



**Maria Su, Psy.D.**  
EXECUTIVE DIRECTOR



**Edwin M. Lee**  
MAYOR

January 29, 2016

Tony DiStefano  
Executive Director  
Enterprise for High School Students  
200 Pine Street, 6th Floor  
San Francisco, CA 94104

Subject: Standard Fiscal & Compliance Monitoring of Current DCYF Contracts/Grants:  
**Pathways-Career Ahead**  
**Work Ahead**

Dear Tony,

The fiscal and compliance monitoring included the review of the following documents:

1. Agency-wide budget and cost allocation plan
2. Board roster, bylaws, meeting minutes
3. Recent 990 form
4. Recent DE 9, DE 9C, and 941 reports
5. Most recent audited financial statements
6. Fiscal policies and procedures
7. Financial reports, balance sheets, and profit loss statements
8. Supporting documentation for invoices for two current year billing months
9. Personnel policies
10. Emergency operations plan
11. American with Disability Act policy and procedures

### **General Assessment**

Enterprise for High School Students has strong fiscal and compliance systems in place. The agency is doing an exemplary job in all of its back-office functions, particularly in maintaining staff timesheets, monitoring key financial indicators and ensuring strong Board oversight. This report outlines a few small, but important areas recommended for continued improvement.

Please find below a summary table of the findings the monitoring team identified during the fiscal and compliance monitoring on **01/28/2016**:

## Fiscal and Compliance Monitoring Findings

Category	Standard	Finding Description	Required Corrective Action	Response Deadline
6. Financial Reports	e. Profit and Loss Statement: Shows year-to-date (YTD) income and expense by program/ contract/ funding source, including indirect costs	The agency did not have a current year-to-date (2016) Profit and Loss Statement. This finding is due to delays in approving the agency-wide budget. DCYF recommends starting the budget creation process earlier to ensure Board approval by November or December of the preceding year.	Contractor must submit a current Profit and Loss Statement. Statement must disclose the agency's year-to-date revenue, expenses, and resulting profit or loss by program, contract or funding source. If Contractor does not have an appropriate template, Contractor must provide a plan (with a timeline, if necessary) for when it can produce such a document.	02/29/2016
14. Emergency Operations Plan	d. At least one fire drill and one earthquake drill have been conducted in last year	The agency does an exemplary job of tracking and training for fire drills during the year, but currently does not follow the same process for earthquake drills, which are equally important.	Contractor must provide evidence that one fire drill and one earthquake drill was conducted in the last year. If drills were not conducted, Contractor must submit a plan (with a timeline, if necessary) to conduct the appropriate drill(s) and ensure required drills are conducted annually.	02/29/2016

### Best Practices

Fiscal and Compliance Best Practices: Additionally, City departments have adopted several “best practices” to serve as indicators of financial health. Inability to meet a best practice will *not* be considered a “finding” and will not require any corrective action or response. These best practices are tracked as important indicators of a healthy nonprofit and contractors should make efforts to address them prior to the next monitoring cycle.

Category	Standard	Description	Recommended Actions	Response Needed?
3. Audited Financial Statements	l. In current audit, cash flow from operations is positive [best practice]	In current audit (calendar year 2014), cash flow from operations was negative.	No action is required for Best Practices. However, the City considers this item to be an important indicator of nonprofit health, and encourages contractors to take actions necessary to achieve this best practice.	No Response Required

Per City policy, it is required that nonprofit contractors respond to monitoring findings within one month of the date of receiving the monitoring report letter. For all of the above findings, please respond to this letter by **February 29, 2016**. In your response letter please indicate whether any of the required corrective actions have already been completed. For any findings requiring additional time to address, please include your action plan and timeframe to complete the corrective actions. When DCYF determines that your organization has appropriately addressed the monitoring findings, you will receive a verification of compliance letter.

*If DCYF does not receive your response letter by **February 29, 2016** or is not satisfied with the response, your organization is at risk of being placed on elevated concern status. Elevated concern is a designation by the City indicating a nonprofit has not responded to the City's request for self-assessment monitoring documents, has not responded to the City's request for corrective action, has not provided a corrective action plan that is acceptable to the City, or has not complied with the implementation of its corrective action plan.*

*Nonprofits remain on elevated concern status until they provide a satisfactory corrective action plan and have implemented it to the satisfaction of City department(s). Nonprofits on elevated concern status are usually required to participate in City-monitored technical assistance to address outstanding fiscal and compliance findings. Elevated Concern will not result in defunding, though if the nonprofit is continually unresponsive to technical assistance and remains out of compliance with monitoring requirements, the status may be heightened to Red Flag, for which de-funding is an option.*

*For more information on elevated concern status, as well as the standard monitoring and corrective action process, please review the included City and County of San Francisco Citywide Nonprofit Corrective Action Policy.*

If you have any questions, please do not hesitate to contact me at (415) 554-3510.

Please extend our sincere appreciation to all your staff for their preparation in advance of the monitoring, assistance during the monitoring and the efforts to address the findings in the coming weeks. We thank you for your work in serving the San Francisco community.

Sincerely,



Mike King  
Contracts & Compliance Specialist  
[mike.king@dcyf.org](mailto:mike.king@dcyf.org)

Attachments:

City and County of San Francisco Citywide Nonprofit Corrective Action Policy