

Due Diligence Review Form

The Minnesota Department of Health (MDH) conducts pre-award assessments of all grant recipients prior to award of funds in accordance with federal, state and agency policies. **The Due Diligence Review is an important part of this assessment.**

These reviews allow MDH to better understand the capacity of applicants and identify opportunities for technical assistance to those that receive grant funds.

Organizational information

| Organization | Information |
|---------------------------------------------------------------------------------------------------------|-------------|
| Organization name: | |
| Organization address: | |
| Enter employer identification number (EIN). If no EIN, leave blank. | |
| If the organization has done business under any other name(s) in the past five years, please list here: | |
| If the organization has received grant(s) from MDH within the past five years, please list here: | |

Section 1: Organization structure

1. How many years has your organization been in existence?

Less than 5 years (5 points)

5 or more years (0 points)

Points_____

2. How many paid employees does your organization have (part-time and full-time)?

1 (5 points)

2-4 (2 points)

5 or more (0 points)

Points_____

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3. Does your organization have a paid bookkeeper?

No (3 points)

Yes, an internal staff member (0 points)

Yes, a contracted third party (0 points)

Points_____

SECTION 1 POINT TOTAL_____

Section 2: Systems and oversight

4. Does your organization have internal controls in place that require approval before funds can be expended?

No (6 points)

Yes (0 points)

Points_____

5. Does your organization have written policies and procedures for the following processes?

- Accounting
- Purchasing
- Payroll

No (3 points)

Yes, for one or two of the processes listed, but not all (2 points)

Yes, for all of the processes listed (0 points)

Points_____

6. Is your organization's accounting system new within the past twelve months?

No (0 points)

Yes (1 point)

Points_____

7. Can your organization's accounting system identify and track grant program-related income and expense separate from all other income and expense?

No (3 points)

Yes (0 points)

Points_____

8. Does your organization track the time of employees who receive funding from multiple sources?

No (1 point)

Yes (0 points)

Points_____

SECTION 2 POINT TOTAL_____

Section 3: Financial health

9. If required, has your organization had an audit conducted by an independent certified public accountant (CPA) within the past twelve months?

Not Applicable (N/A) (0 points) – if N/A, skip to question 10

No (5 points) – if no, skip to question 10

Yes (0 points) – if yes, answer question 9A

Points_____

- 9A. Are there any unresolved findings or exceptions?

No (0 points)

Yes (1 point) – if yes, attach a copy of the management letter and a written explanation to include the finding(s) and why they are unresolved.

Points_____

10. Have there been any instances of misuse or fraud in the past three years?

No (0 points)

Yes (5 points) – if yes, attach a written explanation of the issue(s), how they were resolved and what safeguards are now in place.

Points_____

11. Are there any current or pending lawsuits against the organization?

No (0 points) – If no, skip to question 12

Yes (3 points) – If yes, answer question 11A

Points_____

- 11A. Could there be an impact on the organization's financial status or stability?

No (0 points) – if no, attach a written explanation of the lawsuit(s), and why they would not impact the organization's financial status or stability.

Yes (3 points) – if yes, attach a written explanation of the lawsuit(s), and how they might impact the organization's financial status or stability.

Points_____

12. From how many different funding sources does total revenue come from?

1-2 (4 points)

3-5 (2 points)

6+ (0 points)

Points_____

SECTION 3 POINT TOTAL_____

Section 4: Financial review

Community Health Boards (CHBs), Tribal Nations, political subdivisions, including municipalities (county, town, city, school districts), are exempt from this section and should proceed to Section 6. All other entities must complete one of the following subsections as applicable. This section is unscored.

Section 4A: For non-profit organizations only

13. Does your organization have tax-exempt status from the IRS?

No – If no, go to question 14.

Yes – If yes, answer question 13A.

- 13A. What is your nonprofit's IRS designation?

501(c)3

Other, please list:

14. What was your organization's total revenue (income, including grant funds) in the most recent twelve-month accounting period?

Enter total revenue here: _____

15. What financial documentation will you be attaching to this form?

If your answer to question 14 is less than \$50,000, then attach your most recent financial statements.

If your answer to question 14 is \$50,000 - \$750,000, then attach your most recent IRS Form 990 or 990 EZ.

If your answer to question 14 is more than \$750,000, then attach your most recent certified financial audit.

16. If your organization is exempt from filing, or your organization has been in business for less than one year, applicant must:

- Demonstrate exemption by providing a copy of the IRS determination letter indicating exemption, OR submit the most recent set of board reviewed financial statements; AND
- Describe the internal controls you have over business expenditures and outcomes of the grant funds, if awarded.

My organization is exempt and I have attached the requested information.

Section 4B: For-profit organizations only

17. What was your organization's total revenue (income, including grant funds) in the most recent twelve-month accounting period?

Enter total revenue here: _____

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18. Has your organization filed its most recent state and federal tax returns?

No

Yes – attach a copy of your most recent state and federal tax returns, AND most recent financial statements.

19. Do you have any liens on assets?

No

Yes – attach a description of the assets and associated liens.

20. Is your business currently under bankruptcy proceedings?

No

Yes – attach a description of the current status of the proceedings.

21. If your organization has been in business for less than one year, applicant must:

a) Submit the most recent set of financial statements; AND

b) Describe the internal controls you have over business expenditures and outcomes of the grant funds.

Is the proposed budget included with this application **less than** \$50,000?

☐ YES – skip Sections 5-7, proceed to Signature Section.

☐ NO – complete all remaining sections.

Section 5: Evidence of good standing

Community Health Boards (CHBs), Tribal Nations, political subdivisions, including municipalities (county, town, city, school districts), are exempt from this section and should proceed to Section 6.

Organizations must certify their organization has a status of “In Good Standing” with the Minnesota Secretary of State as required by Minnesota Statutes, section 16B.981, subdivision 2 (4). Search for your business name on the Minnesota Secretary of State’s website at [Search Business Filings \(https://mbisportal.sos.state.mn.us/Business/Search\)](https://mbisportal.sos.state.mn.us/Business/Search). This section is unscored.

Attach a copy of the most recent registration or renewal confirmation.

Documentation is attached.

Section 6: Performance capacity

All state agencies are required by Minnesota Statutes, section 16B.981, subdivision 2, to review an applicant's history of performing similar activities, financial documents, and other related documents. This section is unscored.

1. Describe your organization's history of performing similar activities to those being proposed.
Response:

2. Describe your organization's current staffing and budget.
Response:

Section 7: Financial crimes certification

Minnesota Statutes, section 16B.981, subdivision 2 (6) requires that no current principals of a grantee have been convicted of a felony financial crime in the last 10 years. A principal is defined as a public official, a board member, or staff (paid or volunteer) with the authority to access funds provided by this grant opportunity or to determine how those funds are used. This section is unscored.

No current principal(s), as defined above, have been convicted of a felony financial crime within the last 10 years.

Yes, our organization has current principal(s), as defined above, that have been convicted of a felony financial crime within the last 10 years.

Applicant signature

I certify that the information provided is true, complete, and current to the best of my knowledge. The submission of inaccurate or misleading information may be grounds for disqualification from the grant agreement award and may subject me/this organization to suspension or debarment proceedings, as well as other remedies available to the State, by law.

SIGNATURE: _____

NAME AND TITLE: _____

PHONE NUMBER: _____

EMAIL ADDRESS: _____

For questions, or to obtain this document in a different format: Send an email to health.GrantsOffice@state.mn.us.

MDH staff use only

Program information

| MDH Grant Program | Information |
|-----------------------------|-------------|
| Organization's project name | |
| MDH grant program name | |
| Division/Section | |
| Date review completed | |
| Review conducted by | |

Review and award decision

Review the financial documents submitted in response to Section 4.

- Were there significant operating and/or unrestricted net asset deficits?
Yes – proceed to question 2.
No – proceed to question 5.
- Were there any other concerns about the organization's financial stability?
Yes – proceed to question 3.
No – proceed to question 5.
- Describe the deficit(s) and/or other concerns about the organization's financial stability:
- Describe how the applicant organization addressed deficit(s) and/or other concerns about their financial stability:
- Granting decision:
- Rationale for grant decision:

Total points from scored sections

| Section 1 | + | Section 2 | + | Section 3 | = | Total Points |
|-----------|---|-----------|---|-----------|---|--------------|
| | + | | + | | = | |