

CPA Audit Policy

This policy establishes procedures for when and how nonprofits must submit audited financial statements to the City.

What you should know about the policy

This policy establishes a Citywide threshold funding level for when a nonprofit must submit audited financial statements (“audit”). All City departments must align to this funding threshold.

Funding Threshold for Audit Requirements

Nonprofits must submit audited financial statements to the City if:

- They receive \$1 million or more in City funding in a fiscal year
- They are required by the State to prepare an audit and receive \$100,000 or more in City funding in a fiscal year
- Small nonprofits may be exempt - see the table below

Exemptions

	Less than \$1 million in City funding	\$1 million or more in City funding
Less than \$2 million annual revenue	No audit required	Audit required only when a City department funds audit preparation
\$2 million or more annual revenue	Audit required	Audit required

This policy applies to:

- ✓ Nonprofits receiving funding from any City revenue source
- ✓ Nonprofits who are direct recipients of City funding, i.e. the “prime contractor”
- ✓ All City departments that contract with nonprofits

This policy does not apply to:

- ✗ Subcontractors or fiscally sponsored programs who are not direct recipients of City funding

Implementation

- This policy takes effect **December 9, 2024**
- The first required audit under the terms of this policy must be submitted by **March 2026**

How to learn more:

- View the [full policy here](#)
- To learn more, please go to our [Nonprofit Home Page](#)

Contact Us:

Questions? Email us at: nonprofit.monitoring@sfgov.org



Fiscal Period for Required Reporting

Nonprofits should use their own fiscal year to determine if they have received threshold funding for an audit, which may differ from the City’s fiscal year.



Timeline for Audit Completion

Nonprofits are required to complete and submit the audit within nine months of the close of their fiscal year. As a best practice, they should strive to complete the audit within six months.



Submission Requirements

Nonprofits should follow the City Administrator’s [Annual Economic Statement requirements](#) to submit their audit. City departments should first check [this public directory](#) before requesting a separate submission.



Where to Find an Auditor

The Controller’s Office publishes [a directory of certified public accounting \(CPA\) firms](#) interested in performing audit services.

