

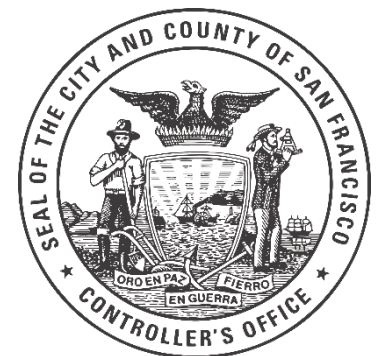
Citywide Nonprofit Monitoring and Capacity Building Program Fiscal Year 2023-2024 Annual Report



Prepared by

**OFFICE OF THE CONTROLLER
CITY PERFORMANCE DIVISION**

December 12, 2024



About the Controller's Office

The Controller is the chief financial officer and auditor for the City and County of San Francisco. We produce regular reports on the City's financial condition, economic condition, and the performance of City government. We are also responsible for key aspects of the City's financial operations — from processing payroll for City employees to processing and monitoring the City's budget.

Our team includes financial, tech, accounting, analytical and other professionals who work hard to secure the City's financial integrity and promote efficient, effective, and accountable government. We strive to be a model for good government and to make the City a better place to live and work.

About City Performance

The City Performance team is part of the City Services Auditor (CSA) within the Controller's Office. CSA's mandate, shared with the Audits Division, is to monitor and improve the overall performance and efficiency of City Government. The team works with City departments across a range of subject areas, including transportation, public health, human services, homelessness, capital planning, and public safety.

City Performance Goals:

- Support departments in making transparent, data-driven decisions in policy development and operational management.
- Guide departments in aligning programming with resources for greater efficiency and impact.
- Provide departments with the tools they need to innovate, test, and learn.

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Program Background

In 2005, the Controller's Office launched the Citywide Nonprofit Monitoring and Capacity Building Program (the Program) in response to the 2003 report of the Nonprofit Contracting Task Force, which included recommendations for improving how the City and County of San Francisco (City) does business in this sector.

In Fiscal Year 2023-2024 (FY24), the City contracted with over 700 nonprofits to deliver services to San Francisco residents across several social and behavioral health sectors. As funders for these services, City departments work with contracted nonprofits to administer and monitor these services through:



Contract monitoring: Departments holding contracts with nonprofits regularly review the status of each contract to assess contract compliance and ensure that services are fulfilled according to contract agreements.



Fiscal and compliance monitoring: The City also monitors nonprofits on fiscal and compliance standards to ensure that nonprofits doing business with the City have strong financial and operational practices in place to sustain City-funded services.

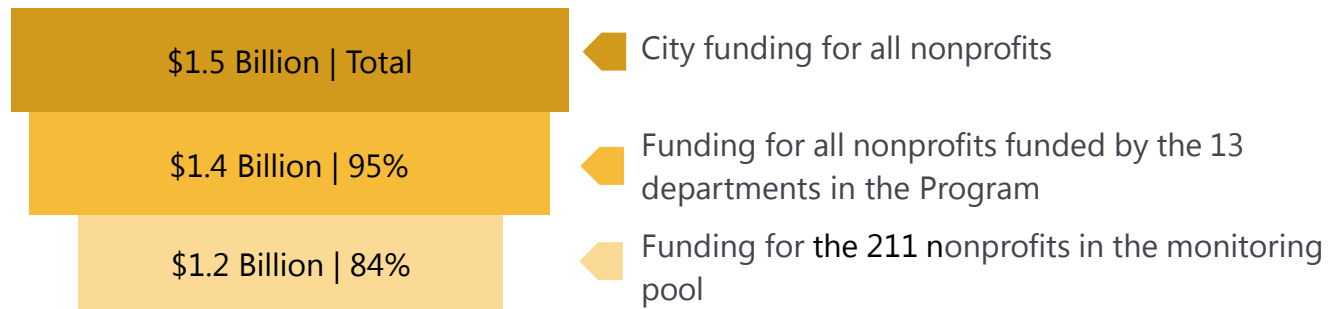
To minimize duplication of effort and improve coordination across City departments, the Fiscal Monitoring Program streamlines and standardizes the City's nonprofit fiscal and compliance monitoring so that nonprofits that receive funding from multiple departments participating in the Program or have large contracts receive a single fiscal and compliance monitoring each year. The Controller's Office also requires that departments conduct a risk assessment and monitor nonprofits that do not meet criteria to be included in the Program's Citywide nonprofit monitoring pool, though the results of this monitoring may not be included in the Controller's Office's report.

The City developed this coordinated monitoring approach to improve the effectiveness and efficiency of fiscal and compliance monitoring for both nonprofit contractors and City departments. The overall goal of the Program is to ensure public funds are spent in alignment with the City's financial and administrative standards and to ensure that nonprofit contractors have strong, sustainable fiscal operations.

In July 2024, the City passed new legislation to clarify the Controller's monitoring responsibilities with respect to nonprofit organizations contracting with the City. The legislation directed the Controller's Office to set new policy for how departments should conduct contract monitoring and oversight. The Controller's Office issued policy in November 2024 that guides the City's oversight of nonprofit contractors. In implementing the new policy, the Controller's Office will expand the Citywide Nonprofit Monitoring and Capacity Building Program to include both a Fiscal Monitoring Program and a Contract Monitoring Program. This annual report continues to focus on results of the Fiscal Monitoring Program.

FY24 Report Highlights

13 Departments jointly funded **211 Nonprofit Contractors** in the Program. The **211** contractors received 84% of all City funding to nonprofits.



199 Nonprofits Monitored
12 Good Performance Waivers Issued

\$404 million
HSH had the highest total nonprofit spending

93 nonprofits
MOHCD funded the highest number of nonprofits in pool

383 contracts
DPH had the most contracts in pool

MONITORING FINDINGS

138 Nonprofits Met All Standards
 69% of contractors ended the cycle in full conformance with standards

Most Common Findings


- Audited Financial Statements
- Agency Wide Budget
- Board Oversight/Governance

61 Nonprofits Ended the Cycle with One or More Findings

11 Nonprofits escalated per the Citywide Corrective Action Policy

CAPACITY BUILDING

Individualized Coaching and Workshops

- 12 nonprofits coached
- 125 hours of coaching provided
- 3 nonprofit workshops, 4 City staff workshops

Most Common Areas for Coaching

- Cash flow and budgeting
- Complete fiscal policies and procedures
- Financial accounting systems

FY24 Program Overview

The Citywide Nonprofit Monitoring and Capacity Building Program (the Program) consolidates and standardizes contract monitoring requirements related to fiscal and organizational health for nonprofit contractors. The Controller’s Office coordinates the Program’s fiscal and compliance monitoring activities to promote efficient monitoring that uses consistent standards and methods among 13 participating City departments, which are the primary funders of health and social services (Figure 1).

In FY24, the Program coordinated fiscal and compliance monitoring for 211 nonprofits. These nonprofits received \$1.5 billion in funding from the 13 participating departments (Figure 2).

With nearly \$404 million in contracts, HSH allocates the largest share of nonprofit funding, followed by DPH and HSA (Figure 3). In FY2024, the Juvenile Probation Department (JUV) joined the Program for the FY24 fiscal monitoring cycle. JUV jointly funded two nonprofits in the pool.

Figure 1. Departments in the Program

ADP	Adult Probation Department
ART	San Francisco Arts Commission
DCYF	Department of Children, Youth and Their Families
DEC	Department of Early Childhood
DPH	Department of Public Health
DPW	Department of Public Works
DOSW	Department on the Status of Women
HSA	Human Services Agency
HSH	Department of Homelessness and Supportive Housing
JUV	Juvenile Probation Department
MOHCD	Mayor’s Office of Housing and Community Development
OEWD	Office of Economic and Workforce Development
SHF	Sheriff’s Department

Figure 2. FY24 City Spending for Nonprofits

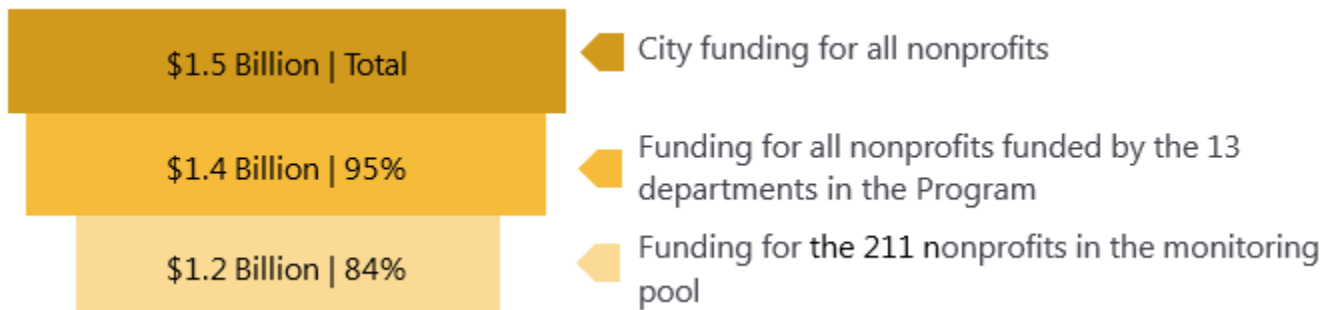
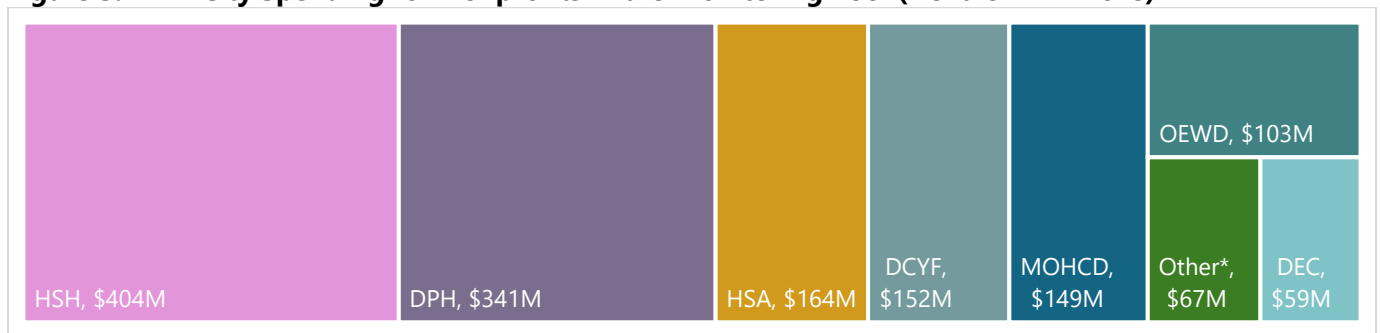


Figure 3. FY24 City Spending for Nonprofits in the Monitoring Pool (Dollars in Millions)



* ART (\$17M), ADP (\$14M), DPW (\$12M), SHF (\$11M), DOSW (\$10M) and JUV (\$13K).

PROGRAM GOALS AND ACTIVITIES

The Program ensures public funds are spent in alignment with the City's financial and administrative standards and that nonprofit contractors have strong, sustainable fiscal operations.

Program activities contribute to these desired outcomes by promoting fiscal and compliance monitoring of nonprofit contractors and providing capacity building support that:

- Is consistent and coordinated across City departments
- Reduces duplication for City departments and contractors
- Is aligned with best practices in financial management; and
- Is responsive to City and contractor needs.

The Controller's Office performs the following activities to support the Program to accomplish its goals:



Facilitation

Aligns needs, interests and decisions across 13 City Departments



Tools

Provides standard forms, templates, guidelines and an automated, online system for collaboration



Coaching

Provides individualized coaching services for nonprofit contractors



Workshops

Provides training on nonprofit financial management for contractors and City staff

Additionally, the Controller's Office tracks and analyzes data from the annual fiscal monitoring cycle and uses this data to improve Program performance, as well as to support management of the Citywide Corrective Action Policy and process for corrective action designations when necessary.

Annual Monitoring

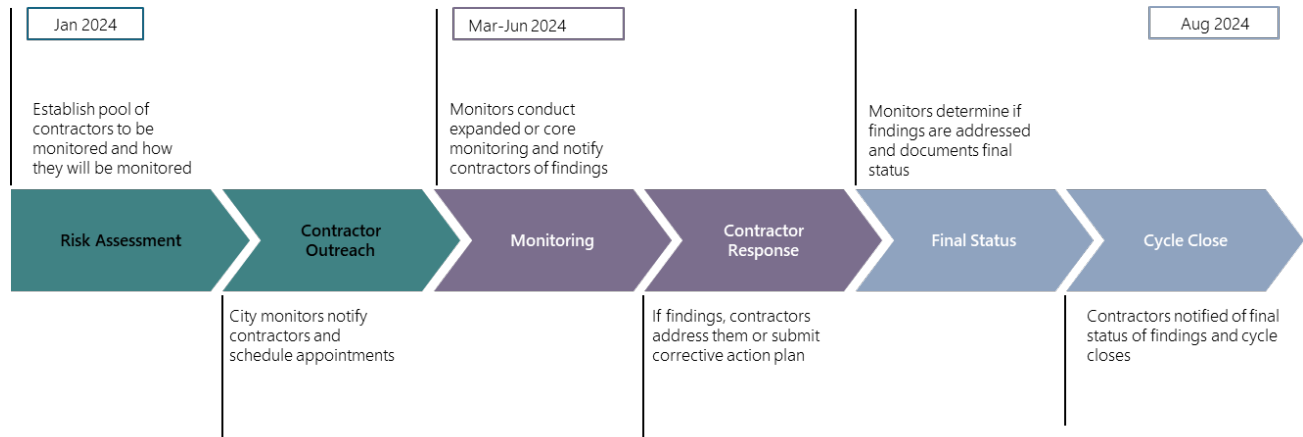
Each year, the Controller's Office supports the Program Steering Committee, which includes representatives from City departments in the Program, to conduct a risk assessment process to determine which nonprofit contractors are included in the Program's monitoring pool and the type of monitoring these contractors receive. Department staff who serve as monitors then conduct fiscal and compliance monitoring to assess nonprofits' compliance with City standards and help improve their financial management practices.

Fiscal monitoring is an annual assessment of a nonprofit contractor's ability to meet specific fiscal and compliance standards. Monitoring allows the City to evaluate whether funds are being spent in alignment with the City's financial and administrative standards, to assess specific indicators of nonprofit organizational health, and to provide a structure for discussions about nonprofit improvement needs.

The standard monitoring form includes the fiscal and compliance standards that nonprofits must meet when contracting with the City.¹ The FY24 monitoring cycle began in January 2024 and officially ended in August 2024.

¹ Standard monitoring forms: <https://www.sf.gov/resource/2024/fiscal-monitoring-resources-city-departments>

FY24 Monitoring Cycle Timeline

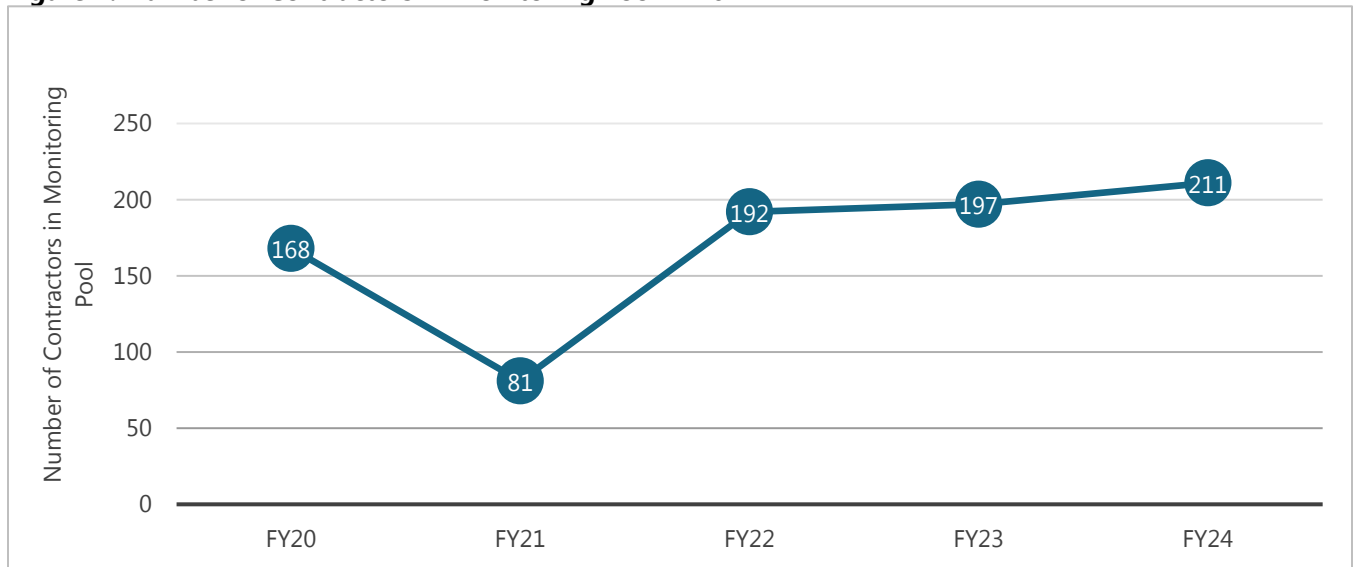


FY24 Monitoring Results

FY24 MONITORING POOL

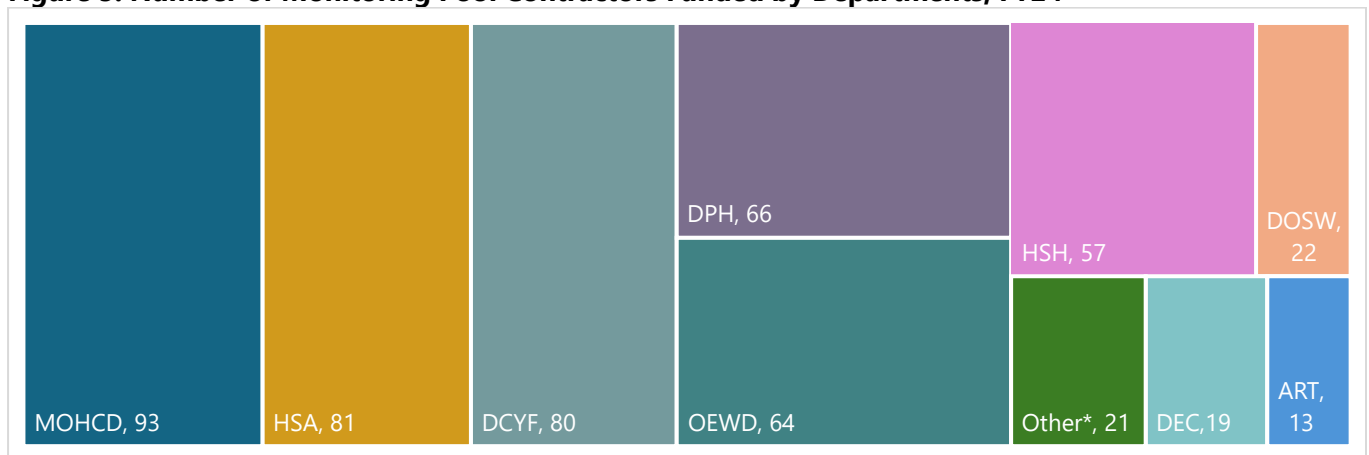
In FY24, the monitoring pool included a total of 211 contractors (Figure 4), which is 14 more contractors as compared to FY23. Except for FY21, during which most monitoring was discretionary due to the COVID-19 pandemic, there has been a year-over-year increase in program participation, reaching 211 contractors in FY24, which is the highest number to date in program history.

Figure 4. Number of Contractors in Monitoring Pool FY20-FY24



Like prior years, MOHCD has the highest number of contractors in the monitoring pool, followed by HSA, DCYF, and DPH (Figure 5). Given multiple departments can fund a single nonprofit, contractors are represented in multiple boxes below.

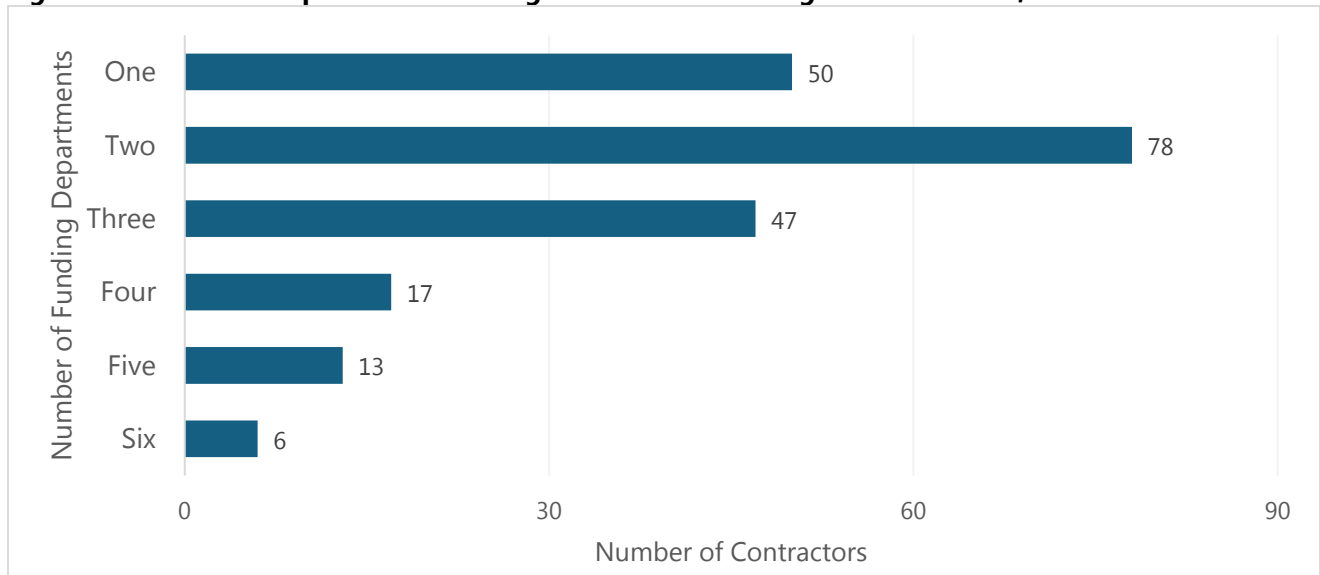
Figure 5. Number of Monitoring Pool Contractors Funded by Departments, FY24



*SHF (8), ADP (6), DPW (5) and JUV (2) had the fewest contractors in the pool.

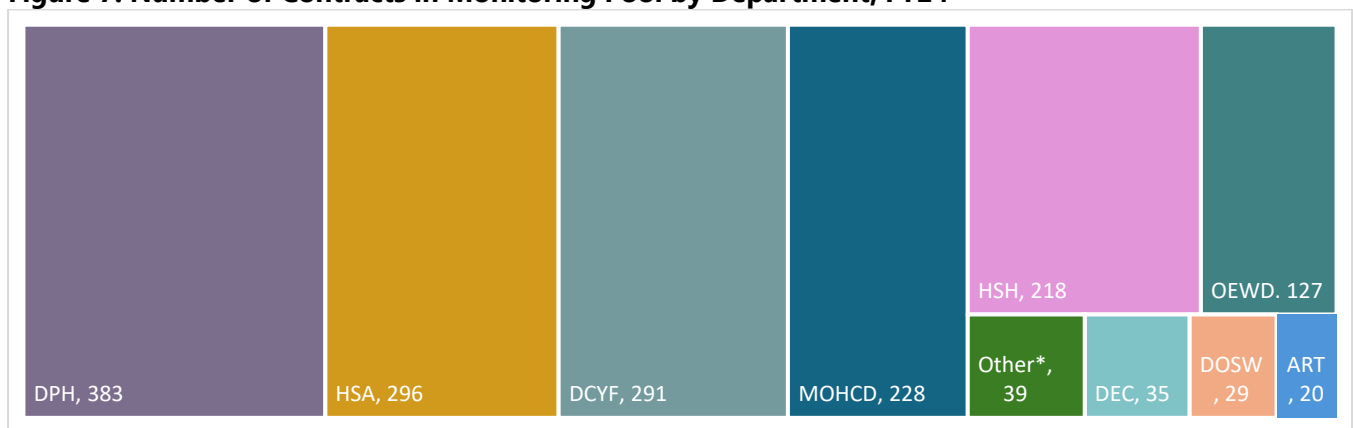
Overall, 76% (161) of nonprofits in the pool received funding from two or more departments. Most commonly, 37% (78) of contractors in the pool received funding from two departments (Figure 6). Six nonprofits in the pool received funding from six City departments in the Program--Community Youth Center of San Francisco, Episcopal Community Services of San Francisco Inc., Mission Neighborhood Centers, San Francisco LGBT Community Center, Young Community Developers, and Young Men’s Christian Association (YMCA).

Figure 6. Number of Departments Funding the Same Monitoring Pool Contractor, FY24



Departments can have multiple contracts with nonprofit. In FY24, DPH had the largest number of contracts with nonprofit contractors included in the monitoring pool, followed by HSA, DCYF, and MOHCD (Figure 7).

Figure 7. Number of Contracts in Monitoring Pool by Department, FY24



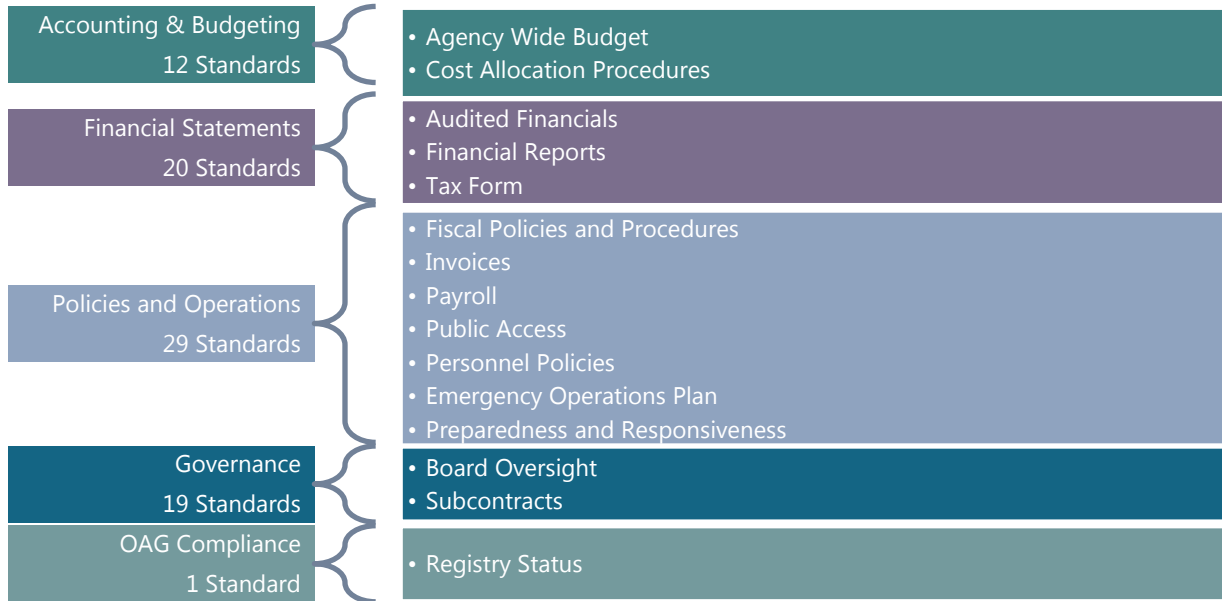
*SHF (17), ADP (12), DPW (8) and JUV (2).

Fiscal Monitoring Standards

The City monitors fiscal standards to review aspects of nonprofit financial management and evaluate a nonprofit’s financial health. Compliance standards relate to nonprofits’ responsibilities for providing public access to records, board oversight practices, subcontracting practices, personnel policies, and emergency operations plans. In prior years, the Program evaluated four areas of fiscal and compliance standards,

comprising 14 categories (Figure 8). In FY24, the Controller’s Office added a new compliance standard to verify nonprofits’ registration status with the CA Office of the Attorney General.

Figure 8. Fiscal and Compliance Monitoring Categories, FY24



- For **accounting and budgeting standards**, monitors review the agency-wide budget and cost allocation plan to confirm a nonprofit is following best practices, by, for example, having a budget that shows income and expenses by program, that allocates shared and indirect costs across programs, and by having a consistent and reasonable cost allocation plan.
- Monitors review **audited financial statements** and **financial reports** to confirm they are complete and current, show income and expense by program and funding source, and show the nonprofit has the operating capital needed to carry out its day-to-day work. A nonprofit’s balance sheet and profit and loss statement are key resources monitors use to make this assessment.
- For **policy and operation-related standards**, monitors evaluate fiscal policies and procedures for completeness and to confirm nonprofits are following specified procedures for reporting, accounts payable and receivable, and payroll. Monitors review invoice documentation and cross-check invoices and time sheets against the agency-wide budget.
- **Governance standards** confirm nonprofit boards of directors are fulfilling their fiduciary responsibilities by checking to make sure the board has reviewed and approved the agency-wide budget, financial reports, and the nonprofit’s most recent audit.
- The Program verifies nonprofits in the pool are in good standing with the **State Attorney General Registry of Charitable Trusts**.

In an expanded monitoring, monitors evaluate 66 required standards, while core monitoring covers a subset of 46 of the standards. Additionally, monitors have the option to review 14 recommended practices within both expanded and core monitoring.

FY24 MONITORING FINDINGS

The [FY24 dataset](#)² includes a list of all contractors in the FY24 monitoring pool and their monitoring results, including the type of monitoring and any findings. Core monitoring focuses on standards that are essential to determine financial health for a nonprofit agency. Expanded monitoring includes more standards to ascertain additional aspects of financial health and overall governance.

In FY24, **departments granted 12 contractors a waiver from monitoring due to strong performance in recent years** (Appendix A); this was six fewer waivers compared to FY23. In FY24, **199 nonprofits received a core or expanded monitoring** (Figure 9).

City monitors conducted their assessment in two phases. First, they reviewed standards through either core or expanded monitoring (known as “initial monitoring”). Then, they provided the contractor with an opportunity to respond and correct any findings, leading to a “final status” determination. At final status, monitors mark resolved initial findings as “Findings in Conformance” and mark unresolved findings at the close of monitoring as “Findings Not in Conformance.”

Figure 9. Number of Contractors by Fiscal Monitoring Type, FY24

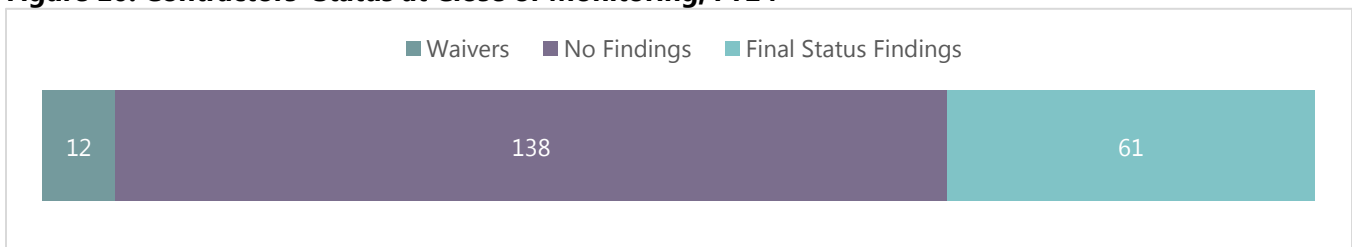
Type of Monitoring	Number of Contractors	% of Pool
Good Performance Waivers	12	5%
Total Monitored Contractors	199	95%
Core	71	34%
Expanded	128	61%
Total Contractors in Pool	211	100%

This report summarizes fiscal monitoring data from the cycle ending August 26, 2024. After City monitors complete the annual fiscal monitoring assessments, the Controller’s Office reviews and validates a subset of the resulting data. If the Controller’s Office identifies potential errors in how monitors recorded results, the Controller’s Office will correct those as identified. Each year, the Controller’s Office works with departments on process improvements and explores opportunities to improve consistency in the review of monitoring standards and recording of monitoring results to increase the quality and completeness of the fiscal monitoring data.

Findings Across Contractors

At the close of FY24 monitoring, **nearly three-quarters of nonprofits in the monitoring pool (71%) met all fiscal and compliance monitoring standards or received a waiver**. The remaining 61 contractors had 344 total findings on required standards that remained not in conformance (Figure 10).

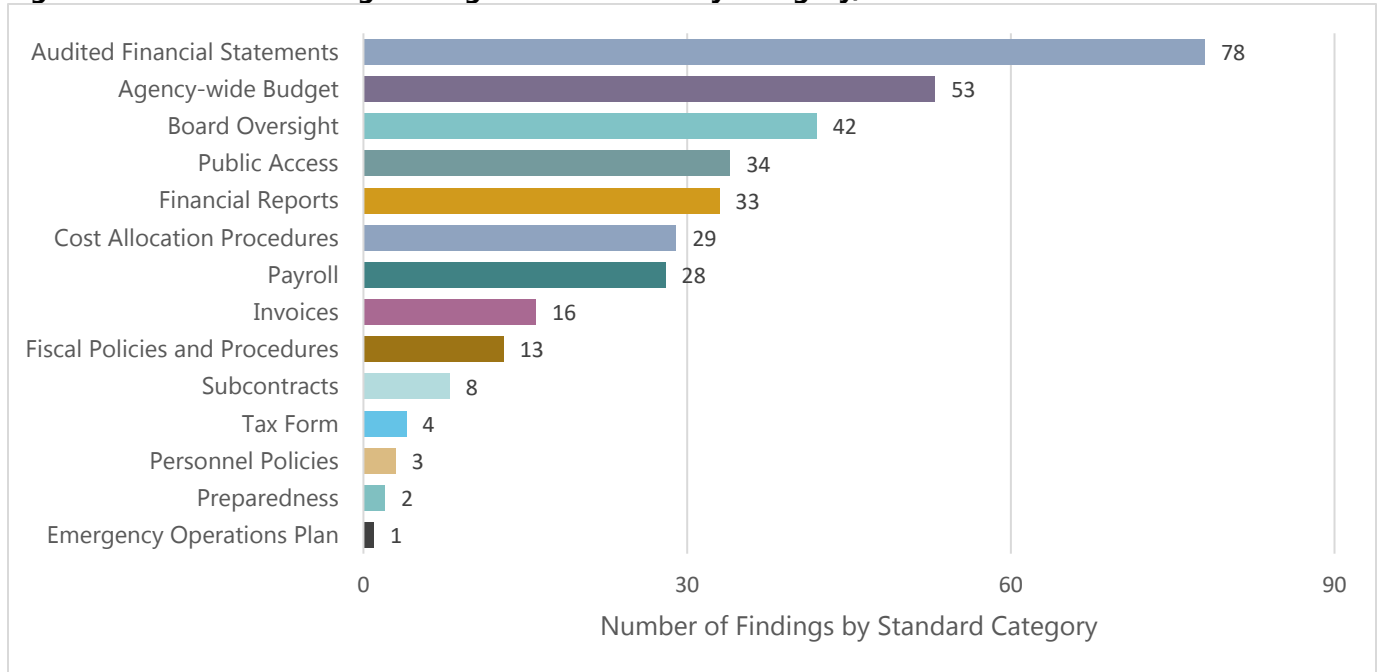
Figure 10. Contractors' Status at Close of Monitoring, FY24



² FY24 Nonprofit Fiscal Monitoring Data: https://data.sfgov.org/dataset/Citywide-Nonprofit-Monitoring-and-Capacity-Buildin/3v2z-djjd/about_data

These unresolved findings spanned all 14 categories (Figure 11). Most unresolved findings related to Audited Financial Statements (23%), followed by Agency-wide Budget (15%), and Board Oversight (12%).

Figure 11. Fiscal Monitoring Findings at Final Status by Category, FY24



Among the 80 standards monitored, standards related to **audited financial statements and agency-wide budget presented contractors with the most challenges**. Of the 61 nonprofits with unresolved findings at final status, 30 contractors had challenges completing their audits within nine months of their fiscal year end and 25 contractors did not provide a completed audit during the annual fiscal monitoring review³ (Figure 12). Seventeen nonprofits had unresolved findings related to public access to information, including a standard that requires that two meetings of the contractor’s board of directors are announced to the public at least 30 days in advance through the Public Library and the Clerk of the Board of Supervisors. Twelve nonprofits were unable to provide a plan for allocation of shared and indirect costs by program within the agency-wide budget, and ten nonprofit organizations did not include annual cash flow projections in the agency-wide budget.

Figure 12. Most Common Fiscal Monitoring Findings at Final Status Among Nonprofits

Standard Category	Standard	Number of Contractors with Unresolved Findings
Audited Financial Statements	Audit completed within nine months of the close of the contractor’s fiscal year	30
	Completed and complete: all sections and statements included opinion and other audit letters are signed	25

³ During data validation, the Controller’s Office determined that some nonprofits with this finding were below the State’s required threshold for auditing as they had total revenues of under \$2 million. As such, the percentage of nonprofits with this finding may be slightly overstated in the data. Additionally, some contractors submitted audited financial statements after the close of the cycle.

Standard Category	Standard	Number of Contractors with Unresolved Findings
	In current audit, agency has at least 30 days of operating cash	12
Public Access	These two meetings are announced to the general public at least 30 days in advance through the SF Public Library and the Clerk of the Board of Supervisors	17
Board Oversight	Minutes show that the Board approved the current agency-wide budget within at least three months of the start of the fiscal year	13
Agency Wide Budget	Shows allocation of shared and indirect costs by program	12
Agency Wide Budget	Includes annual cash flow projections	10

Assessment of Financial Indicators

The annual fiscal and compliance monitoring review includes several financial indicators that help the City evaluate the financial health and sustainability of contractors. From a nonprofit’s audited financial statement, City monitors can review a contractor’s change in net assets, change in cash flow, and days of operating cash. From a nonprofit’s balance sheet (or Statement of Financial Position), City monitors can assess a contractor’s current assets and liabilities to calculate a working capital ratio.

Across all financial indicators, City monitors reported that more nonprofits met fiscal standards in FY24, as compared to FY23, except in maintaining a working capital ratio greater than one, which indicates a nonprofits’ ability to meet its short-term liabilities (Figure 13).

Figure 13: Number of Contractors that Did Not Meet Fiscal Standards and Recommended Practices

Standard Category	Standard Name	Number of Contractors with Initial Findings by Fiscal Year (FY)				
		FY18	FY19	FY22	FY23	FY24
Audited Financial Statements	k. Total unrestricted net income (change in net assets) is positive over the sum of 2 consecutive years, or the contractor provides a reasonable explanation for how it will be positive by the end of the fiscal year ⁴	17	19	2	9	2
	l. Total change in cash is positive over the sum of 2 consecutive years or agency has a reasonable explanation and/or plan to reverse cash outflow (<i>Recommended Practice</i>) ⁵	10	18	4	17	6

⁴ In prior years, this standard was a “recommended practice” in the first year, i.e., it was not a formal finding. In FY24 this standard became a formal finding in the first year a contractor did not meet it.

⁵ In prior years, this standard was labeled as “m”.

Standard Category	Standard Name	Number of Contractors with Initial Findings by Fiscal Year (FY)				
		FY18	FY19	FY22	FY23	FY24
	m. In current audit, agency has at least 30 days of operating cash (<i>Recommended Practice</i>) ⁶	31	36	1	17	12
Financial Reports	b. Working capital ratio is greater than 1	4	5	2	5	7
	f. Profit and Loss Statement: Year-to-date net income is either a positive number or the Contractor provides a sound explanation of how it will be positive by the end of the fiscal year	4	6	3	10	7

⁶ In prior years this standard was labeled "n." Also, the standard was modified in FY24 to assess if nonprofits had 30 days of operating cash. In prior years, the standard required 60 days of operating cash.



FY24 Program Highlights and Planned FY25 Improvements

In FY24, the Controller's Office implemented several process changes to improve the Program.

- **Surveyed nonprofits to identify training needs:** The Controller's Office surveyed over 600 nonprofits to identify what areas of financial management training would be most useful for their organizations. The Controller's Office selected topics garnering the most interest from nonprofits for the FY24 Spring Training Series.
- **Expanded training for City monitors:** The Controller's Office continued to support City monitors in building their familiarity with fiscal monitoring and nonprofit financial management by holding training on how to review cost allocation procedures, budgets, and audited financial statements.
- **Updated monitoring tools and documents:** The Controller's Office convened Steering Committee representatives to review existing monitoring documents, including the standard monitoring form, to identify necessary updates to make the tools more accessible to nonprofits and relevant to departments completing the fiscal monitoring review.
- **Added monitoring standard on nonprofits' compliance with California Attorney General's Charitable Trust Registry:** In alignment with the [City's policy on compliance with all filings to the State Attorney General Charity Registry](#), the Controller's Office added a monitoring standard and incorporated a point-in-time review of compliance for nonprofits in the monitoring pool.

Using learnings from FY24, the Controller's Office will implement the following program improvements in FY25.

- **Enhance invoice documentation review:** In FY25, the Controller's Office will develop new tools to underscore the importance of invoice documentation review, which is consistent with updated [citywide fiscal monitoring guidelines](#).
- **Analyze financial health indicators:** In FY25, the Controller's Office will extract and analyze information from nonprofits' audited financial statements to assess the financial health of nonprofits in the monitoring pool. Using data collected through fiscal monitoring, the Controller's Office can calculate key financial indicators to assess the financial health of funded nonprofits and more quickly identify nonprofits that may need technical assistance or other support.
- **Expand capacity building support for nonprofits:** In FY25, the Controller's Office will work to deploy more tailored technical assistance to nonprofits, as well as different formats of technical assistance to help nonprofits address challenges before issues become more serious and present risks for service delivery.
- **Update Program website:** In FY25, the Controller's Office will update the Program's website to be more user friendly for nonprofits and departments to navigate to find information about the Program, fiscal monitoring tools, sample financial management policies, past training materials, and other resources.

Citywide Corrective Action Policy

The [Nonprofit Monitoring Corrective Action Policy](#) helps ensure compliance with government funding requirements, accountability, and reliable service delivery for San Francisco residents. The Controller's Office and City departments apply this policy when nonprofit contractors fail to meet the City's financial management or programmatic performance standards.

The policy establishes three corrective action tiers, where higher tiers generally indicate more severe fiscal or programmatic issues. The policy also outlines the steps the City takes for identifying and collaboratively responding to nonprofit financial or performance concerns, which includes providing appropriate support, technical assistance, and oversight to address these issues.

The policy specifies monitoring findings that meet the criteria for designation to a corrective action tier. In addition to monitoring findings, the Controller's Office may designate an organization to a corrective action tier based on other contract oversight activities, serious results of a City audit, failure to comply with legal requirements, and/or issues associated with fraud, egregious misconduct or contract violations. Designation initiates a Citywide corrective action plan with a nonprofit contractor. Designation to a corrective action tier creates additional clarity for the nonprofit and departments about the scope and severity of issues, and the Citywide corrective action plan outlines the necessary steps, milestones, timelines, and results to address these issues.

TIER 2 DESIGNATIONS

A Tier 2 designation supports enhanced coordination and provides notice of increased risk to public funds and client services due to serious fiscal or programmatic concerns. A Tier 2 designation results in mandatory technical assistance to support the nonprofit in establishing sound fiscal and management practices in compliance with City standards. The Controller's Office engages the nonprofit contractor in collaborative action planning, offers technical assistance, and establishes milestones for engagement, and the nonprofit contractor must participate and demonstrate progress in addressing concerns or risk escalation to Tier 3.

FY23 Tier 2 Designations

Based on FY23 monitoring findings and events, the Controller's Office placed four contractors on Tier 2 (formerly referred to as "Elevated Concern") due to monitoring results and other department concerns that identified fiscal management and organizational concerns. Each contractor developed an action plan and received technical assistance to address issues that led to the corrective action designation. Of the four contractors receiving FY23 designations:

- One nonprofit fully resolved the identified issues and the Controller's Office removed the designation during FY24.
- One nonprofit will remain designated to Tier 2 to resolve remaining corrective actions.
- Two nonprofits will be designated to Tier 3 due to escalation of concerns.

FY24 Tier 2 Designations

Based on FY24 monitoring findings and contract management issues identified by funding departments, the Controller's Office designated the 8 nonprofits below as Tier 2. In several cases, nonprofits designated

to Tier 2 were missing their audited financial statement. However, others had more widespread concerns related to budget and cost allocation, invoicing practices, and payroll tax payments.

- African American Art and Culture Complex
- Centers for Equity and Success (dba Success Centers)
- Friendship House Association of American Indians
- Homies Organizing the Mission to Empower Youth (HOMEY)
- Lavender Youth Recreation and Information Center (LYRIC)
- Livable City
- Renaissance Parents of Success
- Samoan Community Development Center, Inc.

TIER 3 DESIGNATION

A Tier 3 designation identifies serious risk to public funds and client services when a nonprofit contractor demonstrates a pattern of severe fiscal or programmatic concerns, which are identified through monitoring, department concerns, a City audit or investigation, or other sources. A Tier 3 designation results in mandatory technical assistance to support the nonprofit in establishing sound fiscal, programmatic and management practices in compliance with City standards. The Controller's Office engages the nonprofit contractor in collaborative action planning, offers technical assistance, and establishes milestones for engagement, and the nonprofit contractor must participate or risk additional corrective action measures. Departments may use a nonprofit's Tier 3 designation as a consideration in scoring solicitations for new funding. Departments may also consider a nonprofit's Tier 3 designation as a factor in funding decisions. De-funding is a potential ultimate sanction for nonprofits that are out of compliance with the City's grant and contract conditions. The Controller's Office will issue public notification of a nonprofit's Tier 3 status.

FY24 Tier 3 Designations

The Controller's Office designated three nonprofits to Tier 3 due to serious financial concerns that have not been adequately addressed, and in one case, due to a suspension order by the City Attorney's Office.

- Bayview Hunters Point Foundation for Community Improvement
- HomeRise
- Providence Foundation

These contractors will continue to receive technical assistance from the City during FY25. Designation of Tier 3 ensures that this technical assistance, and enhanced, coordinated oversight by departments continues until the contractors resolve those concerns and sustain financial and administrative practices that meet the City's standards.

Capacity Building Program

INDIVIDUAL COACHING

City contractors are eligible for financial management coaching services and workshops through the Program at no cost to them. The Controller’s Office prioritizes contractors funded by departments participating in the Program for the service. Nonprofit coaching supports Program goals by addressing issues that could impact the stability of a nonprofit and the services they offer to the community on behalf of the City. The Controller’s Office provides coaching services through two consulting firms: BDO and Community Vision Capital and Consulting.

The Program’s technical assistance providers tailor coaching to a nonprofit’s needs around operational and transactional finance and governance functions, providing each nonprofit with the tools it needs to succeed. Participation in coaching is viewed as a positive and proactive response by nonprofits interested in continuous improvement. Coaching can be initiated throughout the year.

In FY24, the Program delivered:

125 hours of coaching
12 Nonprofits
Worth \$24,629

In FY24, the Program delivered tailored coaching to eight contractors, completing four engagements by year-end (Figure 14). The Controller’s Office also offered “rapid response technical assistance” to nonprofits outside the monitoring pool, which provided four nonprofits with one-time, short-term coaching from a City-funded consultant.

Coaches primarily addressed fiscal topics with contractors, such as enhancing financial reporting and operations, updating fiscal policies and procedures, and strengthening fiscal management. City monitors noted an increase in nonprofits outsourcing their finance teams, creating a need for technical assistance to support development of proper finance team infrastructure and processes. Together with the nonprofit training series described below, **the Program delivered nearly \$37,600 to support nonprofits to strengthen their fiscal management practices.**

Figure 14. Contractors That Received Technical Assistance in FY24

Nonprofit Referred to Coaching in FY24	FY24 Result
Bayview Hunters Point Foundation	Ongoing
Frameline	Complete
HomeRise	Ongoing
Lavender Youth Recreation and Information Center	Closed ⁷
Our Family Coalition	Complete
PRC/Baker Places	Complete
Providence Foundation	Closed ⁸
Westside Community Services	Complete

⁷ The nonprofit opted not to continue with technical assistance due to limited staff resources to support the work.

⁸ The City paused its technical assistance with this nonprofit while investigation into debarment proceedings occurred.

TRAINING SERIES

Group training supports nonprofit and City staff to understand and comply with City standards. The Program offers a Spring Nonprofit Training Series tailored to staff from City-funded nonprofit organizations. This series provides virtual, interactive sessions, allowing participants to engage with both fundamental and advanced topics in financial management.

Additionally, the Program offers a Monitor Training Series aimed at equipping staff responsible for monitoring, particularly those new to the role, with a solid understanding of nonprofit financial management practices. This ensures consistent application of City standards.

In FY24, the Controller’s Office organized a Spring Training Series for nonprofit organizations, featuring three courses delivered by BDO. The Controller’s Office also coordinated four training sessions for department monitors, all led by experienced City monitors. The Controller’s Office also offered an overview of the monitoring process to new City monitors (Figure 15).

Figure 15. Training Series Description and Attendees, FY24

Training Series	Training Facilitator	Workshop Title and Description	Number of Attendees
Spring Nonprofit Training Series	BDO	Budgeting and True Cost: This workshop guided participants in creating a strong financial management strategy that balances the organization's future vision with its current and past financial situation.	96
	BDO	Internal Controls for Small Nonprofits: This workshop helped nonprofits, especially those with limited staff or inherited systems, strengthen internal controls within their financial management processes. Participants learned about the key components of operational efficiency, explored strategies for fostering a culture of collaboration and accountability, and discovered ways to implement proper controls in essential financial workflows.	82
	BDO	Multi-Year Financial Planning: This workshop helped leaders understand their organization’s financial model, including key revenue drivers and program costs, to inform long-term financial planning.	61
City Monitor Training	Controller’s Office	Audited Financial Statements: This training covered the key components of audited financial statements, helping City staff understand how to assess nonprofit financial health and compliance with accounting standards.	32
	Controller’s Office	Budgets: Participants learned how to review and evaluate nonprofit budgets, focusing on how they align with organizational goals and ensure effective use of resources.	31

Training Series	Training Facilitator	Workshop Title and Description	Number of Attendees
	Controller's Office	Cost Allocation: This session provided guidance on cost allocation methods, ensuring City staff can assess how nonprofits allocate shared costs across programs.	31
	Controller's Office	Indirect Costs: Staff gained insight into reviewing indirect cost rates and how nonprofits allocate these expenses to ensure compliance with City funding guidelines.	22
	Controller's Office	Overview of Monitoring: This session provided an overview of the annual fiscal monitoring process to new City monitors to orient to policies, procedures, and timeline of the monitoring process.	35

APPENDIX A

GOOD PERFORMANCE WAIVERS

Departments may grant a one-year waiver from Citywide fiscal and compliance monitoring for exceptional fiscal and compliance performance by a nonprofit contractor. Contractors may be eligible for a Good Performance Waiver (“waiver”) if all the following are true:

- The contractor had no findings in the prior two years of Citywide fiscal and compliance monitoring.
- The contractor had no findings in the prior two years of external audit, and, if applicable, the Single Audit.
- The contractor had no turnover in the Executive Director or Chief Financial Officer positions within the past two fiscal years.
- The contractor did not receive a waiver within the last three years.

In some circumstances, a contractor meets the criteria but must still receive a monitoring visit due to federal or state funding requirements. All nonprofit contractors receiving a waiver must receive expanded monitoring in the subsequent year.

The following nonprofit contractors met criteria and received a waiver in FY24:

- Philip Randolph Institute San Francisco
- Bridge Housing Corp
- Compass Family Services
- Farming Hope
- First Place for Youth
- Five Keys Charter School and Programs
- Homeless Prenatal Program
- Horizons Unlimited of San Francisco
- La Cocina
- Mary Elizabeth Inn
- SOMArts
- St. Vincent de Paul Society

APPENDIX B

CONTRACTORS BY TYPE OF MONITORING AND FINAL STATUS, FY24

Contractor Name	Type of Monitoring	Final Status
3rd Street Youth Center and Clinic	Expanded	No Findings
A Better Way	Expanded	No Findings
A. Philip Randolph Institute San Francisco	Waiver	Waiver
Abode Services	Expanded	No Findings
African American Art and Culture Complex	Expanded	Findings Not in Conformance
African American Shakespeare Company	Expanded	Findings Not in Conformance
AIDS Legal Referral Panel of the SF Bay Area	Core	No Findings
Alternative Family Services	Core	No Findings
APA Family Support Services	Expanded	No Findings
Arriba Juntos - IAI	Core	No Findings
Asian and Pacific Island Wellness Center	Core	No Findings
Asian Women's Shelter	Core	No Findings
AsianWeek Foundation	Expanded	No Findings
Baker Places, Inc.	Expanded	No Findings
Bay Area Community Resources	Expanded	No Findings
Bay Area Legal Aid	Core	No Findings
Bay Area Video Coalition	Core	Findings Not in Conformance
Bayview Hunters Point Center for Arts and Technology	Core	No Findings
Bayview Hunters Point Foundation	Expanded	Findings Not in Conformance
Bayview Hunters Point Multipurpose Senior Services	Core	Findings Not in Conformance
Bayview Opera House	Expanded	Findings Not in Conformance
Bernal Heights Neighborhood Center	Expanded	Findings Not in Conformance
Booker T. Washington Community Service Center	Core	No Findings
Boys and Girls Clubs of San Francisco	Core	No Findings
Bridge Housing Corp	Waiver	Waiver
Bridges from School to Work	Core	Findings Not in Conformance
Brilliant Corners	Core	Findings Not in Conformance
Catholic Charities	Expanded	Findings Not in Conformance
Center For New Music San Francisco, Inc.	Expanded	Findings Not in Conformance
Center on Juvenile and Criminal Justice	Core	Findings Not in Conformance
Central American Resource Center	Expanded	No Findings
Central City Hospitality House	Core	No Findings
Centro Latino de San Francisco Inc	Core	No Findings
Charity Cultural Services Center	Expanded	No Findings
Children's Council of San Francisco	Expanded	No Findings
Chinatown Community Development Center	Expanded	No Findings

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Chinese Culture Foundation of San Francisco	Expanded	Findings Not in Conformance
Chinese for Affirmative Action	Expanded	No Findings
Chinese Progressive Association	Core	No Findings
Collective Impact	Core	No Findings
Community Forward SF	Expanded	Findings Not in Conformance
Community Initiatives	Core	No Findings
Community Living Campaign	Core	No Findings
Community Works West, Inc.	Expanded	No Findings
Community Youth Center of San Francisco	Core	Findings Not in Conformance
Compass Family Services	Waiver	Waiver
Conard House Inc	Expanded	Findings Not in Conformance
Consumer Credit Counseling Service of San Francisco	Expanded	No Findings
Curry Senior Center	Expanded	No Findings
Dolores Street Community Services	Core	No Findings
Donaldina Cameron House	Core	No Findings
Dustys' Fishing Well	Expanded	Findings Not in Conformance
Edgewood Center for Children and Families	Expanded	No Findings
En2action	Expanded	No Findings
Enterprise for Youth	Expanded	No Findings
Episcopal Community Services of San Francisco, Inc.	Core	No Findings
Eviction Defense Collaborative, Inc.	Expanded	Findings Not in Conformance
Excelsior Action Group	Expanded	Findings Not in Conformance
Faces-SF	Core	No Findings
Family Caregiver Alliance	Expanded	No Findings
Family Support Services of the Bay Area	Expanded	Findings Not in Conformance
Farming Hope	Waiver	Waiver
Felton Institute	Expanded	No Findings
Filipino American Development Foundation	Core	No Findings
First Place for Youth	Waiver	Waiver
Five Keys Charter School and Programs	Waiver	Waiver
Friends of the Urban Forest	Expanded	No Findings
Friendship House Association of American Indians	Expanded	Findings Not in Conformance
Front Porch Communities Foundation	Expanded	No Findings
GLBT Historical Society	Expanded	No Findings
Glide Community Housing	Core	No Findings
Glide Foundation	Expanded	No Findings
Golden Gate Senior Services	Expanded	No Findings
Good Samaritan Family Resource Center, Inc	Expanded	No Findings
Goodwill Industries of SF, San Mateo and Marin	Expanded	No Findings
Gum Moon Residence Hall	Expanded	No Findings
Hamilton Families	Expanded	No Findings
Harm Reduction Coalition	Expanded	No Findings
Harm Reduction Therapy Center	Core	No Findings
HealthRight360	Core	No Findings
Heluna Health	Core	Findings Not in Conformance

Homebridge	Core	No Findings
Homeless Children's Network	Expanded	No Findings
Homeless Prenatal Program	Waiver	Waiver
HomeRise	Expanded	Findings Not in Conformance
Homies Organizing the Mission to Empower Youth	Expanded	Findings Not in Conformance
Horizons Unlimited of San Francisco	Waiver	Waiver
Housing Rights Committee of San Francisco	Expanded	No Findings
Huckleberry Youth Programs	Expanded	No Findings
Hunters Point Family	Expanded	Findings Not in Conformance
Hyde Street Community Services	Core	Findings Not in Conformance
Institute on Aging	Core	No Findings
Instituto Familiar de la Raza	Expanded	No Findings
Intersection for the Arts	Expanded	Findings Not in Conformance
Jamestown Community Center	Core	Findings Not in Conformance
Japanese Community Youth Council	Core	No Findings
Jewish Family and Children's Services	Expanded	No Findings
Jewish Vocational Service	Expanded	No Findings
Justice and Diversity Center-SF Bar Association	Core	No Findings
Kimochi, Inc	Core	No Findings
La Casa de Las Madres	Expanded	No Findings
La Cocina	Waiver	Waiver
La Raza Centro Legal	Core	No Findings
Larkin Street Youth Services	Core	No Findings
Lavender Youth Recreation and Information Center	Expanded	Findings Not in Conformance
Legal Assistance to the Elderly	Core	No Findings
Legal Services for Children	Core	No Findings
Life Learning Academy	Core	No Findings
LightHouse for the Blind and Visually Impaired	Expanded	No Findings
Livable City	Expanded	Findings Not in Conformance
Low Income Investment Fund	Expanded	No Findings
Lutheran Social Services of Northern California	Expanded	No Findings
Maitri	Core	No Findings
Mary Elizabeth Inn	Waiver	Waiver
Meals on Wheels	Core	Findings Not in Conformance
Mental Health Association of San Francisco	Expanded	No Findings
Mid-Market Foundation	Core	Findings Not in Conformance
Mission Bit	Expanded	Findings Not in Conformance
Mission Cultural Center for Latino Arts	Expanded	No Findings
Mission Economic Development Agency	Expanded	Findings Not in Conformance
Mission Graduates	Core	No Findings
Mission Hiring Hall	Expanded	No Findings
Mission Housing Development Corporation	Expanded	Findings Not in Conformance
Mission Language and Vocational School	Expanded	Findings Not in Conformance
Mission Neighborhood Centers	Expanded	No Findings
Mission Neighborhood Health Center	Expanded	No Findings

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Mt St Joseph-St Elizabeth	Expanded	No Findings
Mujeres Unidas y Activas	Expanded	No Findings
My Path	Expanded	No Findings
Native American Health Center	Expanded	Findings Not in Conformance
New Community Leadership Foundation	Expanded	Findings Not in Conformance
New Conservatory Theatre Center	Expanded	Findings Not in Conformance
New Door Ventures	Expanded	No Findings
Nihonmachi Legal Outreach DBA APILO	Expanded	No Findings
On Lok Day Services	Core	No Findings
Open Door Legal	Core	No Findings
Openhouse	Expanded	No Findings
Pomeroy Recreation and Rehabilitation Center	Expanded	No Findings
Portola Family Connections	Expanded	No Findings
Potrero Hill Neighborhood House	Core	No Findings
PRC	Expanded	No Findings
Progress Foundation	Core	No Findings
Project Open Hand	Core	No Findings
Providence Foundation of San Francisco	Expanded	Findings Not in Conformance
Rafiki Coalition for Health and Wellness	Expanded	No Findings
Reality House West Inc	Core	Findings Not in Conformance
Rebuilding Together San Francisco	Expanded	No Findings
Recovery Survival Network	Expanded	Findings Not in Conformance
Renaissance Parents of Success	Expanded	Findings Not in Conformance
Richmond Area Multi-Services, Inc.	Expanded	No Findings
Safe and Sound	Core	No Findings
Salvation Army	Core	No Findings
Samoan Community Development Center Inc	Expanded	Findings Not in Conformance
San Francisco AIDS Foundation	Expanded	No Findings
San Francisco Bay Area Theatre Company	Expanded	Findings Not in Conformance
San Francisco Clean City Coalition	Expanded	Findings Not in Conformance
San Francisco Conservation Corps	Expanded	Findings Not in Conformance
San Francisco Food Bank	Core	No Findings
San Francisco Housing Development Corporation	Core	No Findings
San Francisco In-Home Supportive Services Public Authority	Expanded	No Findings
San Francisco LGBT Community Center	Expanded	No Findings
San Francisco Network Ministries Housing Corporation	Expanded	No Findings
San Francisco Parks Alliance	Core	Findings Not in Conformance
San Francisco Pre-Trial Diversion Program	Expanded	Findings Not in Conformance
San Francisco Public Health Foundation	Expanded	Findings Not in Conformance
San Francisco Study Center	Core	No Findings
San Francisco Tourism Improvement District Management Corporation	Core	Findings Not in Conformance
Self-Help for the Elderly	Expanded	No Findings
Seneca Center	Core	No Findings

Senior and Disability Action	Expanded	No Findings
Sequoia Living	Expanded	No Findings
SF New Deal	Expanded	Findings Not in Conformance
Shanti Project	Core	No Findings
SOMArts	Waiver	Waiver
South of Market Child Care, Inc.	Expanded	No Findings
Southeast Asian Community Center	Expanded	No Findings
Southeast Asian Development Center	Core	No Findings
Special Service for Groups	Expanded	No Findings
St. Vincent de Paul Society	Waiver	Waiver
Success Center SF	Expanded	Findings Not in Conformance
Sunset District Community Development - Sunset Youth Services	Expanded	No Findings
Support for Families of Children with Disabilities	Expanded	No Findings
Swords to Plowshares Veterans Rights Organization	Expanded	No Findings
Telegraph Hill Neighborhood Center	Expanded	No Findings
Tenderloin Housing Clinic, Inc.	Expanded	No Findings
The Arc of San Francisco	Expanded	No Findings
The Bar Association of San Francisco	Expanded	No Findings
The Latino Commission	Core	Findings Not in Conformance
The Marsh	Core	No Findings
The Richmond Neighborhood Center	Core	No Findings
Tides Center	Expanded	No Findings
Toolworks Inc	Core	Findings Not in Conformance
Transgender Advocates for Justice and Accountability Coalition	Expanded	Findings Not in Conformance
Transgender, Gender Variant, Intersex Justice Project	Expanded	Findings Not in Conformance
Union Square Foundation	Expanded	No Findings
United Playaz	Core	No Findings
United Way of the Bay Area	Expanded	No Findings
Unity Care Group	Expanded	No Findings
Upwardly Global	Expanded	Findings Not in Conformance
Urban Alchemy	Expanded	Findings Not in Conformance
Urban Ed Academy, Inc.	Core	Findings Not in Conformance
WeHOPE	Expanded	No Findings
West Bay Pilipino Multi Service Corporation	Core	No Findings
WestEd	Expanded	No Findings
Westside Community Services	Expanded	No Findings
Women's Audio Mission	Core	No Findings
Wu Yee Children's Services	Expanded	No Findings
YMCA of San Francisco	Expanded	No Findings
Young Community Developers	Expanded	Findings Not in Conformance
Young Women's Freedom Center	Expanded	No Findings
Youth Leadership Institute	Core	No Findings

APPENDIX C

PROGRAM PERFORMANCE MEASURES, FY24

The Controller’s Office tracks performance measures to monitor and assess the activities of the Citywide Nonprofit Monitoring and Capacity Building Program. The Controller’s Office uses surveys of nonprofit contractors and City staff as well as other Program data to calculate these measures. In future years, the Controller’s Office will work to establish targets for each measure and trend reporting to show results over time.

	Measure	Program Category	Target	FY23-24
Nonprofits	# of trainings/types offered in the spring nonprofit training series	Capacity Building	No Target	3
	# of attendees at Spring Nonprofit Training Series (unique attendees across all workshops)	Capacity Building	No Target	80
	% of nonprofits who rate a training they attended as very helpful or somewhat helpful.	Capacity Building	95%	94%
	% of nonprofits that received technical assistance reported that the coaching services met their needs	Capacity Building	80%	100%
	% of coached nonprofits who had fiscal findings who reduced them in the subsequent year	Capacity Building	No Target	40%
	% of nonprofits who report a clear understanding of the fiscal and compliance elements to be monitored in their contracts	Monitoring	95%	96%
	% of nonprofits who agree City staff clearly communicated about what to expect from the monitoring process	Monitoring	No Target	83%
	% of nonprofits who agree City staff conducted the core or expanded monitoring process efficiently	Monitoring	No Target	83%
	% of nonprofits who agree City staff conducted the core or expanded monitoring process according to the communicated process	Monitoring	No Target	83%
	% of nonprofits who agree or strongly agree the Program helps ensure their nonprofit has strong, sustainable fiscal operations	Monitoring	85%	50%
City Monitors	# of City Monitor Workshops offered	Capacity Building	No Target	4
	# of attendees at City Monitor Workshops (unique attendees across all workshops)	Capacity Building	No Target	42

	Measure	Program Category	Target	FY23-24
	% of monitors reporting they were confident about their findings always or most of the time	Monitoring	95% ⁹	83%
	% of monitors who agreed their monitoring teams collaborated effectively the majority of the time	Monitoring	95% ⁹	33%
	% of monitors who, on average, rate the tools and resources provided by the Monitoring Program as helpful (of those who used the resource)	Monitoring	95% ⁹	80%

⁹ Of the 38 City department monitors in FY24, 12 responded to these survey questions.