



# Reimagining Our Sector

## Government Funding - Management & Political Considerations



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## Goals for Today

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- Embrace a more hopeful and opportunity-based view of our work in the nonprofit sector through understanding government funding.
- Consider organizational readiness factors to accept, manage, and support the community in stewarding government funds.



## Room Check

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- A) Our organization is ready to manage all levels of government funds and support projects in applying and accessing these funds.
- B) I believe that our organization needs to review internal approaches, and needs to offer government fund management to our projects, but we have a lot of work to do before we could offer it to our projects
- C) Our organization has not yet accepted government funds nor expects to provide this support in the future.
- D) Not applicable.





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# Government Funding: Worth it, or Not?

# Why should we consider government funding?

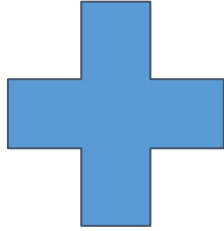
- Government spending continues to increase.
- Government funding is the major reason for successful and strategic nonprofit growth. (See, “How Nonprofits Get Really Big” in Stanford Social Innovation Review).
- In certain cases, this might be the only funding option to expand current programs.
- It is more sustainable to meet the needs of this funding through a management commons (fiscal sponsorship) approach.

National Council of Nonprofits reported that government contributed 32% of all for charitable nonprofits revenues



[“Nonprofit Impact Matters: How America’s Charitable Nonprofits Strengthen Communities and Improve Lives.”](#) National Council of Nonprofits, Sept 2019





### **Opportunities:**

- ❑ Government grants and contracts are usually larger in size (6-7 digits awards are common).
- ❑ Government prides itself on being open, transparent, and objective review processes. (But objective does not mean easy!)



## Opportunities and Considerations

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### **Area for Further Consideration:**

- ❑ Government grant applications are the most demanding to prepare and competition for government funding is fierce.
- ❑ Government funds must be spent only on approved activities, must be managed to comply with regulations, and are expected to result in measurable results, and often on cost reimbursement basis.
- ❑ Financial and performance audits are possible and everyone should be internally ready.

# Government Funding Priorities and Readiness

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## **PRIORITIES:**

- ❑ Government pays for the services that are perceived as a core government responsibility.
- ❑ Government pays for programs that offer new approaches to problems not currently viewed as a core government responsibility.
- ❑ Government also expects needs- and evidence-based programming.
- ❑ Government always expects strong subject matter expertise as well as measurable results.
- ❑ Collaborations and partnerships win extra points.

## **READINESS:**

- Ongoing knowledge of funding flows and the political environment.
- Strong relationships with government decision makers who will advocate for change.
- Strong fundraising professionals.
- Strong experts (in-house) and strong partners.
- Age and/or brand recognition.





# Government Funding: From Reactive to Proactive



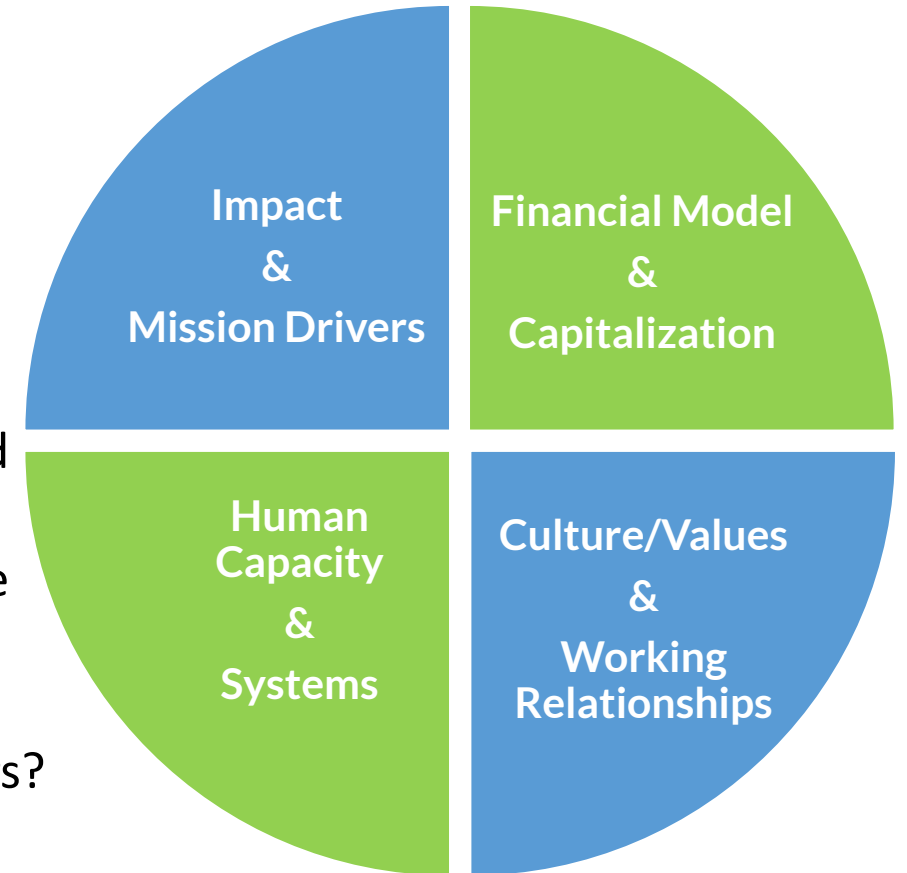
# Government Funding as a Revenue Model

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*An organization engages with the government to provide particular services documented under grant or contractual agreement.*

## Key considerations for fiscal sponsors and sponsees:

- Are we ready to manage more restricted funding streams?
- Are we ready to manage an increased level of compliance?
- Do we have available cash if advances are not possible?
- Do we have unrestricted assets that could absorb unrecovered and unallowable costs?
- Increased operational complexity leads to increased administrative costs. How we are planning to absorb those?
- Do we have clear roles and responsibilities?
- Should we start with being a subcontractor to test out these waters?
- Will this create a competitive funding environment within the organization? Will we face single EIN restrictions?



# Quiz: Key Acronyms and Vocabulary

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The Agreement Officer (AO)

Program Officer

A Code of Federal Regulations (CFR)

Government Rules and Regulations

Office of Management and Budget (OMB)

Government Entity setting and overseeing CFR rules and related changes

UGG = 2 CFR 200

Administrative grant related requirements of all US government funding agencies to all US based nonprofit organizations and certain sections apply to non-US organizations as well (certain rules only apply to one agency but not others, so besides reviewing overall rules, one need to review the specific agency requirements as well)

Principal Investigator (PI)



# Quiz: Key Acronyms and Vocabulary

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**Cost share**

Collaborative funding

**Subaward**

Grant or contract to another entity

**Micro purchase**

Procurement of something that is less than 50K

**NICRA**

Negotiated Indirect Costs Rate Agreement

**Unobligated balance**

Amount that has not been obligated

**Single audit**

Audit of all government funds



## **Procurement Standards**

- Competitive purchasing
- Conflict of Interest
- Gift Acceptance
- Need to use different procurement methods (informal, formal, non-competitive)

## **Property and Inventory Management Standards**

- Guidance on property management, how to address lost or stolen property, and disposal
- Capital equipment (over \$5K) is expected to be a direct expense

## **Accounting and financial management standards**

- Robust and detailed budgets and financial reports
- Cost charged are based on allowability, affordability, applicability and allocation principles and need supporting documentation to justify reasonability, necessity, consistency
- Advances, cash payments and overall treasury management
- Prior written approvals are necessary for a number of costs to be allowable
- Fair and accurate time allocations to government grants vs other funding sources



## Travel Standards

- Per diems
- Air and ground travel justifications and documentation

## Human resources Standards

- Maximum salary reimbursement rates are often in-place
- Fair and transparent compensation approaches, performance management are expected

## Subaward management

- Selecting your sub-recipient in a transparent manner
- Conducting proactive risk evaluations of your sub-recipients
- Types of sub-awards that you will issue
- Monitoring your sub-recipients.

### Award Types:

Grant  
Contract  
Fixed Amount Award  
Discretionary Award  
Cooperative Agreement





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# Closing Reflections

## Four Things to Embrace

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- ❑ **Know your financial health and where vulnerabilities exist** (present or future), whether brought on by COVID-19 or other circumstances.
- ❑ **Know what you're great at and where you want to go with your work.** Does this approach feel right for you, your community?
- ❑ **Be ready to invest time and other resources.** Remember that not all change requires financial capital, but every change requires “sweat equity”.
- ❑ **Think about resources *broadly*** (time, relationships, systems, buildings, stuff), not just money. Vision and drive always lead, money follows.





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**COMMONS**

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