

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

2
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 **submission of tax and governance documents to confirm nonprofit status, centralize**
6 **reporting by restoring the City Administrator as the sole collector of information, and**
7 **require ~~posting of the City Administrator to make received~~ reported information**
8 **publicly available ~~on a public City website.~~**

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

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

15 Section 1. Findings.

16 The Board of Supervisors finds:

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

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

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

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.

5
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, or otherwise make publicly available in a manner authorized by
15 the City Administrator, ~~on or before April 1 of each year,~~ an annual economic statement, ~~on a~~
16 ~~form to be provided by the City Administrator Department, on or before April 1st of each year~~
17 ~~setting forth~~ including that includes the following information:

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

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

22 (c3) Total expenditures during calendar or fiscal year, whichever is applicable;
23 and budget for current calendar or fiscal year, whichever is applicable, setting forth the source
24 of all monies received or budgeted and a program-by-program description of all monies
25 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~~
16 ~~annual economic statement described in this Section 10.1 within the past twelve months, nor~~
17 ~~(ii) filed a current annual economic statement, as required by subsection (a) shall file such~~
18 ~~information with the City Department or City Administrator in the same manner and form as~~
19 ~~described above before any public monies shall be approved.~~

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

24 (c) The Controller shall periodically review compliance with the requirements of this
25 Section 10.1, and shall report any findings of non-compliance by an organization to the City

1 Administrator, Mayor, and Board of Supervisors. The City shall not enter into any new
2 contracts with non-compliant organizations, as determined by the Controller, absent a written
3 finding of public interest and necessity issued jointly by the Controller and City Administrator .

4 ~~(ed) The City Administrator shall postensure that the information received under this Section~~
5 ~~10.1 on ais made publicly accessible City website no later than July 1 of each year.~~

6 (e) The City Administrator, in consultation with the Controller, may adopt rules and
7 regulations to implement this Section 10.1., including but not limited to, rules establishing a
8 deadline for submission of the annual economic statement, the form of such submission, the
9 manner in which reported information shall be made publicly accessible, and guidelines for
10 the Controller's review of compliance and notice of non-compliance. Final rules and
11 regulations shall be published on the City Administrator's website and sent to the Clerk of the
12 Board of Supervisors and Mayor upon adoption.

13
14 Section 3. Effective Date. This ordinance shall become effective 30 days after
15 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
16 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
17 of Supervisors overrides the Mayor's veto of the ordinance.

18
19 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
20 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
21 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal

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23 ///
24 ///
25 ///

1 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
2 additions, and Board amendment deletions in accordance with the “Note” that appears under
3 the official title of the ordinance.

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5 APPROVED AS TO FORM:
6 DAVID CHIU, City Attorney

7 By: /s/
8 GUSTIN R. GUIBERT
9 Deputy City Attorney

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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

**Tails
Ordinance**

File Number: 230165

Date Passed: July 11, 2023

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.

June 12, 2023 Rules Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

June 12, 2023 Rules Committee - RECOMMENDED AS AMENDED

June 27, 2023 Board of Supervisors - PASSED ON FIRST READING

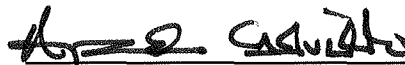
Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

July 11, 2023 Board of Supervisors - FINALLY PASSED

Ayes: 10 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Safai, Stefani and Walton
Excused: 1 - Ronen

File No. 230165

I hereby certify that the foregoing Ordinance was **FINALLY PASSED** on 7/11/2023 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor

7/20/23

Date Approved