

Lancaster County Community Foundation

Due Diligence Worksheet

Organization Name:

Date of Review:

1. Is the organization a 501(c)(3) or qualifying government entity? **Yes** **No***
 Use Guidestar functionality in Foundant, in order to preserve a record that it was checked. (Application, Guidestar Tab, Run Charity Check). Be aware that if the entity is not a 501(c)(3), it still has the possibility to be funded should it meet certain criteria. The director of programs will instruct if that situation arises. May be subject to expenditure responsibility (page 3).

2. Is the organization listed as a hate group? **Yes** **No***
 Use current SPLC listing. If listed, organization will not be funded. Preserve record. (Website: <https://www.splcenter.org/hate-map>)

3. The organization is classified **509(a)(1)** **509(a)(2)** **509(a)(3)***
 Use Guidestar in Foundant. Be aware that *some* 509(a)(3) organizations may have additional requirements for funding. The director of programs will instruct if that situation arises. May be subject to expenditure responsibility (page 3).

4. Form 990 is **current** **not current** **N/A**
 Use Guidestar in Foundant. (Search, Guidestar, Find Org. Then in pop-up window, click Public Profile to access 990) End of year on 990 should not be more than 24 months in the past. If it is, ask organization for more recent form.

5. Bureau of Charitable Organizations registration **current** **not current** **N/A**
 Use searchable database on BCO website. (<https://www.charities.pa.gov/#/page/searchCharities>) If organization is found in database, it is current. If not found, ask organization contact for proof of registration submission.

6. Financial statement is **reviewed** **audited** **compiled***
 Go into the application and find the audit/financial review the organization submitted. Compiled statements do not meet our criteria, and the organization is ineligible to receive funding. CPA's cover letter will tell you whether the statement has been reviewed, audited, or compiled.

7. Financial statement is **current** **not current**
 We require annual audits for competitive grantmaking. End of year examined should not be more than 24 months in the past. (Max 1 year plus 1 year for time to complete audit). If it is more than 24 months out, ask organization for more recent financial statement.

8. Note any concerns in the following areas:

- a. Revenues vs. Expenses Running a “reasonable” deficit is not necessarily a sign of poor financial health. Look for large deficits – 20% or more of the revenues collected. A large deficit may prompt further conversation with the organization, but is not an automatic disqualifier.
- b. Assets vs. Liabilities Ideally – assets easily exceed liabilities. Note cases where the ratio is less than 2:1 (total assets: total liabilities). A “low” ratio may prompt further conversation with the organization, but is not an automatic disqualifier.
- c. Letter from CPA firm Note any concerns from auditors, as stated in cover letter.

9. Board of directors conflicts with LCCF board? Scan board list, and if we share any board members in common, note them.

10. Program Officer Initials:

Director of Programs Initials:

*please consult with Director of Programs

Expenditure Responsibility

For grantee applicants that are not a Section 501(c)(3) organization, refer to the COFs Expenditure Responsibility flowchart to assess need for expenditure responsibility.

Should organization require expenditure responsibility, the following additional process is followed and will be documented:

1. Conduct a pre-grant inquiry which includes a reasonable investigation of the grantee to ensure that the proposed activity is charitable, and that the grantee is able to perform the proposed activity. It is preferable that this inquiry be conducted in person but may be over zoom or phone should circumstance dictate.
2. Execute a written agreement with the grantee using LCCF Expenditure responsibility template that specifies the charitable purposes of the grant and includes provisions that prohibit use of the funds for lobbying activities and require the grantee to return any funds not used for the designated purposes.
3. Agreement will require the grantee to maintain the grant funds in a separate fund so that charitable funds are segregated from non-charitable funds.
4. Agreement will require the grantee to provide regular reports on the use of the funds and the charitable activity supported by the grant.