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# 2025 Survival Guide

## How Nonprofits Can Prepare for a Second Trump Administration

I've been working in and around nonprofits for years, helping charities do things right. And throughout my time in the sector, one thing has become clear:

### Politics affect nonprofits.

Whether your organization is explicitly ~political~ or not, and whether the tide is shifting right or left, political changes will impact you. I'm writing this in January of 2025 just before Donald Trump is inaugurated for his second term, and many in the nonprofit sector are gearing up for whatever is to come.

There's been LOTS of speculation about what will happen. There are many mission areas that may face significant legal challenges, while others may become overshadowed. Nonprofits who rely on federal funding may experience shifts, and all nonprofits may be affected by legislative and regulatory changes.

There are a lot of people out there who might try to tell you exactly what's going to happen and what you need to do about it. But in reality – we just *don't know*. So, as a lawyer who's seen many ups and downs in my years serving nonprofits, here's my main message: **Prepare, don't panic.**

Now is not the time to catastrophize to the point of disintegration. Yes, some contingency planning may be worthwhile but spending all your time making millions of contingency plans probably isn't. The one thing we can do as leaders is focus on our missions and communities. We need to make smart decisions to help shore up the nonprofit. We need to prepare, not panic.

In this guide, I'll talk you through some of the big topics I know nonprofit folks are worried about and give you some tangible steps to protect your organization. These are some nonprofit best practices that may be helpful to you at this time, but all organizations are different. If you need a strategic partner for your mission, [reach out](#) – I'm happy to help.

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## Can The President Target Nonprofits He Disagrees With?

Between Donald Trump's statements and the policy promises of [Project 2025](#), a plan is laid out that targets specific social issues, including women's reproductive health rights, LGBTQ+ rights, transgender healthcare, asylum-seekers and undocumented immigrants, and more. While it's by no means a certainty that the Trump administration will follow Project 2025 to the letter, it was designed as the blueprint for the second Trump presidency and some of its authors are being appointed to positions of authority.

Many folks working in these areas or with these populations are (understandably) worried about what's going to come about during Trump's second term, especially with statements about [targeting and investigating those who oppose the administration](#).

We can't know exactly what that is going to look like, or even if it will happen at all. But you can bet there will be more public scrutiny on nonprofits working in the hot-button mission areas.

If people are looking for evidence of wrongdoing at your organization, what will they find? Just being a nonprofit in good standing takes a lot of work. Nonprofits need to take some basic steps to make sure the organization is presenting a strong public face. You don't want to give keyboard warriors fuel for their search.

Make sure things are airtight from a compliance perspective to prevent future problems.

- Review the nonprofit's obligations – are your 990s filed?
- What about your state charity registration? Are you up to date with reports?
- Corporate registrations with your state agency? Up to date and not “dissolved”?
- Are you registered in more than one state? Double check those now.
- Using an assumed name or “doing business as”? Make sure that's current too.
- Search up your [IRS exempt entity info in the public database](#).
- Claim your profiles on [Candid/Guidestar](#).

Now is the time to make sure the basic public records are accurate and up to date.

Then, look at your website and social media platforms through the eyes of someone who doesn't like you and is looking for problems – is there any information you need to add or remove? Board roster out of date? Do you want your board to be identified on your website anymore? Maybe you don't. The internet archives will still be available, but you can still make changes.

Finally, look inward. Are you taking appropriate steps to protect donors, staff and volunteer privacy? Do you have good password security for organizational logins? Are you using a password sharing service like [Dashlane](#), or could one angry employee ruin your day? What kind of PII (personally identifiable information) do you store, and what damage would it do if it fell into the wrong hands? Consider whether your software providers' privacy policies are protecting you – or not. Consider cyber security insurance to help in the event of ransomware attacks.

That's a very do-able and broad shoring up that any nonprofit can go through to feel more confident. Now let's get into some of the specific questions I know are on people's minds.

## Can the Administration Revoke Our Tax Exemption?

As of January 19, 2025, lots of nonprofit folks are worried about a bill currently in the Senate, and for good reason. The [Stop Terror-Financing and Tax Penalties on American Hostages Act](#) is designed to help Americans “who are unlawfully or wrongfully detained abroad or held hostage abroad...” which sounds normal.

But baked into the bill there is language that gives the U.S. Treasury Department the ability to label nonprofits as “terrorist supporting organizations” and revoke their tax-exempt status. This bill doesn't require due process or force Treasury to prove an organization is actually supporting terrorism. Nonprofits can appeal the decision, though.

Read that to mean - they can just do it and *if* you have money for lawyers to fight about it, then you can climb that hill, and try to win. Otherwise, you're out of luck, 501(c)(3) status gone. The fear is this new power can be used against literally any organization, including any who oppose the administration, or have missions that this administration just doesn't like (i.e. those with missions around reproductive rights, LGBTQ+ rights, immigration, and climate advocacy).

If your mission overlaps with any of the hot-button political issues, it's more important than ever that your records are clear. If you need to prove that you aren't supporting a terrorist organization, you'll need to be able to clearly track where your money goes.

If you're keeping your books on an Excel spreadsheet, now's the time to hire a bookkeeper and a CPA that works with nonprofits. Get your general ledger in order. Ensure you have back up (proof) for your expenses and good financial controls. Be auditable, even if you don't meet your state's current mandatory audit threshold.

And while you're at it, I'd recommend finding an experienced nonprofit attorney to run a general health check. Your state's [council of nonprofits](#) or groups in your area like [Propel Nonprofits](#) in my home state of Minnesota may be able to review your financial systems and controls. Even if this bill isn't enacted, these steps will help you to safeguard the nonprofit.

## Will We Be Shut Down for Our DEI Program?

A major focus of Trump's campaign has been on his promise to [dismantle Diversity, Equity, and Inclusion programs, both inside and outside the federal government](#). Multiple bills were introduced in 2024 to make DEI programs illegal in the federal government and colleges and universities.

While those bills don't apply to all nonprofits necessarily, there's been [a rise in lawsuits](#) brought against nonprofits for their DEI programs and activities focused on race. And Project 2025 specifically calls for the Trump administration to use the US Department of Justice to "investigate and prosecute all state and local governments, institutions of higher education, corporations, and any other private employers."

An astonishing amount of federal funding flows into the nonprofit sector through the states. You may have funding with federal ties (check your grant agreements with your state to see if a "CFDA" (catalog for domestic assistance) number is listed. If they are passing through federal funding it should be disclosed in the agreement.

The strings that come with taking federal funds (and passing them onto nonprofits) may change to include restrictions on DEI or other strange new requirements. The sheer

volume of federal dollars going out forcing the adoption (or abandonment) of certain policies could affect countless nonprofits who don't even have a "hot button" mission.

Taken to an extreme, it could be possible that those with a racial justice mission may face additional scrutiny via some kind of anti-DEI investigations from the US Office of Inspector General or other federal agencies enforcing federal funding requirements.

This is not an easy topic and truly, who knows if any of this would even happen. But if it does, there will be a legal defense response for these early organizations, and we will see how litigation over this kind of issue plays out. It could play out quietly through administrative hearings, however. Given the lack of discussion between nonprofits in different mission areas, it could be hard to find out about. If organizations are targeted through funding enforcement actions and audits, it's important for folks to speak out so others know, and media attention bring it to light.

## What's Going to Happen to Charitable Giving?

No matter what happens in the next four years, the one thing I can guarantee is that the funding landscape IS going to change. *How* it's going to change is a lot harder to predict, and those changes will be felt differently for every single organization.

During Trump's first term, we saw a HUGE increase in what folks call "[rage giving](#)." This isn't new, but we saw it explode during the first Trump term – people gave lots of money to nonprofits with progressive causes, like Planned Parenthood and the ACLU. And with a second term, it's possible we'll see another rise in rage giving.

That's great for those groups. But it can mean that other organizations fare less well due to donors shifting their priorities to a hot issue. According to [a report by the Minnesota Council of Nonprofits](#), 1 in 8 nonprofits is on the brink of financial ruin. We have good data about nonprofits here, and I expect the same trend is present in other states as well.

Also, for the recipient organizations, remember – there's such a thing as being hugged to death. A huge influx of cash to a small organization without the right support and infrastructure can cause it to fail, just as a lack of funding can. Suddenly everybody's looking, suddenly your compliance failures are readily on display. Suddenly you're in a new financial bracket for the 990 filing or being forced to have audited financial statements when you were not ready.

If there's a potential for big growth for your org, now is the time to surround yourself with professionals who can help you scale sustainably. Using the advice in the sections above, shore up and get a team around you.

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Of course, many people are completely tapped out now after years of high inflation and stubborn high prices. There's no guarantee that people will feel compelled to give in the same way at all. All nonprofits may have trouble reaching their donors except in crisis mode. You might struggle to be heard above all the chatter. Which means now is the time to truly [improve your communications strategy](#). Consider having a full review of your website and email strategy from a professional.

## What Cuts Will Come in Government Grant Funding?

Project 2025 details tons of [federal budget cuts for programs](#) like Medicaid, the Affordable Care Act, and many climate programs. Plus, President Trump has stated a desire to [overhaul, defund, or even eliminate entire government agencies](#), including the Department of Education and the Environmental Protection Agency.

Politicians are often full of a lot of hot air on the campaign trail. But if these changes come to pass, they'll have a huge impact on the nonprofit sector. This will be a triple whammy:

1. Increased demand for services from nonprofits
2. Less government funding to go around
3. More competition for each available dollar by nonprofits trying to provide services

All in all, it looks like there will be more work to do and less money to do it with.

If you're with a nonprofit that relies on government funding, now is the time to diversify your funding streams. I say this knowing that for some groups, it's not possible. This is an area where a contingency plan is worth the effort. You've probably gone through a few government shutdowns that tested your cash flow and lines of credit.

But what would happen if your government grants were to be shut off tomorrow for the foreseeable future? How much runway do you have for payroll? Would you lay off or furlough staff? How many? How would you know when a furlough won't work anymore? Do you have a rainy-day or opportunity fund, and what is best use of that resource? It

could be to provide more severance or otherwise pay your way through the closure – assuming its temporary? Could your organization continue without this funding stream?

Prepare, don't panic. It's ok if you don't have all the answers right away, but these planning exercises can be important.

You will have to go through thought exercises like: which is higher priority, paying vendors or providing more severance? Just thinking it through will help the board identify core values that they can use to make other decisions when facing other decisions that we can't see coming yet.

The average organization should allow that going out of business will take up to 6 months and it may cost anywhere between \$15,000 and \$25,000 to go through the winding up process with counsel, depending on the complexity and amount of creditor negotiations. Know that many states have a statutory nonprofit dissolution process much like bankruptcy, and it is not optional (including my home state of Minnesota).

The timing, process and costs are similar for mergers. And if the org only presents liability to the other organizations, what can you offer in a merger? A program acquisition might be better to re-home staff and dissolve an organization. If you're even thinking these things through – that is an immediate signal to get legal counsel to weigh your options with you.

Some organizations will simply not survive without federal funding (or state pass-through money). Others can try to figure out strategies to diversify funding sources. It is never the wrong time to start investing in relationships with individual donors, private foundations, and corporate partners. Diverse funding can be a good insurance.

## What You Can Do to Prepare

I've already said it, but it bears repeating: *don't panic*. The things I've outlined in this guide are what many nonprofit folks are worried about – but we don't know what's going to happen. We want to be prepared, but you can't spend all your time whipping up contingency plans and getting lost in worst-case scenarios. Take some actionable steps to protect the organization, and then focus in on your mission.

Here are the steps I recommend every small nonprofit focus on in 2025. You'll find most of these are general nonprofit best practices, and that's no mistake. The strongest organizations are the ones who can get through uncertain times and changing political landscapes.



## **1. Decide that YOU will be the safe adult in the room**

Our communities and our team will be looking to us for calm, collected leadership. They may feel like things are out of control, unknown, and just have low grade existential dread – never mind concerns about their job security. The one thing you have control over is your attitude and your behavior at work. Get a therapist, talk to your colleagues at coffee, call your attorney, but with the team and with community stay calm and collected. I don't mean you should act above it all or downplay reality or stick your head in the sand. Acknowledge the hard things. Deal with reality head-on and get people fired up to act when you need to. But someone needs to lead through this uncertainty.

## **2. Review the nonprofit's "public face"**

Do a general health check on your own nonprofit as if you are an outsider. Go find your public filings, like your 990s, state charity registration, and corporate registration. Are they all up to date and accurate? If anything isn't in good standing, deal with it now!

## **3. Update key policies**

With the possible risk of lawsuits or other scrutiny, review your policies and procedures. Some of the key policies include things like financial policies & procedures, conflicts of interest policy, records retention policy, anything with a legal requirement (the IRS has so many rules for nonprofits on all these topics).

First, make sure you have all these policies – if not, it's time to adopt them. And assuming you do have them, ask: are we following this? If not it's time to amend them or make corrections. These policies are supposed to help the organization operate, so we want them to be grounded in what is possible for us.

## **4. Take a hard look at finances**

What is our cash position? How many months of operating costs do we have in reserve? If we're in a hot button area - what does our litigation war-chest look like? Consider drafting up sample fundraising copy for a last-minute urgent need legal defense fund or save samples of what you've seen that you liked.

If you can diversify, what could that look like? Are there new, untapped sources you can pursue? What would it cost to shift strategy into those areas and what is the opportunity cost math saying. Make at least a rudimentary plan for a worst-case financial scenario if one is possible for you.

If your state allows nonprofits to skip paying in on unemployment insurance, find out now if you've been skipping or paying in. For example, in my home state of Minnesota



unemployment benefits are paid by the employer through unemployment insurance. The same is true in many states. If you have not been paying in, that is a bill that must be accounted for in the financial worst-case scenario plan. (Also, you should start paying in. Skipping payments and paying a lump sum of thousands on demand is not a great idea).

## 5. Surround yourself with trusted professionals

Even though we don't know what's going to happen, it helps if you know who to call when something does happen. Make sure you have a network of trusted professionals who can help, no matter what comes to pass. I always recommend having a relationship with a lawyer, CPA, bookkeeper, financial consultant, and HR manager consultants (if you have staff).

If you don't have professionals in your orbit, I recommend starting the search now. It's *much* easier to find and engage with consultants and professionals you trust *before* problems happen. If you are afraid of litigation, it doesn't hurt to identify criminal defense, tax or civil litigation firms that are friendly to your mission now, before you need them.

If your org needs support, don't hesitate to reach out. I work with nonprofits of all sizes to help build and grow strong nonprofits. Learn more at [www.birkenlaw.com](http://www.birkenlaw.com).

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## About the Author



Hi, I'm Jess Birken.

I'm the owner of Birken Law Office, I help nonprofits solve problems so they can quit worrying and get back to what matters most – The Mission. I'm not like most attorneys, I actually have an outgoing personality, and – like you – I like to think outside the box. Most of my clients are passionate and have an entrepreneurial spirit. I'm like that too. My goal is to help you crush it. Getting bogged down in the minutia sucks the joy out of the important stuff. My clients want to do the work – not the paperwork.

Let's connect!

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