

**For-Profit Entities as Subrecipients
Grant Coordinator Meeting
2/21/19**

Summary:

For-profit entities who are ISU subrecipients on federal-sourced grants or cooperative agreements (federal financial assistance and related flow-through funding) are not allowed to include profit or fees in their budget. Exceptions will only be made with expressed approval from the Federal Agency.

Uniform Guidance (2 CFR 200) Background:

2 CFR 200.101(c) states: Federal awarding agencies may apply subparts A through E of this part to for-profit entities, foreign public entities, or foreign organizations, except where the Federal awarding agency determines that the application of these subparts would be inconsistent with the international obligations of the United States or the statutes or regulations of a foreign government.

2 CFR 200.400(g) states: The non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award. See also §200.307 Program income.

Cost Principles for For-Profit Entities:

The cost principles for for-profit entities are located in 48 CFR Part 31. Profit or fees are not considered a "cost".

Subrecipient Budget Implications:

ISU may need to ask the for-profit subrecipient if there are any fees or profit included in their hourly rates, fringe benefit rates, or other rates. If there are, ISU will need to ask for revised budgets excluding the fees and/or profit.