

Federal Funding Uncertainty – Potential Impact on Associations

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The new administration has issued multiple Executive Orders since taking office on January 20, some of which impact nonprofits, including Associations. In addition, the Office of Management and Budget (OMB) issued a memo on Monday, January 27th that would have paused federal funding to all but individual direct recipients. While there was a temporary stay issued in response to a lawsuit, and the OMB memo was rescinded, further Executive Orders (EOs) can be expected, as well as additional OMB directives. Associations should consider developing action, communication, and financial plans, during this time of uncertainty.

ACTION PLAN. Before assuming your association is not impacted by these orders, review all revenue sources, including funding at the local or segment component level. It is important to determine whether federal funds are the ultimate source for any of your state or local grants, or for grants passing through other nonprofits. If you find your funding might be impacted, here are some things you should do:

- **Reach out:** Contact your grant/agreement officers to determine whether their agency's (or initiative's) awards are subject to pause or heightened scrutiny under the recent EOs or OMB/administration freeze.
- **Submit payment requests:** If your organization is entitled to request any drawdowns on funds from federal grants, submit payment requests as soon as possible. Be patient and persistent with payment requests; the federal payment systems (and staff) are overwhelmed.
- **Stay informed:** Follow the release of additional Executive Orders and other policy memos that might affect programs or initiatives for which you receive funding. The National Council of Nonprofits has compiled a summary of executive orders and related actions that you may find helpful. <https://www.councilofnonprofits.org/files/media/documents/2025/chart-executive-orders.pdf>
- **Follow state legislation:** Keep yourself informed of developments affecting the state(s) in which your organization operates.

COMMUNICATION PLAN. You may also want to establish a centralized communication strategy to keep your team and volunteer leaders informed. It may be helpful to develop a summary of potential funding risks tailored to your organizations and affiliates. To facilitate clear and timely communication, associations should establish a centralized channel – such as a dedicated email inbox, Teams chat, or shared discussion platform – where chapter leaders and stakeholders can ask questions, share concerns, and exchange insights about funding impacts and strategic responses.

FINANCIAL PLAN. Even if neither your association nor its affiliates receive federal funding directly, if your members rely on government grants, shifts in funding could eventually impact their ability to pay dues, attend events, or engage in sponsorships. With that in mind, this is a reminder of the importance of developing and maintaining a financial contingency plan. If it's appropriate, consider talking to your bank about establishing a line of credit to bridge potential gaps in cash flow. Develop or update a cash flow forecast and plan for different scenarios.

More than ever, it is essential for associations to keep each other, and their members, informed about the latest developments in federal funding. Additionally, organizations should seek expert financial guidance to navigate these changes effectively and ensure long-term stability. Your Part-Time Controller, LLC provides expert accounting, financial reporting, and advisory services exclusively to nonprofits. With over 30 years of experience, YPTC helps organizations strengthen their financial management so they can focus on their mission. Contact us at yptc.com/hire-us for help!