

LEGISLATIVE DIGEST

(Revised 6/12/2023)

[Administrative Code - Reporting Requirements for City-Funded Nonprofit Organizations]

Ordinance amending the Administrative Code to limit the application of nonprofit reporting requirements to organizations receiving more than \$100,000 annually, require submission of tax and governance documents to confirm nonprofit status, centralize reporting by restoring the City Administrator as the sole collector of information, and require the City Administrator to make reported information publicly available.

Existing Law

All nonprofits receiving funding from the City to provide direct services to the public must annually provide information relating to the organizations' structure, leadership, and finances, to the City Administrator or to a City Department that awards or monitors the contract or grant.

Amendments to Current Law

The proposed ordinance would limit the reporting requirements to only nonprofits that receive in excess of \$100,000 in annual funding from the City. Additional information in the form of legal and governance documents and federal and state confirmation of valid nonprofit status would be required annually as well. Nonprofits that do not comply with the requirements would be ineligible to receive public funds, unless the Controller or City Administrator finds that it is in the public interest to do so. The City Administrator would have the authority to adopt rules and regulations, including but not limited to, rules establishing a deadline for submission of the annual economic statement, the form of such submission, the manner in which reported information shall be made publicly accessible, and guidelines for the Controller's review of compliance and notice of non-compliance.

Background Information

This legislative digest reflects amendments made in the Rules Committee on June 12, 2023.

In 1981, the City adopted in Section 10.1 reporting requirements for nonprofits providing services to the public, which usually are in the form of a grant. These annual reporting requirements, sent to the Board of Supervisors, allowed greater transparency into the operations of nonprofits receiving City funds. In 2000, Section 10.1 was altered to direct the reports to a predecessor of the City Administrator's Office. In 2011, Section 10.1 was changed to allow reports to be sent to awarding departments instead.

The City has become aware of multiple incidents of failures of nonprofits to maintain valid registration. To ensure that the City is better able to track information, the existing reporting requirements for entities receiving significant amount of funds have been increased to require

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publicly available information be included, and reporting requirements have been changed to make only the City Administrator the correct repository. To increase transparency, the information will now be posted publicly, subject to some privacy restrictions if applicable.

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