

Abstract

Nonprofit leaders face an unprecedented convergence of federal regulatory threats in the week of June 15, 2026. OMB's proposed overhaul of the Uniform Grants Regulation — the largest rewrite since 2013 — requires political appointee pre-approval for every discretionary federal grant, fundamentally shifting how funding decisions are made. Simultaneously, the IRS excise tax on executive compensation has been expanded to all employees earning over \$1 million, new EEOC enforcement priorities directly target DEI programs, and Florida's comprehensive nonprofit corporation law rewrite takes effect July 1. The Nonprofit News and Federal Regulatory Developments section also examines the broader operating challenges nonprofits face in 2026 and the financial resilience strategies essential for mission survival. This issue covers critical federal developments, human resources updates, IRS and finance items, and state-level stories — essential reading for nonprofit leaders navigating today's chaotic operating environment.

June 15, 2026 Navigator News Update: Including OMB's Sweeping Uniform Grants Regulation Overhaul, EEOC's National Enforcement Plan, PSLF Deadline, and More!

From Nonprofit Management Navigator, a dba of PMG46, LLC

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Introduction

The week of June 15, 2026 brings a dense and urgent array of developments for nonprofit leaders to absorb and act upon. At the federal level, OMB has proposed the most sweeping rewrite of federal grants rules in more than a decade — one that would insert political appointee pre-approval into every discretionary grant award. The IRS has expanded its Section 4960 excise tax on executive compensation to all employees earning over \$1 million, effective immediately for 2026 tax years. The EEOC has formally targeted DEI programs in its new National Enforcement Plan, and Florida's comprehensive nonprofit corporation law rewrite takes effect in just 16 days. Several comment deadlines are imminent, including DOL's joint employer proposed rule on June 22. The Nonprofit News and Federal Regulatory Developments section closes with a candid assessment of the multiple simultaneous operating pressures facing nonprofits


in 2026 and the financial resilience strategies required to navigate them. States are responding to Medicaid and SNAP cuts with creative funding mechanisms, while the SPLC prosecution and Harvard litigation continue to demonstrate the breadth of tools federal authorities are willing to deploy against nonprofits. Taken together, this week's Navigator delivers an essential road map for organizations working to protect their funding, workforce, and mission in a rapidly shifting environment.

Priority Legend

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

 Immediate Action  Requires Organizational Response  Monitor and Prepare

Nonprofit News and Federal Regulatory Developments

 **Executive Summary:** The federal regulatory landscape shifted dramatically this week, with OMB proposing to insert political pre-approval into every discretionary grant award and Treasury drafting rules that could revoke tax-exempt status over race-based programs. The DOJ's first False Claims Act DEI settlement signals real enforcement risk for grant recipients. HHS's AI-powered audit initiative has found widespread compliance failures across grantees, and OMB has withheld over \$2 billion in education grants approved by Congress. Harvard's escalating legal battles and the SPLC prosecution illustrate the multiple levers federal authorities are willing to deploy simultaneously against nonprofits. Beyond regulatory threats, nonprofits in 2026 face a convergence of operating pressures — rising service demand, shrinking revenues, and eroding organizational capacity — that make financial resilience and proactive scenario planning survival imperatives.

Key Actions for This Section:

- Submit comments on OMB's Uniform Grants Regulation proposed rule by July 13, 2026
- Audit all DEI programs and federal grant certifications for False Claims Act exposure immediately
- Verify Single Audit submission status for all federal awards — address any delinquencies before HHS AERO flags your organization
- Engage legal counsel to assess risk from Treasury's proposed IRS revenue procedures on race-conscious programs
- Review Form 990 filings and governance documentation in anticipation of enhanced IRS scrutiny
- File Copyright Office Section 1201 exemption petitions by August 24, 2026 if your organization relies on digital access exemptions
- Strengthen board governance, compliance documentation, and legal oversight to reduce enforcement targeting risk

- Conduct scenario planning for federal funding disruption and assess current cash reserves against a 3–6 month operating target
 - Diversify revenue streams and implement rolling financial forecasting to withstand funding volatility
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● **OMB Proposes Sweeping Uniform Grants Regulation Overhaul — Comment Deadline July 13, Effective Date Targets FY 2027 Awards**

On May 29, 2026, OMB published a proposed rule replacing the Uniform Guidance with the "Uniform Grants Regulation" — the largest rewrite of federal grants rules since 2013 — targeting FY 2027 new awards issued on or after October 1, 2026. The rule codifies executive orders on DEI and political oversight, requires senior political appointee pre-approval of every discretionary award, and makes OMB's standards directly binding across all agencies. Comments are due July 13, 2026. Comment submission is now urgent.

Source: Nixon Peabody — Proposed OMB Uniform Grants Regulation: Federal Funding Changes

● **Treasury Considers IRS Revenue Procedures That Could Revoke Tax-Exempt Status Over Race-Based Criteria**

The Treasury Department's Office of Tax Policy is drafting IRS revenue procedures that would strip 501(c)(3) status from private colleges and nonprofits that consider race in admissions, financial aid, scholarships, or facilities use. Unlike legislation, revenue procedures require no congressional approval. Following Treasury Secretary Bessent's May 23 statement that tax-exempt status is "a privilege and not a right," these proposed rules represent an existential threat to hundreds of institutions — and a precedent that could extend well beyond higher education to any nonprofit with race-conscious programs.

Source: Governing — Treasury Considers Ending Tax-Exempt Status for Colleges That Consider Race

● **Anti-DEI Grant Certifications Operational — DOJ's First False Claims Act Settlement Signals Heightened Enforcement**

On April 10, 2026, DOJ announced a \$17.1 million False Claims Act settlement with IBM — its first resolution under the Civil Rights Fraud Initiative — for alleged discriminatory employment practices tied to DEI programs in federal contracts. The settlement confirms that anti-DEI certifications required of all federal grant recipients carry genuine legal exposure. Nonprofits that accept federal funding must audit their DEI programs and certifications now, or risk whistleblower complaints, investigations, and substantial financial penalties.

Source: Ropes & Gray — DOJ Announces First DEI False Claims Act Settlement

● **HHS Launches AI-Powered AERO Initiative Targeting Nonprofit Grantees**

On May 21, 2026, HHS launched AERO (Audit Enforcement and Risk Oversight), a department-wide program using AI tools to scan at least five years of Single Audit history across all federal grantees. Early findings show hundreds of nonprofits have

failed to submit required audits — some delinquent by more than two years. HHS has notified all 50 governors. Nonprofits spending \$1 million or more annually in federal awards face potential payment withholding, cost disallowance, award termination, and debarment if audit deficiencies go unaddressed.

Source: Feldesman Tucker Leifer Fidell LLP — HHS To Use AI Tools to Track Grantee Compliance

● **OMB Proposes Political Appointee Pre-Approval Required for Every Discretionary Federal Grant Award**

Buried within OMB's May 29 proposed rule is a provision requiring agency heads to designate senior political appointees to conduct a pre-issuance review of every discretionary grant award — explicitly to ensure alignment with "the President's policy priorities." Peer review is demoted to advisory status only. For nonprofits, this means grant decisions could be overridden on political rather than merit grounds, increasing uncertainty for organizations whose missions touch immigration, climate, LGBTQ+ issues, or other politically sensitive areas.

Source: Nixon Peabody — Proposed OMB Uniform Grants Regulation: Federal Funding Changes

● **OMB Withholds Over \$2 Billion in Education Grants**

OMB has withheld apportionments for more than 33 competitive Education Department grant programs totaling over \$2 billion that Congress approved in February 2026 — programs the Trump administration had twice proposed to eliminate. Without apportionment, agencies cannot disburse the funds. Nonprofits running Title I, after-school, teacher training, and English-language acquisition programs face immediate cash-flow crises; nearly \$1.4 billion will expire and revert to the Treasury by September 30 if OMB does not act, potentially erasing services for millions of students.

Source: Education Week — Trump Holds Back \$2 Billion for Education Grants

● **OMB Orders Agencies to Report All Spending on 49 Targeted Nonprofits — Data Was Due May 29**

A May 13 OMB memo directed every federal department and agency to submit detailed spending data — covering fiscal years 2024, 2025, and projected 2026 — on a list of 49 named nonprofits, with responses due May 29. The list includes civil rights, DEI, immigration, LGBTQ+, environmental, and humanitarian organizations such as the ACLU and National Urban League. While OMB has not disclosed how it will use the data, the targeted nature of the list signals that additional funding scrutiny, terminations, or debarment actions could follow for the identified organizations.

Source: Federal News Network — White House Seeks Federal Spending Data on Dozens of Nonprofit Organizations

● **Harvard's 501(c)(3) Battle Escalates: Four Federal Lawsuits Now Filed, First Circuit Appeal Pending, Settlement Stalled**

The administration has now filed four separate lawsuits against Harvard since February 2026, including a March 2026 Title VI suit alleging deliberate indifference to antisemitism and a separate admissions-records suit. In the original funding case, a

September 2025 district court ruling restored \$2.7 billion in research funding; the government filed its First Circuit appeal brief in April 2026, arguing the cuts were lawful and seeking reinstatement of the freeze. A January 2026 coalition of 22 higher education associations filed an amicus brief supporting Harvard; oral arguments in the First Circuit are expected later in 2026. Settlement talks demanding \$1 billion have stalled, and the administration has escalated by also targeting Harvard's Department of Defense education programs and opening new civil rights probes. The case continues to demonstrate that multiple simultaneous federal levers can be deployed against a single nonprofit and that courts remain an operative — if slow — check.

Source: Harvard Magazine — Harvard Weathers a Year of Turmoil: A Guide to the Federal Lawsuits

● **Nonprofits as Targets: Major Punitive Measures and the Urgency of Strong Governance**

Federal authorities now have a growing arsenal against nonprofits: IRS field examinations, tax-exempt status revocation, False Claims Act liability for grant certifications, grant terminations, debarment, and DOJ civil rights investigations. While revocation cannot occur by executive order alone and requires a formal audit process, the political environment has intensified scrutiny across multiple agencies simultaneously. Strong governance — rigorous board oversight, accurate Form 990 filings, documented compliance programs, and proactive legal counsel — is the critical shield reducing the risk of becoming an enforcement target.

Source: The Nonprofit Alliance — Nonprofits Under Fire: How the IRS Can — and Cannot — Revoke Federal Tax-Exempt Status

● **DOJ Criminal Case Against SPLC Escalates — Superseding Indictment, House Judiciary Hearing, and June 16 Arraignment**

On April 21, 2026, DOJ indicted the Southern Poverty Law Center on 11 counts of wire fraud, bank fraud, and conspiracy to commit money laundering, alleging it secretly funneled more than \$4.1 million in donor funds to paid informants inside hate groups. The SPLC pleaded not guilty. On June 3, DOJ obtained a superseding indictment adding factual detail — including correcting a legal defect identified after the Supreme Court's *Thompson v. USA* ruling — but no new charges. On June 9, SPLC Interim CEO Bryan Fair testified before the House Judiciary Committee at a hearing titled "The Southern Poverty Law Center: Manufacturing Hate, Part II," where Republicans pressed the organization over the allegations and Democrats characterized the prosecution as politically motivated. Arraignment on the superseding indictment is scheduled for June 16. Briefing on SPLC's motion to dismiss for vindictive prosecution and its sanctions request against federal prosecutors remains ongoing. Legal experts continue to question the case's merits.

Sources: [DOJ Indictment Press Release](#) | [CBS News — Superseding Indictment](#) | [House Judiciary Committee Hearing](#) | [States United — Case Tracker](#)

● **IRS Criminal Investigation Declines Tax Charges in SPLC Probe After Determining Informant Payment Program Was Legally Structured**

CBS News reported that IRS Criminal Investigation agents investigated the Southern Poverty Law Center's informant payment program in 2019–2020 for possible tax violations. IRS attorneys declined to pursue charges, concluding that a Treasury rule explicitly exempts 501(c)(3) organizations from filing tax returns on payments to informants reporting criminal activity. The case signals that despite aggressive federal scrutiny of nonprofits, established legal protections remain operative — but nonprofits should ensure all payment structures are well-documented and legally reviewed.

Source: CBS News — No Tax Charges Filed in Southern Poverty Law Center Probe

● **Copyright Office Opens 2027 Section 1201 Exemption Process Affecting Nonprofit Archives, Libraries, and Education**

On June 9, 2026, the U.S. Copyright Office published its notice initiating the Tenth Triennial Section 1201 rulemaking in the Federal Register. Petitions for new exemptions — and renewals of existing exemptions protecting nonprofit archival preservation, library access, educational use, and assistive technologies — are due August 24, 2026. Nonprofits that rely on existing exemptions to circumvent digital access controls for preservation or accessibility purposes must file timely petitions or risk losing those protections when current exemptions expire in October 2027.

Source: Federal Register — Exemptions to Permit Circumvention of Access Controls on Copyrighted Works

● **2026: A Hard Year for Nonprofits Confronting Multiple Simultaneous Operating Challenges**

Nonprofits in 2026 face a convergence of pressures beyond federal regulatory threats: deep cuts to Medicaid (\$1 trillion over 10 years) and SNAP (\$186 billion over 10 years) are spiking demand for services just as funding shrinks; inflation raises operating costs; competition for private and foundation dollars has intensified; and staff burnout and turnover are eroding organizational capacity. With 66% of nonprofit leaders concerned about financial stability and many carrying under three months of cash reserves, proactive scenario planning and revenue diversification are no longer optional — they are survival imperatives.


Source: Nonprofit Financial Commons — A Playbook for Nonprofits Facing Revenue Adversity in 2026

● **Mission Impact Is Built on a Foundation of Organizational Resilience**

Mission success cannot be sustained without the organizational infrastructure to deliver it. Financial resilience — encompassing diversified revenue streams, 3–6 months of operating reserves, rolling financial forecasts, strong board engagement, and real-time data visibility — is the bedrock on which program impact rests. Organizations that invest in modern financial management tools, transparent reporting, and adaptive leadership are demonstrably better positioned to weather funding volatility, maintain credibility with donors, and accelerate mission delivery even as external conditions deteriorate.

Source: NonProfit PRO — 2026 Nonprofit Financial Resilience Guide

Nonprofit Human Resources Developments

 **Executive Summary:** Human resources compliance is under siege from multiple directions simultaneously. The PSLF employer disqualification rule takes effect July 1 — with litigation still unresolved. The DOL's proposed joint employer rule, open for comment through June 22, could expose nonprofits to new wage-and-hour liability for staffing agency and subcontractor arrangements. The EEOC's new National Enforcement Plan formally targets DEI programs, and a companion proposal would eliminate the 47-year-old voluntary affirmative action framework nonprofits have long relied upon. On the positive side, DOL restored the 2019 FLSA overtime threshold, providing regulatory certainty, and new opinion letters clarify dual-role employee classification.

Key Actions for This Section:

- Submit PSLF employment certification forms immediately for all eligible employees — do not wait for July 1 litigation outcomes
 - Review staffing agency and subcontractor contracts for joint employer exposure and submit DOL comments by June 22
 - Conduct urgent legal review of all DEI hiring programs, diversity targets, and voluntary affirmative action plans
 - Verify FLSA overtime exemption classifications comply with the restored \$684/week (\$35,568 annually) threshold
 - Review dual-role employee arrangements against DOL FLSA2026-5 opinion letter guidance
 - Update accounting systems and 1099 workflows to reflect the new \$2,000 reporting threshold for 2026 payments
 - Monitor EEOC MD-715 rollback for potential private-sector EEO reporting implications
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PSLF July 1 Employer Disqualification Rule — Three Lawsuits Pending, No Injunction Confirmed, Effective Date 19 Days Away

The Department of Education's rule permitting disqualification of nonprofit employers with a "substantial illegal purpose" from the Public Service Loan Forgiveness program takes effect July 1, 2026 — 19 days away. Three federal lawsuits challenging the rule remain pending; as of the most recent verified reporting in May 2026, no court had issued an injunction, and most legal experts expected a ruling before July 1 that has not yet materialized. A bipartisan Congressional Review Act resolution introduced in April has not advanced. The Department projects fewer than ten disqualifications annually and most 501(c)(3)s are unaffected; however, the rule defines "substantial illegal purpose" to include aiding immigration violations, supporting terrorism, and providing gender-affirming care for minors, preserving broad Secretary discretion. With the effective date imminent and no court relief confirmed, nonprofits in immigration services, reproductive health, and contested advocacy must treat PSLF employment certification submission as immediately urgent to lock in credit accrued through the effective date.

Sources: [Tate Esq. — PSLF Changes 2026](#) | [Student Loan Sherpa — Injunction Status \(May 2026\)](#) | [Student Loan Planner — Legal Challenges \(April 2026\)](#) | [Tate Esq. — Nonprofit Employer Rule](#)

● **DOL Proposed Joint Employer Rule Threatens Nonprofit Staffing and Subcontracting Arrangements — Comment Deadline June 22**

DOL's April 22, 2026 proposed rule establishing a national "joint employer" standard under the FLSA, FMLA, and MSPA closes for public comment June 22 — one week from publication. The rule could expose nonprofits using staffing agencies or subcontractors to joint liability for wages and leave compliance. Nonprofits should review third-party staffing contracts and submit comments immediately via regulations.gov (Docket WHD-2026-0067) by 11:59 p.m. ET, June 22. The rule is proposed, not final.

Source: U.S. Department of Labor — DOL Proposes Rule Clarifying Joint Employer Status Under Federal Wage and Hour Laws

● **EEOC Approves New National Enforcement Plan for FY2025–2029 — DEI Programs Formally Targeted, Disparate Impact Enforcement Deprioritized**

On June 4, 2026, the EEOC voted to replace the Biden-era Strategic Enforcement Plan with a new National Enforcement Plan covering FY2025–2029. The plan explicitly names DEI policies as a priority enforcement target, treating race- and sex-conscious employment practices as potential intentional discrimination. Disparate impact theories are to be eliminated from investigations "to the maximum degree possible." Nonprofits with DEI programs, diversity hiring targets, or voluntary affirmative action plans now face materially elevated scrutiny. Legal review of existing policies and practices should be treated as urgent.

Source: EEOC — EEOC Releases New National Enforcement Plan

● **EEOC Proposes Rescinding 47-Year-Old Voluntary Affirmative Action Rule — Diversity Hiring Guidance Nonprofits Have Long Relied On at Risk**

On May 27, 2026, the EEOC submitted a proposal to OIRA to rescind 29 C.F.R. Part 1608, its 1979 interpretive rule defining when voluntary affirmative action plans are appropriate under Title VII. If finalized, nonprofits would lose the legal framework they have long relied on to defend diversity hiring efforts, outreach programs, and workforce disparity analyses. The proposed rescission reflects the EEOC's broader shift toward treating race- and sex-conscious employment decisions as potential discrimination. Nonprofits should consult legal counsel to assess risk and review existing diversity programs before a final rule is issued.

Source: SHRM — EEOC Proposes Rescinding Longstanding Affirmative Action Rule

● **DOL Formally Restores 2019 FLSA Overtime Salary Threshold — \$684/Week Is the Operative Standard for 2026**

On May 14, 2026, DOL formally restored the 2019 FLSA overtime salary threshold — \$684 per week (\$35,568 annually) — after the Fifth Circuit dismissed appeals of the November 2024 court decision vacating the Biden-era 2024 rule. The highly

compensated employee threshold remains \$107,432. DOL may initiate future rulemaking. Nonprofits that restructured compensation anticipating higher Biden-era thresholds should confirm classifications comply with the restored 2019 standard. Organizations in states with higher thresholds must continue to follow the more protective state law.

Source: Jackson Lewis — Status Quo: DOL Final Rule Keeps Overtime Salary Levels at 2019 Thresholds

● **DOL Wage and Hour Division Issues Four New FLSA Opinion Letters — Dual-Role Exempt Employees Guidance Directly Addresses Nonprofit Hospital Staffing**

On May 28, 2026, the DOL's Wage and Hour Division issued four opinion letters (FLSA2026-5 through FLSA2026-8). The most significant for nonprofits — FLSA2026-5 — confirms that a properly classified exempt employee who picks up additional hourly shifts in a non-exempt role does not lose exempt status, provided the primary exempt duties remain dominant. The case arose from a nonprofit academic medical center. Other letters address meal break compensability, pre-shift work, and time-rounding. Nonprofits — especially hospitals and healthcare organizations — with dual-role staffing arrangements should review their classifications against this guidance.

Source: U.S. Department of Labor — DOL Issues 4 Opinion Letters Addressing Overtime Exemptions, Bonuses, Compensable Time

● **OBBBA 1099 Reporting Threshold Increases to \$2,000 — Administrative Relief Now Operative for Payments Made in 2026**

The OBBBA raised the federal 1099 information reporting threshold from \$600 to \$2,000 for independent contractors, rent, prizes, and similar payments, effective for all payments made after December 31, 2025 — now operative for the full 2026 calendar year. The threshold will be inflation-adjusted annually. Finance and operations staff should update accounting systems and year-end reporting workflows now. Backup withholding rules are unaffected. This change meaningfully reduces administrative burden for nonprofits with large vendor and contractor bases.


Source: National Council of Nonprofits — Federal Tax Law: One Big Beautiful Bill Act

● **EEOC Issues Scaled-Back MD-715 EEO Reporting Instructions — Federal Agencies Relieved of Barrier Analysis, DEI, and Demographic Workforce Data Obligations**

On June 3, 2026, EEOC Chair Andrea Lucas issued Directives Transmittal No. 960.001, significantly curtailing federal agency EEO reporting requirements under Management Directive 715. Agencies are no longer required to report on barrier analysis, DEI principles, gender identity, or detailed demographic workforce breakdowns, and may omit any element they determine conflicts with Trump administration executive orders. While this directly affects federal agencies, not private nonprofits, it signals a continuing direction of travel. Nonprofits that receive federal funding should monitor whether analogous private-sector EEO reporting rollbacks follow.

Source: EEOC — EEOC Issues Additional Instructions for MD-715 Reporting for 2026

IRS, Accounting, and Finance Developments

 **Executive Summary:** The IRS and Treasury have significantly raised the compliance bar for nonprofit financial management this week. IRS Notice 2026-36 expands the Section 4960 excise tax on compensation over \$1 million to all employees — not just the top five — retroactive to January 1, 2026, with a comment deadline of August 4. Treasury's Form 990 transparency initiative is transforming the annual return into a primary enforcement instrument. For institutions with large endowments, the OBBBA's tiered excise tax structure — with rates reaching 8% — creates urgent financial planning needs. The Single Audit threshold of \$1 million is now fully operative for June 2026 fiscal year audits.

Key Actions for This Section:

- Identify all current and former employees earning over \$1 million annually and quantify Section 4960 excise tax exposure under the expanded OBBBA rule
- Submit comments on IRS Notice 2026-36 by August 4, 2026
- Conduct immediate internal audit of Form 990 government grant, contract, and fiscal sponsorship disclosures
- Assess endowment excise tax exposure under OBBBA's new tiered structure if your institution meets the 3,000-student threshold
- Determine Single Audit applicability for June 30, 2026 fiscal year-end under the new \$1 million threshold, including award-by-award analysis for pre-October 2024 grants

IRS Notice 2026-36: Excise Tax on Nonprofit Executive Compensation Expanded to All Employees Over \$1 Million — Comment Deadline August 4, 2026

On June 5, 2026, Treasury and IRS issued Notice 2026-36, announcing intent to propose regulations implementing the OBBBA's expansion of Section 4960's 21% excise tax on excess compensation. The OBBBA removes the prior cap limiting this tax to the five highest-paid employees; it now applies to all current and former employees earning over \$1 million annually, effective for tax years beginning after December 31, 2025. The Notice provides critical interim guidance on this effective date. Comments are due August 4, 2026.

Source: Ropes & Gray — IRS Announces Intent to Issue Regulations on Expanded Executive Compensation Excise Tax

IRS Announces Form 990 Transparency Initiative Targeting Government Grants, Contracts, and Fiscal Sponsorship Disclosures

On April 23, 2026, Treasury announced that the IRS plans to revise Form 990 to require enhanced disclosures on government grants, contracts, and fiscal sponsorship arrangements by 501(c)(3) organizations. Treasury Secretary Bessent framed it as ending misuse of "complicated nonprofit arrangements." Proposed regulations and a public comment period will precede any final changes. Nonprofits with government funding or fiscal sponsorships should immediately audit their documentation and governance practices to prepare for heightened IRS and public scrutiny.

Source: Journal of Accountancy — IRS to Update Form 990 Amid Transparency Push for Nonprofits

● **Form 990 Updates Expected to Increase IRS and Public Reporting Scrutiny for Exempt Organizations**

Treasury's April 23, 2026 Form 990 transparency initiative signals that Form 990 is no longer merely an informational return — it is becoming a primary enforcement and public accountability instrument. Proposed changes targeting government grants, contracts, and fiscal sponsorships will require documenting fund sources, controls, and end uses at a level of detail never previously required. Organizations with incomplete documentation, loosely structured fiscal sponsorships, or undisclosed government funding relationships face significant audit and reputational risk once the new reporting requirements take effect. Begin internal reviews now rather than waiting for final regulations.

Source: Grant Thornton — Treasury and IRS Signal Form 990 Revisions and Expanded Scrutiny

● **One Big Beautiful Bill Act: Expanded Endowment Excise Tax Now Applies to Institutions with 3,000+ Students at Tiered Rates Up to 8%**

The One Big Beautiful Bill Act, signed July 4, 2025 and effective for tax years beginning after December 31, 2025, replaces the flat 1.4% excise tax on private college and university endowments with a tiered structure: 1.4% (\$500K–\$750K per student), 4% (\$750K–\$2M), and 8% (over \$2M). The threshold rises from 500 to 3,000 tuition-paying students. Affected institutions face dramatically higher tax burdens on investment income, potentially reducing funds available for scholarships and research, and creating an urgent need to revise financial and investment strategies.

Source: CliftonLarsonAllen — How the One Big Beautiful Bill Act Affects Nonprofits

● **Single Audit Threshold of \$1 Million Now Fully Operative for Nonprofit Fiscal Year June 2026 Audits**

The revised 2 CFR Part 200 Uniform Guidance raised the Single Audit threshold from \$750,000 to \$1 million, effective for fiscal years beginning on or after October 1, 2024. Nonprofits with June 30, 2026 fiscal year-ends are now in the first full audit cycle under the new standard. While some organizations previously subject to audit may now fall below the threshold, nonprofits with multi-year grants predating October 2024 may still trigger the old \$750,000 threshold. Careful award-by-award tracking is essential to avoid inadvertent noncompliance or unnecessary audit expense.

Source: REDW Financial Advisors & CPAs — Spring 2026 Single Audit Readiness

State Nonprofit News

📄 **Executive Summary:** State developments this week demand immediate attention from nonprofits in Florida and Pennsylvania, while offering strategic opportunity for organizations in Connecticut and New Jersey. Florida's comprehensive rewrite of its nonprofit corporation law takes effect July 1 — 16 days away — requiring immediate

bylaws and governance review. Pennsylvania's Act 122 annual report deadline is June 30, the last year before dissolution risk attaches. States are increasingly serving as counterweights to federal funding reductions, with Connecticut creating a \$2 billion+ Federal Cuts Response Fund and Oregon enacting a permanent state payment mechanism for reproductive health providers.

⚡ Key Actions for This Section:

- FLORIDA: Engage legal counsel immediately to complete bylaws and governance policy review before July 1 — 16 days remain
- PENNSYLVANIA: File Act 122 annual report with the Department of State by June 30 — this is the final grace-period year before dissolution risk applies
- All states: Monitor your state legislature's Medicaid and SNAP cut response and engage agency partners proactively
- CONNECTICUT: Engage with the new Nonprofit Provider Advisory Board and track Federal Cuts Response Fund allocations
- CONNECTICUT: Apply to the state Nonprofit Security Grant Program if your organization faces elevated risk of hate crimes or attacks
- NEW JERSEY: Assess eligibility for the \$1 million Food Security Matching Grant for regional food security partnerships

● FLORIDA: Florida Nonprofit Corporation Act Comprehensively Rewritten — July 1 Effective Date Is 16 Days Away

Florida's HB 797 comprehensively rewrites Chapter 617 as the Florida Nonprofit Corporation Act, aligning it with the Model Nonprofit Corporation Act. Effective July 1, 2026 — 16 days away — the law modernizes board governance, officer duties, member rights, merger procedures, and dissolution mechanics. Every Florida nonprofit must complete a bylaws and governance policy review before the effective date. "Protected agreement" provisions could affect certain pre-existing contracts unless amended before July 1. Florida nonprofits that have not yet engaged legal counsel on the transition should do so immediately.

Source: National Law Review — Florida Passes Sweeping Modernization of State Nonprofit Law, Effective July 1

● PENNSYLVANIA: Act 122 Annual Report Deadline June 30 — Final Grace-Period Year Before Dissolution Risk Begins in 2027

Pennsylvania nonprofit corporations must file their annual report with the Department of State by June 30, 2026 — 21 days from publication. This is the final grace-period year under Act 122 of 2022. Beginning in 2027, failure to file within six months of the deadline triggers administrative dissolution and loss of name protection. The online portal is operational. Nonprofits that missed 2024 and 2025 filings can still file now without penalty. Board members and executive directors should confirm compliance immediately.

Source: Pennsylvania Department of State — Annual Reports

● **MEDICAID AND SNAP CUTS — State-Level Responses Accelerate as H.R. 1 Impacts Take Hold**

The OBBBA's Medicaid (\$1 trillion, 10-year) and SNAP (\$186 billion, 10-year) cuts are driving accelerating state-level responses. Oregon enacted a law backfilling payments to nonprofit reproductive health providers excluded from Medicaid. Connecticut's FY2027 budget created a Federal Cuts Response Fund exceeding \$2 billion. Virginia, California, and others are pursuing state-only funding mechanisms. Work requirements and cost-shift provisions increase demand for nonprofit services while squeezing reimbursements. Nonprofits providing health, food, and human services must monitor their state legislature's response and engage agency partners proactively.

Source: Georgetown Center for Children and Families — How Are H.R. 1 Cuts and Changes to Medicaid and SNAP Playing Out in 2026 State Legislative Sessions

● **CONNECTICUT: FY2027 Budget Preserves Funding Increases for Nonprofit Human Service Providers While Creating New Response Fund for Federal Cuts**

Connecticut's newly enacted FY2027 budget preserves a \$150 million rate increase for community nonprofit human service providers approved in the prior biennial budget and creates a new Nonprofit Provider Advisory Board. Governor Lamont's Federal Cuts Response Fund — drawing on volatile revenues exceeding \$2 billion — is being used to address Medicaid shortfalls and refugee service gaps caused by federal reductions. Connecticut nonprofits delivering human services should engage with the new advisory board and monitor Federal Response Fund allocations as the state continues to offset federal funding disruptions.

Source: Connecticut Governor's Office — Governor Lamont Submits Third Plan to Use Connecticut's Federal Cuts Response Fund

● **OREGON: Governor Signs Law Using State Funds to Pay Nonprofit Reproductive Health Providers Excluded from Medicaid**

Oregon Governor Kotek signed House Bill 4127 in March 2026, directing the Oregon Health Authority to use state funds to reimburse nonprofit reproductive health care providers barred from receiving federal Medicaid reimbursements under H.R. 1. The law provides approximately \$7.5 million to backfill lost federal dollars and creates a permanent state payment mechanism. The law illustrates how states are responding to federal Medicaid restrictions — and signals that Oregon nonprofits providing reproductive care can expect continued state support as the federal policy environment remains hostile to such services.

Source: Oregon Capital Chronicle — Oregon Governor Signs Laws to Backfill Planned Parenthood Funding, Strengthen Shield Law

● **CONNECTICUT: State Nonprofit Security Grant Program Continues to Protect At-Risk Organizations Including Houses of Worship**

Connecticut's state-funded Nonprofit Security Grant Program (CT-NSGP) remains open to 501(c)(3) organizations at heightened risk of terrorist attack, hate crimes, or violent acts. Awards reimburse costs for security infrastructure improvements including cameras, access controls, alarm systems, reinforced vestibules, and bullet-resistant glass. Since 2021, the program has distributed over \$10 million to more than 237

nonprofit organizations. With antisemitism, Islamophobia, and hate-crime incidents rising nationally, Connecticut nonprofits and houses of worship that have not yet applied should engage with this program — applications are competitive and demand routinely exceeds available funding.

Source: Connecticut Department of Emergency Services and Public Protection — Connecticut Nonprofit Security Grant Program

● **NEW JERSEY: Food Security Matching Grant Offers \$1 Million in State Funding for Nonprofit-Led Agricultural Partnerships**

New Jersey's Office of the Food Security Advocate issued a Notice of Funding Availability on January 23, 2026, offering \$1 million in state funds through a Public/Private Partnership Matching Grant to establish regional food security pilot programs linking New Jersey agricultural producers to residents experiencing food insecurity. The program requires a philanthropic match equal to or exceeding the state investment, yielding at least \$2 million in combined resources. Nonprofits with experience managing public-philanthropic partnerships and food system work are best positioned for this opportunity.

Source: New Jersey Office of the Food Security Advocate — Funding Opportunities

Summary

The June 15, 2026 Navigator delivers one of the most action-dense issues in recent memory. At the federal level, OMB's proposed Uniform Grants Regulation overhaul — the largest rewrite of federal grants rules since 2013 — would require senior political appointee pre-approval for every discretionary grant award, fundamentally politicizing the funding process. Treasury is simultaneously drafting IRS revenue procedures that could revoke tax-exempt status from nonprofits with race-conscious programs, without requiring congressional action. The DOJ's first DEI-related False Claims Act settlement signals that anti-DEI grant certifications carry real legal exposure, and HHS's AI-powered AERO audit initiative has already identified widespread compliance failures across federal grantees.

The Nonprofit News and Federal Regulatory Developments section closes with two essential context-setting summaries. Nonprofits in 2026 face a convergence of pressures beyond federal regulatory threats — rising service demand as Medicaid and SNAP cuts take hold, inflation eroding operating budgets, intensifying competition for private dollars, and staff burnout threatening organizational capacity. With 66% of nonprofit leaders concerned about financial stability, proactive scenario planning and revenue diversification are no longer optional. Mission success itself depends on the organizational infrastructure to sustain it: diversified revenue streams, 3–6 months of operating reserves, rolling financial forecasts, and strong board engagement are the bedrock on which program impact rests.

On the human resources front, three imminent deadlines demand action: the PSLF employer disqualification rule takes effect July 1 with litigation still unresolved; the DOL joint employer proposed rule comment deadline is June 22; and the EEOC's new National Enforcement Plan formally designates DEI programs as enforcement targets.

Separately, the restored 2019 FLSA overtime threshold and new DOL opinion letters on dual-role employees provide useful regulatory clarity.

The IRS and finance landscape is equally active. IRS Notice 2026-36 expands the Section 4960 excise tax on compensation over \$1 million to all employees — retroactive to January 1, 2026 — with comments due August 4. The Form 990 transparency initiative signals that the annual return is becoming a primary enforcement and public accountability instrument. The OBBBA's tiered endowment excise tax creates significant new financial planning burdens for qualifying institutions.

At the state level, Florida nonprofits have 16 days to complete a governance review before the comprehensive Nonprofit Corporation Act rewrite takes effect July 1. Pennsylvania's Act 122 filing deadline is June 30 — the final grace-period year. States are increasingly offsetting federal cuts through creative funding mechanisms, with Connecticut's \$2 billion+ Federal Cuts Response Fund and Oregon's state-funded reproductive health provider payments serving as leading examples. New Jersey offers a \$1 million food security matching grant opportunity for qualified nonprofits.

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.

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