ARTICLE 3

GRANTS MANAGEMENT

Section 1. FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS REQUIRED:

Subdivision 1. Financial review required. (a) Before awarding a competitive legislatively named, single-source, or sole-source grant to a nonprofit organization under this act, the grantor must require the grantee to submit financial information sufficient for the grantor to document and assess the grantee's current financial standing and management.

(b) At a minimum, the grantor must require each applicant to provide the following information:

(1) the grantee's history of performing duties similar to those required by the grant, whether the size of the grant requires the grantee to perform services at a significantly increased scale, and whether the size of the grant will require significant changes to the operation of the grantee's organization;

(2) for a grantee that is a nonprofit organization, the grantee's Form 990 or Form 990-EZ filed with the Internal Revenue Service in each of the prior three years. If the grantee has not been in existence long enough or is not required to file Form 990; Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit documentation of internal controls and the applicant's most recent financial statement prepared in accordance with generally accepted accounting principles and approved by the applicant's board of directors or trustees, or if there is no such board, by the applicant's managing group;

(3) unless exempt under Minnesota Statutes, section 309.515, evidence of registration and good standing with the attorney general under Minnesota Statutes, chapter 309; and

(4) evidence of registration and good standing with the secretary of state under Minnesota Statutes, chapter 317A, or other applicable law.

Subdivision 2. Financial information required; determination of ability to perform. Before an agency awards a competitive, legislatively named, single-source, or sole-source grant, the agency must assess the risk that a grantee cannot or would not perform the required duties. To make this assessment, the agency must review the following information:

(a) (b) "Grant" means a grant or business subsidy funded by an appropriation in this act.

(c) "Grantee" means a business entity as defined in Minnesota Statutes, section 5.001.

(4) "Grantee's organization" means the entity or entities that have a financial interest in, or significant influence over, the grantee. The grantee's organization includes the grantee, any parent(s), subsidiary(s), or affiliate(s) of the grantee, and any board(s) of directors, or sole proprietorship.

(5) "Liens" means a real property interest in a property or asset, whether or not recorded, including the rights of any judgment creditor, mortgagee, or other lienholder.

(6) "Nonprofit" means a business not organized for profit and having as its primary purpose the pursuit or furtherance of a public or charitable benefit.

(7) "Net assets" means unrestricted net assets, as defined in Minnesota Statutes, section 64.22.

(8) "Regular meeting" means a meeting of a board of directors or board of trustees of a nonprofit organization at which a quorum is present.

(9) "Significant deficit" means a deficit that, when added to the total of the grantee's most recent three years of tax returns and Form 990's or Form 990-EZ's, is equal to or greater than the size of the grant.

(10) "Significant changes" means any change of a substantial nature, including a change that would require a significant expenditure of resources or time, or that would result in an adverse impact on the grantee.

(11) "Source grant" means a grant that is an appropriation in this act.

(12) "Subsidy" means any payment, award, or grant by an agency awards a competitive, legislatively named, single-source, or sole-source grant.

Subdivision 3. Financial review of nonprofit grant recipients. (a) Before awarding a competitive legislatively named, single-source, or sole-source grant to a nonprofit organization under this act, the grantor must require the grantee to submit financial information sufficient for the grantor to document and assess the grantee's current financial standing and management.

(b) If the grantee must perform duties similar to those required by the grant, the grantor must require the grantee to document and assess the grantee's current financial standing and management.

(c) "Grantee" means a business entity as defined in Minnesota Statutes, section 5.001.

(4) "Grantee's organization" means the entity or entities that have a financial interest in, or significant influence over, the grantee. The grantee's organization includes the grantee, any parent(s), subsidiary(s), or affiliate(s) of the grantee, and any board(s) of directors, or sole proprietorship.

(5) "Liens" means a real property interest in a property or asset, whether or not recorded, including the rights of any judgment creditor, mortgagee, or other lienholder.

(6) "Nonprofit" means a business not organized for profit and having as its primary purpose the pursuit or furtherance of a public or charitable benefit.

(7) "Net assets" means unrestricted net assets, as defined in Minnesota Statutes, section 64.22.

(8) "Regular meeting" means a meeting of a board of directors or board of trustees of a nonprofit organization at which a quorum is present.

(9) "Significant deficit" means a deficit that, when added to the total of the grantee's most recent three years of tax returns and Form 990's or Form 990-EZ's, is equal to or greater than the size of the grant.

(10) "Significant changes" means any change of a substantial nature, including a change that would require a significant expenditure of resources or time, or that would result in an adverse impact on the grantee.

(11) "Source grant" means a grant that is an appropriation in this act.

(12) "Subsidy" means any payment, award, or grant by an agency awards a competitive, legislatively named, single-source, or sole-source grant.
Legislatively named grantees.

Additional requirements in Subd. 7 imposed by law.

Subd. 5. The requirements of this section are in addition to other requirements imposed by law; the commissioner of administration under Minnesota Statutes, sections 16B.97 and 16B.98 or agency policy.

Subd. 4. Authority to award subject to additional assistance and oversight. A grantor that identifies an area of significant concern regarding an applicant's financial standing or management may award a grant to the applicant if the grantor provides or the grantee imposes additional requirements in the grant agreement. Additional requirements may include but are not limited to enhanced monitoring, additional reporting, or other reasonable requirements imposed by the grantor to protect the interests of the state.

Subd. 4. Relation to other law and policy. The requirements in this section are in addition to any other requirements imposed by law; the commissioner of administration under Minnesota Statutes, sections 16B.97 to 16B.98 or agency policy.

Subd. 6. Legislatively named grantees. If an agency determines that there is an appreciable risk that a grantee receiving a legislatively named grant cannot or would not perform the required duties under the grant agreement, the agency must notify the grantee; the commissioner of administration, and the chairs and ranking minority members of the Ways and Means Committee in the house of representatives, the chairs and ranking minority members of the Finance Committee in the senate, and the chairs and ranking minority members of the committees in the house of representatives and the senate with primary jurisdiction over the bill in which the money for the grant was appropriated. The agency must give the grantee an opportunity to respond to the agency's concerns. If the grantee does not satisfy the agency's concerns within 45 days, the agency must delay award of the grant until adjournment of the next regular or special legislative session.

Subd. 3. Authority to award subject to additional assistance and oversight. The authority to award subject to additional assistance and oversight is in addition to other requirements imposed by law; the commissioner of administration under Minnesota Statutes, sections 16B.97 and 16B.98 or agency policy.

Subd. 8. Effect. The requirements of this section are in addition to other requirements imposed by law; the commissioner of administration under Minnesota Statutes, sections 16B.97 and 16B.98 or agency policy.

Subd. 4. Assistance from administration. An agency without adequate resources or experience to perform obligations under this section may contract with the commissioner of administration to perform the agency's duties under this section.

Subd. 5. Agency authority to not award grant. If an agency determines that there is an appreciable risk that a grantee receiving a competitive, single-source, or sole-source grant cannot or would not perform the required duties under the grant agreement, the agency must notify the grantee and the commissioner of administration and give the grantee an opportunity to respond to the agency's concerns. If the grantee does not satisfy the agency's concerns within 45 days, the agency must not award the grant.

Subd. 7. Subgrants. If a grantee will disburse the money received from the grant to other organizations to perform duties required under the grant agreement, the agency must be a party to agreements between the grantee and a subgrantee. Before entering agreements...
for subgrants, the agency must perform the financial review required under this section with respect to the subgrantees.