National Council of Nonprofits

Champions for the public good

# Managing Federal Grants – A Start Up Guide

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## Why It Matters

Charitable nonprofits frequently partner with the federal government to deliver essential services to their communities, but too many smaller nonprofits do not have access to this critical resource. Managing federal funding generally requires significant internal capacity, and in the current political climate, nonprofits that receive federal funds are experiencing heightened scrutiny, volatility, and financial and legal risk. These factors make it more difficult for nonprofits with limited or no experience to access the government grants and contracts needed to address local needs.

The National Council of Nonprofits (NCN) recommends that nonprofits carefully assess their readiness, consider and mitigate risks, and ensure compliance with federal laws before pursuing a federal award.

## Assess Your Readiness

Before applying for a federal award, nonprofits should assess their readiness and take steps to ensure that they have the capacity to administer federal funds.

- **Know the basics.** Create a free account with MyFedTrainer.com and access resources including the "Grant Readiness Go/No-Go Assessment" and "Getting Started with Federal Grants." Also see grant readiness checklists created by NCN state associations in Kentucky and Minnesota.
- **Establish a grant history.** Build a track record of successful grant management with private philanthropy and state agencies.
- **Adequately staff your organization.** Staff required to implement a federal award may include:
    - Administrators equipped to meet record-keeping requirements.
    - Program staff with the skills to deliver grant deliverables.
    - Financial experts able to manage controls, budgets, audits, and financial reporting. Use NCN's guide and audit glossary to better understand how to prepare for and comply with federal audit requirements.

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- **Identify and secure required matching funds.** Prepare in advance to secure any required match (in-kind and/or cash) or cost share, if applicable.
- **Register with the System for Award Management (SAM).** Registration on SAM.gov is mandatory to apply for most federal grants. Registration must be renewed annually.

## Consider and Mitigate Risks

It is critical that nonprofits understand and take steps to mitigate any financial or legal risks associated with administering a federal grant.

- **Be aware of heightened exposure and volatility.** Recent administrative actions have significantly increased financial and legal risks to federal grantees. These actions include executive orders, sudden changes to grant terms and conditions, non-renewal of federal grants, early grant and contract terminations, and increased investigations.
- **Review the U.S. Office of Management and Budget (OMB) Uniform Guidance.** Familiarize yourself with the common set of rules governing most federal grantmaking. Review NCN's analysis of changes made to the OMB Uniform Guidance in 2024. In May 2026, OMB proposed a sweeping overhaul of federal grantmaking that, if implemented, may make it harder for grantees to administer federal grants. For more information, see NCN's public comment and chart of key provisions.
- **Consider applying with a fiscal agent or sponsor.** For federal grant applicants with limited or no experience, partnering with an established organization via a fiscal sponsor or fiscal agent model can allow them to legally apply for, receive, and manage federal funds. Under this arrangement, the fiscal sponsor assumes full responsibility for compliance, reporting, and fund management. Learn more about fiscal sponsorships and understand the difference between a fiscal agent and a fiscal sponsor.
- **Stabilize your cash flow and consider diversified revenue sources.** Funding from a federal award may take up to a year to receive (from the time of application to draw down), and it is often delivered through a reimbursement model.
- **Prepare for common problems.** NCN's summary of common problems provides nonprofits with a list of potential challenges that often arise.
- **Know how to respond to a disruption or termination of funding.** Use NCN's guide for nonprofits who are concerned about possible funding disruptions and a checklist for nonprofits that experience a grant termination.

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## Additional Laws and Rules

When grants include capital improvements or construction, additional requirements may apply:

- **Build America Buy America Act.** This law requires iron, steel, manufactured products, and construction materials in infrastructure projects to be produced in the United States.
- **Davis-Bacon and Related Acts.** This law applies to federally funded or assisted contracts greater than $2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public work.
- **National Environmental Policy Act.** (NEPA): Some grants may trigger a NEPA review because the funding is considered a major federal action. In such cases, an environmental review must be completed before work begins. The National Institute of Justice has a helpful summary that may assist applicants to any federal agency.

## Related Resources

The following resources may also be helpful for nonprofits that seek to apply for federal grants:

- **National Council of Nonprofits.** NCN manages comprehensive resources for nonprofits managing government grants and contracts. NCN's advocacy toolkit guides nonprofits through the federal funding and advocacy process**.** This NCN blog includes tips on completing a Negotiated Indirect Cost Rate Agreement (NICRA) application.
- **U.S. Department of Agriculture (USDA).** USDA has a helpful glossary of federal contracting terms that may assist applicants to any federal agency.
- **U.S. Department of the Interior.** The Interior Department provides helpful guidelines specifically for nonprofits.
- **Congressional Research Service (CRS).** Summary of key links.
- **Grants.gov.** A government website where federal agencies post information about direct federal grants opportunities, which agencies award grants, application packages, eligibility, and a Grants 101 guide. (Note: This website will be replaced with SimplerGrants.gov by 2027.)
- **State nonprofit associations.** NCN network members frequently provide technical assistance related to federal grantmaking. Become a member of your state or regional association of nonprofits and learn more.
- **State government grant management offices.** A few states have offices inside the executive branch that help coordinate grantmaking. Some of these offices provide technical assistance to nonprofit grantees managing federal pass-through funds. Contact your state or regional association of nonprofits to learn more.

**For more information, contact NCN Senior Policy Analyst Holly Ambuehl at hambuehl@councilofnonprofits.org.**

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