

'25 Year in Review

Recently (here in early 2026), I've talked to numerous folks who basically lamented about what a tough year 2025 was – on top of several tough years in a row. Others seem to have mixed feelings.

However, in a recent, informal survey, over 40% of CFO's at "our size" Christian institutions indicated that they were "very encouraged" about the coming year.

One of the "carry over" issues from 2024 was the "U.S. Department of Education "edict" regarding Related Party reporting." There has been much (and I mean MUCH) confusion and misdirection about this – somewhat nebulous – edict. Overall, it appears Higher Ed institutions and the CPA firms that serve them continue to take varied approaches to this reporting requirement.

To review, ED's expanded related party reporting was birthed from their October 2023 final regulations on Financial Responsibility that took effect on/after July 1, 2024. NACUBO began to question how these requirements might be met and published their Advisory 24-01 (AR24-01) report that defined, expanded, and gave examples with respect to what we all knew in early 2024. During 2024, ED issued FAQ's that muddied the waters even more.

In June 2024, the AICPA weighed in with TQA 6960.13 wherein they showed concern about ED's "stipulations" being in conflict with Generally Accepted Accounting Principles (GAAP) especially in the areas of materiality and timing. Ultimately, the TQA intimated that in many cases, the data to be presented as "Unaudited."

We voiced concern about the illegality – violating recent Supreme Court decisions – of presenting the names, locations, and amounts of donors.

Finally, on October 31, 2024, ED issued "guidance" stating that if the related party disclosures were marked "Unaudited," they would reject the audit report.

The AICPA and Government Audit Quality Center (GAQC) have attempted to work with ED and have held several meetings on this subject. In early 2025, they are positioned to "make a collective decision to move forward using financial statement materiality when auditing the related party footnote..."

We continue to monitor this issue and hope for more clarity...

Another issue that was "rocking our world" was the requirement for "Beneficial Ownership Information reporting (B.O.I.)."

Beneficial Ownership Information reporting (from the Corporate Transparency Act) had a rollercoaster year in 2024. First and foremost, you need to note that 501(c)(3) organizations are expressly exempt from B.O.I. reporting. Where our sized schools may have seen a need to complete the on-line reporting would be in situations where you were the member of a sole member LLC or where your school held certain partnership interest.

Throughout much of 2024, district courts denied requests to enjoin the CTA - ruling in favor of Treasury. *Texas Top Cop Shop, Inc. et al vs. Garland* received an injunction on 12/3/24 which halted the requirement to report nationwide – temporarily. In late 2024, the Supreme Court agreed to hear TTCS.

Also, on January 7, 2025, in the case of *Smith, et al. v. U.S. Department of the Treasury, et al.*, 6:24-cv-00336 (E.D. Tex.), the U.S. District Court for the Eastern District of Texas, Tyler Division, issued an order enjoining the government from enforcing the CTA against the plaintiffs and staying FinCEN’s regulations implementing the CTA’s reporting requirements.

On January 23, 2025, the Supreme Court granted the government’s motion to stay a nationwide injunction issued by a federal judge in Texas (*Texas Top Cop Shop, Inc. v. McHenry*—formerly, *Texas Top Cop Shop v. Garland*). As a separate nationwide order issued by a different federal judge in Texas (*Smith v. U.S. Department of the Treasury*) still remains in place, reporting companies are not currently required to file beneficial ownership information with FinCEN despite the Supreme Court’s action in *Texas Top Cop Shop*. Reporting companies were still not subject to liability if they failed to file this information while the *Smith* order remains in force.

Then, finally, On February 19, 2025...

A judge in the Eastern District of Texas on Tuesday lifted an injunction in *Samantha Smith v. U.S. Department of the Treasury*, thereby reinstating enforcement of the Corporate Transparency Act’s (CTA) beneficial ownership information (BOI) reporting requirements.

Basically, in early 2025, this requirement/regulation was generally “put on hold.”

The One Big Beautiful Bill Act of 2025 was signed into law on July 4, 2025. It brought numerous opportunities and challenges that are still being sorted out. For the most part, the “OBBBA” extended and enhanced many of the provisions of the 2017 TCJA.

As you will hear from us throughout 2026, there are potentially nice opportunities built into the OBBBA and the developing regulations thereto.

The myriad provisions that “expand Health Savings Accounts for participants,” are especially interesting and warrant investigation by “our size” institutions.

Some of these provisions don’t begin until 2027 – including the tax credit for contributions to Scholarship Granting Organizations (SGOs). To begin, in year one, there is an available \$1,700 max credit – not a deduction – but a “credit” – coming right off a donor’s tax bill.

Film at 11!