



Patterson Policy Watch – A Resource for the Nonprofit Sector

Welcome to the *Patterson Policy Watch*, which tracks key legal and policy developments that matter to the nonprofit sector. In response to the rapidly evolving landscape under the new presidential administration, Patterson Belknap's Tax-Exempt Organizations Group is highlighting executive actions, agency directives, legislative updates, and judicial responses that have the potential to impact nonprofit organizations and the communities they serve.

Below is a digest of select developments from the past week through June 1, 2026, which are organized broadly by issue area. We note that this is not a comprehensive list of all updates that may potentially be relevant to tax-exempt organizations. We will continue to provide regular updates to the *Patterson Policy Watch* to help you anticipate and navigate policy and legal developments. You can also view prior editions of the *Patterson Policy Watch* [here](#).

Other

- May 28: During a press conference, Department of the Treasury (Treasury) Secretary Scott Bessent [commented](#) on the Internal Revenue Service's (IRS) revisions of the Form 990, the annual tax return for Section 501(c)(3) organizations (as well as other Section 501(c) organizations). In response to a question about providing an update on Treasury's investigation into the funding of Antifa, which Treasury was directed to take in the September 22, 2025 executive order, entitled "[Designating Antifa as a Domestic Terrorist Organization](#)," Secretary Bessent stated: "It is ongoing. We made substantial progress, and I think in the weeks and months ahead we are going to have a lot to report. One thing that did go underreported that I would point out to all of you is the IRS is now giving guidance on the Form 990, which nonprofits they have to file, and we are going to encourage—or demand—that nonprofits know their recipients. So, if a grant recipient is violent, if they are suppressing people's rights, then you are responsible for that. And I think that's a very good first step."
 - For more information about the IRS's potential revisions to the Form 990, see the [April 28, 2026 issue](#) of the *Patterson Policy Watch*. For more information about the September 22, 2025 executive order related to Antifa, see the [September 23, 2025 issue](#) of the *Patterson Policy Watch*.

Judicial Watch

As legal challenges to executive actions continue to grow, and as the Department of Justice (DOJ) has begun to initiate actions in court to enforce the administration's priorities, we are tracking developments in key cases that have the potential to most directly impact nonprofit organizations across the sector.

Denial of Congressionally Appropriated Funds

A growing number of nonprofit grantees have sued the federal government (and their agents) for improperly withholding Congressionally appropriated funds. Updates in cases we are following in this area include:

- [National Endowment for Democracy v. United States](#) (District of Columbia): On March 5, 2025, the National Endowment for Democracy (NED), a nonprofit chartered by Congress, sued the Government for denying access to its Congressionally appropriated funds for fiscal year 2025 through the State Department. On August 11, 2025, the District Court granted Plaintiff's motion for a preliminary injunction that enjoined the Government from withholding or otherwise interfering with the remaining fiscal year 2025 funds appropriated to Plaintiff.
 - On March 8, Plaintiff [filed](#) an amended and supplemental complaint against the Government, alleging that the Government has unlawfully refused to apportion, obligate, disburse, or otherwise make available funds appropriated to Plaintiff, including funds appropriated to Plaintiff for fiscal year 2026.
 - On **May 29**, the Government [filed](#) a motion to dismiss Plaintiff's amended and supplemental complaint for lack of personal jurisdiction because the Government argues that Plaintiff's claim for funding is moot.

Legislative Watch

- On May 29, [H.R. 9074](#) was introduced in the House of Representatives by Rep. Scott Perry (R-PA). The bill would require an institution of higher education to file a disclosure report with the Secretary of Education whenever such institution receives a gift from, or enters into a contract with, a foreign source, the value of which is \$50,000 or more annually.
 - Currently, under Section 117 of the Higher Education Act, institutions of higher education are required to make such disclosures if the value of such foreign gifts or contracts is \$250,000 or more annually.

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