

1.1 Senator ..... moves to amend S.F. No. 2566 as follows:

1.2 Page 45, after line 29, insert:

1.3 "Sec. 37. FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS.

1.4 Subdivision 1. Financial information required; determination of ability to

1.5 perform. Before an agency awards a competitive, legislatively-named, single source, or  
1.6 sole source grant to a nonprofit organization with money appropriated in this act, the agency  
1.7 must assess the risk that a grantee cannot or would not perform the required duties. In making  
1.8 this assessment, the agency must review the following information:

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

1.13 (2) the applicant's Form 990 or Form 990-EZ filed with the Internal Revenue Service  
1.14 in each of the prior three years. If the applicant has not been in existence long enough or is  
1.15 not required to file Form 990 or Form 990-EZ, the applicant must demonstrate to the grantor's  
1.16 satisfaction that the applicant is exempt and must instead submit the applicant's most recent  
1.17 board-reviewed financial statements and documentation of internal controls;

1.18 (3) evidence of registration and good standing with the secretary of state under Minnesota  
1.19 Statutes, chapter 317A, or other applicable law;

1.20 (4) if the applicant's total annual revenue exceeds \$750,000, the applicant's most recent  
1.21 financial audit performed by an independent third party in accordance with generally accepted  
1.22 accounting principles; and

1.23 (5) certification, provided by the applicant, that none of its principals have been convicted  
1.24 of a financial crime.

1.25 Subd. 2. Additional measures for some grantees. The agency may require additional  
1.26 information and must provide enhanced oversight for grants to nonprofit organizations that  
1.27 have not previously received state or federal grants for similar amounts or similar duties  
1.28 and so have not yet demonstrated the ability to perform the duties required under the grant  
1.29 on the scale required.

1.30 Subd. 3. Assistance from administration. An agency without adequate resources or  
1.31 experience to perform obligations under this section may contract with the commissioner  
1.32 of administration to perform the agency's duties under this section.

2.1 Subd. 4. **Agency authority to not award grant.** If an agency determines that there is  
2.2 an appreciable risk that a grantee receiving a competitive, single source, or sole source grant  
2.3 cannot or would not perform the required duties under the grant agreement, the agency must  
2.4 notify the grantee and the commissioner of administration and give the grantee an opportunity  
2.5 to respond to the agency's concerns. If the grantee does not satisfy the agency's concerns  
2.6 within 45 days, the agency must not award the grant.

2.7 Subd. 5. **Legislatively-named grantees.** If an agency determines that there is an  
2.8 appreciable risk that a grantee receiving a legislatively-named grant cannot or would not  
2.9 perform the required duties under the grant agreement, the agency must notify the grantee,  
2.10 the commissioner of administration, and the chair and ranking minority members of Ways  
2.11 and Means Committee in the house of representatives, the chairs and ranking minority  
2.12 members of the Finance Committee in the senate, and the chairs and ranking minority  
2.13 members of the committees in the house of representatives and the senate with primary  
2.14 jurisdiction over the bill in which the money for the grant was appropriated. The agency  
2.15 must give the grantee an opportunity to respond to the agency's concerns. If the grantee  
2.16 does not satisfy the agency's concerns within 45 days, the agency must delay award of the  
2.17 grant until adjournment of the next regular or special legislative session.

2.18 Subd. 6. **Subgrants.** If a grantee will disburse the money received from the grant to  
2.19 other organizations to perform duties required under the grant agreement, the agency must  
2.20 be a party to agreements between the grantee and a subgrantee. Before entering agreements  
2.21 for subgrants, the agency must perform the financial review required under this section with  
2.22 respect to the subgrantees.

2.23 Subd. 7. **Effect.** The requirements of this section are in addition to other requirements  
2.24 imposed by law, the commissioner of administration under Minnesota Statutes, sections  
2.25 16B.97 to 16B.98, or agency grant policy."

2.26 Amend the title accordingly