blog/nonprofit-boards-in-the-news-august-2025-policy-funding-shifts-abound/>

● **AI in Nonprofit Human Resources Functions**

The 2025 State of AI in Nonprofits report found that 85.6% of organizations are exploring AI tools, though only 24% have formal strategies. Specific HR applications include automated candidate screening, resume parsing, and interview scheduling through platforms like Canva for recruitment materials and ChatBot.com for applicant support. However, 76% of nonprofits lack AI policies, and concerns about data privacy (70%) and accuracy (63%) remain significant barriers to adoption.

Source: [TechSoup - What AI Means for Nonprofits in 2025](#)

● **Religious Nonprofits and the Johnson Amendment**

In July 2025, the IRS carved out a significant new exception to the Johnson Amendment, allowing churches to endorse political candidates through their "usual channels of communication" without tax consequences. While this represents the first time the IRS has acknowledged an exception to the 70-year-old law, religious organizations are cautiously adjusting to these new freedoms while maintaining focus on addressing issues through a religious lens rather than direct campaigning.

Source: [NPR - IRS says churches can now endorse political candidates](#)

EEOC Sues Smithfield for Pregnancy Discrimination Under PWFA

EEOC sued Smithfield Fresh Meats for PWFA violations after refusing pregnancy accommodations and terminating an employee. The case involves denying lifting restrictions and medical accommodations for pregnancy complications. This signals increased PWFA enforcement scrutiny for nonprofit employers. Organizations must review accommodation policies and train supervisors on pregnancy obligations.

Source: [EEOC](#)

EEOC Highlights 200 Days of Religious Freedom Action

EEOC announced significant religious freedom enforcement during Trump administration's first 200 days, including COVID-19 vaccine accommodations and million-dollar settlements. Acting Chair Lucas emphasized restoring "evenhanded enforcement" of Title VII protections. Nonprofits must strengthen religious accommodation processes and review discriminatory policies.

Source: [EEOC](#)

Fifth Circuit Reinstates PWFA Enforcement for Texas Employees

Fifth Circuit overturned lower court ruling, reinstating PWFA protections for Texas state employees. The 2-1 decision found the law constitutionally enacted using valid proxy voting during COVID-19. This strengthens PWFA enforcement nationwide and removes validity uncertainty. Nonprofit employers must ensure comprehensive pregnancy accommodation policies and manager training.

Source: [ABC News](#)

DOL OIG Maintains Child Labor Enforcement Focus

DOL's Office of Inspector General continues prioritizing child labor enforcement with ongoing audits examining Wage and Hour Division's protection efforts. Nonprofit organizations employing young workers must strengthen age verification and ensure federal law compliance. Enhanced enforcement increases audit likelihood and scrutiny.

Source: [DOL Office of Inspector General](#)

IRS, Accounting and Finance Developments

Executive Summary

Federal payment systems transition to electronic-only by September 30 while IRS workforce reductions threaten 2026 filing season processing capabilities. No withholding changes announced for 2025 under the One Big Beautiful Bill Act providing payroll stability. Educational assistance programs continue through 2025 with \$5,250 annual limits. CAP applications open for 2026 compliance assurance process targeting large exempt organizations. Updated federal rates affect charitable giving and lending compliance with August 2025 Section 7520 rate at 4.80%.

Key Actions for This Section

Organizations must immediately prepare for payment system changes and potential processing delays while maximizing current tax benefits:

- Ensure electronic payment capabilities are implemented before September 30 federal deadline
- Plan for early 2026 tax filing to avoid IRS processing delays from workforce reductions
- Evaluate educational assistance program implementation for employee retention and recruitment
- Consider CAP participation for complex exempt organizations seeking compliance certainty
- Update charitable giving calculations using August 2025 federal rates at 4.80%
- Register immediately for remaining IRS Nationwide Tax Forum events before space fills

Federal Government Phases Out Paper Checks by September 30

The Treasury Department announced the federal government will stop issuing paper checks for most federal payments on September 30, 2025, requiring nonprofits receiving federal funding to transition to electronic payment methods. This mandate covers grants, reimbursements, and other federal disbursements to nonprofits. Organizations must ensure they have electronic payment capabilities in place and update their financial systems accordingly.

Source: [U.S. Department of the Treasury - Aug. 14, 2025](#)

IRS Processing Delays Expected for 2026 Filing Season

The National Taxpayer Advocate warned that the IRS's 26% workforce reduction from 102,000 to fewer than 76,000 employees between January and June 2025 threatens next year's filing season despite this year's success. Nonprofits should prepare for potential delays in return processing, refunds, and correspondence responses, emphasizing the importance of early filing and maintaining detailed documentation.

Source: [Federal News Network - June 30, 2025](#)

IRS Opens 2026 Compliance Assurance Process Application Window

IRS announced the 2026 Compliance Assurance Process application period running September 3 through October 31, 2025. Large exempt organizations with complex structures should evaluate

CAP participation for early certainty and resource planning. The program provides collaborative approach to tax compliance before filing returns, reducing examination risk.

Source: [IRS Newsroom](#)

IRS Confirms No 2025 Changes to Withholding Under Tax Law

IRS confirmed no changes to W-2s, 1099s, and withholding tables for tax year 2025 under the "One Big Beautiful Bill Act." Payroll-heavy nonprofits can avoid mid-year system reconfigurations but should monitor 2026 guidance for potential changes. Organizations should maintain current payroll processes while preparing for possible future modifications.

Source: [IRS](#)

August 2025 Applicable Federal Rates Updated

The IRS released Revenue Ruling 2025-14 containing Applicable Federal Rates for August 2025, with the Section 7520 rate set at 4.80% for charitable giving purposes. These rates are crucial for nonprofits structuring charitable remainder trusts, charitable lead trusts, and gift annuities. The updated rates affect minimum interest requirements for loans between organizations and related parties.

Source: [Eide Bailly - July 15, 2025](#)

Educational Assistance Programs Continue Through 2025

The IRS reminded employers that educational assistance programs can continue to help pay employee student loans through December 31, 2025, with employers able to contribute up to \$5,250 annually per employee without those payments being counted as taxable wages. Organizations should evaluate implementing or expanding these programs as a cost-effective employee benefit while the tax-free treatment remains available.

Source: [IRS - IR-2025-81, Aug. 6, 2025](#)

Nationwide Tax Forum Registration Deadlines Approaching

The IRS reminded tax professionals that space is filling quickly for remaining 2025 Nationwide Tax Forum events in Orlando and Baltimore, with Chicago, New Orleans, and San Diego forums already sold out. Organizations should register immediately for remaining events to ensure their staff and volunteers receive current guidance on tax law changes and compliance requirements affecting exempt organizations.

Source: [IRS - IR-2025-80, Aug. 5, 2025](#)

State Nonprofit News

Executive Summary

California leads with record \$76 million in security grants while Illinois faces federal constitutional challenge over demographic reporting requirements. Oregon Consumer Privacy Act enforcement begins affecting nonprofits processing significant resident data. Texas nonprofits experience severe federal funding cuts leading to widespread layoffs including 1,200-1,300 positions. North Carolina operates under continuing resolution creating funding uncertainty while seeking community action agency designations. Illinois Governor vetoes nonprofit investment pool legislation citing extremist concerns.

Key Actions for This Section

Organizations must immediately address state-specific compliance requirements and funding opportunities while preparing for regulatory challenges:

- Apply for California security grants and register for nonprofit week programming and training opportunities
- Assess Oregon Consumer Privacy Act compliance if processing data from 100,000+ residents or revenue from data sales
- Monitor Illinois demographic reporting lawsuit outcomes and prepare for potential disclosure requirements
- Evaluate North Carolina Community Action Agency designation opportunities before August 29 deadline
- Document Texas federal funding impacts for advocacy efforts and develop alternative revenue strategies
- Explore alternative investment strategies following Illinois nonprofit investment pool bill veto

California Legislature Holds Joint Hearing on Nonprofit Sector Challenges

California's Assembly and Senate Select Committees on the Nonprofit Sector conducted a joint informational hearing focused on "Advancing Institutional Support of Nonprofits to Address Unprecedented Challenges and Threats Facing the Sector." The August 21st hearing examined ways to strengthen nonprofit operations amid mounting regulatory pressures and funding uncertainties, signaling potential legislative support for sector-wide reforms.

Source: <https://www.assembly.ca.gov/schedules-publications/todays-events>

Oregon Consumer Privacy Act Enforcement Begins for Nonprofits July 1, 2025

The Oregon Consumer Privacy Act expanded to cover nonprofit organizations on July 1, 2025, requiring compliance with consumer data rights including access, correction, deletion, and opt-out provisions. Nonprofits processing data of 100,000 Oregon residents or 25,000 residents with

revenue from data sales face civil penalties up to \$7,500 per violation. Oregon nonprofits must immediately assess data practices and implement privacy compliance programs.

Source: <https://tonkon.com/alerts/oregon-consumer-privacy-act-enforcement-takes-effect-july-1-2025-for-nonprofits/>

Illinois Demographic Reporting Law Faces Federal Constitutional Challenge

The American Alliance for Equal Rights filed a federal lawsuit challenging Illinois Senate Bill 2930, which requires nonprofits granting over \$1 million annually to publicly disclose board demographics including race, ethnicity, and sexual orientation. The Department of Justice intervened to support the challenge, arguing the law violates First and Fourteenth Amendment rights. Illinois nonprofits face potential constitutional uncertainty and public scrutiny.

Source: <https://www.courthousenews.com/federal-lawsuit-challenges-illinois-nonprofit-demographic-reporting-law/>

North Carolina Seeks Community Action Agency Designations

North Carolina's Department of Health and Human Services Office of Economic Opportunity opened applications for nonprofit organizations seeking Community Action Agency designation, with applications due August 29, 2025. Designated agencies gain access to Community Services Block Grant funding and anti-poverty program resources. North Carolina nonprofits have limited time to apply for this significant funding opportunity.

Source: <https://www.goldsborodailynews.com/2025/08/10/north-carolina-seeks-nonprofit-organizations-to-become-community-action-agencies/>

Texas Nonprofits Face Severe Funding Cuts and Federal Contract Losses

Since July 2025, Texas nonprofits face severe funding cuts and federal contract losses, leading to widespread layoffs including 1,200-1,300 positions at Southwest Key Programs. The Henry Ford Academy in San Antonio closed permanently in August due to declining enrollment and Title I funding reductions. Texas nonprofits must develop alternative funding strategies and document economic impacts for advocacy efforts.

Source: [Texas Border Business - Texas Nonprofits Face Wave of Layoffs](#)

California Governor Announces Record-Breaking \$76 Million in Grants

Governor Newsom announced a record-breaking \$76 million in grants to 347 community groups and nonprofits for security protection against hate-motivated violence. This represents nearly double previous award amounts, with 269 ideology and spiritually-based organizations among recipients. California nonprofits should apply for available security funding and participate in Nonprofits Day recognition programs.

Source: [California Governor's Office - Record \\$76M for Nonprofit Security](#)

New York City Mayor Kicks Off NYC Nonprofit Week

Mayor Adams kicked off NYC Nonprofit Week by announcing 812 contracts submitted for registration on-time, nearly double last year's 430 contracts. State Comptroller DiNapoli's report showed nonprofits provided 1.3 million jobs to New Yorkers but numbers declined 4.1% between 2017-2022. New York nonprofits should engage with city contracting improvements and state technology resources.

Source: [NYC Mayor's Office - NYC Nonprofit Week](#)

Florida Nonprofit Sector Shows Surprising Strength

Northeast Florida's nonprofit sector shows surprising strength with 1,445 charitable organizations reporting \$12.9 billion in annual revenues, an 8.5% increase after adjusting for inflation. The Community Foundation for Northeast Florida announced \$3 million in 2025 grant opportunities across multiple focus areas. Florida nonprofits should explore foundation opportunities and monitor disaster recovery law impacts.

Source: [Nonprofit Center of Northeast Florida - 2025 State of the Sector](#)

Illinois Governor Vetoes Nonprofit Investment Pool Bill

Governor JB Pritzker vetoed legislation allowing Illinois State Treasurer to create investment pools for nonprofits and labor organizations, citing concerns extremist groups could benefit. The bill had support from 150 organizations including AFL-CIO of Illinois and Sierra Club, but banking associations opposed it as unfair competition. This setbacks Illinois nonprofits seeking lower-cost investment options amid federal funding pressures.

Source: [Chicago Tribune](#)

Summary

The nonprofit sector faces a transformative period requiring immediate strategic adaptation as federal oversight mechanisms fundamentally alter funding landscapes while private philanthropy reaches record levels. Organizations must balance compliance with expanded political review processes against opportunities from historic donor-advised fund growth totaling \$14.9 billion in distributions. Critical immediate actions include transitioning to electronic payment systems before September 30, implementing comprehensive privacy compliance programs for state regulations like Oregon's Consumer Privacy Act, and strengthening religious accommodation policies amid enhanced EEOC enforcement. Emergency coalition funding models demonstrate sector resilience while highlighting the urgent need for diversified revenue strategies as federal

programs face systematic termination under enhanced political oversight. Leadership teams must prioritize board governance enhancements, cybersecurity protocols, and documentation practices to navigate increased political scrutiny while maintaining operational effectiveness. The convergence of regulatory expansion, workforce challenges, and funding volatility demands proactive risk management frameworks capable of addressing both traditional operational challenges and emerging political pressures threatening organizational sustainability and mission delivery. State-level developments intensify compliance complexity with Illinois nonprofit diversity reporting facing federal constitutional challenge while Texas nonprofits experience severe funding cuts leading to widespread layoffs, requiring immediate strategic responses to maintain organizational viability.

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