

## **Abstract**

The April 20, 2026 *Navigator News Update* highlights a rapidly shifting federal regulatory environment that is materially reshaping nonprofit operations. Proposed federal budget cuts, escalating grant terminations, and expanded oversight mechanisms are converging to create unprecedented funding instability. Simultaneously, new legal enforcement trends—including False Claims Act exposure tied to DEI and cybersecurity compliance—introduce significant organizational risk. At the operational level, workforce pressures, AI integration gaps, and evolving compliance mandates further complicate execution. This update provides nonprofit leaders with a structured, actionable briefing across federal policy, human resources, financial compliance, and state-level developments—equipping organizations to respond strategically, protect funding, and maintain mission continuity in an increasingly uncertain environment.

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# **April 20, 2026 Navigator News Update: Including Proposed FY2027 Federal Budget Cuts and AmeriCorps Elimination Threat and More!**

**From Nonprofit Management Navigator**

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

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## **Introduction**

You are operating in a nonprofit environment where uncertainty is no longer episodic—it is structural. Federal funding assumptions are being challenged simultaneously by budget proposals, grant terminations, and new administrative controls that can alter program viability midstream. At the same time, enforcement risk is expanding into areas previously considered low exposure, including DEI programming and cybersecurity compliance certifications.

This week's Navigator is designed to help you quickly identify what matters most—and what requires immediate action. Across federal, HR, IRS, and state developments, a consistent pattern is emerging: organizations that proactively reassess compliance, diversify funding, and strengthen internal controls will be better positioned to navigate disruption.




You will also see a growing emphasis on workforce redesign—including volunteers and AI—as nonprofits adapt to sustained resource constraints.

# Table of Contents: Week of April 20, 2026

1. Introduction
  2. Nonprofit News and Federal Regulatory Developments
  3. Human Resources Developments
  4. IRS, Accounting, and Finance Developments
  5. State Nonprofit Developments
  6. **Weekly Theme Section: Volunteer Contribution to Nonprofit Mission Success and Organization Resilience**
  7. Summary
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## 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 and Federal Regulatory Developments

### Executive Summary:

Federal policy and funding developments this week signal a fundamental restructuring of the nonprofit operating environment. Proposed FY2027 budget cuts, large-scale grant terminations, and expanded federal oversight mechanisms are increasing both financial uncertainty and compliance risk. At the same time, enforcement actions tied to civil rights and cybersecurity compliance are redefining legal exposure for grant recipients. Nonprofits must respond immediately by reassessing funding dependencies, strengthening compliance systems, and preparing for continued volatility in federal support.

### Key Actions for This Section:

- Conduct immediate review of all federal funding sources and model worst-case budget scenarios
- Develop contingency staffing and service delivery plans tied to potential grant reductions or terminations
- Engage legal counsel to assess DEI, civil rights, and certification-related False Claims Act exposure
- Audit cybersecurity compliance and grant-related certifications to mitigate enforcement risk
- Strengthen relationships with federal program officers and congressional representatives

- Document all financial and operational impacts tied to federal delays, shutdowns, or withheld funds
  - Accelerate diversification of revenue sources including private, corporate, and earned income streams
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### ● **National Volunteer Week 2026 (April 19–25): Celebrating America's 63 Million Volunteers**

National Volunteer Week runs April 19–25, 2026—part of Global Volunteer Month. Established in 1974 and coordinated by Points of Light, it recognizes contributions of approximately 63 million American volunteers. For nonprofits, the week offers a strategic opportunity to celebrate volunteers, boost retention, and deepen community engagement. With federal funding shrinking and service demand rising, volunteers are increasingly essential to organizational capacity. Use this window to recognize, re-recruit, and mobilize supporters.

[Source: Neon One – National Volunteer Week 2026 \(April 2026\)](#)

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### ● **Trump's FY2027 Budget Proposes Deep Cuts to Nonprofit-Serving Programs**

Released April 3, 2026, the President's FY2027 budget proposes a 10% reduction in non-defense discretionary spending—including eliminating FEMA's non-disaster grant programs, zeroing out the CDFI Fund and the Economic Development Administration, and cutting HUD by \$10.7 billion. The White House explicitly targeted programs it characterized as supporting "radical nonprofits." Congress rejected similar proposals in FY2026, but the budget intensifies pressure on organizations reliant on federal community development, housing, and social services funding.

Source: Holland & Knight, *President Trump Unveils FY 2027 Budget Request* (April 2026) — <https://www.hklaw.com/en/insights/publications/2026/04/president-trump-unveils-fy-2027-budget-recap>

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### ● **AmeriCorps Under Existential Threat: FY2027 Budget Proposes Full Elimination**

The Trump Administration's FY2027 budget would eliminate AmeriCorps entirely; the FY2026 House bill already proposes cutting core programs by over 50%. Despite court orders restoring some funding after state lawsuits, many nonprofits have already restructured or ended AmeriCorps partnerships due to persistent uncertainty. With over 200,000 service members and \$1 billion in grants at stake, nonprofits must develop contingency staffing plans now, explore alternative volunteer recruitment models, and identify non-federal service program partnerships.

[Source: Voices for National Service – House Proposes Nearly 50% Cut to AmeriCorps for FY26 \(January 2026\)](#)

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### ● **Executive Order 14332: OMB and Agencies Expand Oversight and Political Review of Federal Grants**

Executive Order 14332 ("Improving Oversight of Federal Grantmaking," August 7, 2025) now requires every federal agency to appoint a senior political official to review and approve all discretionary funding opportunities and grant awards for alignment with the President's policy priorities. Organizations should expect increased delays in Notice of Funding Opportunity issuance, new award conditions, and heightened scrutiny of DEI-related program descriptions. Nonprofits must monitor agency-specific implementations, keep relationships with program officers active, and ensure proposals clearly articulate their value relative to current administration priorities.

[Source: EisnerAmper – Policy Watch: What's Next in Federal Grants Regulations \(February 17, 2026\)](#)

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### ● **DOGE-Driven Grant Terminations Surpass \$49 Billion: A Defining Threat to the Nonprofit Sector**

By January 2026, DOGE had driven termination of 15,887 federal grants totaling approximately \$49 billion. NSF lost \$1 billion; AmeriCorps had \$400 million slashed; TRIO programs had \$660 million withheld. Surveys show 85% of nonprofits report some impact, 51% have lost grants, and 24% have cut staff. The federal grant ecosystem will not return to pre-2025 norms. Nonprofits must urgently diversify revenue toward private foundations, corporate partners, and earned income strategies.

[Source: Granted AI – DOGE Federal Grant Terminations: Nonprofit Survival Guide 2026 \(March 1, 2026\)](#)

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### ● **DOJ Secures First False Claims Act Settlement Under Civil Rights Fraud Initiative—Nonprofits Must Act**

On April 10, DOJ announced a \$17.1 million settlement with IBM for alleged discrimination under federal contracts—the first resolution under its Civil Rights Fraud Initiative launched in May 2025. President Trump's March 26 Executive Order 14398 now formally links DEI employment practices to False Claims Act (FCA) exposure. Nonprofit grant recipients face parallel risk. Any organization certifying civil rights compliance while maintaining race- or sex-

conscious hiring practices may face FCA liability, treble damages, and whistleblower suits. Legal review of DEI policies and certifications is urgent.

[Source: Holland & Knight – DOJ Secures First FCA Settlement Under Civil Rights Fraud Initiative \(April 13, 2026\)](#)

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### **● Vance Anti-Fraud Task Force Puts Nonprofits on Notice**

Established by executive order on March 16, 2026, VP JD Vance's Task Force to Eliminate Fraud has already flagged nearly \$6.3 billion in potentially fraudulent government contracts and suspended over 220 high-risk hospice and home health providers in Los Angeles. California unemployment insurance and HUD housing programs are under active investigation. The task force's mandate explicitly includes nonprofits, intermediaries, and service organizations—placing federal grantees at heightened risk of audit, review, and False Claims Act exposure.

Source: Sidley Austin LLP, *White House and DOJ Announce Sweeping New Anti-Fraud Initiatives* (April 14, 2026) — <https://www.sidley.com/en/insights/newsupdates/2026/04/white-house-and-doj-announce-sweeping-new-anti-fraud-initiatives>

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### **● Cybersecurity Fraud Risk Intensifies for Nonprofit Federal Grant Recipients Under DOJ Initiative**

DOJ's Civil Cyber-Fraud Initiative recovered over \$52 million in FY2025 from organizations that falsely certified cybersecurity compliance. A September 2025 settlement with Georgia Tech Research Corporation (a 501(c)(3)) totaled \$875,000. FCA penalties can reach three times damages plus \$27,000+ per violation. Nonprofit research institutions and grant recipients must audit their cybersecurity controls, ensure accurate compliance certifications, establish incident-reporting procedures, and train staff to avoid rapidly escalating financial and legal exposure.

[Source: ArentFox Schiff – What Nonprofits Receiving Federal Funds Need to Know About the False Claims Act \(April 2026\)](#)

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### **● Congressional Oversight Intensifies: State Department Withholds PEPFAR Funds Despite Bipartisan Appropriations**

Despite Congress appropriating nearly \$6 billion for global HIV/AIDS programs in FY2026—far exceeding the President's request—the State Department is reportedly withholding substantial PEPFAR funds from nonprofit implementers, threatening lifesaving programs. A six-month administration deadline to establish new aid systems has passed with no resolution. International development nonprofits face a critical disconnect between congressional appropriations and

executive disbursement. Organizations must document all funding gaps, develop emergency contingency plans, and engage congressional contacts immediately.

[Source: NPR – The U.S. Saved Millions of Lives with Its HIV/AIDS Work. Now That Aid Is in Peril \(April 4, 2026\)](#)

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### **● DHS Shutdown: Record-Long Standoff with No Clear Resolution**

The partial DHS shutdown, triggered February 14, 2026, has become the longest shutdown in U.S. history. FEMA, TSA, and CISA operations remain impaired, though Trump executive orders have directed back pay for affected workers. A bipartisan Senate bill passed but stalled in the House, with Republicans pursuing reconciliation for ICE and CBP funding. For nonprofits, disrupted FEMA non-disaster grants and hollowed-out emergency preparedness programs create funding gaps with uncertain resolution timelines.

Source: NARFE, *DHS Shutdown Continues, But DHS Employees Receiving Paychecks—For Now* (April 14, 2026) — <https://www.narfe.org/blog/2026/04/14/dhs-shutdown-continues-but-dhs-employees-receiving-paychecks-for-now/>

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### **● FEMA Reopens \$1 Billion BRIC Resilience Grant Program After Court Order—Apply by July 23**

Following a federal court order, FEMA opened applications March 25 for \$1 billion in BRIC grants covering FY2024–25. Applications close July 23, 2026. New rules shift greater responsibility to states, eliminate phased projects, and prioritize implementation-ready infrastructure. Nonprofit disaster relief organizations and community development groups should act promptly. New requirements favor projects with local matching funds and limited prior BRIC participation, creating openings for smaller applicants who have not previously accessed the program.

[Source: Washington Times – Following Court Order, FEMA to Resume Major Grant Program After Yearlong Hiatus \(March 25, 2026\)](#)

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### **● Uniform Guidance (2 CFR Part 200) Revised: Termination-for-Convenience Clauses Now Standard in Federal Grants**

OMB last amended 2 CFR Part 200 on February 26, 2026, implementing EO 14332 requirements to embed "termination for convenience" clauses in all discretionary grants—allowing agencies to immediately end awards when they "no longer advance agency priorities or the national interest."

New drawdown authorization controls and pressure on indirect cost rates add further complexity. These changes dramatically reduce financial planning certainty for nonprofits. Organizations must review all active grant agreements with legal counsel, update financial controls, and build federal funding contingency reserves.

[Source: Blackbaud – The Top 3 Ways Nonprofits Can Become Grant Compliance Warriors in 2026 \(February 2, 2026\)](#)

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### **● CMS Medicaid Provider Tax Rule Now in Effect: Nonprofit Health Providers Must Model Revenue Impact Now**

Effective April 3, CMS's final rule closes a Medicaid financing loophole that generated \$24 billion annually for seven states through non-uniform provider taxes. Transition deadlines range from end-2026 to FY2028. CMS projects \$78 billion in federal savings over a decade. Nonprofit hospitals, managed care organizations, and Medicaid-dependent providers in affected states must immediately model revenue reductions, reassess financial projections, and engage state Medicaid officials. Organizations that have not yet assessed their exposure should treat this as an urgent financial governance matter.

[Source: Fierce Healthcare – CMS Issues Final Rule Closing State Medicaid Provider Tax Loophole \(January 30, 2026\)](#)

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### **● 20 States Sue USDA Over DEI Conditions Threatening \$74 Billion in Nutrition Programs**

On March 23, a coalition of 20 states and D.C. sued USDA in federal court, challenging new grant conditions requiring certifications against DEI programs, "gender ideology," and undocumented immigrant assistance—applied to \$74 billion in annual funding including SNAP and school meals. Courts are weighing a preliminary injunction request. Nonprofits and food assistance organizations must monitor the outcome before signing any new grant agreements that include these contested conditions.

[Source: Roll Call – States Challenge USDA Conditions on Nutrition Program Funds \(March 23, 2026\)](#)

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### **● SAM.gov Overhaul: New Certifications Expose Nonprofits to Legal Risk**

The General Services Administration's public comment period closed March 30, 2026 on a proposed rule that would require all federal financial assistance recipients to certify they don't operate "illegal DEI" programs, don't harbor undocumented immigrants, and pose no national

security threat. No final rule has yet been issued. The certifications—backed by False Claims Act liability and potential criminal penalties—cover grants, loans, and cooperative agreements. Every nonprofit dependent on federal funding must closely assess its programs before its next SAM.gov annual renewal.

Source: Feldesman Tucker Leifer Fidell LLP, *New Proposed SAM.gov Registration Certifications for Grantees* (February 24, 2026) — <https://www.feldesman.com/proposed-sam-gov-registration-adds-dei-and-immigration-certifications-for-federal-grantees/>

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### ● **Nonprofits Are Watching—Section 122 Tariff Challenge: Federal Judges Appear Skeptical After April 10 Oral Arguments**

On April 10, the U.S. Court of International Trade heard oral arguments on two legal challenges to Trump's 10% global Section 122 import surcharge, imposed February 24 after the Supreme Court invalidated IEEPA tariffs. Judges appeared skeptical of the administration's authority. A ruling is expected before July 24, when the tariffs expire. Nonprofits importing goods, supplies, or equipment face rising operational costs and should model tariff scenarios in their budgets, track court developments closely, and explore domestic sourcing alternatives to reduce cost exposure.

Source: PBS NewsHour – Federal Court Hears New Case Against Trump's Latest Global Tariffs (April 10, 2026)

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### ● **Chronicle of Philanthropy: Without Federal Data, Nonprofits Are Flying Blind—Funders Must Act**

A Chronicle of Philanthropy opinion piece warns that Trump Administration removal and suppression of federal datasets is leaving nonprofits unable to measure community need, evaluate programs, or persuade private funders. The USDA food security report cancellation and removal of public health datasets are cited as critical losses. Foundations including Robert Wood Johnson (\$55M committed) and Annie E. Casey are building alternative data infrastructure. Nonprofits must inventory federal data dependencies and proactively partner with funders supporting data rescue efforts.

Source: [Chronicle of Philanthropy – Without Federal Data, Nonprofits Are Flying Blind \(April 2026\)](#)

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## **Nonprofit Human Resources Developments**

## **Executive Summary:**

Nonprofit human resources functions are facing rapidly expanding legal, regulatory, and operational complexity. New federal actions targeting DEI practices, evolving employment classification rules, and heightened enforcement by agencies such as EEOC and DOL are increasing compliance risk across the sector. At the same time, workforce pressures—including succession gaps, volunteer integration, and emerging AI adoption—are forcing organizations to rethink staffing models. Nonprofits must act now to align HR policies with shifting legal standards while building more flexible, resilient workforce strategies.

## **Key Actions for This Section:**

- Conduct immediate legal review of all DEI-related employment policies, programs, and training
  - Prepare for potential False Claims Act exposure tied to federal funding certifications
  - Audit employee classifications in anticipation of DOL independent contractor rule changes
  - Communicate PSLF uncertainty and potential changes clearly to affected employees
  - Develop formal succession planning and leadership continuity strategies
  - Implement I-9 compliance audits and prepare workplace enforcement response protocols
  - Evaluate integration of AI and volunteers into workforce planning and operational models
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## **PSLF at a Crossroads: July 1 Deadline, "Substantial Illegal Purpose" Rule, and the RAP Transition**

The Public Service Loan Forgiveness (PSLF) program, created in 2007, forgives federal student loans for nonprofit and government employees after 120 qualifying monthly payments over 10 years — a powerful nonprofit recruitment and retention tool. A July 1, 2026 rule empowers the Education Secretary to strip nonprofit *employers* of PSLF eligibility for "substantial illegal purpose," immediately disqualifying *all* their employees and creating serious retention risks — particularly for legal aid, immigrant-serving, and advocacy organizations. Three federal lawsuits challenge the rule, filed by a coalition of 21 states and the District of Columbia, impacted nonprofits, and a coalition of cities and unions — but as of mid-April 2026, no court has issued an injunction.

The eliminated Saving on a Valuable Education (SAVE) plan no longer generates qualifying PSLF payments. Borrowers must switch to Income-Based Repayment (IBR), which calculates payments at 10–15% of discretionary income with forgiveness after 20–25 years. IBR is the only legacy income-driven plan surviving beyond July 1, 2026, remaining available for loans disbursed before that date. PAYE and ICR stop accepting new enrollees July 1, 2026, sunseting entirely by July 2028. The new Repayment Assistance Plan (RAP), also launching July 1, bases payments on 1–10% of adjusted gross income, qualifies for PSLF, but extends general forgiveness to 30 years. Parent PLUS loans — federal loans taken by parents for dependent students' education — must be consolidated into a Direct Consolidation Loan by June 30, 2026, or permanently lose all income-driven repayment and PSLF eligibility.

Source: Stanley Tate, JD, *Student Loan Changes on July 1, 2026: What Borrowers Need to Do*, TateEsq.com (updated March 23, 2026) — <https://www.tateesq.com/learn/student-loan-changes-july-2026>

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**🔴 ⚠️ URGENT (April 25 Deadline): Federal Executive Order Imposes New Anti-DEI Compliance Requirements on Federal Contractors and Grant Recipients**

President Trump's March 26, 2026 Executive Order (EO 14398) requires federal agencies to add a compliance clause to all contracts by April 25, 2026, certifying contractors will not engage in "racially discriminatory DEI activities." Non-compliance triggers contract termination, debarment, and False Claims Act exposure. Nonprofits with federal grants or contracts must urgently audit hiring practices, mentoring programs, and vendor agreements. The order's broad, vague definitions create substantial legal uncertainty and demand immediate expert review.

[Source: DLA Piper – New Executive Order on DEI Discrimination by Federal Contractors](#)

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**🔴 EEOC Signals Increased Enforcement Focus on "Reverse Discrimination" Under Title VII, Affecting Employer DEI Programs**

The EEOC's 2026 enforcement agenda heavily emphasizes majority-group employee discrimination claims, aided by the Supreme Court's *Ames v. Ohio* ruling, which removed procedural barriers for such plaintiffs. Chair Andrea Lucas has directed EEOC resources toward investigating DEI programs that allegedly disadvantage white or male workers. Nonprofits must review hiring, promotion, and program access practices to ensure no protected group faces exclusion or preferential treatment based on race or sex.

[Source: HR Dive – EEOC to spotlight 'reverse bias' in 2026](#)

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**🔴 Federal Agencies Increase Coordination on Employment Compliance Expectations Tied to Grants and Federal Funding Relationships**

The March 2026 anti-DEI Executive Order (EO 14398) signals expanded coordinated oversight between OMB, DOJ, and EEOC over all federal funding recipients — not just direct contractors. Agencies may request records audits outside formal investigations, and potential False Claims Act liability extends broadly. Nonprofits receiving any federal financial assistance must proactively assess whether their employment practices could be deemed racially discriminatory under the expanded regulatory framework.

[Source: Morgan Lewis – New Executive Order Targets Federal Contractor DEI Discrimination, Ramps Up FCA Enforcement](#)

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**● Legal Analysts Warn Employers That Courts Are Likely to Side With EEOC as Agency Accelerates Anti-DEI Pattern-or-Practice Enforcement Actions**

Employment attorneys at a recent professional forum warned that case law strongly favors EEOC in subpoena enforcement proceedings. The agency is aggressively pursuing both DEI-related and traditional race discrimination claims, illustrated by active subpoena actions against Nike and Northwestern Mutual. Nonprofits with past DEI programming should conduct privileged internal audits now — EEOC investigations can extend back to practices as far as 2018–2020.

[Source: ESG Dive – Courts likely to side with EEOC in DEI probes, attorneys say](#)

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**● Planned Parenthood of Illinois Pays \$500,000 to Settle EEOC's First DEI-Related Race Discrimination Investigation, Signaling Heightened Nonprofit Exposure**

On March 19, 2026, the EEOC announced its first DEI-related settlement under the current administration. Planned Parenthood of Illinois agreed to pay \$500,000 after investigators found mandatory race-segregated affinity caucuses, discriminatory DEI training targeting white employees, and unequal time-off benefits. This landmark case sends a clear warning: nonprofits with identity-focused HR programs face real legal exposure, and Title VII's protections apply equally regardless of race.

[Source: NPR – EEOC and Planned Parenthood chapter settle DEI-related case](#)

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**● ⚠ URGENT (April 28 Deadline): DOL's Proposed Independent Contractor Rule Comment Period**

The Department of Labor's February 26, 2026 proposed rule would replace the Biden-era six-factor independent contractor test with a streamlined two-factor framework emphasizing worker control and profit opportunity. The public comment period closes April 28, 2026. Nonprofits relying on contractors for programs, consulting, or gig-based work should review their contractor classifications under the new framework and consider filing comments. The rule could ease compliance burdens but also changes risk assessments for existing arrangements.

[Source: Jackson Lewis – DOL's Proposed 2026 Independent Contractor Rule: What Employers Need to Know](#)

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## ● **Coordinating Employees, Volunteers, and Increasingly AI to Fulfill a Nonprofit's Mission and Deliver Services**

A major March 2026 report by Benevity found corporate employee volunteering at record levels, but surfaced a critical gap: 71% of nonprofits identify AI operational integration as an urgent priority, yet only 3% use it extensively. Successful nonprofits are reimagining the division of labor — AI handles coordination and data tasks, skilled volunteers amplify AI outputs with professional judgment, and staff focus on relationships. Bridging this gap demands strategic workforce planning and intentional AI adoption now.

[Source: Benevity – State of Corporate Volunteering 2026 Report](#)

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## ● **Nonprofit Succession Planning Obstacles and Directions for Senior Nonprofit Executives**

With government funding cuts intensifying sector pressure, succession planning gaps pose existential risks. Only 27–29% of nonprofits maintain written succession plans, and a 45% difficulty rate in finding qualified executive talent compounds the challenge. In 2026, experts urge boards to immediately prioritize emergency succession protocols, invest in internal leadership pipelines, and conduct cross-training. Organizations without plans risk donor uncertainty, program disruption, mission drift, and difficulty securing future funding.

[Source: SkillPanel – Nonprofit Succession Planning: A Comprehensive Guide for 2026](#)

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## ● **ICE Workplace Enforcement Risks for Nonprofits**

With ICE expanding its workforce by over 12,000 officers in early 2026 and eliminating "sensitive location" protections for schools, hospitals, and nonprofits, all employers face heightened risk. Nonprofits should immediately audit I-9 records, designate a trained raid response team, and train HR staff on the critical legal distinction between administrative and judicial warrants. Failure to prepare can result in civil penalties up to \$28,619 per worker and significant operational disruption to mission-critical services.

[Source: Kutak Rock – Recent ICE Enforcement Activity Highlights Need for Rapid Response Preparedness](#)

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## **IRS, Accounting, and Finance Developments**

### **Executive Summary:**

IRS, accounting, and finance developments this week underscore a period of heightened scrutiny, tighter compliance expectations, and growing operational complexity for nonprofits. Tax-exempt organizations are facing possible changes in exempt-status standards, new digital account tools, major filing deadlines, revised group exemption requirements, expanded fraud threats, and evolving financial reporting obligations. At the same time, courts and regulators continue to shape the boundaries of political activity, charitable deductions, and disclosure practices. Nonprofits should use this period to strengthen governance oversight, improve internal controls, and prepare for more demanding reporting and compliance expectations.

### **Key Actions for This Section:**

- Prepare now for the May 15, 2026 Form 990 filing deadline or file Form 8868 for an extension if needed
- Ensure board review of Form 990 before filing as a governance best practice
- Monitor Treasury and IRS guidance affecting 501(c)(3) standards, political activity, and DEI-related issues
- Assess whether your organization has UBIT, taxable subsidiaries, or other exposures requiring enhanced disclosures
- Register appropriate officials for the IRS Business Tax Account and calendar the annual revalidation period
- Review group exemption structures, documentation, and governance practices in light of Rev. Proc. 2026-8
- Strengthen fraud prevention, donor verification, cybersecurity, and internal control systems

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### **IRS Priority Guidance Plan: 501(c)(3) Public Policy Standards and DEI Under Review**

The 2025-2026 Treasury/IRS Priority Guidance Plan includes two potentially transformative items for all 501(c)(3) nonprofits: guidance on applying 'fundamental public policy' standards — derived from *Bob Jones University* (1983) — to private schools' eligibility for tax exemption, which could implicate DEI-related activities; and guidance on the Johnson Amendment restricting political activity. These items signal potential expansion of IRS scrutiny over nonprofit exemption standards during an unprecedented period of regulatory activity. Organizations should review their governance documents, monitor forthcoming guidance carefully, and consult legal counsel regarding how new rules could affect their exempt status or program activities.

Source: [Harmon Curran — Treasury and IRS Announce Significant Upcoming Guidance for 501\(c\)\(3\) Organizations, March 4, 2026](#)

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### **Harvard Tax-Exempt Battle Raises Alarm for All Nonprofits**

The Trump administration's prolonged effort to revoke Harvard University's 501(c)(3) tax-exempt status—now entering its second year—remains unresolved. Federal courts restored Harvard's research funding, but a new DOJ antisemitism lawsuit filed in March 2026 and a \$1 billion White House settlement demand keep the conflict alive. Legal experts warn that using the IRS as a compliance enforcement tool sets a dangerous precedent threatening any nonprofit whose mission diverges from administration priorities, regardless of size or sector.

Source: Harvard Magazine, *Harvard Weathers a Year of Turmoil* (April 2026) — <https://www.harvardmagazine.com/harvard-in-the-crosshairs/harvard-trump-administration-lawsuits>

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### ● **IRS Prepares Guidance on Tax-Exempt Status for Universities with Race-Conscious DEI Programs**

Private colleges, universities, and nonprofits are bracing for expected IRS guidance—announced as coming within the year—addressing how "fundamental public policy against racial discrimination" and recent Supreme Court caselaw affect tax-exempt eligibility. Institutions with race-conscious scholarships, admissions criteria, hiring, or program eligibility face the highest risk. For nonprofits, the guidance will set important precedents beyond higher education. Organizations should obtain a legally privileged audit of any race- or gender-conscious programs, governance documents, and grant application language before the guidance is released.

Source: [Bloomberg Tax – Colleges Await Looming IRS Guidance on Race and Admissions \(March 2, 2026\)](#)

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### ● **DEADLINE SOON--Form 990 Calendar-Year Filing Deadline of May 15, 2026 Is Approaching**

Nonprofit organizations operating on a calendar year — with a December 31, 2025 fiscal year-end — face a May 15, 2026 deadline to file Form 990, 990-EZ, or 990-PF. Organizations requiring additional time may file Form 8868 for an automatic six-month extension, shifting the deadline to November 16, 2026. No explanation is needed for the extension request. This deadline is not optional. Failure to file for three consecutive years triggers automatic revocation of tax-exempt status — a process costly to reverse with both the IRS and the organization's donor base. Board review of the Form 990 before filing is a governance best practice.

Source: [Wiss LLP — Nonprofit Tax Filing Requirements and Deadlines for 2026, March 2026](#)

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### ● **Form 990: Mastering Its Unique Reporting Demands**

Form 990 is far more than a tax return — it is a multifaceted public disclosure document combining financial reporting, governance disclosure, executive compensation details, and program descriptions. With a 12-page core form and up to 16 schedules, it uses unique IRS definitions that differ markedly from GAAP financial statements, including who counts as a 'manager' and how related organizations must be identified and disclosed. Boards should review the Form 990 before filing, as donors, watchdog organizations, and grantors routinely use it to evaluate organizational health. Errors or omissions can create legal exposure and undermine fundraising credibility.

[Source: IRS Form 990 Resources and Tools](#)

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### ● **FASB ASU 2023-09 Now Effective for Nonprofits: Enhanced Income Tax Disclosures Required**

FASB Accounting Standards Update No. 2023-09 — Income Taxes (Topic 740): Improvements to Income Tax Disclosures — is now effective for most nonprofits for fiscal years beginning after December 15, 2025. While tax-exempt organizations are generally not income tax payers, those with unrelated business taxable income, taxable subsidiaries, or state and foreign tax exposure must provide enhanced, disaggregated disclosures. Nonprofits should assess UBTI tracking systems, review financial statement footnotes, update audit documentation and disclosure checklists, and brief audit committees on the new requirements before year-end reporting. The complexity of UBTI determinations makes early preparation essential.

[Source: Nonprofit Accounting Basics \(Greater Washington Society of CPAs Educational Foundation\), 2026](#)

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### ● **IRS Expands Business Tax Account to Tax-Exempt Organizations (IR-2026-46)**

On April 6, 2026, the IRS announced a major expansion of its Business Tax Account (BTA) online self-service platform to include tax-exempt organizations for the first time. Designated Officials — including officers, board chairs, and trustees — can now securely view tax balances, payment history, digital notices, and transcripts without relying on paper filings or phone calls. This development significantly reduces the administrative burden on nonprofit finance teams. However, organizations must understand the annual revalidation requirements: designated officials of tax-exempt entities must revalidate their access each year during a six-week window beginning June 15.

[Source: IRS IR-2026-46, April 6, 2026](#)

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## ● **Rev. Proc. 2026-8: IRS Overhauling Group Exemption Rules with January 2027 Deadline**

The IRS issued Rev. Proc. 2026-8 in January 2026, the most comprehensive overhaul of group exemption letter procedures in more than 40 years, ending a nearly six-year moratorium on new applications. Central organizations must now maintain a minimum of five subordinate organizations under a single group exemption and meet stricter affiliation, supervision, and documentation standards. A transition period ends January 22, 2027. Organizations holding multiple group exemption letters must consolidate. All governance structures and annual reporting practices should be reviewed immediately. The complexity and breadth of required changes means that many organizations will need professional counsel to achieve timely compliance.

[Source: Forvis Mazars, March 2026](#)

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## ● **IRS 2026 Dirty Dozen: Fake Charities and AI Scams Threaten the Nonprofit Sector**

The IRS released its 2026 Dirty Dozen list of the twelve most dangerous tax scams, several of which directly target nonprofits and their donors. Fraudsters continue to exploit disasters by creating fake charities to siphon donations and harvest personal data. AI-enabled phone impersonation and phishing attacks are increasingly convincing. Nonprofits should confirm their IRS recognition status is current and educate donors to verify organizations at IRS.gov before giving. Fraudulent actors increasingly impersonate legitimate charities, placing reputations — and donor trust — at serious risk.

[Source: IRS IR-2026-30, March 5, 2026](#)

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## ● **Protecting Nonprofits from Hidden Fraud Risks Requires Systematic Action**

Nonprofits are disproportionately exposed to fraud due to lean staffing, concentrated financial authority, mission-driven cultures that discourage suspicion, and underfunded technology infrastructure. External threats — including business email compromise and ransomware attacks — compound the risk, particularly at smaller organizations. Experts recommend a proactive approach: regular fraud risk assessments, surprise internal audits, cybersecurity upgrades, and formal segregation of duties. When fraud is discovered — often by accident — both the financial and reputational damage can be severe and long-lasting.

[Source: Journal of Accountancy, April 2026](#)

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## ● **Johnson Amendment Survives: Federal Judge Rejects IRS-Church Political Endorsement Pact**

On March 31, 2026, a Trump-appointed federal judge in Tyler, Texas rejected an IRS settlement that would have exempted churches and houses of worship from the Johnson Amendment's prohibition on endorsing political candidates. The court ruled it lacked jurisdiction under the Tax Anti-Injunction Act to approve a consent judgment affecting tax status. The ruling preserves the decades-old ban, which applies equally to all 501(c)(3) organizations — religious and secular — against endorsing or opposing political candidates. The legal battle is expected to continue and remains a critical issue for the entire nonprofit sector.

[Source: Texas Tribune, March 31, 2026](#)

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## ● **Tax Court Sharply Reduces Charitable Deduction in For-Profit College Transfer to Nonprofit**

In *Barney v. Commissioner*, the U.S. Tax Court upheld bargain sale treatment for a 2012 transfer of five for-profit S corporations to a 501(c)(3) entity but significantly reduced the allowable charitable deduction. The taxpayer claimed a deduction of approximately \$181 million, based on a self-serving \$660 million valuation of the colleges. The court rejected that figure, adopting the IRS expert's \$300 million fair market value and a \$267 million value for the promissory notes received — yielding an allowable deduction of approximately \$33 million. The court also refused to allow a 2015 debt forgiveness to retroactively reduce the 2012 transaction price, holding that each tax year stands on its own. Nonprofits acquiring assets from for-profit entities must obtain rigorous, independent qualified appraisals and maintain meticulous contemporaneous documentation to substantiate any charitable deduction.

[Source: Journal of Accountancy, April 2026](#)

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## **State Nonprofit Developments**

### **Executive Summary:**

State-level developments this week show that nonprofit legal and operating risk is increasingly being driven by state legislation, attorney general actions, privacy mandates, AI regulation, fundraising platform oversight, and tax-exemption protection efforts. Several states are moving either to shield nonprofits from politically motivated federal actions or to impose new compliance obligations affecting fundraising, employment, privacy, and digital service delivery. Nonprofit leaders—especially those operating in multiple states—should monitor these changes closely, update compliance systems, and coordinate with counsel on emerging state-specific risks.

### ⚡ **Key Actions for This Section:**

- Verify state charitable registration and renewal deadlines immediately, especially in California and other high-volume fundraising states
  - Audit crowdfunding and fundraising platform listings for unauthorized use of your name, logo, or mission
  - Review exposure to new state AI, privacy, employment, and chatbot disclosure laws
  - Track state legislation designed to preserve nonprofit tax exemption or fundraising access if federal actions shift
  - Coordinate with counsel on multistate compliance where privacy, employment, or AI tools cross state lines
  - Assess retirement plan and payroll compliance obligations in states with new employer mandates
  - Prepare for operational impacts in states facing Medicaid, budget, or major service funding disruptions
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### 🔴 ⚠ **URGENT — California: Charity Registry Filing Deadline Is April 30, 2026 (Correction)**

The California Attorney General's Registry of Charities and Fundraisers has extended its renewal filing deadline for charities whose filings were due between January 7, 2025, and April 30, 2026 — to April 30, 2026. The relief is automatic; no contact with the Registry is required. This extension is tied to the Registry's transition to a new Online Filing Service. Charities that remain delinquent after April 30 risk losing good standing, which can block online fundraising platforms from accepting donations on their behalf.

[Source: CA Dept. of Justice – Registry of Charities and Fundraisers: Annual Registration Renewal](#)

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### 🔴 **UPDATE--Multistate AG GoFundMe Investigation: Alaska Files Suit; 22 States Demand Proof of Page Removals**

On March 3, 2026, a bipartisan coalition of 22 state attorneys general demanded GoFundMe prove removal of over 1.4 million unauthorized charity fundraising pages created without consent in October 2025. On March 10, Alaska separately filed lawsuits against GoFundMe, PayPal, Charity Navigator, JustGiving, PledgeTo, and Network for Good. Concerns include false impressions of charity affiliation, undisclosed donor-advised fund routing, and a default 16.5% "tip" flowing to GoFundMe. All nonprofits should audit major crowdfunding platforms for unauthorized pages using their name, logo, or mission description.

[Source: New York Attorney General – AG James Demands Transparency from GoFundMe on Unauthorized Fundraising Campaigns \(March 3, 2026\)](#)

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## ● **North Carolina: Short Session Convenes April 21 With Medicaid Crisis and Budget Impasse as Top Priorities**

The North Carolina General Assembly's 2026 short session begins April 21, facing an urgent agenda shaped by a multi-year budget impasse — leaving NC as the only state without an enacted budget — and a looming \$319 million Medicaid shortfall. Food banks and human services nonprofits report a 50%+ surge in demand. Medicaid rebase funding, teacher and state employee pay raises, and SNAP work-requirement implementation costs are the top priorities. Nonprofit healthcare and food distribution providers are watching closely as Medicaid underfunding nears a crisis point.

[Source: WFAE 90.7 \(Charlotte NPR\) – NC Legislators Face Long To-Do List for Short Session \(April 9, 2026\)](#)

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## ● **Oregon: Legislature Passes First-in-Nation State Medicaid Funding for Nonprofit Reproductive Care Providers**

On March 6, 2026, the Oregon Legislature passed HB 4127, establishing a permanent state-funded payment mechanism to reimburse Planned Parenthood health centers for Medicaid services following the federal defunding under the One Big Beautiful Bill Act. Oregon's two Planned Parenthood affiliates — nonprofit providers that served over 42,000 Medicaid patients in 2025 — had been barred from federal reimbursements since July 4, 2025. Oregon became the first state to enact a long-term legislative solution. Other states and nonprofit reproductive care providers are watching this model closely.

[Source: Planned Parenthood Action Fund – Oregon Passes First-in-Nation Medicaid Funding Bill \(March 6, 2026\)](#)

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## ● **Florida: Gov. DeSantis Signs Domestic Terrorism Designation Law**

Gov. Ron DeSantis signed HB 1471 on April 6, 2026, giving state officials authority to designate domestic and foreign terrorist organizations. The law empowers FDLE's Chief of Domestic Security to recommend designations subject to governor and Cabinet approval. Critically, the state may dissolve any nonprofit corporation carrying a terrorism designation — a direct existential threat to advocacy, civil rights, faith-based, and Muslim nonprofits. No independent judicial review is required before a designation takes effect, raising significant due-process concerns for Florida's nonprofit sector.

[Source: WUSF Public Media – DeSantis Signs Bill Allowing Florida to Designate Domestic Terrorist Groups \(April 6, 2026\)](#)

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**● California: AB 2084 Seeks to Protect Nonprofits from Politically Motivated State Tax Revocations**

Assembly Bill 2084, authored by Assembly member Rebecca Bauer-Kahan and introduced February 2026, would amend California's Corporation Tax Law to give the Franchise Tax Board greater discretion in reviewing and preserving state tax-exempt status when a nonprofit's federal 501(c)(3) status is revoked for political reasons tied to mission-driven activities. A hearing on the bill was set for April 13. California nonprofits serving immigrants, LGBTQ+ communities, and other politically targeted populations would benefit directly if enacted.

[Source: California Legislature – AB 2084 Bill Text \(2025–2026 Session\)](#)

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**● Colorado: SB 9 Protecting Nonprofits from Politically Motivated Federal Tax Revocations Passes House**

Colorado SB 26-009 passed the House 43-21 on April 2, 2026, with bipartisan support, after clearing the Senate 25-11. The bill decouples Colorado's state sales tax exemption for nonprofits from any politically motivated IRS revocation of federal 501(c)(3) status, while preserving the state's authority to act on legitimate grounds such as fraud. The bill now returns to the Senate for concurrence on amendments before going to Governor Polis. Other state nonprofit advocates are actively tracking Colorado's approach as a potential model for defensive legislation in their own states.

[Source: Colorado House Democrats – Bill to Protect Colorado Nonprofits from Federal Threats Passes \(April 2, 2026\)](#)

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**● IMPORTANT UPDATE--Colorado: AI Law (SB 205) Takes Effect June 30**

Colorado's landmark Artificial Intelligence Act (SB 24-205), delayed from February 1 to June 30, 2026, requires developers and deployers of high-risk AI systems to exercise reasonable care against algorithmic discrimination in consequential decisions affecting employment, education, housing, and healthcare. Nonprofits using AI-assisted intake screening, employment tools, or program eligibility systems may qualify as "deployers." The Colorado AG has rule-making authority and exclusive enforcement power. Organizations should conduct an AI system inventory and implement a risk management program before June 30.

[Source: ALM Corp – Colorado AI Act \(SB 205\): Complete Compliance Guide 2026](#)

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## ● **Maryland: MODPA Now Fully Enforceable Against Nonprofits Following April 1 Compliance Deadline**

Maryland's Online Data Privacy Act (MODPA) became fully enforceable on April 1, 2026. Unlike most state privacy laws, MODPA contains no blanket nonprofit exemption — only narrow exceptions for first responders and law-enforcement support organizations. Nonprofits processing personal data of 35,000+ Maryland residents annually must honor consumer access, correction, deletion, and opt-out rights; avoid selling sensitive data; and conduct data protection assessments. Penalties reach \$10,000 for a first violation and \$25,000 for subsequent violations.

[Source: OneTrust – Maryland's Online Data Privacy Act \(MODPA\): Key Rules & Requirements](#)

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## ● **Nebraska: Legislature Passes AI Chatbot Disclosure Bill with Compliance Implications for Nonprofit Digital Service Providers**

Nebraska's unicameral legislature passed LB 525 on April 12, 2026, incorporating the Conversational Artificial Intelligence Safety Act. The law requires AI chatbot operators to disclose to all users — with heightened protections for minors — that they are interacting with artificial intelligence, not a human. Nonprofits using chatbots for client intake, crisis services, or information delivery must comply. The bill is headed to Governor Pillen for signature. Civil penalties of up to \$500,000 per operator are enforced by the state attorney general.

[Source: American Ag Network – Nebraska Agricultural Data Privacy Bill Passes Final Reading \(April 12, 2026\)](#)

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## ● **California: SB 947 "No Robo Bosses Act" Creates New AI Compliance Obligations for Nonprofit Employers**

California SB 947, reintroduced February 2, 2026, by Senator Jerry McNerney, would prohibit California employers — including nonprofits — from relying solely on automated decision systems to discipline or terminate workers. Human oversight and independent corroborating evidence would be required before any AI-assisted termination. Employers using HR platforms, scheduling tools, or performance software with AI components should review their systems now. Violations carry \$500 civil penalties per incident plus potential punitive damages and attorneys' fees. The bill remains in Senate committee.

[Source: Senator Jerry McNerney – SB 947 'No Robo Bosses Act' Press Release \(February 2, 2026\)](#)

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## ● **New York: Nonprofit New York Launches EARN 403(b) Plan as State Retirement Mandate Takes Effect**

Nonprofit New York launched the EARN 403(b) Plan — Equitable Access to Retirement for Nonprofits — as New York's Secure Choice Savings Program mandate took effect March 18, 2026, for employers with 30+ workers. Nonprofits with 15–29 employees must comply by May 15, and those with 10–14 by July 15. The state's default Roth IRA offers no employer match. The EARN Plan, developed with Mutual of America, offers higher contribution limits and employer match capability. Organizations not in compliance risk civil penalties.

[Source: Nonprofit New York – EARN 403\(b\) Plan Launch \(April 2, 2026\)](#)

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## ● **California: AB 2221 Would Fix Registry Logjam Blocking Nonprofits from Fundraising Platforms**

Assembly Bill 2221, sponsored by CalNonprofits and authored by Assembly member Jacqui Irwin, would correct unintended consequences of AB 488 (2021) that have left thousands of California nonprofits labeled "not in good standing" due to registry processing delays — blocking them from receiving donations through online fundraising platforms like GoFundMe. The bill would restrict status revocations caused by clerical errors or slow processing, mandate 10-business-day approvals, and create a deficiency-notification and hearing process. The bill is advancing through committee.

[Source: CalNonprofits – New Efforts to Improve Safeguards Around Fundraising Platforms \(March 13, 2026\)](#)

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# **Weekly Theme Section: Volunteer Contribution to Nonprofit Mission Success and Organization Resilience**

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*The following is a new Navigator News Update section. Every week, this section is devoted to a single topic of importance to nonprofit senior leaders and their boards. This week we examine the changing role and increasing importance of the nonprofit volunteer to mission success and organization resilience.*

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### **Executive Summary:**

Nonprofit volunteerism is undergoing a structural transformation that is reshaping how organizations deliver services and build operational resilience. Traditional long-term volunteer models are declining, replaced by episodic, skills-based, and corporate-supported engagement. At the same time, increasing legal, compliance, and risk management requirements are elevating volunteer management to a strategic function. Organizations that redesign volunteer roles, invest in infrastructure, and integrate volunteers into broader workforce planning will gain access to critical capacity, expertise, and community engagement needed to sustain mission delivery.

### **Key Actions for This Section:**

- Redesign volunteer roles into flexible, project-based and skills-based opportunities
- Invest in volunteer management systems and structured onboarding processes
- Integrate volunteer strategy into organizational workforce and strategic planning
- Develop corporate volunteer partnerships with measurable outcomes and reporting
- Implement formal risk management, screening, and liability protection protocols
- Track volunteer hours and quantify financial and programmatic impact
- Ensure compliance with federal and state volunteer classification and liability laws

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## **Declining Traditional Volunteer Participation and the Shift to Episodic Volunteering**

Research from the Johnson Center documents a structural, multi-decade shift away from long-term recurring volunteer commitments toward short-term, project-based, and episodic service. The 'super volunteer' who anchored operations week after week is increasingly rare, and routine in-person engagements are becoming harder to fill. Nonprofits that continue designing programs around traditional models risk declining participation. Leaders must redesign roles into modular, time-limited tasks with clear instructions, invest in volunteer management technology, and demonstrate immediate impact — since today's volunteers demand visible results for every hour of limited time contributed.

[Source: Johnson Center for Philanthropy at Grand Valley State University \(January 2025\)](#)

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## **Recruiting Qualified Nonprofit Volunteers: What Works, What Volunteers Want, and What's Changed**

A March 2026 VolunteerHub guide reveals nonprofits face intensifying competition from gig platforms, corporate programs, and digital causes for volunteers. Email outreach remains most effective — over 80% effective — while social media is accelerating fastest. Corporate volunteer programs represent a strong pipeline: 77% of companies now report increased employee participation. What today's volunteers want above all is flexibility: short tasks, episodic roles, and remote options. Virtual volunteers average 95 annual hours — more than in-person-only participants — making hybrid program design a proven recruitment and retention strategy.

[Source: VolunteerHub — How to Recruit and Engage Virtual Volunteers in 2026 \(March 2026\)](#)

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## ● **The Nature of Skills Being Sought from Volunteers**

Skills-based volunteering — in which professionals contribute marketing, legal, financial, IT, or strategic planning expertise — is now the fastest-growing form of volunteer engagement, according to a 2026 analysis in SUCCESS magazine. In 2025, 77% of companies reported that skills-based programs enhanced employee engagement, and 94% said they build business resilience. Nonprofits that design structured, project-based roles for skilled volunteers gain access to high-value professional expertise they could not otherwise afford. Platforms like Catchafire, Idealist, and LinkedIn connect skilled professionals directly with mission-driven projects, opening an underutilized talent pipeline for capacity-constrained organizations.

[Source: SUCCESS Magazine — Skills-Based Volunteering: The Smarter Way to Give Back in 2026 \(April 2026\)](#)

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## ● **Corporate Volunteering: A Growing Strategic Resource for Nonprofits**

The Benevity 2026 State of Corporate Volunteering report documents corporate volunteers logged 23.7 million approved hours in 2025 — a 175% increase since 2019 — as unique volunteer numbers more than tripled. Despite record participation, only about 20% of nonprofit leaders say corporate volunteers meaningfully contribute to long-term organizational capacity. With micro-volunteers (under five hours annually) now comprising 60% of corporate volunteers, nonprofits must redesign partnerships around skills-based, high-impact projects rather than episodic labor, especially as 2026's UN International Volunteer Year amplifies corporate expectations for measurable outcomes.

[Source: Benevity Impact Labs, State of Corporate Volunteering 2026 \(March 2026\)](#)

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## ● **Corporate Volunteerism and ESG Pressures Reshaping Nonprofit Partnerships**

A January 2026 corporate volunteerism analysis confirms that companies are increasingly embedding employee volunteer programs as strategic ESG and talent retention tools. Around 60% of companies now provide paid volunteer time off (VTO), and 82% of businesses report employees actively want to participate in employer-sponsored volunteer activities — driving growing demand for nonprofit partnerships. Nonprofits must prepare for intensifying corporate expectations around impact measurement, structured reporting, and program scalability. Organizations unable to quantify volunteer impact in business-relevant metrics risk being bypassed in favor of partners with more sophisticated evaluation frameworks and ready-made corporate volunteer projects.

[Source: Double the Donation — Volunteerism Trends in 2026: Corporate Incentives and More \(January 2026\)](#)

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## ● **Shifting Volunteer Demographics: Engaging Gen Z, Millennials, and Underrepresented Communities**

New data from the American Red Cross reveals that Gen Z is now the fastest-growing and largest volunteer cohort, comprising 42% of its 325,000-plus volunteers — a force that surged nearly 25% over three years. Millennials, at 24%, increasingly anchor disaster-response roles, while Baby Boomers dominate high-stakes operational positions. Nonprofits must redesign engagement pathways with app-based tools, flexible short-term commitments, and explicit DEI outreach to convert this generational enthusiasm into sustained program capacity. These generations volunteer differently — not less.

[Source: American Red Cross \(March 2026\)](#)

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## ● **The Volunteer Engagement Rebound and Retention Challenge**

The post-pandemic recovery of volunteerism is real but incomplete. Formal participation climbed from 23.2% in 2021 to 28.3% (Sept 2022-Sept 2023)— the fastest two-year gain in national tracking history — yet remains below the 30% peak recorded in 2019. State-by-state data reveals divergent patterns, with declining rates persisting in many jurisdictions. Nonprofits should not mistake the national uptick for a solved problem. Retention-focused strategies — clear role definitions, flexible scheduling, streamlined onboarding, and regular impact storytelling — are essential to sustain what has been recovered and close the remaining gap.

[Source: Nonprofit Learning Lab \(January 2026\)](#)

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## ● **Quantifying the Financial Value of Volunteers: How to Calculate, What It's Worth, and Why It Matters**

A February 2026 guide from volunteer management expert Tobi Johnson provides a practical ROI framework: multiply total volunteer hours by Independent Sector's nationally recognized \$34.79 hourly rate — or apply Bureau of Labor Statistics occupation-specific wage rates. Volunteer time cannot be reported as contributions on IRS Form 990, but can appear in financial statements and grant proposals when specialized skills are involved — making disciplined hour tracking a strategic financial and reporting priority.

[Source: Tobi Johnson & Associates — Calculate Your Volunteer Program's ROI with this Easy Framework \(updated February 26, 2026\)](#)

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## ● **Volunteer Appreciation and Recognition: The Retention Imperative**

With Volunteer Appreciation Week 2026 running April 19–25, a Galaxy Digital analysis underscores that organizations treating recognition as an afterthought consistently experience preventable attrition. Every volunteer lost represents lost service hours, institutional knowledge, and real recruitment costs. Research indicates 85% of volunteers donate financially to the organizations they serve — making appreciation a development strategy, not just a management nicety. Effective recognition programs combine personal acknowledgment, milestone tracking, impact data, and year-round engagement rather than relying solely on annual celebrations.

[Source: Galaxy Digital — Step by Step Guide to Volunteer Appreciation \(December 2025\)](#)

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## ● **The Volunteer Coordinator: A Strategic Role Under Pressure**

VolunteerHub's 2026 management guide confirms the volunteer coordinator role has evolved from administrative support to a strategic organizational function. Today's coordinators manage digital onboarding platforms, corporate volunteer partnerships, program metrics, and retention-critical communication channels. According to the Center for Effective Philanthropy, 95% of nonprofit leaders report concern about staff burnout — and coordinators carry a disproportionate share. Nonprofits that invest in dedicated, well-resourced coordinators supported by modern volunteer management software consistently outperform peers in volunteer recruitment, satisfaction scores, and long-term retention rates.

[Source: VolunteerHub — How to Manage Volunteers Effectively in 2026 \(January 2026\)](#)

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## ● **Volunteer Onboarding: A Dual Tool for Mission Effectiveness and Liability Reduction**

Effective volunteer onboarding serves two critical functions: improving mission performance and reducing organizational liability. A December 2025 risk management guide from Cerini & Associates identifies structured onboarding — covering role definitions, safety protocols, and ethical conduct — as a primary defense against negligent supervision claims. Volunteers with inadequate orientation are not only less effective; they represent unmanaged legal exposure. Nonprofits should formalize onboarding procedures in writing, require signed liability waivers before service begins, deliver role-specific training, and review volunteer policies annually.

[Source: Cerini & Associates, LLP — Volunteer Liability and Risk Management: What Nonprofits Need to Know \(December 2025\)](#)

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## ● **The Nonprofit Volunteer Handbook: What to Include, What to Avoid, and Why It Matters**

A January 2026 guide from Galaxy Digital identifies ten core policies every volunteer handbook should include: screening, position descriptions, safety protocols, confidentiality agreements, harassment prevention, accessibility standards, termination guidelines, privacy protection, dress codes, and conduct standards. Legal requirements vary by state, but most nonprofits must comply with background check laws for vulnerable populations, ADA requirements, and data privacy regulations. Even small nonprofits face serious liability from a single incident — making a current, annually reviewed handbook non-negotiable.

[Source: Galaxy Digital — Creating Effective Volunteer Policies and Procedures \(January 27, 2026\)](#)

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## ● **Volunteer Liability and the Federal Volunteer Protection Act: Critical Gaps for Nonprofits**

The 1997 Volunteer Protection Act (VPA) shields individual volunteers from personal civil liability — but explicitly leaves nonprofit organizations exposed. The organization itself remains fully liable for harm volunteers cause, and the VPA provides no protection against willful misconduct, gross negligence, sexual offenses, or crimes of violence. Nonprofits serving vulnerable populations cannot rely on the VPA as organizational protection. Robust training requirements, volunteer screening, and liability insurance programs are essential, since the Act's protections for individuals create no corresponding organizational safety net.

[Source: Charity First Insurance Services \(October 2022\)](#)

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## ● **State Volunteer Protection Laws: A Patchwork of Requirements Demanding Nonprofit Attention**

While the federal Volunteer Protection Act establishes a baseline, all 50 states maintain independent volunteer protection statutes that vary widely in scope, conditions, and exclusions. Some states limit immunity to board directors; others protect all volunteers. Critically, no state law fully protects the organization itself from vicarious liability for volunteer actions. Multi-state nonprofits face compounded compliance obligations and must consult legal counsel to identify which state's standards apply to each program. Insurance gaps frequently exist where legal immunity does not, making adequate general liability coverage essential.

[Source: The Miller Group Insurance — Understanding the Volunteer Protection Act and Liability \(February 2024\)](#)

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## ● **State-Level Compliance with Volunteer Protection and Immunity Laws**

State employment law increasingly governs how nonprofits classify and manage volunteers beyond federal standards. A 2025 legal analysis explains that while federal DOL definitions apply where states lack separate volunteer statutes, many states add immunity provisions, background check mandates, or liability insurance requirements. The result is a jurisdiction-specific compliance burden that frequently changes. Nonprofits must ensure all volunteers meet the DOL's four-part test: serving freely, without expectation of pay, for humanitarian objectives, and without displacing paid employees. Multi-state organizations should maintain jurisdiction-by-jurisdiction legal reviews.

[Source: Law Office of Cameron Hawkins \(August 2025\)](#)

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## ● **The Prohibition of Volunteers Serving as Supervisors**

The Nonprofit Risk Management Center warns that allowing volunteers to exercise supervisory authority over paid staff or other volunteers substantially increases organizational liability exposure. When supervisory control shifts from paid employees to volunteers, negligent supervision claims become harder to defend, and the organization's insurance coverage may not respond as expected. Industry best practice restricts supervisory authority to paid, accountable staff. Where 'lead volunteer' or coordination roles are created, position descriptions must explicitly define responsibilities as supportive rather than supervisory, with all oversight authority formally retained by paid personnel.

[Source: Nonprofit Risk Management Center — Developing Risk Management Policies for Your Volunteer Program \(September 2024\)](#)

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## ● **Rising Liability Exposure from Volunteer Misclassification and Wage Laws**

Nonprofit HR compliance guidance published in 2026 identifies the volunteer-employee boundary as the single most underappreciated legal flashpoint for the sector. When a worker performs tasks identical to paid staff, works regular hours, or receives compensation beyond reasonable reimbursement, federal and state wage-and-hour law may entitle that individual to employee status — regardless of organizational intent. Misclassification can trigger back-pay claims, liquidated damages, and legal fees. Nonprofits must document role distinctions clearly, restrict volunteers to noncommercial mission activities, and review compensation structures annually.

[Source: HRdeck — Nonprofit HR Compliance Risks and Pain Points in 2026 \(April 2026\)](#)

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## ● **Background Checks, Safeguarding Policies, and Increased Duty of Care Standards**

As of 2025, 38 states require criminal background checks for volunteers working with vulnerable populations, and noncompliance carries escalating legal and financial consequences. A 2024 class-action settlement against a national nonprofit resulted in \$1.8 million in penalties for improper FCRA disclosures during volunteer screening. Nonprofits serving children, seniors, or other vulnerable groups must implement tiered, role-based screening protocols, collect written consent, and partner with FCRA-compliant background check providers. Screening is a duty of care issue — not merely a procedural one — and courts consistently hold organizations accountable for inadequate vetting.

[Source: gcheck.com — Volunteer Background Checks: Avoiding Legal Consequences & Lawsuits \(November 2025\)](#)

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## ● **Integration of Volunteers into Cybersecurity and Data Privacy Risk Frameworks**

A January 2026 cybersecurity audit guide published by Aprio/Larson Gross warns that nonprofits routinely underestimate the vulnerability created by volunteers who access donor databases, email platforms, and financial systems. Hackers actively target organizations with high-value data and limited defenses — and motivation, not organizational size, drives attacks. Cyberattacks on the sector surged 30% in 2024. Nonprofits must extend multi-factor authentication, role-specific training, and password management protocols to all volunteers with system access. Expanding state data privacy laws add urgent regulatory dimensions to what remains largely unaddressed in most volunteer programs.

[Source: Larson Gross / Aprio — Cybersecurity Best Practices for Nonprofits \(January 2026\)](#)

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## **Summary**

The April 20, 2026 *Navigator News Update* highlights a nonprofit sector facing a sustained period of structural disruption across funding, compliance, workforce, and operational dimensions. At the federal level, proposed FY2027 budget reductions, large-scale grant terminations, and expanded administrative oversight are reshaping the funding landscape and reducing long-term financial predictability. Nonprofits that have historically relied on federal support must now actively reassess revenue models and prepare for continued volatility.

At the same time, enforcement risk is expanding significantly. New applications of the False Claims Act tied to civil rights, DEI practices, and cybersecurity compliance are introducing legal exposure that many organizations have not previously encountered. These risks extend beyond federal contractors to a broader universe of grant recipients, requiring immediate attention from leadership and legal advisors.

Human resources pressures further complicate this environment. Organizations must navigate evolving employment regulations, increased scrutiny of workplace practices, and persistent challenges in recruitment, retention, and succession planning. Simultaneously, nonprofits are being pushed to redesign workforce models—integrating employees, volunteers, and emerging technologies such as AI to sustain service delivery under constrained resources.

IRS, accounting, and financial developments reinforce the need for strong governance and disciplined compliance. Filing deadlines, new reporting requirements, evolving guidance on exempt status, and heightened fraud risks all demand increased board-level oversight.

At the state level, the compliance landscape is becoming more complex and fragmented, with new privacy laws, AI regulations, fundraising oversight rules, and legislative responses to federal actions creating additional operational considerations—particularly for multi-state organizations.

Finally, this week’s theme underscores a critical strategic shift: volunteers are no longer supplemental—they are essential. The transition toward episodic, skills-based, and corporate-supported volunteering, combined with increasing legal and operational requirements, is elevating volunteer management into a core organizational function.

Taken together, these developments point to a new operating reality. Nonprofits must become more agile, legally sophisticated, and operationally resilient. Organizations that proactively strengthen compliance frameworks, diversify funding sources, and modernize workforce strategies will be best positioned to navigate ongoing uncertainty while continuing to fulfill their missions.

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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 times.

## **Understanding This Information and Disclaimer**

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