

## **Abstract**

The April 27, 2026 Navigator News Update highlights a rapidly escalating risk environment for nonprofits, driven by federal regulatory shifts, enforcement actions, and funding instability. Key developments include sweeping anti-DEI compliance mandates tied to federal funding, expanding False Claims Act liability, and large-scale federal grant terminations reshaping the sector's financial landscape. Concurrently, workforce-related risks—from PSLF uncertainty to evolving labor rules—are intensifying recruitment and retention challenges. IRS enforcement and compliance expectations are also increasing, while state-level regulatory activity adds further complexity. Together, these developments signal a fundamental shift toward a higher-risk, compliance-driven operating environment requiring immediate and sustained executive attention.

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# **April 27, 2026 Navigator News Update: Including Federal Anti-DEI Compliance Mandates, Expanding False Claims Act Exposure and More!**

**From Nonprofit Management Navigator**

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

## **Introduction**

You are operating in one of the most complex and rapidly shifting environments nonprofits have faced in decades. Federal policy changes, aggressive enforcement actions, and funding disruptions are converging in ways that directly impact your organization's workforce, funding stability, compliance obligations, and long-term strategy.

This week's Navigator focuses on the accelerating shift toward enforcement-driven oversight—particularly around DEI practices, federal grant compliance, and False Claims Act exposure. At the same time, workforce pressures tied to PSLF changes and labor rules are creating new operational risks. IRS developments and state-level regulatory actions further complicate the landscape.




The message is clear: passive monitoring is no longer enough. You need active risk management, immediate compliance reviews, and forward-looking contingency planning. This update is designed to help you prioritize what matters most right now and what actions you should take

next.

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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 regulatory and funding developments are creating unprecedented operational risk for nonprofits. Immediate compliance deadlines tied to anti-DEI mandates, expanding False Claims Act enforcement, and large-scale grant terminations are reshaping the sector. At the same time, new federal rules and court challenges introduce uncertainty around workforce programs and funding stability. Nonprofits must act now to reassess compliance, funding strategies, and legal exposure.

### Key Actions for This Section

- Conduct immediate legal review of DEI-related programs, policies, and certifications
  - Audit all federal grants and contracts for compliance with new executive orders and clauses
  - Develop contingency funding strategies to offset potential federal grant losses
  - Implement FCA risk mitigation protocols, including documentation and internal controls
  - Monitor litigation and policy developments affecting PSLF and federal grant authority
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### **DEI Contract Clause April 25 Deadline: Nonprofits Must Audit HR Practices Now**

The April 25, 2026, deadline for federal agencies to embed anti-DEI contract clauses under EO 14398 requires nonprofits to immediately audit mentorship programs, employee resource groups, hiring criteria, and vendor agreements for practices that could be deemed “racially discriminatory DEI activities. Organizations that have not yet conducted a DEI compliance review face heightened risk of grant termination and False Claims Act liability. The broad and undefined scope of the order makes proactive legal review urgent for any nonprofit with federal funding.

Source: [Faegre Drinker – April 2026](#)

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## ● ICE Workplace Enforcement Escalates: What Nonprofits Must Do Now to Protect Staff and Clients

ICE's 2026 enforcement surge—including unannounced workplace raids, I-9 audits, and the elimination of “sensitive location” protections for schools and houses of worship—has created acute risks for nonprofits serving immigrant communities or employing foreign-born workers.

Organizations must urgently develop written ICE-response protocols, designate a legal contact, train staff on what to do when agents appear, and conduct internal I-9 audits. Failure to prepare can result in arrests, fines, and mission disruption.

Source: [Kutak Rock – February 4, 2026](#)

## ● DOJ Announces First False Claims Act Settlement Under Civil Rights Fraud Initiative for \$17 Million, Putting Nonprofit Federal Grant Recipients with DEI Programs on Notice

On April 10, 2026, DOJ announced a \$17,077,043 FCA settlement with IBM — the first public resolution under its Civil Rights Fraud Initiative, established in May 2025. DOJ alleged IBM maintained employment practices considering race or sex in hiring, compensation, and promotion while certifying compliance with anti-discrimination requirements in its federal contracts for the period 2019–2026. Nonprofits receiving federal grants face equivalent exposure under the same initiative.

Source: [Foley Hoag LLP \(Apr. 2026\)](#)

## ● 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 \(March 1, 2026\)](#)

## ● Trump Administration Appeals Court Order Restoring Harvard's \$2.7 Billion in Federal Grants

On April 16, 2026, the Trump administration filed a 160-page appellate brief asking the First Circuit to reinstate its roughly \$2.7 billion freeze on Harvard research funding. Federal lawyers argued that agencies can revoke grant support based on shifting priorities — including antisemitism concerns — even outside Title VI's formal enforcement process, and that the lower court lacked jurisdiction. The case is a bellwether for the entire nonprofit and higher-education sector. A ruling affirming executive authority to terminate grants without standard process would expose any federally funded nonprofit to abrupt, politically-driven funding terminations with limited judicial recourse.

Source: [The Harvard Crimson — April 16, 2026](#)

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## ● Proposed SAM.gov Update Would Require All Federal Financial Assistance Recipients, Including Nonprofits, to Certify Compliance with Federal Anti-Discrimination and Anti-DEI Standards

In January 2026, GSA proposed requiring all SAM.gov registrants — including nonprofits seeking grants or cooperative agreements — to certify that their programs do not involve “illegal DEI” practices. The public comment period closed March 30, 2026; finalization is anticipated shortly. False certification could trigger False Claims Act or criminal liability. Nonprofits should review DEI programs now and prepare to update SAM registrations once the certification requirement is finalized.

Source: [Feldesman LLP \(Feb. 2026\)](#)

## ● 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>

## ● Expanded False Claims Act Exposure for Nonprofits That Receive Federal Grants

The DOJ recovered a record \$6.8 billion under the False Claims Act in FY 2025, and in January 2026 four nonprofits paid over \$3 million to settle FCA claims related to ineligible PPP loans. The Civil Rights Fraud Initiative now explicitly extends FCA exposure to DEI-related certifications in grant agreements. Nonprofits that receive federal grants must audit their compliance certifications, internal controls, and cybersecurity practices to avoid costly FCA liability and whistleblower suits.

Source: [ArentFox Schiff – March 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.

## Nonprofit Human Resources Developments

### Executive Summary

Nonprofit employers are facing rapidly escalating workforce compliance risks driven by DEI-related enforcement, PSLF uncertainty, and evolving labor regulations. Federal agencies are increasing scrutiny of employment practices, particularly those involving race- or sex-conscious policies, while major changes to student loan forgiveness programs threaten recruitment and retention. At the same time, shifting contractor classification rules and AI-related compliance gaps add further complexity. Immediate legal review, policy updates, and workforce planning are essential.

### Key Actions for This Section

- Conduct immediate legal review of DEI-related employment practices, including ERGs and training programs
- Assess workforce exposure to PSLF changes and develop retention strategies
- Review independent contractor classifications under federal and state standards
- Audit AI-based hiring and HR tools for potential disparate impact risks
- Update anti-harassment, discrimination, and workplace policies in light of evolving guidance

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### DOL Independent Contractor Rule Comment Deadline: April 28 — Nonprofits That Rely on Contract Workers Should Act Now

The Department of Labor's proposed rule to replace the Biden-era six-factor independent contractor test with a streamlined two-core-factor framework closes its public comment period on April 28, 2026. The rule would make it easier to classify workers as contractors, but misclassification risks remain under stricter state laws. Nonprofits that engage independent contractors for programs, fundraising, or operations should assess current worker arrangements and consider submitting comments before the deadline.

Source: [Mayer Brown – March 19, 2026](#)

### 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>

## ● EEOC Reaches First DEI-Related Race Discrimination Settlement Against a Nonprofit — Planned Parenthood of Illinois — for \$500,000, Signaling Sector-Wide Enforcement Intent

On March 19, 2026, the EEOC announced a \$500,000 settlement with Planned Parenthood of Illinois, finding that its mandatory race-segregated affinity caucuses, required DEI training containing harassing statements targeting white employees, and racially unequal time-off practices violated Title VII. This is the first EEOC DEI-related settlement against a nonprofit. Nonprofits with race-segregated affinity groups, mandatory DEI training, or race-differentiated benefits face significant Title VII exposure.

Source: [U.S. Equal Employment Opportunity Commission \(Mar. 19, 2026\)](#)

## ● DOJ Civil Rights Fraud Initiative Secures First FCA Settlement, Extending Prosecution Risk to All Nonprofit Federal Grant Recipients with Race-Conscious Employment Practices

The DOJ's Civil Rights Fraud Initiative — which secured its first FCA settlement with IBM in April 2026 — explicitly targets all federal funds recipients engaging in race-conscious employment or program eligibility practices. Conduct dating back to January 2019 is subject to prosecution. Nonprofit grant recipients must assess DEI programs for potential FCA exposure, as the initiative was designed to reach all entities certifying compliance with federal anti-discrimination requirements while maintaining DEI practices.

Source: [Akin Gump Strauss Hauer & Feld LLP \(Apr. 2026\)](#)

## ● EEOC Accelerates “Reverse Discrimination” Enforcement Against Employer DEI Programs

EEOC Chair Andrea Lucas has announced the agency will aggressively pursue pattern-or-practice enforcement against employers whose DEI programs disadvantage majority-group employees. In February 2026, the EEOC sued Coca-Cola over a women-only networking retreat and subpoenaed Nike over its public DEI commitments.

Nonprofits with race- or sex-conscious ERGs, hiring targets, or training programs face the same enforcement risk regardless of intent or mission. Legal analysts warn that courts are increasingly receptive to majority-group discrimination claims.

Source: [Freshfields – March 2, 2026](#)

## ● EEOC Rescinds 2024 Workplace Harassment Enforcement Guidance in Its Entirety on January 22, 2026, Creating Compliance Uncertainty for Nonprofit Employers

The EEOC voted 2-1 to rescind its 2024 Enforcement Guidance on Harassment in the Workplace, eliminating the entire document including expanded LGBTQ+ protections, without a notice-and-comment period. The underlying anti-harassment laws remain unchanged, but nonprofits have lost a key compliance reference. The EEOC may issue revised, narrower guidance. State and local laws often provide broader protections and remain in full effect. Organizations should update anti-harassment policies, training, and investigation procedures now.

Source: [Jackson Lewis P.C. \(Jan. 28, 2026\)](#)

## ● National Labor Relations Board Reinstates 2020 Joint Employer Standard Effective February 27, 2026, Narrowing But Not Eliminating Nonprofit Liability for Contractor Workforces

On February 26, 2026, the NLRB issued a final rule reinstating the employer-friendly 2020 joint employer standard, requiring “substantial direct and immediate control” over essential employment terms to establish joint employer liability. For nonprofits using staffing agencies, program contractors, or grantee subcontractors, this reduces but does not eliminate union bargaining and NLRA exposure. Organizations should review contractor agreements with employment counsel under the new standard.

Source: [Duane Morris LLP \(Mar. 2026\)](#)

## ● EEOC FY 2025 Annual Performance Report Shows Record Pre-Litigation Recovery and 115% Increase in Systemic Investigation Benefits, Signaling Heightened Risk for Nonprofit Employers

The EEOC’s FY 2025 Annual Performance Report documents record pre-litigation recoveries of \$528 million — a 12.4% increase over FY 2024 and the agency’s highest in its 60-year history. Systemic investigations yielded \$55 million in monetary benefits, a 115% increase year-over-year. EEOC Chair Andrea Lucas emphasized “colorblind, merit-based, and evenhanded enforcement.” Heightened systemic enforcement, targeting workplace-wide patterns of discrimination, substantially raises exposure for nonprofit employers.

Source: [U.S. Equal Employment Opportunity Commission \(Apr. 2026\)](#)

## **EEOC Pulls Federal AI Hiring Guidance, Leaving Nonprofits to Navigate State Laws and Continuing Title VII Disparate Impact Exposure**

The Trump administration directed the EEOC to remove its 2023 AI-in-hiring guidance, creating a federal compliance vacuum for nonprofits using AI-assisted screening or performance tools. Employers remain fully liable under Title VII if AI tools produce disparate impact on protected groups, regardless of vendor responsibility. Colorado's AI Act, delayed to June 30, 2026, will require bias assessments for high-risk AI in employment decisions. Nonprofits should assess AI tools for disparate impact and monitor evolving state requirements.

Source: [DISA Global Solutions \(Jan. 6, 2026\)](#)

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

### **Executive Summary**

IRS activity and financial compliance expectations for nonprofits are intensifying across multiple fronts. Filing deadlines, whistleblower enforcement, and anticipated guidance on DEI-related tax-exempt status are raising the stakes for compliance and governance. At the same time, expanded digital tools and updated audit requirements are reshaping financial operations. Fraud risks—both internal and external—are also increasing, requiring stronger controls. Nonprofits must prioritize compliance readiness, strengthen internal financial oversight, and prepare for heightened regulatory scrutiny.

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

- Confirm Form 990 filing readiness and board oversight before the May 15 deadline
  - Conduct internal reviews of federal grant management and fraud prevention controls
  - Prepare for potential IRS guidance affecting DEI-related programs and tax-exempt status
  - Strengthen internal controls and segregation of duties to mitigate fraud risk
  - Register for and implement IRS Business Tax Account access for operational efficiency
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### **Form 990 Deadline Approaching: Calendar-Year Nonprofits Must File by May 15, 2026**

May 15, 2026, is the Form 990 annual filing deadline for nonprofit organizations operating on a calendar tax year (January 1 – December 31, 2025). The deadline applies to all 990 series forms — 990, 990-EZ, and 990-PF. Organizations needing more time may file Form 8868 by May 15 to receive an automatic six-month extension through November 15, 2026. Failing to file for three consecutive years triggers automatic revocation of tax-exempt status — a serious and potentially costly consequence. Boards should confirm their organization's filing status and ensure audited financials and governance data are in order well before the deadline.

Source: [Tax990.com — Form 990 Due Date and Filing Requirements, 2026](#)

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### ● **IRS Launches Whistleblower Alert Program Targeting Nonprofit Federal-Fund Fraud**

On April 17, 2026, the IRS issued its first-ever Whistleblower Alert (IR-2026-54), a new initiative spotlighting the misuse, diversion, and fraudulent use of federal funds by tax-exempt organizations, businesses, and individuals. IRS CEO Frank Bisignano called it a major new tool to surface noncompliance. Nonprofits receiving federal grants now face heightened scrutiny. Insiders may report suspected fraud — including false grant applications, self-dealing, and fund diversion — and receive up to 30% of recovered proceeds. Leadership should review grant-management controls and conflict-of-interest policies without delay.

Source: [IRS.gov — IR-2026-54, April 17, 2026](#)

### ● **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 \(March 2, 2026\)](#)

### ● **IRS 2025–2026 Priority Guidance Plan: Major Shifts Affecting Exempt Organizations**

The IRS and Treasury's 2025–2026 Priority Guidance Plan, released September 30, 2025, and continuing through the current period, identifies three priority areas for tax-exempt organizations: deregulation and burden reduction, Section 501(c)(3) issues, and implementation of the One Big Beautiful Bill Act (OBBBA). Notably, the plan signals new guidance on racial discrimination policy as it applies to private school tax-exempt status. Nonprofits face significant policy uncertainty as the IRS may issue guidance broadening grounds for revoking 501(c)(3) status. Organizations should consult with legal advisors about DEI programs, political activity guardrails, and potential changes to donor-advised fund and excess-compensation rules.

Source: [ArentFox Schiff — IRS and Treasury Release 2025-2026 Guidance Plan, October 2025](#)

### ● **Single Audit Readiness: Applying the Revised Uniform Guidance in 2026**

The April 2024 revisions to the OMB Uniform Guidance (2 CFR Part 200) — the most significant update since 2013 — are now in full effect for many nonprofit fiscal years. The audit threshold has increased from \$750,000 to \$1 million in federal expenditures, and compliance testing requirements have been revised. Nonprofits entering their first year under the new threshold must act now: review grant documentation, strengthen internal controls, and prepare

compliance testing frameworks. Multi-year grants straddling the effective date create a dual-compliance environment that demands careful award-by-award tracking.

Source: [REDW Financial Advisors & CPAs — Spring 2026 Single Audit Readiness](#)

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### ● **IRS Opens Business Tax Account to Tax-Exempt Organizations: Digital Self-Service Now Available**

Effective April 6, 2026, the IRS expanded its Business Tax Account (BTA) platform to include tax-exempt organizations, as announced in IR-2026-46. Designated officials — including officers, board chairs, or trustees — can now register to view transcripts, make federal deposits, access notices, and manage compliance requests online. This shift ends the reliance on paper and phone for routine IRS interactions and is a meaningful efficiency gain for nonprofit finance staff. Organizations should designate and register an authorized official through IRS.gov promptly, as access requires identity verification and an annual revalidation cycle.

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

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### ● **IRS Excess Compensation Penalties Pose Growing Risk as Nonprofits Compete for Talent in 2026**

As nonprofits raise executive salaries to compete with the private sector, the IRS's Section 4958 intermediate sanctions create serious legal exposure. Compensation that exceeds "reasonable" levels can trigger a 25% excise tax on the executive and a 10% penalty on approving board members—rising to 200% if not timely corrected. With the congressional scrutiny of nonprofit compensation intensifying in 2026, boards must document independent comparability studies, conduct annual compensation reviews, and establish rebuttable presumption procedures before approving executive pay packages.

Source: [Fisher Phillips – March 12, 2026](#)

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### ● **Hidden Fraud Risks at Nonprofits: What Leaders Must Address Now**

A Journal of Accountancy analysis reveals that nonprofits are uniquely vulnerable to fraud due to concentrated authority in single individuals, limited staffing, trust-based cultures, and outdated technology. Cyberfraud, including ransomware and business email compromise schemes, is a growing threat given the donor data nonprofits retain. The article urges organizations to conduct formal fraud-risk assessments, segregate financial duties, institute surprise audits, and implement board-approved spending thresholds. Many smaller nonprofits lack these safeguards entirely — a risk that boards can no longer afford to ignore.

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

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### ● **IRS 2026 Dirty Dozen: Fake Charities and AI Scams Top the List**

The IRS released its annual Dirty Dozen tax scam list, identifying twelve fraud threats aimed at taxpayers and businesses alike. New this year is the inclusion of abusive undistributed long-term capital gains claims. The list also spotlights AI-generated phone impersonation and fake charities exploiting donor generosity. Nonprofits face a dual threat: bad actors may impersonate their organization to solicit fraudulent donations, and employees could fall victim to IRS

impersonation schemes. Leadership should brief staff and boards on verification procedures for any IRS contact.

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

### **Exempt Organizations Business Master File Updated: April 14, 2026**

The IRS refreshed its Exempt Organizations Business Master File (EO BMF) on April 14, 2026. This publicly accessible dataset now reflects the most current determinations, revocations, and status updates for tax-exempt organizations nationwide. Nonprofits should confirm that their own records in the EO BMF are accurate — including address, filing status, and exempt classification. Donors and grantmakers routinely use this file to verify eligibility for tax-deductible contributions. An outdated or incorrect entry can jeopardize donor confidence and grant eligibility.

Source: [IRS.gov — EO BMF Extract, Updated April 14, 2026](#)

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## State Nonprofit Developments

### **Executive Summary**

State-level regulatory activity is accelerating and adding significant compliance complexity for nonprofits operating across jurisdictions. Immediate filing deadlines, expanding privacy laws, AI regulation, and increased scrutiny of fundraising platforms are creating new operational risks. At the same time, states are responding to federal funding cuts with both protective legislation and substitute funding strategies. Nonprofits must track state-specific requirements closely, strengthen compliance systems, and ensure operational flexibility across multiple regulatory environments.

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

- Confirm compliance with all state filing deadlines, particularly California and Pennsylvania requirements
  - Conduct data privacy and security assessments to meet new state law obligations
  - Audit fundraising platforms and online donation partners for compliance and financial integrity
  - Inventory and assess AI systems in preparation for emerging state regulatory requirements
  - Strengthen state-level advocacy and funding relationships to offset federal funding reductions
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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*

## ● **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*

## ● **California: Oversight Hearing Reveals Persistent Gaps in Online Donation Platform Law**

An April 20 California Assembly hearing exposed ongoing weaknesses in the state's charitable fundraising platform law (AB 488), including the collapse of platform Flipcause, which owes nearly \$29 million to more than 3,200 nonprofits nationwide. The state's Registry of Charities is strained and a replacement system is now slated for summer 2026. Nonprofits relying on third-party platforms must urgently verify platform compliance to protect donation flows.

*Source: Oakland Voices – Oversight Gaps Persist in California Donation Platform Law (April 20, 2026)*

## ● **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)*

## ● **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](#)

## ● **Pennsylvania: 2026 Annual Report Filing Deadline is Final Year of Grace Period for Nonprofits**

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Pennsylvania's new annual report requirement — in effect since 2025 — reaches a critical milestone in 2026: it is the last year of the transition grace period, after which failure to file will trigger administrative dissolution beginning with 2027 reports. Nonprofit corporations must file by June 30, 2026, at no charge. Organizations that miss this final no-penalty window risk losing their good standing and legal right to operate in Pennsylvania.

**Source:** [Pennsylvania Department of State – Annual Reports: Filing Deadlines and Requirements \(2026\)](#)

## ● **Washington State: Sweeping New Employment Laws Create Compliance Burden for Nonprofit Employers**

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A wave of Washington State labor laws effective in 2026 directly affects nonprofit employers. Key changes include: expanded Paid Family and Medical Leave job-protection rights (now covering employers with 25+ employees), new immigrant worker I-9 audit notice requirements effective June 11, and broader criminal background check restrictions. Nonprofits must review HR policies promptly to avoid significant fines and litigation exposure under the new framework.

**Source:** [Mondaq – Six for 2026: The Top New Washington State Laws Employers Need to Know \(April 2026\)](#)

## ● **As Federal Cuts Mount, Local Governments Emerge as Replacement Funders for Nonprofits**

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With one-third of U.S. nonprofits reporting government funding disruptions in 2025, local governments are increasingly stepping in with bridge funding to prevent service closures. Experts warn, however, that local budgets are also strained by the same federal pullback. Nonprofits should strengthen advocacy at city and county levels, document true program costs, and diversify revenue to avoid trading one concentrated funding risk for another.

**Source:** [Smart Cities Dive – As the Federal Government Cuts Funding, Nonprofits Are Turning to Cities \(April 2026\)](#)

## ● **New York: Attorney General Issues Operational Guidance for Nonprofits on Federal Immigration Enforcement**

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The New York Attorney General's Office, jointly with the Governor's Office, issued and continues to update guidance for nonprofit organizations on lawfully navigating federal immigration enforcement on their premises. The guidance explains Fourth and Fifth Amendment protections, warrant requirements, and client confidentiality rules under HIPAA and other laws.

New York nonprofits serving immigrant communities face complex operational and legal risks requiring immediate policy review and staff training.

Source: [New York State Attorney General – Joint Guidance to Private and Non-Profit Organizations on Immigration Enforcement](#)

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## 🟡 Colorado: Legislature Moves to Shield Nonprofits from Politically Motivated Federal Tax Revocations

Colorado SB 26-009, which passed both chambers and awaits the Governor's signature, would allow nonprofits to retain their state sales-tax exemption even if the federal government strips their 501(c)(3) status for political reasons. Sponsored by House Speaker Julie McCluskie in direct response to Trump administration threats, the bill guards community organizations from losing state-level tax benefits as a collateral consequence of federal enforcement actions.

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

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## Summary

This week's Navigator highlights a fundamental shift in the nonprofit operating environment toward heightened regulatory enforcement, financial uncertainty, and workforce disruption. Federal actions—particularly around DEI compliance, False Claims Act exposure, and grant termination authority—are increasing both legal risk and funding instability. At the same time, workforce pressures tied to PSLF changes and employment law developments are complicating recruitment and retention strategies. IRS enforcement and compliance expectations continue to expand, while state-level regulations—from data privacy to AI governance—add further complexity. Taken together, these developments require nonprofit leaders to move beyond passive monitoring and adopt proactive compliance, risk management, and funding diversification strategies to maintain organizational resilience.

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## About Nonprofit Management Navigator

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## **Understanding This Information and Disclaimer**

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