

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

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3 **Ordinance amending the Administrative Code to limit the application of nonprofit**
4 **reporting requirements to organizations receiving more than \$100,000 annually, require**
5 **tax and governance documents to confirm nonprofit status, centralize reporting by**
6 **restoring the City Administrator as the sole collector of information, and require**
7 **posting of received information on a public City website.**

8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.
10 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
11 **Board amendment additions** are in double-underlined Arial font.
12 **Board amendment deletions** are in ~~strikethrough Arial font~~.
13 **Asterisks (* * * *)** indicate the omission of unchanged Code
14 subsections or parts of tables.

15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. Findings.

17 The Board of Supervisors finds:

18 (a) Most nonprofit organizations receiving funding from the City and County of San
19 Francisco provide high-quality services and meet their financial obligations, but ones that do
20 not are harming the overall reputation of city contracting.

21 (b) City departments providing funding on behalf of the City and County of San
22 Francisco must ensure accountability, transparency, and results for our residents.

23 (c) The decentralized process of verifying fiscal eligibility has resulted in an
24 excessive number of instances where an organization no longer meets federal and state
25 requirements for the receipt of these City funds.

1 (d) Reversing the changes made in Ordinance No. 213-11 that allowed alternative
2 reporting and reduced reporting requirements to departments and restoring the City
3 Administrator’s centralized collection of this information will make the process more efficient
4 and provide the public with one location to review this information.

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6 Section 2. Chapter 10, Article I, of the Administrative Code is hereby amended by
7 revising Section 10.1, to read as follows:

8 **SEC. 10.1. ANNUAL ECONOMIC STATEMENT – CITY-FUNDED ORGANIZATIONS.**

9 (a) Every nonprofit corporation, organization, or other legal entity, receiving funding
10 *in excess of \$100,000 annually* from or through the City and County to provide direct services to
11 the public (except local, State, or federal governmental entities) *that has not, within the past*
12 *twelve months, provided to a City Department that awarded and/or is monitoring its City contract or*
13 *grant the information required by the annual economic statement described in this Section 10.1,* shall
14 file with the City Administrator, *on or before April 1 of each year,* an annual economic statement,
15 on a form to be provided by the *City Administrator Department, on or before April 1st of each year*
16 *setting forth including* the following information:

17 (a1) Name of the chief executive officer, employee, or other person possessing
18 daily managerial responsibilities;

19 (b2) Name of all officers ~~and~~ directors and the names of all other boards of
20 directors on which they serve; ~~and~~

21 (c3) Total expenditures during calendar or fiscal year, whichever is applicable;
22 and budget for current calendar or fiscal year, whichever is applicable, setting forth the source
23 of all monies received or budgeted and a program-by-program description of all monies
24 expended or budgeted;:-

1 (4) A letter from the Internal Revenue Service establishing the current valid nonprofit
2 status of the organization or its fiscal sponsor, if applicable;

3 (5) A public copy of the most recent federal tax return filed under Section 990;

4 (6) Verification of current valid registration with the State of California's Registry of
5 Charitable Trusts;

6 (7) For organizations required by federal, state, or City law to prepare audited financial
7 statements, a copy of the most recent audited financial statement; and

8 (8) Such other information or documentation as the City Administrator from time to time
9 determines would be necessary to evaluate and ensure that organizations are qualified to receive City
10 funds.

11 (b) Information and documentation submitted under subsections (a)(1)-(8) may be redacted
12 by the organization to ensure that personal private information is not disclosed in violation of
13 applicable privacy-related laws.

14 (c) All entities applying for or receiving monies from the City and County who have *not*
15 neither (i) provided to the City Department information equivalent to that required by the annual
16 economic statement described in this Section 10.1 within the past twelve months, nor (ii) filed a
17 current annual economic statement, as required by subsection (a) shall file such information with
18 the ~~City Department~~ or City Administrator in the same manner and form as described above
19 before any public monies shall be approved.

20 (d) The City is authorized to allow disbursement of public funds despite noncompliance with
21 this Section 10.1 in the event the Controller makes a contemporaneous written finding that it is in the
22 public interest to do so. Such findings will be reported annually to the Board of Supervisors.

23 (e) The City Administrator shall post the information received under this Section 10.1 on a
24 publicly accessible City website no later than July 1 of each year.

1 Section 3. Effective Date. This ordinance shall become effective 30 days after
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
4 of Supervisors overrides the Mayor's veto of the ordinance.

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6 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
7 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
8 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
9 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
10 additions, and Board amendment deletions in accordance with the "Note" that appears under
11 the official title of the ordinance.

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13 APPROVED AS TO FORM:
14 DAVID CHIU, City Attorney

15 By: /s/ Gustin R. Guibert _____
16 GUSTIN R. GUIBERT
17 Deputy City Attorney

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