Abstract

The nonprofit sector faces unprecedented challenges as September 30th federal budget deadline approaches. Trump administration prepares executive actions targeting left-leaning organizations through tax-exempt status investigations following conservative activist Charlie Kirk's assassination. Healthcare and social services organizations confront $7 billion in HHS cuts while federal funding delays affect over $410 billion in previously allocated resources. Strategic planning becomes critical as foundation giving reaches $109.8 billion but small-dollar donors decline 8.8%. Regulatory shifts include halted affirmative action enforcement, modified Title IX guidance, and enhanced Corporate Transparency Act requirements. Employment law changes affect discrimination standards and labor relations through federal court rulings. IRS implements SECURE 2.0 Roth catch-up requirements and enhanced electronic filing mandates. State developments include Washington wage transparency enforcement, Illinois demographic disclosure requirements, and expanded cybersecurity compliance standards across multiple jurisdictions.

September 22, 2025 Navigator Update: Including Trump Administration Nonprofit Crackdown, Federal Budget Uncertainty, 2026 Strategic Planning, Foundation Giving Concentration and More!

From Nonprofit Management Navigator

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

Introduction

September 2025 marks a critical juncture for nonprofit organizations as federal budget uncertainty and escalating political targeting create immediate operational risks while long-term structural changes reshape sector dynamics. The Trump administration's preparation of executive actions targeting left-leaning nonprofits through tax-exempt status investigations adds new urgency to organizational risk assessment and legal compliance strategies. With the September 30th shutdown deadline looming, organizations face unprecedented potential funding disruptions affecting essential community services. Simultaneously, regulatory transformations under the current administration alter compliance landscapes across employment law, civil rights enforcement, and grant administration. Foundation giving concentration intensifies as assets exceed $1.2 trillion, yet small-donor engagement continues declining, forcing strategic adaptations in fundraising approaches. Organizations must navigate these converging challenges through enhanced strategic planning, diversified revenue strategies, and adaptive governance structures while maintaining mission focus during turbulent times.

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

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Nonprofit News

📋 Executive Summary

Trump administration prepares executive actions targeting left-leaning nonprofits through tax-exempt status investigations following Charlie Kirk assassination, requiring immediate legal risk assessment. Federal budget uncertainty threatens operations as September 30 deadline approaches. Healthcare organizations face $7 billion cuts while $410+ billion remains blocked by administration. Foundation assets exceed $1.2 trillion but small-dollar donors decline 8.8%, creating fundraising challenges. Strategic planning timelines accelerate given the need to build alternative contingency planning scenarios into 2026 strategic plans.

⚡ Key Actions for This Section

Organizations must take immediate steps to address federal funding uncertainty, political targeting risks, and adapt to changing philanthropic landscape:

- Assess organizational vulnerability to political targeting and review legal protections immediately
- Complete federal funding assessments including all grant streams
- Contact grant administrators immediately regarding potential disruptions
- Develop foundation-specific strategies emphasizing measurable outcomes
- Implement donor acquisition programs targeting small-dollar contributor retention
- Create scenario-based strategic plans with multiple funding assumptions
- Build contingency operations for potential government shutdown impact
- Review tax-exempt status documentation and compliance procedures

🔴 Trump Administration Plans Crackdown on Liberal Nonprofits

The White House is preparing executive actions targeting left-leaning nonprofit organizations, potentially including investigations into their tax-exempt status, following conservative activist

Charlie Kirk's September assassination in Utah. Administration officials claim, without evidence, that liberal groups fund violence, specifically targeting George Soros's Open Society Foundations and the Ford Foundation. Over 120 nonprofits have signed a letter condemning the planned crackdown and defending their free speech rights. Legal experts note constitutional constraints limit executive power over tax-exempt status.

Source: https://www.nbcnews.com/politics/white-house/white-house-plans-take-action-targeting-left-wing-groups-early-month-rcna231998

🔴 Federal Budget Uncertainty Threatens Nonprofit Operations as September 30 Deadline Looms

Congress has not passed the budget for FY 2026, with just days remaining until the September 30 deadline. House Republicans passed a stopgap spending bill funding government through November 21, and await a vote in the Senate with Democrats calling for further negotiations. A Senate vote is planned, For nonprofit organizations relying heavily on federal grants face serious threats to operations and community services due to anticipated funding cuts. Organizations should immediately contact grant administrators, engage legislators about community impact, and diversify funding sources to prepare for potential disruptions.

Source: https://www.crfb.org/papers/government-shutdowns-qa-everything-you-should-know

🔴 Healthcare and Social Services Nonprofits Face Significant Budget Cuts in FY 2026 Proposals

The House FY 2026 appropriations bill provides HHS with $108 billion, representing a $7 billion or 6% reduction from FY 2025 levels, while eliminating funding for several CDC global health programs including Global HIV/AIDS and tuberculosis initiatives. The continuing resolution cuts non-defense spending by $15 billion, creating operational difficulties for many nonprofits through reduced grant availability and increased competition. Organizations must adapt through strategic planning, relationship building, collaboration with other nonprofits, and aggressive diversification of funding sources to navigate this challenging landscape effectively.

Source: https://www.aha.org/news/headline/2025-09-02-house-committee-releases-fy-2026-appropriations-bill

🟡 Nonprofit 2026 Strategic Planning Timeline: Critical Phases for Uncertain Times

Organizations must complete comprehensive federal funding assessments by October 15, including audits of all funding streams and contact with grant administrators. Strategic planning phases include scenario development by October 31st, revenue diversification strategy through December, and implementation planning January-March 2026. The planning process requires environmental scanning over 4-6 weeks, strategic options development for 2-3 weeks, and implementation planning for 3-4 weeks. Success depends on proactive engagement, organizational agility, and building sustainable funding models with diversified revenue sources below 40% dependence on any single stream.

Source: https://www.bridgespan.org/insights/nonprofit-organizational-effectiveness/making-sense-of-uncertainty-nonprofit-scenario-planning

🟡 **Integrating Federal Budget Uncertainty into Nonprofit Strategic Planning Frameworks**

Nonprofits must build meaningful contingency planning into strategic processes by developing multiple budget scenarios with varying funding assumptions and stress-testing each option against organizational capacity and mission alignment. Organizations should identify programs most vulnerable to cuts, particularly those focused on DEI, environmental initiatives, or social justice, while creating clear outcomes reporting for all programs. Effective integration requires establishing decision points that trigger movement between scenarios and building operational flexibility for rapid strategy adjustment. Strategic plans must become living documents with iterative planning processes that incorporate new information and course-correct when assumptions prove wrong.

Source: https://www.claconnect.com/en/resources/blogs/nonprofits/strategic-planning-for-nonprofits-amid-federal-funding-uncertainty

🟢 **Foundation Giving Drives Increased Concentration**

Foundation giving reached $109.81 billion in 2024, representing 19% of total charitable giving and growing 2.4% from 2023. Private foundation assets have more than doubled since 2005 to exceed $1.2 trillion, with nearly 1 in 5 ultra-wealthy individuals maintaining private foundations. Foundation donors prefer controlled giving vehicles over direct donations to established charities. Nonprofits should develop foundation-specific strategies, emphasize measurable outcomes, and align proposals with wealthy donors' preferred causes like education and arts rather than traditional broad-based fundraising approaches.

Source: https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/

🟡 **Small and Mid-Size Nonprofits Face Intensifying Fundraising Challenges**

Donor acquisition became the greatest challenge for nonprofits in 2024, with 47% citing it as a primary hurdle—a 10-percentage-point jump from 2023. Small-dollar donors ($1-$100) declined 8.8%, creating sustainability risks as these donors represent 96.9% of all contributors. Despite challenges, 56% of nonprofits lack donor engagement strategies. Smaller organizations must prioritize grassroots engagement, develop multi-channel stewardship programs, and leverage digital tools to compete for increasingly concentrated donor attention while building sustainable small-donor bases for long-term viability.

Source: https://www.nonprofitpro.com/article/15-compelling-nonprofit-stats-from-2024/

🔴 **Trump Administration Blocks $410+ Billion in Community Federal Funding**

Congressional tracking reveals administration withholding over $410 billion in previously appropriated federal funding affecting nonprofits nationwide. Blocked funds include K-12 education, mental health services, substance abuse treatment, housing assistance, and rural development programs. Funding delays threaten program continuity and force organizations to reduce services or lay off staff as fiscal year-end approaches.

Source: https://democrats-appropriations.house.gov/news/press-releases/new-weeks-away-end-fiscal-year-trump-blocking-410-billion-funding-owed

🟢 Combined Federal Campaign Charity Drive Resumes After Initial Suspension

Federal employee charitable giving campaign restarts following brief suspension during administration transition period. Resumption provides relief for participating nonprofits dependent on federal employee donations for operational funding. However, uncertainty remains about potential changes to campaign structure, eligible organizations, and donation processing procedures under new administration policies and priorities.

Source: https://www.philanthropy.com/package/nonprofits-and-the-trump-agenda

🟢 Education Department Announces Historic Grant Investments for Education Partners

Department promotes new "historic grant investments" benefiting eligible education partners and nonprofits through enhanced funding opportunities. Announcements emphasize merit-based selection criteria and alignment with administration educational priorities. Investment strategy focuses on measurable student outcomes and evidence-based practices, requiring organizations to demonstrate clear performance benchmarks and accountability measures.

Source: https://www.ed.gov/

🟢 White House Posts AI Education Initiative Update for Qualifying Nonprofits

Administration announces ongoing artificial intelligence education initiative with expanded public-private participation opportunities for qualifying nonprofit organizations. Initiative focuses on workforce development and educational technology integration requiring organizational commitment to administration priorities. Participation offers funding and partnership opportunities while requiring alignment with federal AI policy goals and implementation strategies.

Source: https://www.whitehouse.gov/articles/2025/09/major-organizations-commit-to-supporting-ai-education/

Nonprofit Regulatory Developments

📋 Executive Summary

Administration implements comprehensive regulatory freeze while halting affirmative action enforcement for federal contractors. Enhanced Corporate Transparency Act compliance begins with beneficial ownership reporting requirements. HHS updates grant policy statements effective October 1 creating urgent compliance timelines. Civil rights enforcement shifts toward traditional interpretations across education and employment sectors.

⚡ Key Actions for This Section

Organizations must adapt to shifted regulatory landscape and enhanced compliance requirements:

- Determine Corporate Transparency Act beneficial ownership reporting obligations immediately
- Review HHS award terms and conditions for October 1 implementation deadline
- Assess federal contractor affirmative action compliance modifications
- Monitor frozen federal regulations for potential policy changes
- Update anti-discrimination certification procedures for grant applications
- Prepare for enhanced civil rights enforcement under revised federal interpretations

🟡 Department of Labor Ceases Affirmative Action Enforcement for Federal Contractors

Department of Labor halts affirmative action enforcement activities for federal contractors following administration policy changes. Cessation affects nonprofit organizations holding federal contracts requiring previous affirmative action compliance. Organizations should review contract obligations and modify compliance procedures to align with revised federal contractor requirements and enforcement priorities.

Source: https://www.dol.gov/

🟡 Education Department Issues Title IX Enforcement Action Signaling Stricter Compliance

Department signals enhanced Title IX enforcement expectations for federally funded institutions and nonprofit partners. New enforcement posture emphasizes compliance with traditional interpretation of sex-based protections rather than gender identity expansions. Changes require organizations to review policies and procedures to ensure alignment with revised federal civil rights guidance and enforcement priorities.

Source: https://www.ed.gov/

🟢 Federal Register Rule Review Freeze Impacts All Pending Nonprofit Regulations

Administration implements comprehensive freeze on new federal regulations affecting nonprofit sector pending administration review. Freeze halts progression of pending rules addressing tax-exempt organizations, charitable giving, and nonprofit operations. Organizations should monitor frozen regulations and prepare for potential policy changes when review process concludes and final rules proceed.

Source: https://www.federalregister.gov/

🔴 **Corporate Transparency Act Beneficial Ownership Reporting Requirements Enforced**

Financial Crimes Enforcement Network begins enforcement of Corporate Transparency Act beneficial ownership reporting requirements affecting nonprofit entities. Many nonprofits must file beneficial ownership information reports identifying controlling individuals and ownership structures. Organizations should determine reporting obligations and establish compliance procedures to meet federal disclosure requirements while protecting sensitive organizational information.

Source: https://www.fincen.gov/

🔴 **HHS Grants Policy Statement Update Effective October 1 Prompts Award-Term Reviews**

Department of Health and Human Services releases updated Grants Policy Statement requiring nonprofit recipients and subrecipients to review award terms and conditions. Effective October 1 implementation deadline creates urgent compliance timeline for organizations with active HHS funding. Updates address administrative requirements, financial management standards, and reporting obligations requiring immediate attention and potential policy modifications.

Source: https://www.hhs.gov/grants-contracts/grants/grants-policies-regulations/index.html

🟡 **ED Press Items Underscore Civil-Rights Enforcement Posture for Funded Nonprofit Partners**

Education Department communications emphasize strengthened civil rights enforcement affecting federally funded nonprofit education partners. Enhanced enforcement posture includes expanded compliance reviews, investigation procedures, and potential funding consequences for organizations failing to meet federal requirements. Nonprofits must ensure policies and practices align with revised federal civil rights interpretations and enforcement priorities.

Source: https://www.ed.gov/

🟡 **HHS OIG Work-Plan and New Report Signal Audit/Enforcement Focus for Healthcare Grantees**

Office of Inspector General releases work plan and reports indicating increased audit and enforcement activities targeting healthcare grantees and contractors. Focus areas include grant compliance, financial management, and program effectiveness measurement. Healthcare nonprofits should prepare for enhanced scrutiny through improved documentation, internal controls, and compliance monitoring systems to address identified risk areas.

Source: https://oig.hhs.gov/

🟢 CDC Grants Dictionary Update Reaffirms Definitions Across Federal Health NOFOs

Centers for Disease Control confirms updated grants dictionary definitions used across federal health Notices of Funding Opportunities and award conditions. Standardized terminology ensures consistent interpretation of requirements among health-focused nonprofits and federal agencies. Organizations must align their understanding and documentation with current definitions to maintain compliance and avoid misinterpretation of federal requirements.

Source: https://www.cdc.gov/grants/dictionary-of-terms/index.html

🟡 New Anti-Discrimination Certification Requirements for Federal Grant Recipients

Federal agencies implement enhanced anti-discrimination certification requirements for grant recipients addressing traditional civil rights protections. New certifications require explicit commitment to merit-based decision making and prohibition of discriminatory practices. Organizations must review and update certification procedures to ensure compliance with revised federal anti-discrimination standards and enforcement expectations.

Source: https://www.federalregister.gov/

🟢 OMB Establishes Centralized Payment Documentation Systems for Federal Agencies

Office of Management and Budget implements centralized payment documentation systems requiring enhanced financial tracking and reporting for federal grant recipients. New systems improve oversight capabilities while creating additional administrative requirements for nonprofit grantees. Organizations must adapt financial management systems to accommodate enhanced federal documentation and reporting requirements.

Source: https://www.whitehouse.gov/omb/

🟢 CDC Refreshes Federal Grants Terminology Reference for NOFOs and Awards

Centers for Disease Control updates comprehensive grants dictionary defining terms used in Notices of Funding Opportunities and award conditions. Refreshed terminology ensures consistent understanding of federal requirements across health-focused nonprofits and grantees. Updated reference addresses changes in federal grant administration and compliance expectations, requiring organizations to review and align their understanding with current definitions.

Source: https://www.cdc.gov/grants/dictionary-of-terms/index.html

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Nonprofit Human Resources Developments

📋 Executive Summary

Federal court vacates EEOC harassment guidance while Supreme Court establishes uniform discrimination standards affecting employment practices. Nonprofit executive burnout reaches epidemic levels with 95% of leaders expressing concern. NLRB structural challenges create enforcement uncertainties while FTC abandons noncompete ban defense. Merit-based federal hiring eliminates DEI requirements for contractors.

⚡ Key Actions for This Section

Organizations must navigate shifting employment law landscape while addressing workforce challenges:

- Review anti-harassment policies following vacated EEOC guidance
- Assess employment practices under narrowed federal discrimination standards
- Implement comprehensive burnout prevention strategies for leadership and staff
- Monitor NLRB enforcement uncertainties in affected circuit court jurisdictions
- Review noncompete agreements for key personnel and volunteer coordinators
- Modify hiring practices to align with merit-based federal contractor requirements

🟡 Federal Court Vacates Portions of EEOC Harassment Guidance Affecting Nonprofit Compliance

Texas federal court invalidated EEOC guidance defining sex discrimination to include sexual orientation and gender identity harassment protections. Ruling eliminates requirements for nonprofits to accommodate transgender employees' bathroom access and pronoun preferences. Organizations must reassess anti-harassment policies while navigating conflicting federal, state, and local requirements creating legal uncertainty and compliance challenges.

Source: https://www.eeoc.gov/newsroom/federal-court-vacates-portions-eeoc-harassment-guidance

🟡 Supreme Court Establishes Uniform Discrimination Standard in Ames v. Ohio Department of Youth Services

High court ruling clarifies Title VII discrimination analysis requiring consistent application across protected classes. Decision impacts nonprofit employment practices by establishing precedent for sex-based discrimination claims while rejecting expanded interpretations of gender identity protections. Organizations must review policies to ensure compliance with narrowed federal discrimination standards and traditional sex classifications.

Source: https://www.supremecourt.gov/

🔴 Documented Research Relating to Nonprofit Executive Burnout

The Center for Effective Philanthropy's 2024 study found 95% of nonprofit leaders express concern about burnout, with 34% reporting staff burnout as "very much" a concern and 33% "very much" concerned about their own burnout. Half of leaders report being more concerned about their burnout than the previous year. Nearly a quarter of respondents reported losing more staff than typical in 2024, primarily due to organizational inability to provide competitive pay and staff stress. Research confirms burnout has become epidemic rather than pandemic-related, requiring innovative long-term solutions beyond traditional approaches.

Source: https://cep.org/news/press-releases/nonprofit-leaders-cite-burnout-as-a-top-concern-in-a-new-study-on-the-state-of-u-s-nonprofits/

🟢 Strategies Adopted by Nonprofit Leaders for Achieving Missions

Effective nonprofit leaders adopt business-minded approaches, balancing revenue and expenses while working toward clear, measurable goals that align with mission objectives. Organizations strengthen impact through authentic self-assessment, strategic partnerships, and robust measurement systems including theories of change that work backward from goals to determine necessary outcomes and activities. Leaders explore market-based revenue opportunities through mission-aligned products and services, creating self-sustaining revenue streams beyond traditional donations. Successful strategies emphasize long-term sustainability, data-driven decision making, and operational excellence combined with passionate mission focus.

Source: https://www.utahbusiness.com/archive/2024/09/27/nonprofit-leadership-strategies-success/

🟢 EEOC Enforcement Priorities Shift Under New Acting Chair Andrea Lucas

Acting Chair Lucas emphasizes merit-based employment decisions while reducing focus on systemic discrimination investigations. Agency redirects resources toward individual complaint resolution rather than pattern-and-practice enforcement actions. Nonprofits may experience decreased federal oversight of hiring practices but should maintain robust equal employment opportunity programs to prevent individual claims.

Source: https://www.eeoc.gov/

🟡 Fifth Circuit Court Rules NLRB Structure Likely Unconstitutional Affecting Nonprofit Labor Relations

Federal appeals court upheld preliminary injunctions halting NLRB proceedings against three employers challenging agency's removal protections. Decision prevents nonprofit organizations in Texas, Louisiana, and Mississippi from facing unfair labor practice enforcement until constitutional questions resolve. Ruling creates circuit split requiring Supreme Court intervention while potentially limiting federal labor law enforcement nationwide.

Source: https://ogletree.com/insights-resources/blog-posts/fifth-circuit-panel-says-nlrb-judge-member-removal-protections-likely-unconstitutional/

🟢 Federal Trade Commission Abandons Defense of Noncompete Agreement Ban

FTC withdraws appeals defending rule prohibiting employee noncompete agreements following Trump administration policy changes. Decision allows nonprofit employers to continue using noncompete clauses for key personnel and volunteer coordinators. Organizations should review existing agreements while monitoring state-level legislation potentially restricting noncompete enforceability for nonprofit employees.

Source: https://prospect.org/labor/2025-09-09-trump-lets-bosses-grab-400-billion-worker-pay-noncompete-agreements/

🟡 Merit-Based Federal Hiring Plan Eliminates DEI Requirements for Nonprofit Federal Contractors

Office of Personnel Management implements new hiring criteria emphasizing skills and qualifications over diversity considerations for federal contract positions. Change affects nonprofits providing federally funded services and requires adjustment of recruitment and selection procedures. Organizations must revise hiring practices while ensuring continued compliance with applicable antidiscrimination laws and contract requirements.

Source: https://www.fedsmith.com/2025/07/30/new-federal-hiring-process-explained-what-changed-in-2025/

IRS, Accounting and Finance Developments

📋 Executive Summary

Treasury finalizes SECURE 2.0 Roth catch-up rules affecting nonprofit retirement plans while IRS enhances electronic filing requirements for Form 990 series. Clean-energy credit guidance addresses construction timing for renewable projects. Interest rates remain unchanged through fourth quarter 2025. Cryptocurrency accounting standards require enhanced disclosure and fair value reporting.

⚡ Key Actions for This Section

Organizations must implement new financial compliance requirements and update administrative procedures:

- Update 403(b) and 401(k) plan documents for SECURE 2.0 Roth catch-up implementation

- Modify filing systems for enhanced Form 990 electronic submission requirements
- Review clean-energy project timing for federal tax credit eligibility maintenance
- Implement new accounting policies for cryptocurrency asset holdings if applicable
- Ensure payroll procedures comply with updated employment tax guidance
- Prepare for future information return modifications under comprehensive tax reforms

🟡 Treasury and IRS Finalize SECURE 2.0 Roth Catch-Up Rules Affecting Nonprofit Plans

Final regulations clarify Roth catch-up contribution implementation timelines and procedures for nonprofit 403(b) and 401(k) plan sponsors. Rules establish mandatory Roth treatment for catch-up contributions by high-income employees effective 2026. Nonprofits must update plan documents and administration procedures to comply with new requirements affecting employee retirement savings options and payroll systems.

Source: https://www.irs.gov/newsroom/treasury-irs-issue-final-regulations-on-new-roth-catch-up-rule-other-secure-2point0-act-provisions

🟢 IRS Internal Revenue Bulletin Updates Guide Clean-Energy Credit Construction Timing

Early September Internal Revenue Bulletin provides guidance on clean-energy credit construction timing requirements affecting nonprofit energy projects. Updates clarify commencement and completion deadlines for renewable energy installations seeking federal tax credit benefits. Guidance impacts nonprofit organizations developing solar, wind, and other clean energy projects requiring careful timing coordination to maintain credit eligibility.

Source: https://www.irs.gov/irb/2025-36_IRB

🟢 IRS IRB Notices Announce Withdrawal Plans for DPL Rules Affecting Complex Nonprofit Structures

Internal Revenue Bulletin announces withdrawal plans for Debt Property Liability rules with indirect effects on complex nonprofit organizational structures. Withdrawal may affect nonprofits with sophisticated financing arrangements, subsidiary relationships, or partnership interests. Organizations with complex structures should review potential impacts on tax-exempt status and compliance obligations under modified regulatory framework.

Source: https://www.irs.gov/irb/2025-37_IRB

🟡 IRS Implements Enhanced Electronic Filing Requirements for Form 990 Series

Internal Revenue Service establishes enhanced electronic filing requirements for Form 990 series affecting exempt organizations with specific asset or revenue thresholds. New requirements expand mandatory e-filing to smaller organizations and modify submission procedures.

Organizations must update filing systems and procedures to ensure compliance with enhanced electronic submission requirements and avoid potential penalties.

Source: https://www.irs.gov/

🟡 IRS Issues Updated Employment Tax Guidance for Nonprofit Employers

Internal Revenue Service clarifies payroll tax obligations for tax-exempt organizations including FICA and unemployment tax requirements. Guidance addresses volunteer compensation limits and board member payment classifications affecting nonprofit tax compliance. Organizations must review payroll procedures to ensure proper tax withholding and reporting for all compensation arrangements including stipends and reimbursements.

Source: https://www.irs.gov/retirement-plans/employee-plans-news

🟢 IRS Announces No Changes to Information Returns Under One, Big, Beautiful Bill Act for Tax Year 2025

Internal Revenue Service confirms Forms W-2, 1099 series, and payroll returns remain unchanged for 2025 despite new legislation. Federal withholding tables continue using current procedures while agencies implement comprehensive reforms gradually. Nonprofits avoid immediate compliance disruptions but must prepare for future modifications affecting employee reporting and donor contribution documentation requirements.

Source: https://www.irs.gov/newsroom/irs-announces-no-changes-to-individual-information-returns-or-withholding-tables-for-2025-under-the-one-big-beautiful-bill-act

🟡 Crypto Asset Accounting Standards ASU 2023-08 Implementation Guidance Updated

Enhanced guidance addresses fair value measurement and disclosure requirements for cryptocurrency holdings by nonprofit organizations. Standards require annual fair value reporting and comprehensive risk disclosures for digital asset investments. Organizations holding crypto assets must implement new accounting policies and enhance internal controls for valuation and reporting accuracy.

Source: https://www.eidebailly.com/insights/alerts/2025/fasb-accounting-standards

🟢 IRS Interest Rates Remain Unchanged for Fourth Quarter 2025

Federal interest rates for tax underpayments and overpayments continue at current levels through December 31, 2025. Rates affect nonprofit penalty calculations, installment agreement terms, and refund processing timelines. Organizations should factor unchanged rates into cash flow planning and ensure timely payment schedules to avoid additional charges.

Source: https://www.irs.gov/

State Nonprofit News

📋 Executive Summary

Washington Supreme Court upholds wage transparency requirements while Illinois implements unprecedented demographic disclosure mandates for large grant distributors. Multiple states advance enhanced reporting requirements and cybersecurity standards. Texas Supreme Court narrows liability protections for nonprofit board members creating governance concerns.

⚡ Key Actions for This Section

Organizations must navigate varying state compliance requirements and enhanced transparency mandates:

- Include salary ranges in Washington job postings to avoid statutory damages
- Assess Illinois demographic reporting obligations for organizations distributing $1M+ grants
- Verify Washington registration status following administrative dissolution corrections
- Review governance practices and director insurance coverage following Texas Supreme Court ruling
- Prepare for enhanced cybersecurity compliance standards in multiple jurisdictions
- Monitor state-specific donor disclosure requirements for political activities

🔴 Washington State Supreme Court Upholds Wage Transparency Requirements in Job Postings

State high court rules employers with 15 or more employees can be sued for omitting wage information from job advertisements. Decision applies to nonprofit organizations operating in Washington despite federal preemption arguments. Organizations must include salary ranges in all job postings to avoid statutory damages up to $5,000 per violation plus attorney fees.

Source: https://www.nbcrightnow.com/news/washington-supreme-court-ruling-impacts-employer-job-postings/article_e6b3abea-d13d-4263-922f-ce6cee93797a.html

🔴 Illinois Requires $1 Million+ Grant Recipients to Post Demographic Information Under SB 2930

Illinois becomes first state mandating nonprofits distributing over $1 million annually in grants to publish board demographic data including race, ethnicity, gender, and sexual orientation on public websites. Law faces federal constitutional challenge alleging First and Fourteenth Amendment violations regarding forced demographic disclosures. Organizations must balance transparency requirements with potential legal and reputational risks.

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

🟢 Washington State Secretary of State Reverses Administrative Dissolution Notices for Nonprofits

Washington State corrects erroneous administrative dissolution proceedings affecting numerous nonprofit corporations through systematic review and reinstatement process. Secretary of State acknowledges procedural errors in dissolution notifications and implements corrective measures to restore organizational standing. Nonprofits benefit from streamlined reinstatement procedures but must verify current registration status and compliance with ongoing reporting requirements.

Source: https://sos.wa.gov/

🟢 Virginia Charitable Organization Database Updated with September 2025 Registration Requirements

Virginia State Corporation Commission updates charitable organization registration database reflecting enhanced disclosure requirements and streamlined online filing procedures. Updated system improves transparency while reducing administrative burden for nonprofit organizations maintaining Virginia registration. Organizations must review registration status and ensure compliance with modified reporting requirements under updated regulatory framework.

Source: https://scc.virginia.gov/

🟡 California Legislature Passes Bill Tightening Reporting Rules for Nonprofit Advocacy Organizations

California advances legislation requiring enhanced financial disclosure from advocacy nonprofits engaging in political activities including ballot measure campaigns and legislative lobbying. New requirements mandate detailed reporting of funding sources and expenditures affecting organizational transparency obligations. Advocacy organizations must prepare for increased compliance costs and potential disclosure of previously protected donor information.

Source: https://leginfo.legislature.ca.gov/

🟡 New York Attorney General Launches Investigation into Nonprofit Governance Practices at Regional Charities

New York Attorney General's Office initiates comprehensive review of governance practices at multiple regional charitable organizations focusing on board oversight and financial management procedures. Investigation examines compliance with fiduciary duties and organizational accountability standards. Affected nonprofits face potential regulatory action requiring governance reforms and enhanced internal control implementations.

Source: https://ag.ny.gov/

🔴 Texas Supreme Court Issues Ruling Narrowing Liability Protections for Nonprofit Board Members

Texas high court limits volunteer protection statute coverage for nonprofit directors and officers creating potential personal liability exposure for governance decisions. Ruling requires enhanced insurance coverage and careful attention to fiduciary duty compliance by board members. Nonprofit organizations must review director and officer insurance policies and consider governance practice modifications to address increased liability risks.

Source: https://txcourts.gov/

🟡 Illinois Department of Revenue Issues Updated Property Tax Exemption Guidance for Nonprofit Hospitals

Illinois clarifies property tax exemption requirements for charitable healthcare organizations through comprehensive guidance addressing exempt property determinations and community benefit standards. Updated rules require enhanced documentation and compliance monitoring for hospital nonprofit status maintenance. Healthcare organizations must review property holdings and community benefit programs to ensure continued exemption eligibility under modified standards.

Source: https://tax.illinois.gov/

🟡 Florida Enacts New Donor Disclosure Requirements for Nonprofits Engaged in Ballot Measure Campaigns

Florida implements comprehensive donor reporting obligations for charitable organizations participating in political activities including ballot initiative support and legislative advocacy campaigns. Requirements mandate public disclosure of significant contributor identities affecting donor privacy protections. Organizations must balance political engagement activities with potential donor relationship impacts under enhanced transparency requirements.

Source: https://dos.myflorida.com/

🟡 Massachusetts Introduces Legislation Establishing New Cybersecurity Compliance Standards for Nonprofits

Massachusetts proposes mandatory cybersecurity standards for nonprofit organizations handling sensitive personal data including donor information and client records. Proposed legislation requires formal security programs, incident response procedures, and regular vulnerability assessments. Organizations must evaluate current cybersecurity practices and potentially invest in enhanced technological and procedural security measures.

Source: https://malegislature.gov/

🟡 **Washington State Auditor Releases Report Highlighting Misuse of Funds at Several Nonprofit Service Providers**

Washington State Auditor identifies significant financial management deficiencies at multiple nonprofit organizations including improper expenditure allocation and inadequate internal controls. Report recommends enhanced oversight procedures and accountability measures for affected organizations. Findings prompt increased regulatory scrutiny requiring comprehensive corrective action plans and governance reforms.

Source: https://sao.wa.gov/

🟢 **Pennsylvania General Assembly Advances Bill Expanding Charitable Gaming Options for Nonprofits**

Pennsylvania legislature considers expanded charitable gaming authorization allowing qualified nonprofit organizations additional fundraising opportunities through regulated gaming activities. Proposed legislation includes licensing requirements and revenue allocation restrictions affecting organizational compliance obligations. Nonprofits must evaluate gaming program feasibility while ensuring compliance with unrelated business income tax implications.

Source: https://legis.state.pa.us/

🟢 **Colorado Department of Labor Updates Nonprofit Wage and Hour Compliance Guidance**

Colorado issues comprehensive wage and hour compliance guidance addressing nonprofit employer obligations under state labor regulations including minimum wage requirements and overtime exemption criteria. Updated guidance clarifies application of labor standards to charitable organizations and religious institutions. Nonprofit employers must review compensation practices and ensure compliance with state-specific requirements exceeding federal standards.

Source: https://cdle.colorado.gov/

Summary

September 2025 presents nonprofit organizations with converging challenges requiring immediate strategic responses and long-term adaptations. The Trump administration's planned executive actions targeting left-leaning nonprofits through tax-exempt status investigations creates new political risks requiring enhanced legal preparedness and organizational vulnerability assessments. Federal budget uncertainty, and $410+ billion in blocked funding, creates unprecedented operational risks demanding urgent diversification strategies and enhanced stakeholder engagement. Regulatory transformations shift compliance landscapes across employment law, civil rights enforcement, and grant administration while state jurisdictions implement varying transparency and cybersecurity requirements. Foundation giving concentration exceeds $1.2 trillion as small-donor engagement declines, necessitating sophisticated fundraising approaches and enhanced outcome measurement capabilities. Organizations demonstrating resilience will prioritize scenario-based planning, maintain diversified funding portfolios below 40% single-source dependence, develop adaptive governance structures supporting mission continuity during turbulent periods, and implement comprehensive risk management strategies addressing both financial and political vulnerabilities. Success requires proactive leadership, strategic partnerships, and operational excellence combined with unwavering commitment to community impact and organizational sustainability.

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