

# **Making Sense Of Federal Grant Freezes And Executive Orders Under The New Administration – Part 2**

## **Grant Funding Uncertainties**

**May 1, 2025**



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# / Today's Speakers



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**Roger Martinez** is a partner at Vasquez + Company LLP, overseeing the firm's audit practice and quality control since 2012. He specializes in financial and compliance audits, internal control reviews, single audits, and financial forecasting for major governmental and regulated entities in California. Roger also serves on several nonprofit boards and professional organizations and holds a CPA license in California. He earned his bachelor's degree from UCLA.



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**Elisa Stilwell** is a Partner at Vasquez + Company LLP, overseeing financial and compliance audits for governmental agencies and federally funded programs. She specializes in financial and compliance audits, internal control reviews, Single Audits under the Uniform Guidance, program-specific audits, and financial forecasting for large complex governmental entities in California. Elisa holds a bachelor's degree in business economics and sociology from the University of California, Santa Barbara, and a CPA license in California.



**Shweta Mehrotra**

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**Shweta Mehrotra** is a Manager at Vasquez + Company LLP, specializing in financial audits of private companies, financial statement reviews, and compilations. She has experience with engagements performed under generally accepted auditing standards and SSARs issued by the AICPA. Shweta holds a bachelor's degree in accountancy from the University of Southern California, Marshall School of Business – Leventhal School of Accounting.

# / Topics

- 1 **In the News: Responses and Adaptive Strategies**
- 2 **Potential Accounting Implications (source: AICPA)**
- 3 **Best Practices for Managing Grants Uncertainties**
  - Train Staff on federal funding compliance
  - Engage with Federal Grant Officers
  - Review Grant Agreements and Compliance Terms
  - Track Activities and Costs Carefully
- ? **Questions**

# / In the News: Responses and Adaptive Strategies

Examples	Scenario	Organization Response
<b>Example 1</b> Federal Funding Threat – Program Restrictions	Organization is notified that continued federal funding is contingent on eliminating or altering a specific program (e.g., gender care, DEI, educational equity).	<ul style="list-style-type: none"><li>▪ Assess legal grounds with counsel, reach out to peer organizations, and determine if policy conflicts with state laws.</li><li>▪ Document all federal communications.</li><li>▪ Seek state-level support or clarification.</li></ul>
<b>Example 2</b> Healthcare Access Affected	Federal guidance causes your facility to pause or limit specific medical services (e.g., reproductive, gender-affirming, or preventive care).	<ul style="list-style-type: none"><li>▪ Conduct legal and ethical review, consult with medical boards and state authorities.</li><li>▪ Maintain patient confidentiality.</li><li>▪ Communicate clearly with clients on disruptions.</li><li>▪ Work with your compliance officer to update clinical protocols.</li></ul>
<b>Example 3</b> Public Health Grant Suspended	A public health grant is suspended due to policy revisions, halting access to underserved populations.	<ul style="list-style-type: none"><li>▪ Collaborate with state or county agencies.</li><li>▪ Review grant agreements for termination rights.</li><li>▪ Prepare a service continuity plan.</li><li>▪ Alert public health officials to community impact.</li></ul>
<b>Example 4</b> Education Program Targeted	A grant-funded education program (e.g., for undocumented youth, refugee families) becomes disqualified under new eligibility rules.	<ul style="list-style-type: none"><li>▪ Reconfigure curriculum delivery.</li><li>▪ Seek support from private foundations. Have a backup plan for funding program continuity.</li><li>▪ Ensure compliance documentation current.</li><li>▪ Educate stakeholders on program impact.</li></ul>

Source link: [See appendix](#)

# / In the News: Responses and Adaptive Strategies (cont'd)

Examples	Scenario	Organization Response
<b>Example 5</b> Library or Public Education Program Suspended	Federal grant for literacy, library, or education outreach is pulled mid-cycle.	<ul style="list-style-type: none"><li>▪ Seek emergency local or state funds.</li><li>▪ Launch an advocacy campaign. Mobilize community support.</li><li>▪ Showcase program impact using recent success metrics.</li><li>▪ Scale back non-essential components.</li></ul>
<b>Example 6</b> Collective Bargaining or Labor Funding Conflict	Policy changes restrict the ability to engage in labor organizing or receive funds for unionized staff.	<ul style="list-style-type: none"><li>▪ Consult employment counsel and develop internal compliance protocols.</li><li>▪ Stay updated on labor rights.</li><li>▪ Brief HR and leadership teams on potential risks.</li><li>▪ Create contingency payroll plans if funding delays occur.</li></ul>
<b>Example 7</b> Technical Violation in Federal Audit	A compliance review flags a technical violation tied to evolving federal guidance.	<ul style="list-style-type: none"><li>▪ Self-report, correct the issue, and request a resolution meeting with the grant officer.</li><li>▪ Invest in compliance training for finance and program staff. Conduct internal audits to catch and correct issues early.</li></ul>

# / Potential Accounting Implications

Accounting Area	What it Means for your Financial Reporting	How You Can Prepare
1 <b>ASC 275 Risks and Uncertainties or GASB 34 Basic Financial Statements</b>	If the entity is heavily reliant on federal funding, this creates a concentration risk that must be disclosed under ASC 275. GASB 34 requirements may necessitate reclassification of inflows or disclosures about funding uncertainties.	Include disclosures about reliance on federal funds and how this impacts operational continuity. Disclose contingencies; update grant receivable schedules.
2 <b>ASC 855 Subsequent Events</b>	The funding freeze is a non-recognized subsequent event (Type II). Disclosure is required if the event could materially affect financial results or operations.	Draft disclosure notes outlining the freeze, its timing, and whether the financial impact can or cannot be estimated.
3 <b>ASC 205-40 Going Concern</b>	If the entity likely cannot meet obligations within a year, substantial doubt exists and must be disclosed, even if alleviated by management plans.	Document going concern assessment clearly. Disclose risks and any mitigating plans, even if they reduce substantial doubt.
4 <b>ASC 958-210 Liquidity &amp; Availability of Resources</b>	Liquidity disclosures at year-end reflect known conditions only. Qualitative disclosure can highlight risks tied to potential federal delays or nonpayment.	Add narrative context if collection risk from federal receivables is material.



# / Potential Accounting Implications (cont'd)

	Accounting Area	What it Means for your Financial Reporting	How You Can Prepare
5	<b>ASC 958-605 Grant Revenue Recognition</b>	If federal grants were accounted for as conditional contributions, revenue is only recognized when donor-imposed conditions are met. The freeze itself does not create a new barrier or condition.	Review grant agreements to reassess whether barriers had been overcome prior to the freeze. Maintain detailed documentation.
6	<b>ASC 958-310 Receivables (Subsequent Measurement)</b>	If collectibility of recognized receivables is now uncertain, entities may need to record a bad debt expense, reported as a decrease in net assets without donor restrictions.	Assess collectibility using current information. Adjust allowance for doubtful accounts only if collectibility is no longer probable.
7	<b>ASC 606 Exchange Transactions (Revenue) or GASB 33 Nonexchange Transactions</b>	Exchange-type grants must be evaluated for variable consideration. Revenue adjustments may be needed based on revised transaction price or unilateral contract changes by the federal government.	Review contracts for termination clauses, performance-based conditions, or pending modifications. Update revenue estimates as needed.
8	<b>ASC 326 Credit Losses</b>	Federal receivables are generally exempt from CECL unless nonpayment is probable. Government default risk is considered negligible and normally does not warrant a credit loss allowance.	Only consider CECL adjustments if clear, documented evidence of nonpayment from the federal government exists.

# / Best Practices for Managing Grants Uncertainties

## Train Staff on federal funding compliance

### Why It Matters

- Your staff is your first line of defense.
- Inconsistent understanding of rules leads to costly errors—especially in uncertain or rapidly changing environments.

### Key Takeaway

Compliance isn't just a policy—it's a mindset. Everyone touching the grant should understand the rules that apply.

### Pro Tip

- **Provide role-specific training.** Tailor guidance for finance, program, procurement, and leadership staff.
- **Refresh training during key changes**, like new awards, amendments, or funding delays.
- **Create quick-reference tools** (FAQs, checklists, templates) to reinforce compliance expectations.
- **Encourage a speak-up culture.** Staff should feel safe flagging risks or asking questions early.
- **Document all training.** Track attendance and content—this protects you during audits or reviews.

# / Best Practices for Managing Grants Uncertainties

## Train Staff on federal funding compliance (cont'd)

### Compliance Supplement

- Issued annually by the Office of Management and Budget (OMB)
- Key guidance for Single Audits of federal awards (NFPs, States, Local Governments)
  - audit of major programs
- Outlines compliance requirements for federal programs
- Provides suggested audit procedures for each compliance area related to a federal program
- Organized by program (Assistance Listing Number) and requirement for audit consistency
- Supports compliance with Uniform Guidance (2 CFR Part 200, Subpart F)
- Essential tool for audit planning and assessing compliance

# / Best Practices for Managing Grants Uncertainties

## Train Staff on federal funding compliance (cont'd)

Updates to the Uniform Guidance / Compliance Supplement for Federal Funds Received after [October 1, 2024](#):

**1. Single Audit Threshold Increase:**

The threshold for requiring a Single Audit has been raised from \$750,000 to \$1,000,000 in federal expenditures.

**2. Type A Program Threshold Adjustment:**

For entities expending between \$1 million and \$34 million in federal awards, the Type A program threshold has increased from \$750,000 to \$1 million.

**3. Equipment Threshold Increase:**

The capitalization threshold for equipment purchases has been raised from \$5,000 to \$10,000.

**4. De Minimis Indirect Cost Rate Increase:**

Entities without a Negotiated Indirect Cost Rate Agreement (NICRA) can now apply a de minimis indirect cost rate of 15%, increased from 10%

**5. Cybersecurity Requirements:**

Recipients and subrecipients are now required to implement robust internal controls that include cybersecurity measures. This encompasses enhanced data encryption, multi-factor authentication, and other safeguards to protect sensitive information.

**6. Questioned Costs Clarification:**

Auditors must now provide a description explaining why the dollar amount of known questioned costs was undetermined or could not be reported, enhancing transparency in audit findings.

# / Best Practices for Managing Grants Uncertainties

## Train Staff on federal funding compliance (cont'd)

Legend to Matrix: Y - Yes, this type of compliance requirement is subject to audit for the federal program; N - No, this type of compliance requirement is not subject to audit for the federal program. Those requirements that were changed from a "Y" to an "N" or from an "N" to a "Y" since the last Supplement are shown in bold (and highlighted in yellow) in the A-N matrix columns. Any changes shown with a blue highlight are corrections to this table only (not a change in the requirements in Part 4). Note: Requirements D and K are reserved and therefore not shown in this chart.

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Program Number												
10.000 (delete)												
10.181 (new)	Y	Y	N	Y	N	N	Y	N	N	Y	Y	N
10.182 (new)	Y	Y	N	N	N	N	N	N	N	N	N	N
10.185 (new)	Y	Y	N	N	N	N	N	N	N	N	N	N
10.186 (new)	Y	Y	N	Y	N	N	Y	N	N	Y	Y	N
10.190 (new)	Y	Y	N	Y	N	Y	N	N	N	Y	Y	N

## UNITED STATES DEPARTMENT OF AGRICULTURE

## ASSISTANCE LISTING 10.186 REGIONAL FOOD BUSINESS CENTERS PROGRAM

## I. PROGRAM OBJECTIVES

The objective of the Regional Food Business Centers (RFBC) Program is to support a more resilient, diverse, and competitive food system. The [RFBCs are led by twelve cooperative agreement partners](#) (universities, non-profits, and community development financial institutions) and will offer coordination, technical assistance, and capacity building to small and mid-sized food and farm businesses (producers, processors, aggregators, and distributors) to create new markets and expand current linkages throughout the food supply chain. By strengthening connections between rural and urban areas, the RFBCs will drive economic opportunities across the regions, prioritizing service to underserved communities and businesses. Below is a list of the 12 Centers:

- Appalachia USDA Regional Food Business Center
- Delta USDA Regional Food Business Center
- Great Lakes Midwest USDA Regional Food Business Center
- Heartland USDA Regional Food Business Center
- National Intertribal Food Business Center
- Island and Remote Areas USDA Regional Food Business Center
- North Central USDA Regional Food Business Center
- Northeast USDA Regional Food Business Center
- Northwest and Rocky Mountain USDA Regional Food Business Center
- Rio Grande Colonias USDA Regional Food Business Center
- Southeast USDA Regional Food Business Center
- Southwest USDA Regional Food Business Center

The program is authorized and funded by the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, Division N, Title VII, Subtitle B, Section 751. The program is implemented by the United States Department of Agriculture (USDA) Agricultural Marketing Service (AMS).

## II. PROGRAM PROCEDURES

## A. Overview

Twelve RFBCs, composed of lead applicants and key partners, will provide nationwide service to small and mid-sized food and farm businesses. Six of the RFBCs will focus service on the high priority areas of the Colonias, the Delta and Southeast, Appalachia, and Indian Country. Finalists for the RFBC program were groups of partners, including a Lead Applicant and at least two Key Partners, all of whom must represent eligible entities: state, local governments, Indian tribes, institutions of higher education, and nonprofit corporations. The RFBCs were selected through a competitive award process. Cooperative agreements were signed by AMS and lead applicants in fiscal year 2023, and periods of performance commenced July 1, 2023.

Those lead applicants are to oversee key partners, which encompass larger subawards approved as part of the initial cooperative agreement, as well as smaller Business Builder subawards, which will be awarded in 2024 and onward. Lead applicants and key partners may both be subject to single audit requirements, depending on the size of their awards.

The Business Builder subawards will be issued on a rolling basis with each subaward lasting for no more than two years. Business Builder subrecipients may receive funds from more than one RFBC but may not receive more than \$100,000 in total during the five-year performance period. These subawards may support staff time, business planning activities, software implementation, the purchase of equipment (such as food safety, processing and/or packaging equipment), value chain and supply chain coordination and innovation, product development, marketing and other associated expenses as outlined in the [RFA](#) in (page 9, Section 1.3.4)

## B. Program Description

The RFBCs will serve as a network of Centers and provide coordination, technical assistance, and capacity building to their respective regions and priority populations. The qualitative functions are to 1) act as coordinating entities across their regions with USDA, other federal, state and tribal agencies, and other RFBCs; 2) providing technical assistance to businesses impacted by the pandemic, supporting wide ranging regional needs including value chain/supply chain coordination, market development, and navigating and managing financial resources; and 3) financial assistance of up to \$100,000 to individual food businesses, projects focused on regional needs, and businesses that are working toward expansion and other investment.

## Source of Governing Requirements

The RFBC program is authorized and funded by the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, Division N, Title VII, Subtitle B, Section 751. This authority provided at least \$360,000,000 to fund Centers.

## Availability of Other Program Information

More information on the RFBC program can be found on the AMS Local and Regional Foods Division website. The link for the RFBC information is <https://www.ams.usda.gov/services/local-regional/rfbc>. RFBCs are launching websites for each of the 12 agreements, which are linked to from the AMS website listed above. Some RFBCs launched those websites in 2023, and others will launch in 2024.

The RFBC Request for Application (RFA) can be found at the AMS USDA site <https://www.ams.usda.gov/sites/default/files/media/RegionalFoodBusinessCentersRFA.pdf>

## III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, "Matrix of Compliance Requirements"), which of the 12 types of compliance requirements have



been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	N	Y	N	N	Y	Y	N

#### A. Activities Allowed or Unallowed

The [general terms and conditions](#) for this program outline the overall allowable and unallowable costs and activities (Section 8.0, pages 8-15). The [program-specific terms and conditions](#) (Section 2.1, page 2) outline allowable special purpose equipment purchases for these subawards, which expands the definition of allowable equipment beyond the AMS general terms and conditions.. Pre-award costs were approved for some agreements.

Funding restrictions for the program, including the Business Builder subawards are outlined in the [RFA](#) (Section 4.6, page 19). Allowable costs associated with the program activities are outlined in the RFA (Section 1.3, pages 6-9) and are centered around coordination, technical assistance, and capacity building support for small- and mid-sized food and farm businesses.

#### B. Allowable Costs/Cost Principles

Costs charged to the RFBC Program must comply with the cost principles at 2 CFR Part 200, Subpart E. Approved indirect cost rates for lead applicants and key partners specified their plan to use either their Negotiated Indirect Cost Rate Agreements (NICRA) or the de minimis costs are outlined in the cooperative agreements, which were signed by the lead applicants. Subawards from the lead applicants to the key partners will outline those entities' indirect cost rates. Indirect cost policies are outlined in the [RFA](#) (Section 4.6.2, page 20) and the [program-specific terms and conditions](#) (Section 2.2, page 2).

#### E. Eligibility

As defined in the [Request for Applications](#) (pages 13-15), Eligible entities for lead applicants and key partners are Non-Federal Entities, which are defined in 2 CFR 200.1 as State, local governments, Indian tribes, Institutions of Higher Education (IHE), and nonprofit organizations. AMS reviewed and confirmed eligibility of lead applicants and key partners at the time of award.

##### 1. Eligibility for Individuals

Not Applicable

##### 2. Eligibility for Group of Individuals or Area of Service

Not Applicable

##### 3. Eligibility for Subrecipients

The [RFA](#) (Section 3.1, pages 13-15) outlined that project teams must be composed of at least one lead applicant and two key partners, all of whom must be eligible entities. Beyond this requirement, the lead applicant can determine eligibility for subrecipients to provide coordination and technical assistance, and what requirements must be met to apply for capacity building subawards. For-profit entities were not eligible to be either lead applicants or key partners of cooperative agreements. However, for-profit entities are eligible to be collaborators and to apply for the smaller Business Builder subawards. All applicant businesses and organizations must be domestically owned, and applicants' facilities must be physically located within the 50 States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

AMS reviewed lead applicant and key partner eligibility prior to issuing cooperative agreements. RFBCs are to review Business Builder subaward eligibility on an ongoing basis. Business Builder subrecipients are eligible to the extent described in each lead applicant proposal and in amounts awarded that are within funding limits.

#### H. Period Of Performance

The Period of Performance is 60 months (5 years), initiating with the effective date July 1, 2023. If activities cannot be completed within the performance period, extensions of up to 12 months may be granted at the agency's discretion.

#### L. Reporting

##### 1. Financial Reporting

- a. SF-270, Request for Advance or Reimbursement - Not Applicable.
- b. SF-271, Outlay Report and Request for Reimbursement for Construction Program – Not Applicable.
- c. SF-425, Federal Financial Report - RFBCs are required to submit Form SF-425 no later than 90 days after end of the agreement. Each cooperative agreement outlines each RFBC lead partner's reporting requirements, which determines the reporting frequency for each entity.

## 2. Performance Reporting

RFBCs will submit performance reports throughout the performance period. For the purposes of the single audit, only information on the number and dollar value of Business Builder subawards is to be reviewed. These awards are described on page 9 of the [RFA](#) in Section 1.3.4.

a. **Report Title:** *Regional Food Business Center Semiannual Performance Progress Report*

**OMB PRA Number:** *OMB No. 0581.0335*

**Reporting period/submission date/s:** *A Semi-Annual Progress Performance Report must be submitted to AMS within 30 days after the end of the first six months of the date of the signed agreement and 30 days after the end of each six-month period until the expiration date of the cooperative agreement, using the template provided to cooperators.*

**Link to the report:**

[https://www.ams.usda.gov/sites/default/files/media/RFBC\\_Semiannual\\_Report.pdf](https://www.ams.usda.gov/sites/default/files/media/RFBC_Semiannual_Report.pdf)

The key line items below from performance reports include quantifiable data subject to audit reviews. Other performance report information is qualitative and will be reviewed by AMS.

- 1. Line Item 13. How many Business Builder subawards have been distributed?
- 2. Line Item 14. Total funding awarded for Business Builder subawards in the past six months.
- 3. Line Item 25. Number of Business Builder Subawardees that were able to access new market channels.

## 3. Special Reporting

Not applicable

## 4. Special Reporting for the Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.



# / Best Practices for Managing Grants Uncertainties

## Train Staff on federal funding compliance (cont'd)

### Compliance Matrix Refresher and Common Pitfalls

Compliance Requirement	What it Means	Common Pitfalls During Uncertainty	Regulation Reference
<b>A</b> Activities Allowed or Unallowed	Only conduct activities approved in the grant scope.	Expanding services or scope without prior approval.	2 CFR §200.403, 200.404
<b>B</b> Allowable Costs / Cost Principles	Costs must be necessary, reasonable, and allocable.	Charging unapproved or panic-spending during funding gaps.	2 CFR §200.403–200.405
<b>C</b> Cash Management	Draw only what you need; spend promptly.	Drawing down too much during uncertainty or delaying use of funds.	2 CFR §200.305
<b>E</b> Eligibility	Serve only individuals/entities who meet criteria.	Loosening eligibility checks to meet deliverables.	Program-specific; 2 CFR §200.403(b)
<b>F</b> Equipment & Real Property Management	Track, safeguard, and dispose of assets properly.	Failing to update inventory or misplacing equipment under remote operations.	2 CFR §200.313–200.316
<b>G</b> Matching, Level of Effort, Earmarking	Meet match or performance targets as required.	Not meeting match due to lost revenue or shifting staff priorities.	2 CFR §200.306

# / Best Practices for Managing Grants Uncertainties

## Train Staff on federal funding compliance (cont'd)

### Compliance Matrix Refresher and Common Pitfalls (cont'd)

Compliance Requirement	What it Means	Common Pitfalls During Uncertainty	Regulation Reference
<b>H</b> Period of Performance	Costs and activities must fall within approved dates.	Charging costs before start or after end due to delays or extensions.	2 <i>CFR</i> §200.77, §200.403(g)
<b>I</b> Procurement & Suspension / Debarment	Follow procurement rules; avoid barred vendors.	Rushing purchases without documentation or skipping vendor checks.	2 <i>CFR</i> §200.317–327, 2 <i>CFR</i> §180.300
<b>J</b> Program Income	Use and report any program income appropriately.	Not tracking income generated or misusing it outside the grant scope.	2 <i>CFR</i> §200.307
<b>L</b> Reporting	Submit required financial and performance reports on time.	Missing deadlines or submitting incomplete reports during crisis response.	2 <i>CFR</i> §200.328–329
<b>M</b> Subrecipient Monitoring	Monitor subrecipients for both compliance and performance.	Reduced oversight of subs due to staffing shortages or travel restrictions.	2 <i>CFR</i> §200.331–333
<b>N</b> Special Tests and Provisions	Comply with any unique grant-specific rules.	Overlooking unique conditions like lobbying restrictions or fair housing rules.	<i>Program-specific T&amp;Cs</i>

# / Best Practices for Managing Grants Uncertainties

## Engage with Federal Grant Officers

### Why It Matters

- Your grant officer is more than a contact—they're a resource and partner in compliance.
- Early and ongoing engagement helps clarify expectations and reduce risk.

### Key Takeaway

Proactive communication builds trust and helps you navigate compliance issues before they become problems.

### Pro Tip

- Schedule quarterly check-ins, even if there are no issues.
- Use the time to confirm deadlines, discuss scope changes, or get clarity on allowable costs.

# / Best Practices for Managing Grants Uncertainties

## Review Grant Agreements and Compliance Terms

### Why It Matters

- This can expose gaps in understanding your compliance obligations or spending flexibility.
- Every clause matters, especially those around allowable costs, performance metrics, and reporting deadlines.
- Federal grant agreements are legally binding—misunderstanding key terms can lead to audit findings, disallowed costs, or worse.

### Key Takeaway

When funding becomes uncertain, clarity in your grant terms becomes your first line of defense.

### Pro Tip

- **Flag restrictive clauses early.** Identify any limits on carryover, indirect costs, or changes in scope that could become problematic if funding is delayed or reduced.
- **Cross-reference with federal guidance.** During uncertain times, agencies may issue updated FAQs or memos—compare these against your grant terms to spot conflicts or flexibilities.
- **Document interpretations.** If you've made internal decisions about how to interpret vague terms, document the rationale and confirm with your grant officer when possible.
- **Align agreement terms with cash flow planning.** Understand timing of drawdowns, reimbursement rules, and advance limitations to help maintain operations during disruptions.

# / Best Practices for Managing Grants Uncertainties

## Track Activities and Costs Carefully

### Why It Matters

- Precise tracking helps justify spending and supports real-time decision-making.
- Auditors and grantors will expect clear documentation—especially when responding to unexpected changes.

### Key Takeaway

Strong cost tracking protects your program—and your funding—when plans change unexpectedly.

### Pro Tip

- **Use grant-specific accounting codes** to separate costs by activity, funding source, and reporting requirement.
- **Track by deliverable or milestone**, not just budget line, to show progress even when funding is uncertain.
- **Log communication** related to changes in timelines, approvals, or deliverables. It's your audit trail.
- **Build internal alerts** for burn rates, budget variances, or thresholds that signal when action is needed.
- **Reconcile often**—monthly (or more frequently) during high-risk periods.

# / Best Practices for Managing Grants Uncertainties

## Track Activities and Costs Carefully: Scenarios

A key strategy is **maintaining clear fiscal separation between federal and nonfederal activities**. Below are three common scenarios that show how organizations can continue offering critical services by using practical, defensible cost allocation methods—ensuring transparency, accountability, and readiness for federal review.

Three common scenarios in which an FQHC might offer nonfederal programs services if necessary fiscal separation is accomplished.

- **Scenario A:** Indirect allocation, 1 program
- **Scenario B:** Indirect and direct allocation, 1 program
- **Scenario C:** Indirect and direct allocation, multiple programs

# / Appendix

- <https://abcnews.go.com/Politics/lgbtq-rights-groups-file-lawsuits-challenging-trumps-executive/story?id=119001549>
- <https://lambdalegal.org/case/san-francisco-aids-foundation-v-trump/>
- <https://www.theguardian.com/us-news/2025/apr/14/title-x-clinics-trump-administration-grants-freeze>
- <https://www.sfchronicle.com/politics/article/sf-health-centers-trump-20178667.php>
- <https://apnews.com/article/572cf095773c66856a1da94030ffd5a9>
- <https://www.huschblackwell.com/newsandinsights/executive-order-highlights-risks-to-nonprofit-tax-exempt-status>
- <https://tnpa.org/nonprofits-under-fire-how-the-irs-can-and-cannot-revoke-federal-tax-exempt-status/>

# Questions?



# / Contact Information

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