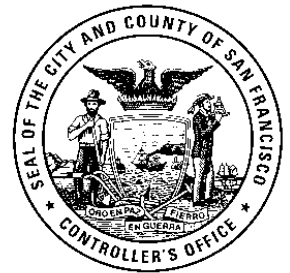
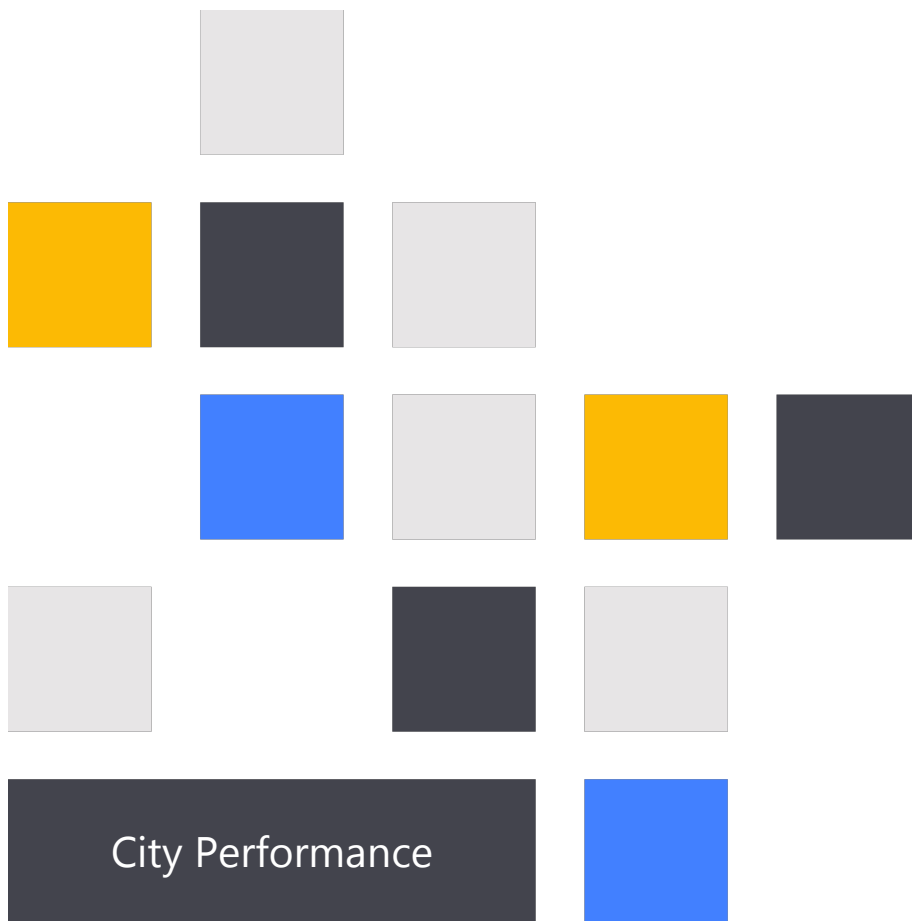


# Citywide Nonprofit Monitoring and Capacity Building Program

## Fiscal Year 2018-2019 Annual Report

In Fiscal Year 2018-2019, 76% of monitored contractors ended the cycle in full conformance with all fiscal and compliance standards.



October 17, 2019

City & County of San Francisco  
Office of the Controller  
City Services Auditor

## About City Performance

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the San Francisco City Charter that was approved by voters in November 2003. Within CSA, City Performance ensures the City's financial integrity and promotes efficient, effective, and accountable government.

City Performance Goals:

- City departments make transparent, data-driven decisions in policy development and operational management.
- City departments align programming with resources for greater efficiency and impact.
- City departments have the tools they need to innovate, test, and learn.

### FY18-19 City Performance Team:

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Office of the Controller  
City and County of San Francisco

Visit:

[www.sfcontroller.org/nonprofits](http://www.sfcontroller.org/nonprofits)

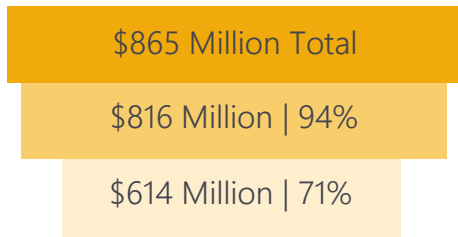
[www.sfcontroller.org](http://www.sfcontroller.org)

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# Executive Summary

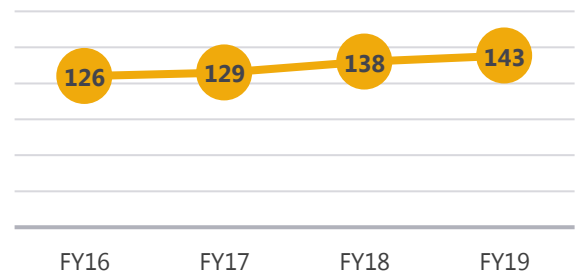
## PROGRAM OVERVIEW

**12** Departments Jointly Funded **165** Nonprofit Contractors in the Program  
 The 165 contractors received **71%** of City funding for all nonprofits



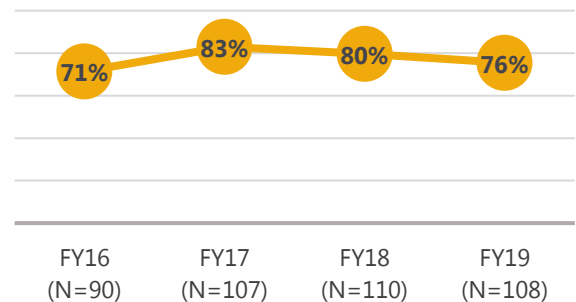
- City funding for all nonprofits
- Funding for all nonprofits funded by the 12 departments in the Program
- Funding for the 165 nonprofits in the monitoring pool

**143** Nonprofits were Monitored  
 The number of nonprofits monitored through the Program has increased over time



## MONITORING FINDINGS

**108** Nonprofits were in Conformance  
 76% of contractors ended the cycle in full conformance with standards, though this decreased this year



## CAPACITY BUILDING

### Individualized Coaching & Workshops

- 7 nonprofits coached
- 208 hours of coaching provided
- 30 hours of coaching per nonprofit
- 4 City workshops, 3 nonprofit workshops

### Most Common Areas of Fiscal Weakness

- Completing required **audit** on time
- Complete fiscal **policies** and procedures
- Having accurate functional **timesheets**
- Cost **allocation** procedures

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# Program Overview

The Citywide Nonprofit Monitoring and Capacity Building Program (Monitoring Program or Program) consolidates contract monitoring requirements related to fiscal and organizational health for nonprofit contractors that receive funding from multiple City departments. The Controller’s Office coordinates fiscal and compliance monitoring activities to promote efficient monitoring that uses consistent standards and methods among the 12 City departments (see Figure 1) that are the primary funders of health and social services. In FY19, there were 165 nonprofit providers with an aggregate of \$614 million in funding from the 12 departments in the Program (see Figure 2). At over \$170 million in contracts, DPH allocates the largest share of this nonprofit funding, followed by HSH and HSA (see Figure 3).

**Figure 1. Departments in the Monitoring Program**

APD	Adult Probation Department
ARTS	Arts Commission
DCYF	Department of Children, Youth and Their Families
DOSW	Department on the Status of Women
DPH	Department of Public Health
First 5	Children and Families Commission
HSA	Human Services Agency
HRC	Human Rights Commission
HSH	Department of Homelessness and Supportive Housing
MOHCD	Mayor’s Office of Housing and Community Development
OEWD	Office of Economic and Workforce Development
SHF	Sheriff’s Office

**Figure 2. City Funding of Nonprofits**



**Figure 3. FY19 City Funding (in Millions) for Nonprofits in the Joint Monitoring Pool**



\* First5 (\$18); OEWD (\$13); Other department funding (non-pool departments not listed): ADP (\$5); DOSW (\$5); ART (\$3); SHF (\$3); HRC (\$1);

## PROGRAM GOALS AND ACTIVITIES

### Goals

The Program aims to ensure 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 this desired outcome 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.

### Program Activities

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



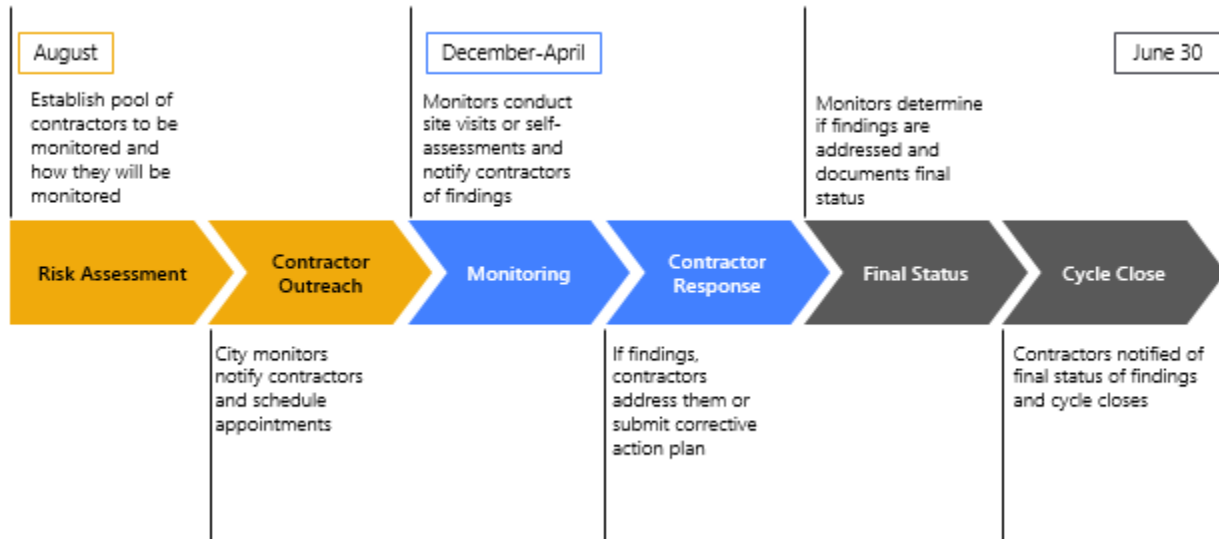
Additionally, the Controller's Office [tracks and analyzes data](#) from the monitoring and uses this data to improve program performance, as well as to support management of the Citywide Corrective Action Policy and process for designation of elevated concern and red flag status when necessary.

### Annual Monitoring

An annual assessment of contractors' ability to meet specific fiscal and compliance standards is central to the Monitoring Program. The 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 organizational health, and to provide a structure for discussions about nonprofit improvement needs.

The standard monitoring form, which can be found on the Controller's Office website ([www.sfcontroller.org/nonprofits](http://www.sfcontroller.org/nonprofits)), includes the standards that must be met by nonprofits contracting with the City, organized by financial, compliance, and governance categories. City monitors carry out

the following annual process to help nonprofits comply with City standards and improve their financial management practices.



## Continuous Improvement

The Controller’s Office has a particular focus on continuous improvement. During FY19, the Controller’s Office engaged the Monitoring Program in several improvement areas:



Additionally, the Program conducts an annual process to review and improve upon the standard monitoring form. Appendix F includes a summary of the changes made to the form in FY19.

The Controller’s Office leverages its role in the Monitoring Program to engage departments in developing [Citywide policy on key issues of nonprofit contracting](#). While not directly affiliated with the Monitoring Program, the Controller’s Office coordinated the following initiatives in FY19:

MINIMUM COMPENSATION ORDINANCE (MCO)	COST CATEGORIZATION GUIDELINES	INDIRECT RATE DISCUSSIONS
<p>In FY19, the Board of Supervisors passed an update to the MCO that requires nonprofit contractors to pay City-funded employees a minimum of \$16.50 per hour. The Controller's Office chaired a workgroup to develop funding proposals for addressing the cost impacts of the change. The workgroup tasked the Controller's Office with administering a fair, transparent and centralized application and allocation process for funds encumbered to address the MCO change.</p>	<p>During FY19, the Controller's Office published a set of guidelines aimed at standardizing the treatment of certain costs across City department contracts with nonprofits. In particular, the guidelines specify which costs are typically allowable or unallowable per federal and City regulations, as well as whether costs are typically treated as direct or indirect costs.</p>	<p>The Controller's Office hosted a series of meetings with City and nonprofit stakeholders to discuss the limitations with the current process for funding indirect costs in nonprofit contracts. The group also identified new models for funding indirect costs to better support nonprofit sustainability. The Controller's Office will use the results of these meetings to engage City leadership in decision-making about the issue.</p>

## PERFORMANCE MEASURES

Where applicable, this report includes and calls out measures of Program performance (see below). These measures capture aspects of the Program's activities in terms of *how much* of a service or support was provided, *how well* it was delivered, and whether Program stakeholders (monitors or nonprofits) are *better off* because of an aspect of the Program. This framework provides a more detailed view of the Program's impact. Performance measures include targets where applicable. See Appendix E for a full list of performance measures.

### PERFORMANCE MEASURES

<p>100%</p>	<p>Of nonprofits agree that City staff conducted their site visit or self-assessment process efficiently, of those who received a site visit or self-assessment.</p>	<p>76%</p>	<p>Of nonprofits agree the Program helps ensure their organization has strong, sustainable fiscal operations.</p>
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# FY19 Monitoring Results

## FY19 MONITORING POOL

A total of 165 contractors were in the joint monitoring pool in FY19 (see Figure 4). This is an increase of twelve contractors over last year, and an increase of nearly 20% since FY16 when there were 140 contractors in the pool. Changes in the size of the pool may be attributed to new departments joining the Program, or due to shifts in funding patterns by departments.

Per the Monitoring Program’s waiver policy, in FY19 [departments granted 20 contractors a waiver from monitoring due to strong performance](#) (see Appendix A for a list of these contractors). The number of contractors to receive a waiver increased by five since FY18. This analysis includes monitoring outcomes for the remaining 143 monitored contractors (excluding two contractors due to incomplete monitoring).

The total number of monitored contractors has been steadily increasing over the last several years. It increased by five between FY18 and FY19 and by 17 between FY16 and FY19 (an increase of 14%) (see Figure 5).

Although not the greatest in terms of funding, MOHCD has the largest number of contracts, followed by DCYF, HSA, and OEWD (see Figure 6). Given the joint funding of the pool, contractors are represented in multiple boxes below.

The average number of departments funding the same contractors is three and the maximum is eight (see Figure 7). The contractors with many overlapping funding departments are Larkin Street Youth Services (six), Tides

Center (seven) which serves as a fiscal intermediary for many nonprofits, and Glide Foundation (eight). Twelve percent of the joint monitoring pool has funding from five or more departments.

**Figure 4. FY19 Number of Contractors by Monitoring Type**

Type of Monitoring	Number of Contractors
Site Visit	91
Self-Assessment	52
<b>Total Monitored Contractors</b>	<b>143</b>
Good Performance Waivers	20
Excluded from Analysis	2
<b>Total Contractors in Pool</b>	<b>165</b>

**Figure 5. Total Contractors Monitored, FY16-FY19**

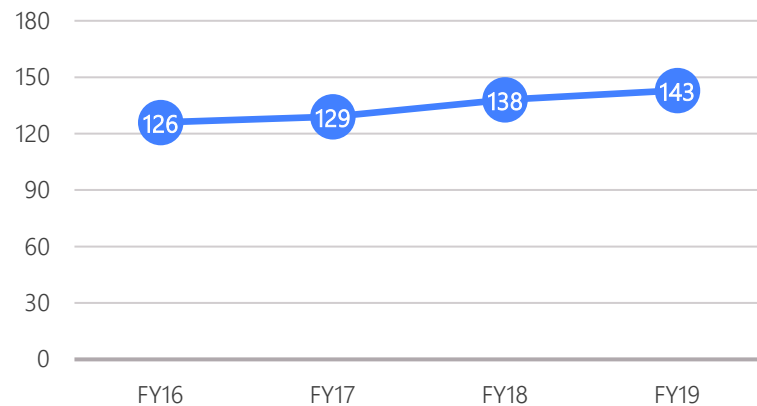


Figure 6. Number of Contractors in the Joint Monitoring Pool by Funding Departments, FY19

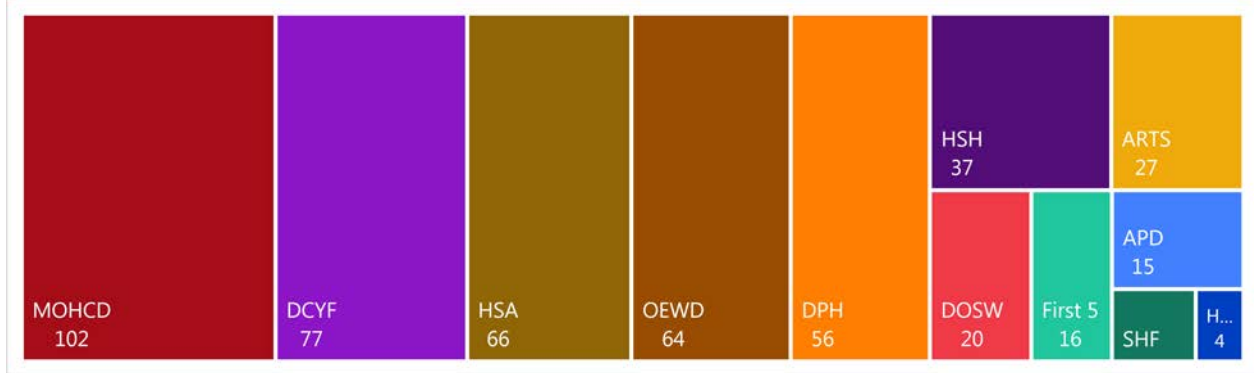
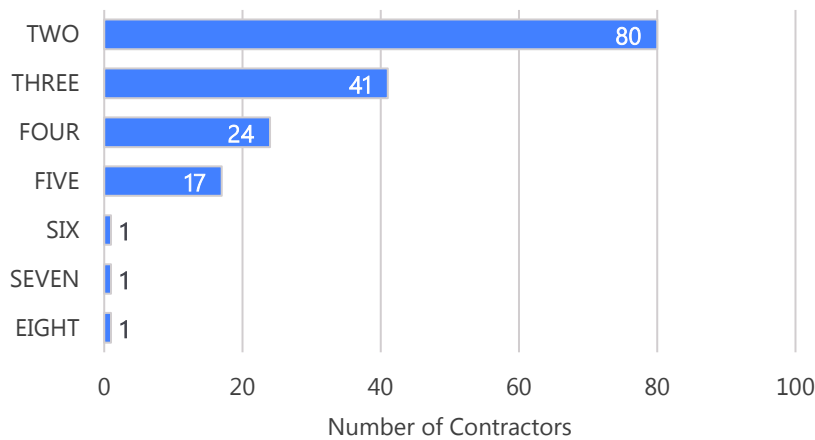


Figure 7. Number of Departments Funding the Same Contractor, FY19



## MONITORING FINDINGS

The FY19 dataset (available [online](#)<sup>1</sup>) includes a list of the contractors in the FY19 monitoring pool and their monitoring results, including type of monitoring and any findings.

Monitors conduct their assessment in two phases. They first review standards during the site visit or self-assessment (“initial monitoring”) and then provide the contractor the opportunity to respond and correct any findings, resulting in a “final status” determination. The FY19 initial monitoring found 80 contractors (56%) to be in full conformance with the City’s standards.<sup>2</sup> This represents a slight increase over FY18, with the percentage at full conformance by final status representing a slight decrease (see Figure 8). The actual number of contractors ending the monitoring cycle in full conformance has fluctuated little since FY17 (between 107 and 110).

<sup>1</sup> <http://openbook.sfgov.org/webreports/details3.aspx?id=2760>

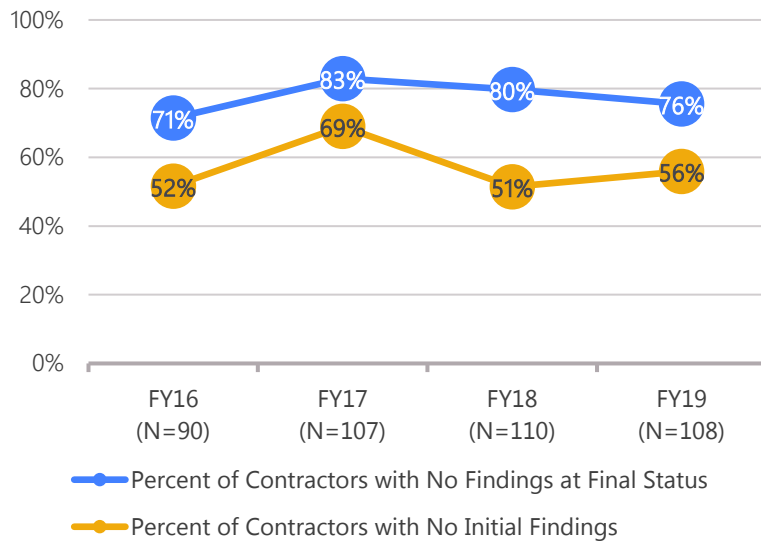
<sup>2</sup> The 80 contractors in full conformance after initial monitoring included 15 contractors with one or more findings in best practice or pilot standards, which do not require resolution and do not count as formal findings.

Figure 9 shows trends in monitoring results over time, including the percentage of contractors with findings at the close of the cycle. This number (35 contractors or 24%) increased in FY19, though is still lower than FY16.

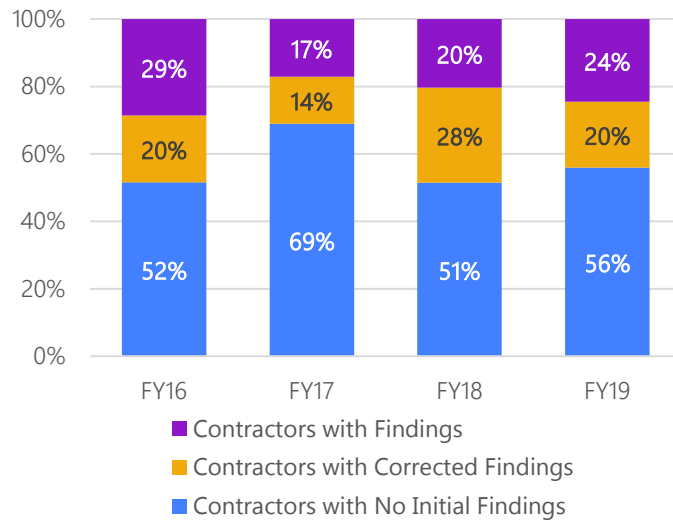
At the close of the monitoring cycle, 108 contractors (76%) were in full conformance with all standards.

See Appendix B for a list of the contractors with no findings at the close of the monitoring cycle. Of the 108 contractors with no findings in FY19, 82 (76%) also had no findings in FY18 and 64 (59%) maintained conformance with all standards over the last three years (FY17, FY18, and FY19).

**Figure 8. Percent of Contractors with No Initial Findings and No Findings at Final Status, FY16-FY19**



**Figure 9. Contractors' Status at Close of Monitoring, FY16-FY19**



## PERFORMANCE MEASURES

93%

Of nonprofits reported a clear understanding of the fiscal and compliance elements to be monitored in their contracts. *Target: 95%*

95%

Of monitors agreed or strongly agreed that their monitoring teams collaborated effectively the majority of the time. *Target: 95%*

## Findings Across Contractors

The Program evaluated nonprofits against 79 standards in FY19. There were 15 pilot or best practice standards. These do not count as formal findings. The remaining 64 standards fall into two categories: fiscal and compliance. The majority, 48 of the 64 standards (75%) are fiscal, while 16 (25%) are compliance-related (see Figure 11).

Figure 10 shows the trend of fiscal and compliance findings across contractors. Contractors received a total of 160 findings in FY19, an increase of 63% over FY18, diverging from prior years' downward trends.

From FY18 to FY19 the number of fiscal findings increased 68% and the number of compliance findings increased 50%, though the percentage of findings in each category is still proportional to the number of standards in each category.

Figure 10. Number of Fiscal and Compliance Findings, FY16-FY19

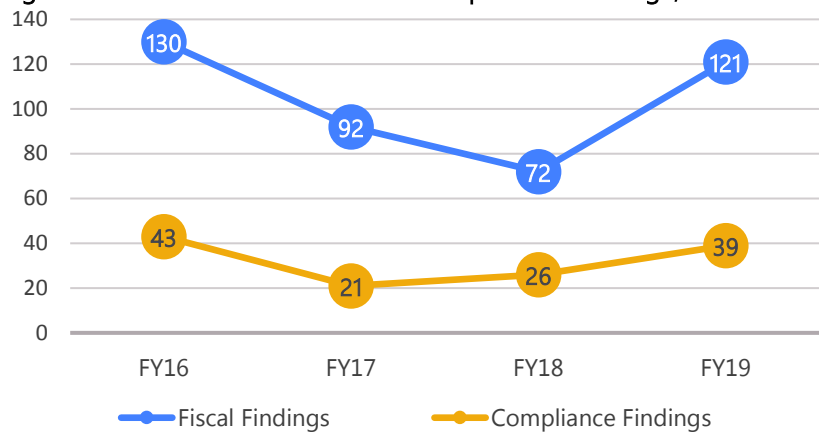


Figure 11. Number of Standards and Findings, FY19

Category	Standard Type	Number of Standards	Number of Findings
Fiscal	Standard	48	121
	Pilot	1	19
	Best Practice	4	72
Compliance	Standard	16	39
	Pilot	1	7
Governance	Best Practice	9	14
<b>Total</b>		<b>79</b>	<b>272</b>

### Fiscal Standards

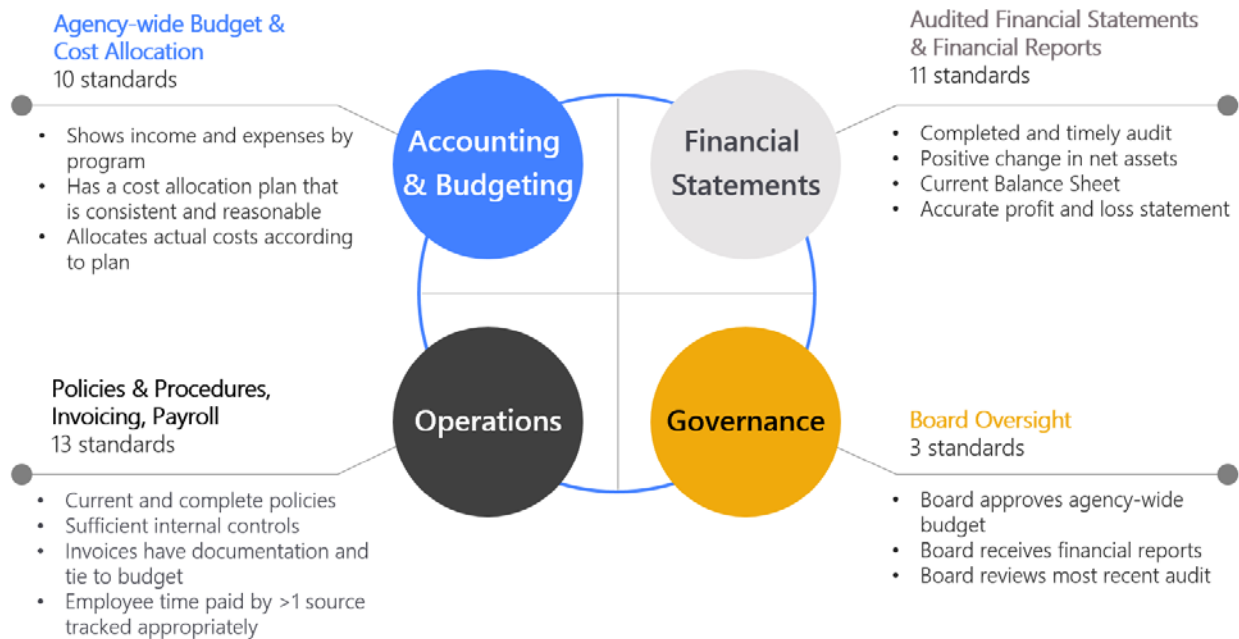
Fiscal standards relate to aspects of nonprofit financial management and can be broken down into functional subcategories that monitors use to evaluate a nonprofit's financial health.

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.

For standards related to the nonprofit's [financial statements](#), 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 [operations](#)-related standards, monitors evaluate fiscal policies and procedures for completeness and to confirm nonprofits are following specified procedures for reporting, accounts payable and

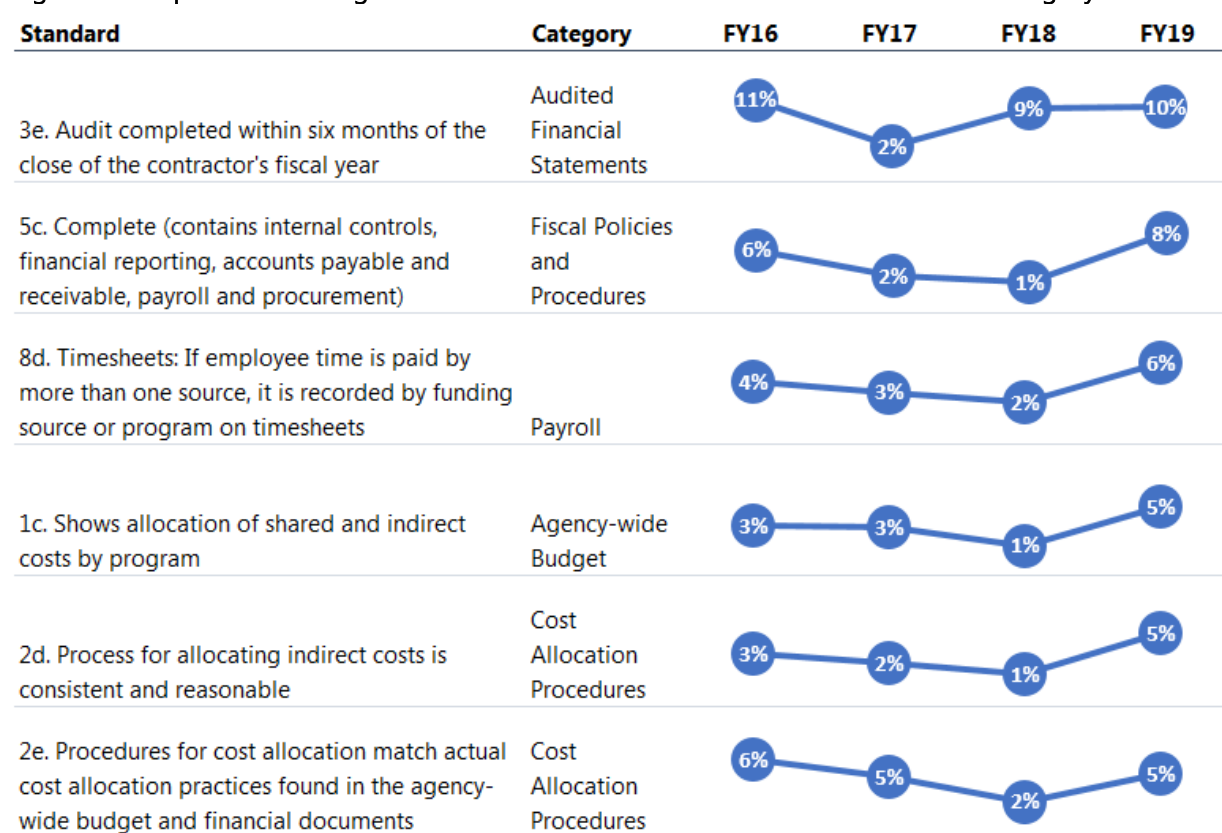
receivable, and payroll. Monitors review invoice documentation and cross-check invoices and timesheets against the agency-wide budget.



**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.

Figure 12 shows the most common fiscal findings. Nonprofits showed weakness in each of the areas described in the diagram above. Of the top fiscal findings, 14 nonprofits (10%) **did not complete their required audit on time**, eleven nonprofits (8%) **did not have complete fiscal policies and procedures**, eight nonprofits (6%) **did not show employee time by program or funding source** when the employee was paid by more than one source, and seven nonprofits (5%) had challenges properly **allocating shared and indirect costs**, either in their agency-wide budget or in their cost allocation plan and procedures.

Figure 12. Top Fiscal Findings: Percent of Monitored Contractors with Each Finding by Year

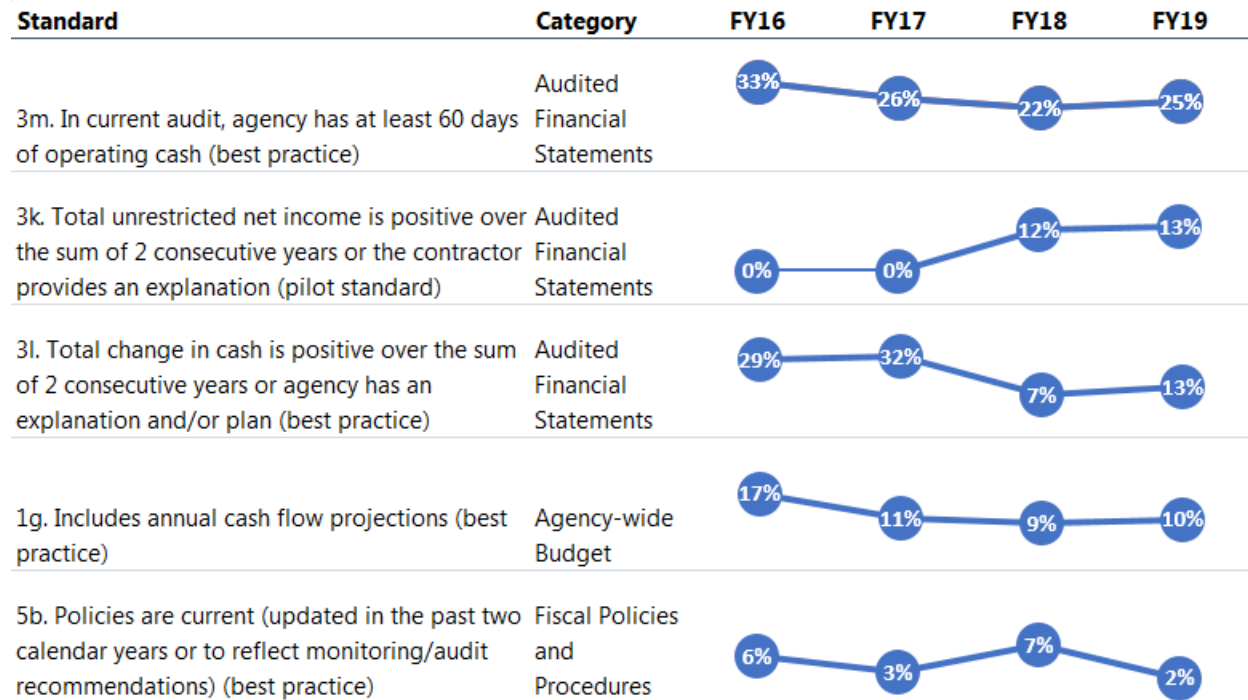


Appendix C lists all the standards and shows the number of findings across all contractors for each standard or pilot/best practice. Overall, in FY19, there were 20 fiscal standards for which no contractors had findings. Nonprofits had no findings associated with a [Single Audit](#). Prior years had similarly low findings for these standards. Nonprofits had no findings associated with [paying subcontractor invoices](#) in FY18 and FY19 (one contractor had this finding in FY16 and FY17). [Financial Reports were current](#) (balance sheet, bank reconciliation, and profit & loss statement) for all contractors in FY18 and FY19 and [all timesheets were signed](#) or completed electronically in FY18 and FY19.

### Fiscal Pilot Standards and Best Practices

There are five fiscal pilot standards and best practices, and compared to required standards reported above, more contractors received findings in these pilot standards and best practices (see Figure 13). However, pilot standards and best practices do not count as formal findings and nonprofits are not required to perform corrective action after initial monitoring, leading to a greater likelihood that contractors remain out of conformance. Of the 143 monitored nonprofits, [36 \(25%\) did not have at least 60 days of operating cash in their current audit](#), 18 (13%) did not have positive net income over the sum of two consecutive years, and 19 nonprofits (13%) did not have positive change in cash over the sum of two consecutive years. Fifteen nonprofits (10%) did not include cash flow projections in their agency-wide budget.

Figure 13. Fiscal Pilot and Best Practice Findings: Percent of Monitored Contractors with Each Finding by Year



### Compliance Standards

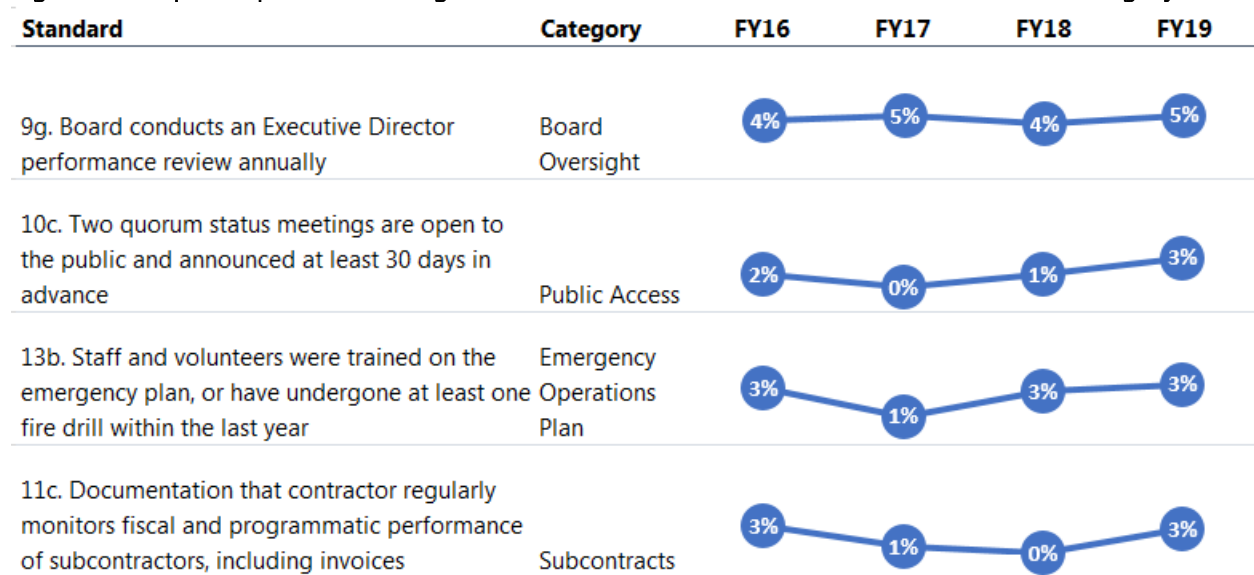
Compliance standards (see Figure 14) relate to nonprofits' responsibilities for providing public access to records, certain board oversight practices, subcontracting practices, personnel policies, and emergency operations plans.

Figure 15 shows the most common compliance findings for FY19, including that the board of directors of [seven nonprofits \(5%\) did not conduct an annual executive director performance review](#). Appendix C shows that there were three compliance standards for which no contractors had findings in FY19. No nonprofits had executive directors that voted on their compensation when they were also a member of the board (including in FY16 and FY18). All nonprofits included in their bylaws a requirement for client representation on the Board. In FY19, all contractors demonstrated evidence that staff were trained regarding personnel policies.

Figure 14. Number of Compliance Standards, FY19

Compliance Subcategory	Number of FY19 Standards
Public Access	4
Board Oversight	3
Subcontracts	3
Personnel Policies	2
Emergency Operations Plan	2

Figure 15. Top Compliance Findings: Percent of Monitored Contractors with Each Finding by Year



### Governance Best Practices

In addition to the fiscal and compliance monitoring standards, the Monitoring Program assesses other governance practices through a “Governance Review Checklist.” These best practices are not considered findings, and they do not require contractors to take corrective action, though contractors are encouraged to adopt them over time as part of a strong organizational governance structure.

Appendix C shows [nine contractors did not follow one or more governance best practices this year](#). A total of 14 findings in FY19 spanned the various best practices, which is a reduction from 16 findings in FY18, 32 findings in FY17, and 41 findings in FY16. The most common best practice finding was that a nonprofit did not have a Board manual that documents its oversight policies and practices.

### Contractor Outcomes

As noted above, 76% of monitored contractors (108) ended the FY19 monitoring cycle in full conformance with City standards. The remaining contractors (35) ended FY19 with one or more finding.

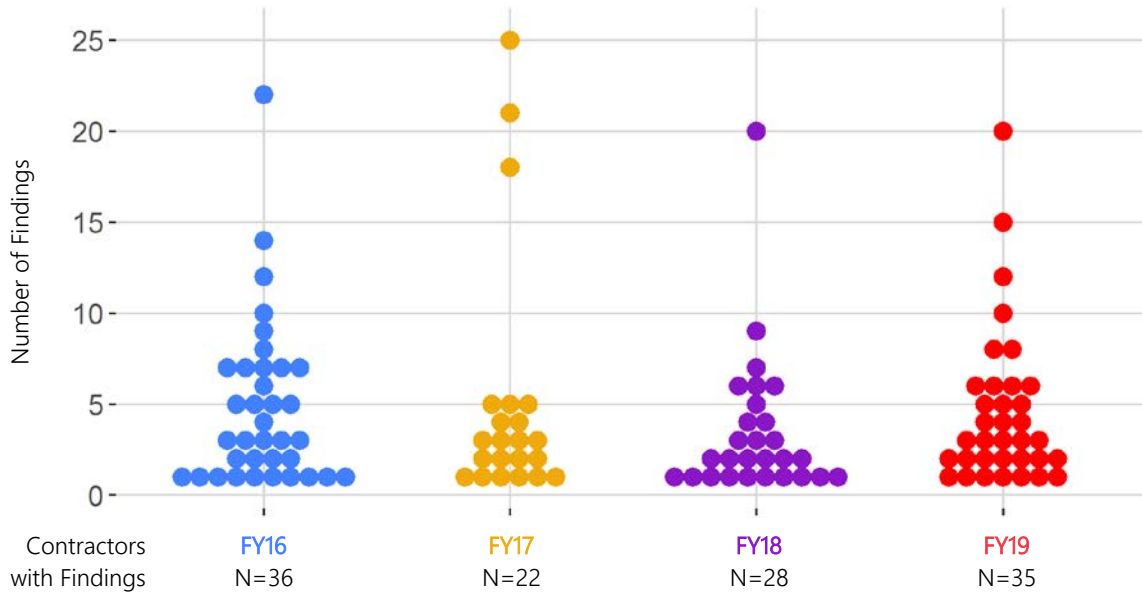
Figure 16 shows the distribution of the number of findings contractors have had over the last four years. The colored dots correspond to contractors and show the number of findings each had in a year. Most contractors have less than five findings in a single year. However, [13 contractors \(9%\) had five or more findings in FY19](#), which is an increase over the prior two years. In FY17 and FY18, 5% of contractors had five or more and in FY16 13% of contractors had five or more findings. Among the FY19 contractors with five or more, the majority (73%) of their findings were fiscal.

The contractor with the most findings is continuing to receive assistance through funding departments. Four are being referred for coaching services to improve their financial management practices.



### Contractors with the Most Findings

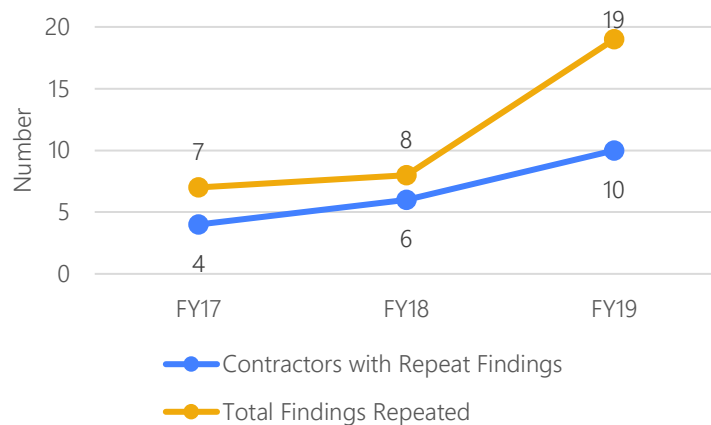
Figure 16. Contractors' Distribution of Findings, FY16-FY19



### Contractors with Repeated Findings

In FY19, ten contractors had repeat findings (i.e., the same finding in FY18 and FY19). These ten contractors had a total of 19 repeated findings, an increase over prior years (see Figure 17). Repeated findings are of concern because they indicate that the contractor did not take necessary or sufficient corrective action in the prior year and can indicate structural issues that could take multiple years to address.

Figure 17. Contractors with Repeat Findings and Number of Repeated Findings



The areas of fiscal weakness for contractors with repeated findings span most aspects of nonprofit financial management, including: Audited Financial Statements, Financial Reports, Fiscal Policies and Procedures, Invoices, and Payroll. Reliance on City funding is the only repeat finding related to the Agency-wide Budget. The contractor with the most repeated findings is the same contractor with the greatest number of findings, as represented in Figure 16 above.

## Contractors New to the Joint Monitoring Pool

Annual monitoring can be an opportunity for nonprofits to engage with monitors to get feedback about where they can improve their financial management practices from one year to the next, or nonprofits can be referred for coaching services. Contractors who are new to the pool may have more room for improvement than a nonprofit who has been through the monitoring process before. Additionally, nonprofits that are new to the joint monitoring pool may be less familiar with City requirements and thus are more likely to have findings during their first year of monitoring. To understand whether these nonprofits are driving the higher number of findings this year, we looked at those who were new to the pool (defined as not monitored through the Program for the prior three years, FY16-FY18). These nonprofits may have been monitored by a single department in those years, but were not a part of the Monitoring Program.

In FY19, [there were 18 nonprofits not monitored in FY16, FY17, or FY18](#). They comprise 13% of all monitored nonprofits. Of the 18 “new” nonprofits, 8 (44% of new nonprofits) had findings. This compares to 24% of all monitored nonprofits with findings.

The average number of findings among new nonprofits is 2.7, while the average among existing nonprofits is less than 1 (0.89). Further, 22% of new nonprofits had five or more findings, while 9% of all monitored nonprofits had five or more findings.

New nonprofits are not driving the increase in total findings; however, newly entering the monitoring pool may be a challenge for some nonprofits who will need extra support to come into conformance with City standards.

## CORRECTIVE ACTION POLICY

For contractors participating in the Monitoring Program, the Corrective Action Policy specifies certain monitoring findings that trigger a recommendation for elevated concern status by the Controller’s Office. Designation of elevated concern status results in the provision of mandatory technical assistance to support the nonprofit in establishing sound fiscal and management practices. Based on FY19 monitoring results, the Controller’s Office and City departments placed the following contractors on elevated concern status.

- African American Arts and Cultural Complex
- Westside Community Services

The contractors will develop an action plan with the City to address fiscal and organizational concerns and may receive individualized technical assistance from the City during FY20 to support the action plan implementation. Designation of elevated concern ensures that technical assistance and enhanced coordination by City departments supports the contractors to develop and sustain financial management practices that meet City standards.

# Capacity Building Program

## INDIVIDUAL COACHING

City contractors are eligible for financial management coaching services and workshops at no cost to them. Contractors funded by departments participating in the Program are prioritized for the service. 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. Coaching services are provided by Fiscal Management Associates (FMA) and Community Vision (formerly Northern California Community Loan Fund).

Coaching is tailored to a nonprofit's needs and focuses on 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. In FY19, the Program delivered:

**208** hours of coaching to | **7** Nonprofits | Worth **\$37,813**

The following contractors received coaching during FY19. All coaching engagements were completed by the end of the fiscal year.

- Bayanihan Equity Center
- IT Bookman, Southwest Community Center
- Kai Ming
- Nihonmachi Legal Outreach DBA Asian Pacific Islander Legal Outreach (APILO)
- San Francisco Village
- Stepping Stone
- West Bay Pilipino Multi Service Corporation

Coaching for these contractors focused on fiscal topics: improving financial reporting and use of QuickBooks to develop financial reports, implementing or refining cost allocation procedures, developing program-based budgets to better understand the true cost of programs, clarifying fiscal policies and procedures, and strengthening fiscal management and oversight, including board oversight and understanding of finances.

## PERFORMANCE MEASURES

**4**  
fewer

On average, coached nonprofits had **4 fewer** fiscal findings compared to their prior year's monitoring. By contrast, all other contractors with fiscal findings in FY18 had, on average, **2 more** fiscal findings in FY19.

**100%**

Of the nonprofits that received coaching reported that the coaching services met their needs. Target: 80%

## TRAINING SERIES

Trainings fill an important role in building capacity to understand and adhere to City standards. The Monitoring Program delivers a Monitor Training Series designed to ensure all staff conducting monitoring, particularly those new to the role, have a foundational knowledge in nonprofit financial management practices and apply the City’s standards consistently. Similarly, the Spring Nonprofit Training Series offers staff members from City-funded nonprofits the opportunity to participate in interactive sessions to learn both basic and advanced concepts in financial management.

**Figure 18. Training Series Topics and Attendance**

Training Series	Workshop Title	Number of Attendees
Spring Nonprofit Training Series	Nonprofit Budgeting 101	45
	Telling Your Financial Story	27
	Board Governance	20
Monitor Training Series	Monitoring 101	15
	Nonprofit Budgeting	13
	Financial Reports & Audits	14
	Mock Site Visit	14

## PERFORMANCE MEASURES

98%

Of nonprofits that attended a training rated the training series helpful

55%

Of nonprofits that attended a training reported they changed their practices based on the training

86%

Of monitors who used a resource rate the tools and resources of the Monitoring Program as helpful (on average)

# 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 funding requirements. All nonprofit contractors receiving a waiver must receive a site visit in the subsequent year.

The following nonprofit contractors received a waiver in FY19:

- APA Family Support Services
- Brava For Women in the Arts
- Catholic Charities CYO
- Central City Hospitality House
- Curry Senior Center
- Episcopal Community Services of San Francisco, Inc.
- First Place for Youth
- Glide Foundation
- International Institute of the Bay Area
- Justice and Diversity Center of the Bar Association of San Francisco
- Lawyers' Committee for Civil Rights of the San Francisco Bay Area
- Livable City
- Lutheran Social Services of Northern California
- Mary Elizabeth Inn
- My Path
- PRC
- Safe and Sound
- San Francisco Food Bank
- San Francisco Made
- Tenderloin Housing Clinic, Inc.

# Appendix B. Contractors with No Findings in FY19

FY19 Contractors with No Findings	Also No Findings in FY18 (*)	Also No Findings in FY17 (*)
A Better Way	*	Not Monitored
AIDS Housing Alliance	Not Monitored	*
AIDS Legal Referral Panel of the SF Bay Area	Good Performance Waiver	*
American Conservatory Theater	Not Monitored	Not Monitored
Arriba Juntos - IAI	*	*
Asian Americans Advancing Justice - Asian Law Caucus	*	*
Asian and Pacific Island Wellness Center	Not Monitored	Not Monitored
Bay Area Legal Aid	Good Performance Waiver	*
Bay Area Video Coalition	*	
BAYCAT		*
Bayview Opera House	Not Monitored	
Bernal Heights Neighborhood Center	*	*
Boys and Girls Clubs of San Francisco	*	Not Monitored
Central American Resource Center	*	*
Central Market Community Benefit District	*	Not Monitored
Children's Council of San Francisco	*	*
Chinatown Community Development Center	*	Good Performance Waiver
Chinese Culture Foundation of San Francisco	*	Not Monitored
Chinese for Affirmative Action	Good Performance Waiver	*
Chinese Historical Society of America	Not Monitored	Not Monitored
Chinese Newcomers Service Center	Not Monitored	*
Civic Center Community Benefit District	*	Not Monitored
Community Awareness and Treatment Services	*	*
Community Housing Partnership		*
Community Initiatives	*	*
Community Technology Network	*	Not Monitored
Community Works West, Inc.	*	*
Community Youth Center of San Francisco	*	*
Compass Family Services	*	Good Performance Waiver
Conard House Inc	*	*
Counterpulse	Not Monitored	Not Monitored
Dolores Street Community Services	*	
Donaldina Cameron House	*	Good Performance Waiver
Edgewood Center for Children and Families	*	Not Monitored
Enterprise for Youth	*	Not Monitored
Eviction Defense Collaborative, Inc.	*	*

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<b>FY19 Contractors with No Findings</b>	<b>Also No Findings in FY18 (*)</b>	<b>Also No Findings in FY17 (*)</b>
Felton Institute	*	*
Five Keys Charter School and Programs	Good Performance Waiver	*
Friendship House Association of American Indians	*	*
GLBT Historical Society		Not Monitored
Glide Community Housing	*	*
Good Samaritan Family Resource Center, Inc	*	*
Goodwill Industries of SF, San Mateo and Marin	Not Monitored	Not Monitored
Gum Moon Residence Hall	*	*
Hamilton Family Center, Inc.	*	*
HealthRight 360		*
Hearing and Speech Center of Northern California	*	*
Heluna Health	*	Not Monitored
Homebridge	*	*
Homeless Children's Network	*	Good Performance Waiver
Homeless Prenatal Program	Good Performance Waiver	*
Horizons Unlimited of San Francisco, Inc.	*	*
Huckleberry Youth Programs		*
Independent Living Resource Center of San Francisco	*	
Institute on Aging	*	*
Instituto Familiar de La Raza, Inc.	*	*
Japanese Community Youth Council	Good Performance Waiver	*
Jewish Family and Children's Services	*	*
Jewish Vocational Service	*	*
La Casa de las Madres	*	Good Performance Waiver
La Raza Centro Legal	*	
Larkin Street Youth Services		*
Lavender Youth Recreation and Information Center	Good Performance Waiver	*
Legal Assistance to the Elderly	*	*
Legal Services for Children	Good Performance Waiver	*
MAITRI	*	*
Meals on Wheels	*	*
Mission Asset Fund	Good Performance Waiver	*
Mission Economic Development Agency		*
Mission Housing Development Corporation	*	Good Performance Waiver
Mission Neighborhood Centers, Inc.	*	*
Mission Neighborhood Health Center	*	*
Mt St Joseph-St Elizabeth	*	*
Mujeres Unidas y Activas	*	Good Performance Waiver
New Door Ventures	*	Not Monitored
Nihonmachi Legal Outreach DBA APILO	*	
Northern California Presbyterian Homes and Services	Good Performance Waiver	*
OpenHouse	Not Monitored	Not Monitored

<b>FY19 Contractors with No Findings</b>	<b>Also No Findings in FY18 (*)</b>	<b>Also No Findings in FY17 (*)</b>
Performing Arts Workshop	Good Performance Waiver	*
Portola Family Connections	*	*
Project Open Hand	*	*
Rafiki Coalition for Health and Wellness		*
Recovery Survival Network		Not Monitored
Richmond Area Multi-Services, Inc.	*	*
Richmond District Neighborhood Center	Good Performance Waiver	*
Salvation Army	*	Not Monitored
San Francisco Community Land Trust	Not Monitored	Not Monitored
San Francisco Housing Development Corporation		*
San Francisco LGBT Community Center		*
San Francisco Parks Alliance	Not Monitored	Not Monitored
Self-Help for the Elderly	*	*
Seneca Center	*	Good Performance Waiver
Shanti Project	*	*
Southeast Asian Community Center		*
St. James Infirmary	*	*
St. Vincent de Paul Society of San Francisco		Not Monitored
Success Center SF	*	*
Sunset District Community Development - Sunset Youth Services	*	*
Swords to Plowshares Veterans Rights Organization	*	*
Telegraph Hill Neighborhood Center	*	Not Monitored
Tides Center	*	*
Toolworks Inc	*	*
United Playaz	*	*
WestEd	*	Not Monitored
Women's Audio Mission	Not Monitored	Not Monitored
YMCA of San Francisco	*	Good Performance Waiver
Young Community Developers	*	*
Young Women's Freedom Center	Not Monitored	Not Monitored



# Appendix C. Number of Contractors with Findings by Standard, FY16-FY19

Standard Category	Standard Type	Standard Name	FY16	FY17	FY18	FY19
<b>FISCAL REVIEW</b>						
Agency-wide Budget	Standard	1a. Current (fiscal or calendar year)	1	0	0	0
	Standard	1b. Shows income and expense by program	3	5	0	2
	Standard	1c. Shows allocation of shared and indirect costs by program	4	4	2	7
	Standard	1d. Shows fundraising separate from program expense	5	1	1	0
	Standard	1e. Clearly identifies all revenue sources (City, state, federal)	1	2	0	0
	Standard	1f. 15% of funding from non-City sources or contractor can demonstrate non-City fundraising efforts	3	3	2	3
	Best Practice	1g. Includes annual cash flow projections (Best Practice)	22	14	13	15
Cost Allocation Procedures	Standard	2a. Cost allocation procedures and plan for shared costs is documented in a written narrative or in the footnotes of the current approved agency-wide budget	1	1	2	5
	Standard	2b. Process for allocating shared program costs is consistent and reasonable	4	3	1	5
	Standard	2c. Cost allocation procedures and plan for indirect costs is documented in a written narrative or in the footnotes of the current approved agency-wide budget	1	3	3	3
	Standard	2d. Process for allocating indirect costs is consistent and reasonable	4	3	2	7
	Standard	2e. Procedures for cost allocation match actual cost allocation practices found in the agency-wide budget and financial documents	8	6	3	7
Audited Financial Statements	Standard	3a. Completed and complete: all sections and statements included; opinion and other audit letters are signed	1	1	5	6
	Standard	3b. Unmodified opinion	1	1	0	0
	Standard	3c. No material weaknesses mentioned or going concern stated in the notes to the financial statements	2	1	0	1
	Standard	3d. No current audit findings and/or questioned costs	4	2	0	0
	Standard	3e. Audit completed within six months of the close of the contractor's fiscal year	14	3	13	14
	Standard	3f. Management letter has been signed by the audit firm	1	2	0	0

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Standard Category	Standard Type	Standard Name	FY16	FY17	FY18	FY19
	Standard	3g. For any prior year findings, the Contractor has provided a reasonable explanation of how the Contractor has corrected all the findings	3	1	1	0
	Standard	3h. (A-133 Audit) No material weaknesses mentioned or going concern stated in the notes to the financial statements	2	0	0	0
Audited Financial Statements	Standard	3i. (A-133 Audit) No current findings and/or questioned costs	1	0	1	0
	Standard	3j. (A-133 Audit) For any prior year findings, the Contractor has provided you with a reasonable explanation of how the Contractor has corrected all the findings	1	0	0	0
	Pilot	3k. 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 [pilot standard]	NA	NA	17	19
	Best Practice	3l. 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 [best practice]	37	41	10	18
	Best Practice	3m. In current audit, agency has at least 60 days of operating cash (best practice)	42	34	31	36
Tax Form	Standard	4a. Federal 990 return filed for most recent tax year or request for extension submitted on time	0	4	1	0
Fiscal Policies and Procedures	Standard	5a. Upon turnover of executive director and/or fiscal manager, policies and procedures are reviewed within one year of the change, and updated if necessary	0	1	3	3
	Best Practice	5b. Policies are current (updated within the past two calendar years or to reflect monitoring/audit recommendations) [Best Practice]	7	4	10	3
	Standard	5c. Complete (contains internal controls, financial reporting, accounts payable and receivable, payroll and procurement)	7	3	2	11
	Standard	5d. Implementation of policies and procedures demonstrates appropriate internal controls, including segregation of duties	4	1	2	1
Financial Reports	Standard	6a. Balance Sheet: Current (as of the last three months, at least)	3	1	0	0
	Standard	6b. Balance Sheet: Working capital ratio is greater than 1	4	5	4	5
	Standard	6c. Balance Sheet: Current bank reconciliation (as of the last three months, at least)	2	1	0	0
	Standard	6d. Profit and Loss Statement: Current (as of the last three months, at least)	2	1	0	0
	Standard	6e. Profit and Loss Statement: Shows year-to-date (YTD) income and expense by program/ contract/ funding source, including indirect costs	0	3	2	4
	Standard	6f. 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	9	5	4	6
Invoices	Standard	7a. Expenses tested on invoices have supporting documentation: credit card charges and/or petty cash expenditures are all documented with an original receipt and reasonably tie to the cost allocation plan.	7	3	3	5

Standard Category	Standard Type	Standard Name	FY16	FY17	FY18	FY19
	Standard	7b. Contractor follows its policies for writing checks, credit card use, petty cash use, and/or reimbursement for expenses tested on invoices	4	2	1	2
	Standard	7c. Tested expenses on invoices appear to be reasonably associated with the program budget	4	5	1	3
	Standard	7d. Units of service provided are documented and agree with invoices	0	0	0	0
	Standard	7e. Subcontracts: Subcontractor authorized by contract	0	1	0	0
Invoices	Standard	7f. Subcontracts: Contractor paid its subcontractors' invoices per the schedule established in the subcontracting agreement and/or prior to receiving City reimbursement for the services delivered	1	1	0	0
	Standard	7g. Subcontracts: Subcontractor invoices show basis for work billed as performed (units of service, hours, reimbursable costs)	1	1	0	0
Payroll	Standard	8a. State (DE 9 and DE 9C) and federal (941) payroll tax returns were filed by the end of the month following the end of the quarter for monitoring months under review	0	0	0	1
	Standard	8b. Employees paid with City funds listed on invoices checked in Section 7 above are listed on the DE 9 and DE 9C for the quarter(s) that includes the monitoring months under review	0	0	0	1
	Standard	8c. Documentation that payroll taxes due were actually paid	0	0	0	1
	Standard	8d. Timesheets: If employee time is paid by more than one source, it is recorded by funding source or program on timesheets	5	4	3	8
	Standard	8e. Employee and supervisor signatures on timesheets in ink (e-timesheets are acceptable)	3	1	0	0
	Standard	8f. All changes to timesheet are initialed by supervisor and employee in ink (e-timesheets are acceptable)	2	1	0	0
	Standard	8g. Timesheets of employees paid with City funds listed on invoices checked in Section 7 above list hours worked that are consistent with invoices	2	4	1	2
Board Oversight	Standard	9a. Minutes show that the Board approved the current agency-wide budget within at least three months of the start of the fiscal year	0	0	3	2
	Standard	9b. Minutes show that financial reports are shared with the Board at least quarterly, or more regularly when financial concerns warrant it	2	2	0	3
	Standard	9c. Minutes show that the Board reviewed the most recent audit within the fiscal year	3	0	6	3
<b>COMPLIANCE</b>						
Board Oversight	Standard	9d. Minutes show that if a paid City employee or City commission member is on the Board, s/he did not vote on items related to City contracts with their affiliated City department (excluding vote on Agency-Wide Budget)	0	0	0	1
	Standard	9e. If a paid City employee or City commission member is on the Board, Contractor provides documentation showing that board member signed a Conflict of Interest Policy	0	0	0	1
	Standard	9f. Minutes show that if the Executive Director is a member of the Board, s/he did not vote on his or her compensation	0	1	0	0

Standard Category	Standard Type	Standard Name	FY16	FY17	FY18	FY19
	Standard	9g. Board conducts an Executive Director performance review annually	5	6	5	7
<b>GOVERNANCE BEST PRACTICES</b>						
Board Oversight	Best Practice	9h. Assist with the raising of funds	3	3	1	0
	Best Practice	9i. Participate in annual giving to agency with either money or in-kind contributions	5	3	2	0
	Best Practice	9j. Achieve quorum at every meeting	3	4	3	3
	Best Practice	9k. Board reviews IRS Form 990 (or is distributed to members)	12	5	0	2
	Best Practice	9l. Bylaws define term limits, quorum, committee structures, and voting/decision-making process	2	2	2	1
	Best Practice	9m. Board leadership positions filled	4	4	1	2
	Best Practice	9n. Board is conducting active recruitment to fill vacancies	3	2	0	0
	Best Practice	9o. Conflict of interest policy exists	4	4	2	2
	Best Practice	9p. Agency has a Board Manual documenting the best practices described here	5	5	5	4
<b>COMPLIANCE REVIEW</b>						
Public Access	Standard	10a. Contractor has and follows a written policy that it must maintain and make available for public inspection within 10 days of the request (1) most recent budget, (2) most recently filed state and federal tax returns, and (3) any financial audits and performance evaluations performed by or for the City pursuant to a City contract	3	0	4	2
	Standard	10b. At least two meetings with quorum status are open to the public each year	2	1	1	3
	Standard	10c. 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	2	0	2	5
	Standard	10d. Bylaws include requirements for client representation on Board, or Contractor makes other good-faith efforts to ensure client representation	0	0	1	0
Subcontracts	Standard	11a. Documentation that procurement procedures (and/or the process for entering into legal agreements) in the Contractor's fiscal policies and procedures were followed by Contractor to select subcontractors (if applicable)	1	2	1	1
	Standard	11b. Legally binding agreements between Contractor and subcontractors are valid and current, and include scope of work/deliverables	1	1	1	2
	Standard	11c. Documentation that contractor regularly monitors fiscal and programmatic performance of subcontractors, including monitoring of invoices	4	1	0	4
	Pilot	11d. Is Contractor a fiscal agent for one or more sponsored programs? [Pilot] If yes, select box to indicate this Contractor is in the Fiscal Agent Pilot, and use notes field to comment on sponsored program's financial documents.	#N/A	#N/A	#N/A	7

<b>Standard Category</b>	<b>Standard Type</b>	<b>Standard Name</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
Personnel Policies	Standard	12a. Written and current personnel/employee manual, including: Equal Employment Opportunity; Harassment and Discrimination; Reasonable Accommodation (ADA); Grievance Procedures	1	1	2	2
	Standard	12b. Evidence that staff were trained regarding personnel policies	0	1	1	0
	Standard	12c. Documentation within the personnel file is complete	5	1	2	3
Emergency Operations Plan	Standard	13a. Written emergency operations plan	8	2	2	3
	Standard	13b. Staff and volunteers were trained on the emergency plan, or have undergone at least one fire drill within the last year	4	1	4	5

# Appendix D. Contractors with Repeat Findings, FY18-FY19

<b>Contractor</b>	<b>Category</b>	<b>Code</b>	<b>Name</b>
African American Art and Culture Complex	Audited Financial Statements	3a	Completed and complete: all sections and statements included; opinion and other audit letters are signed
	Audited Financial Statements	3e	Audit completed within six months of the close of the contractor's fiscal year
	Fiscal Policies and Procedures	5d	Implementation of policies and procedures demonstrates appropriate internal controls, including segregation of duties
	Invoices	7a	Expenses tested on invoices have supporting documentation: credit card charges and/or petty cash expenditures are all documented with an original receipt and reasonably tie to the cost allocation plan.
	Payroll	8g	Timesheets of employees paid with City funds listed on invoices checked in Section 7 above list hours worked that are consistent with invoices
Bayview Hunters Point Foundation	Agency-wide Budget	1f	15% of funding from non-City sources or contractor can demonstrate non-City fundraising efforts
	Financial Reports	6f	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
Bayview Hunters Point Multipurpose Senior Services	Financial Reports	6b	Balance Sheet: Working capital ratio is greater than 1
Homies Organizing the Mission to Empower Youth - HOMEY	Board Oversight	9g	Board conducts an Executive Director performance review annually
Lower Polk Community Benefit District	Audited Financial Statements	3e	Audit completed within six months of the close of the contractor's fiscal year
Mental Health Association of San Francisco	Financial Reports	6b	Balance Sheet: Working capital ratio is greater than 1
Potrero Hill Neighborhood House	Board Oversight	9g	Board conducts an Executive Director performance review annually
Vietnamese Youth Development Center	Audited Financial Statements	3e	Audit completed within six months of the close of the contractor's fiscal year
	Public Access	10c	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

West Bay Pilipino Multi Service Corporation	Audited Financial Statements	3a	Completed and complete: all sections and statements included; opinion and other audit letters are signed
	Audited Financial Statements	3e	Audit completed within six months of the close of the contractor's fiscal year
	Board Oversight	9c	Minutes show that the Board reviewed the most recent audit within the fiscal year
Westside Community Services	Agency-wide Budget	1f	15% of funding from non-City sources or contractor can demonstrate non-City fundraising efforts
	Financial Reports	6f	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

## Appendix E: Performance Measures

Measure	Program Category	Type of Measure	Existing or New in FY19	Target	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual
# of City Monitor Workshops offered	Capacity Building	How Much	Existing	No Target		3	4	4
# of attendees at City Monitor Workshops (unique attendees across all workshops)	Capacity Building	How Much	Existing	No Target		33	40	22 <sup>3</sup>
# of Spring Nonprofit Trainings offered	Capacity Building	How Much	Existing	No Target		3	3	3
# of attendees at Spring Nonprofit Training Series (unique attendees across all workshops)	Capacity Building	How Much	Existing	No Target		74	80	72
# of hours of coaching delivered	Capacity Building	How Much	Existing	No Target		248	210	208
# of nonprofits receiving coaching	Capacity Building	How Much	Existing	No Target		13	8	7
% of monitors reporting they were always or most of the time confident about their findings	Monitoring	How Well	Existing	95%	91%	100%	93% <sup>4</sup>	76%
% of monitors who agreed their monitoring teams collaborated effectively the majority of the time	Monitoring	How Well	Existing	95%	100%	100%	94%	95%
% of nonprofits who report a clear understanding of the fiscal and compliance elements to be monitored in their contracts	Monitoring	How Well	Existing	95%	88%	92%	86%	93%
% of nonprofits who agree City staff clearly communicated about what to expect from the site visit or self-assessment process	Monitoring	How Well	New	No Target <sup>5</sup>				93%
% of nonprofits who agree City staff conducted the site visit or self-assessment according to the communicated process	Monitoring	How Well	New	No Target <sup>6</sup>				100%

<sup>3</sup> FY19 started a focus on new City staff, which may explain fewer unique attendees across workshops.

<sup>4</sup> Survey question in FY18 used a 5-point scale, while questions in FY17 and FY16 used a 4-point scale. This may explain lower values starting in FY18.

<sup>5</sup> The Program is still establishing a baseline for this measure.

<sup>6</sup> The Program is still establishing a baseline for this measure.



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Measure	Program Category	Type of Measure	Existing or New in FY19	Target	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual
% of nonprofits who agree City staff conducted the site visit or self-assessment process efficiently	Monitoring	How Well	New	No Target <sup>5</sup>				100%
% of nonprofits who rate the training series as helpful (of those who attended)	Capacity Building	How Well	Existing	95%	94%	98%	87%	98%
% of nonprofits that received technical assistance and reported that the coaching services met their needs	Capacity Building	How Well	Existing	80%		67%	83%	100%
% of monitors who, on average, rate the tools and resources provided by the Monitoring Program as helpful (of those who used the resource)	Monitoring	Better Off	Existing	95%	82%	75%	80%	86% <sup>7</sup>
% of nonprofits who agree or strongly agree the Program helps ensure their nonprofit has strong, sustainable fiscal operations	Monitoring	Better Off	Existing	85%		84%	74%	76%
% of all nonprofits who had fiscal findings who reduced them in the subsequent year	Monitoring	Better Off	New	No Target <sup>5</sup>				25%
% of coached nonprofits who had fiscal findings who reduced them in the subsequent year	Capacity Building	Better Off	New	No Target <sup>5</sup>				57%
% of nonprofits who attended a training and report (via survey) they changed their practices based on the training	Capacity Building	Better Off	Existing	No Target <sup>5</sup>			21%	55%
% of monitors who attended a training who report (via survey) they felt more confident evaluating a nonprofit's financial management practices	Capacity Building	Better Off	New	No Target <sup>5</sup>				36%

<sup>7</sup> Survey question changed slightly in FY19. Previously the question asked one general question. In FY19, helpfulness responses related to several resources were averaged.

# Appendix F: Standard Monitoring Form FY18-FY19 Summary of Changes

Category	FY18-19 Standard	What's Different	Explanation
3. Audited Financial Statements	<p>a. Completed and complete</p> <p>e. Audit completed within six months of the close of the contractor's fiscal year</p>	<p>Guidance clarifies how monitors should apply the standards: If Contractor has been required to receive a formal audit but has not done so, monitors should mark 3a and 3e as findings; no other standards in this category apply. If Contractor has been required to receive an audit but is still in process (i.e., is late), monitors should mark 3e as a finding; no other standards in this category apply. All other standards in this category apply only when reviewing actual audit documents.</p>	<p>A review of recent monitoring showed variation in how monitors account for a "missing" audit. Additional guidance is needed to ensure that all monitors capture information about the lack of a required audit in the same way.</p>
6. Financial Reports	<p>a. Balance Sheet is current (as of the last three months, at least)</p> <p>c. Current bank reconciliation (as of the last three months, at least)</p> <p>d. Profit and Loss Statement is current (as of the last three months, at least)</p>	<p>The standard for "current" has been changed from four months to three months in all three items. In all cases, guidance reflects that only the most recent YTD documents are needed, and these should be updated within the prior three months.</p>	<p>Contractors should be reconciling and closing books at least quarterly, though more frequently is recommended. Reviewing a balance sheet or profit and loss statement that is four months old does not give monitors a clear and accurate picture of the contractor's current fiscal health.</p>
8. Payroll	<p>c. Documentation that payroll taxes due were actually paid</p>	<p>Guidance updated to reflect that evidence uncovered elsewhere in financial documents showing payroll taxes had not been paid for quarters other than the one being reviewed could be used to apply a finding to this standard. Guidance also notes that failure to</p>	<p>Monitors typically sample two months of payroll during the monitoring, and assess 8c through this sample. However, monitors may occasionally identify a failure to pay payroll tax through other financial documents (e.g., a liability on audited financial statements), and this</p>

		pay payroll taxes is criteria for placement on Elevated Concern Status.	evidence should also justify a finding. Though monitors won't have to investigate every quarter, any evidence of unpaid payroll tax found in the normal course of monitoring will count as a finding.
9. Board Oversight	a. Minutes show that the Board approved the current agency-wide budget within at least three months of the start of the fiscal year	Standard has been changed to incorporate a timeline requiring a board to approve a budget within the first quarter of a contractor's fiscal year. Previously, there was no time parameter for this standard.	Budgets are best used as planning tools, and should be adopted early in the year in order to support effective program operations. Contractors that delay finalization of a budget past the first quarter typically have difficulty managing cash flow. Adding time parameters for board approval may support a timely budgeting process.
9. Board Oversight	e. If a paid City employee or City commission member is on the Board, Contractor provides documentation showing that board member signed a Conflict of Interest Policy	New standard added. New guidance on how to comply has also been included in the Standard Monitoring Form.	The City requires an extra layer of transparency for board members who are also City employees or commissioners to ensure there is no conflict of interest associated with the use of City funding.
9. Board Oversight	i. Participate in annual giving to agency with either money or in-kind contributions	Best practice has been changed to allow for in-kind contributions to apply when considering board member annual giving practices.	While it is a best practice that board members contribute to the agency financially, this may be more challenging for smaller, developing boards. In-kind contributions may also meet this best practice.
11. Subcontracts	d. Is Contractor a fiscal agent for one or more sponsored programs?	New pilot standard and process added. If the contractor is a fiscal agent or fiscal sponsor, selecting this pilot standard indicates that the contractor is part of the "Fiscal Agent Pilot" (this does not indicate a finding). Fiscal agents should provide the following documentation regarding sponsored programs they oversee: current agency-wide budget; current YTD profit and loss statement; current YTD balance sheet; most recent audit, if one was performed. If the Prime Contractor cannot provide these documents on behalf of the sponsored program, 11c may be a finding.	City departments frequently fund programs via a prime contractor, but the existing monitoring practices do not allow for in-depth review of the financial stability of the sponsored program. This new pilot tests a process for collecting a small number of financial documents from the prime about the sponsored program, but does not expect these documents to meet current City standards. Departments will assess the learnings from this pilot at the close of the FY18-19 monitoring cycle and determine whether and how to improve monitoring of sponsored programs.