

LEGISLATIVE DIGEST

[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 tax and governance documents to confirm nonprofit status, centralize reporting by restoring the City Administrator as the sole collector of information, and require posting of received information on a public City website.

Existing Law

All nonprofits receiving funding from the City to provide direct services to the public, generally grantees, must annually provide information in the form of an economic statement to the City Administrator relating to the organizations structure, leadership, and finance. Such information may instead be sent to a City Department that awards or monitors the contract or grant.

Amendments to Current Law

The reporting requirements will be limited 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 is required annually as well. Reporting will be centralized with the City Administrator's Office, who will issue the form requesting information in the annual economic statement, receive the annual economic statement, and post the statements on a public website. Nonprofits that do not comply with the requirements may be ineligible to receive public funds, unless the Controller finds that it is in the public interest to do so.

Background Information

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 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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