



**SAN FRANCISCO ETHICS COMMISSION
FINAL AUDIT REPORT:**

**Progress San Francisco
FPPC ID 1381519**

I. Introduction

This Audit Report summarizes the audit results for the committee Progress San Francisco, FPPC Identification Number 1381519 (“the Committee”), for the period from January 1 through December 31, 2018. The Committee was selected for audit using an objective criteria method pursuant to San Francisco Campaign and Governmental Conduct Code (“Code”) section 1.150(a) and the Commission’s authority under San Francisco Charter section C3-699-11(4), from a pool of eligible committees active in elections during the 2018 calendar year. The audit was conducted by Ethics Commission staff following the 2018 City election to determine whether the Committee materially complied with requirements of the Political Reform Act (California Government Code section 81000, et seq.) and supporting regulations, and the San Francisco Campaign Finance Reform Ordinance (San Francisco Campaign & Government Conduct Code section 1.100, et seq) and supporting regulations.

II. Audit Authority

San Francisco Charter section C3.699-11 authorizes the Ethics Commission to audit campaign statements that are filed with the Commission along with other relevant documents to determine whether a committee materially complied with applicable requirements of State and local laws. Code section 1.150(a) requires the Commission to audit all candidates who receive public financing and authorizes audits of other committees to be initiated irrespective of whether the committee received any public funds.

III. Audit Scope and Procedures

This audit was performed in accordance with generally accepted auditing standards. The audit is based on documentation provided by the Committee and involved a review of the Committee’s filings and records for the period covered by the audit. This review was conducted to determine, among other things:

- A. Compliance with all disclosure requirements pertaining to contributions, expenditures, accrued expenditures, and loans, including itemization when required;
- B. Compliance with applicable filing deadlines;

- C. Compliance with any applicable restrictions on contributions, loans, and expenditures;
- D. Accuracy of total reported receipts, disbursements, and cash balances as compared to bank records; and
- E. Compliance with all record-keeping requirements.

The Commission posts to its website all Audit Reports. The Audit Division forwards Audit Reports to the Commission's Enforcement Division, or other appropriate agency, for review to determine whether any further action regarding findings of non-compliance are warranted. The scope of an audit is not exhaustive of all conduct by a committee during the audit period and conduct by a committee not identified as a material finding in an Audit Report may be subject to investigation and possible enforcement action by the Ethics Commission or another agency with jurisdiction to enforce applicable laws.

IV. Committee Information

The Committee was a county general purpose committee originally established on April 11, 2016. For the audit period of January 1 through December 31, 2018, the Committee qualified as a county general purpose committee and filed campaign statements and disclosure reports with the San Francisco Ethics Commission. As a general purpose committee, the Committee's primary activity was monetary and non-monetary contributions to various state and local recipient committees, including committees that were primarily formed to support and oppose candidates and ballot measures.

For the period covered by the audit, Shawnda Deane served as the treasurer, and Vince Courtney, Jr. was the Principal Officer who directed and approved expenditures. The Committee received \$2,668,700 in contributions (with no non-monetary contributions or loans) and incurred \$2,633,062 in campaign expenditures. The Committee remained opened as an active county general-purpose committee as of the close of the audit period.

V. Audit Findings

Auditors concluded there were three findings with respect to the Committee.

Finding 1

The Committee failed to report a contribution made to a recipient committee as required on its campaign statement (CA Gov't Code § 84211(k) and 2 C.C.R. § 18421.1(a)).

Committees are required to itemize expenditures of \$100 or more on campaign statements for the period in which the expenditure was made and include the name and address of the payee, the amount of the expenditure, and a brief description of the purpose or intent of the expenditure. In the case of expenditures that are contributions to other recipient committees, in addition to the general information required, committees must also disclose the date of the contribution, the cumulative amount of contributions made, and (if applicable) the name of the candidate or the number/letter of the measure and the jurisdiction in which the candidate or measure is voted upon.

The Committee failed to timely report a \$6,511 contribution dated 12/31/2018 to an independent expenditure committee, Safe and Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018. Records provided by the Committee referenced an expenditure date of 12/31/18. Under state law, in the absence of other documentation, such as a transmittal letter, a monetary contribution is an expenditure considered “made” based on the date of the check. This contribution should have been disclosed on the year-end campaign statement which was filed on January 31, 2019.

Committee Response to Finding 1

Due to an administrative error, the Committee failed to disclose one contribution on its year-end report. We request the Committee find this inadvertent error immaterial for two reasons. First, it was a contribution made well after the election so there was little or no public harm. Second, the error was discovered by the Committee and an amended year-end report was filed. A copy of the amended end of the year report is attached hereto.

Auditor Comment on Finding 1

California Government Code Sec. 81002 provides that among the purposes for which the voters established the Political Reform Act was that “[r]eceipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited.” The Committee’s public disclosure report was not amended until July 26, 2019, nearly nine months after the \$6,511 campaign contribution was made. The omission of such expenditure activity from campaign statements is not in compliance with the disclosure requirements of the Political Reform Act.

Finding 2

The Committee failed to timely disclose contributions made as required on Late Contribution Reports. (CA Gov’t Code § 84203 and 2 C.C.R. § 18421.1(a) & 18425)

To provide timely information to voters in the 90 days preceding an election (the “late reporting period”), committees must disclose contributions that total in aggregate \$1,000 or more made to a candidate, a controlled committee, a committee primarily formed to support or oppose a candidate or measure to be voted on in that election, or to an official state or local political party on a Late Contribution Report. For the June 5, 2018 election, the late reporting period covered March 7, 2018 through June 5, 2018. For the November 6, 2018 election, the late reporting period covered August 8, 2018 through November 6, 2018. During these “late reporting periods”, contributions made must be reported within 24-hours. These Late Contribution Reports are in addition to any other campaign statement required to be filed by the committee and must be filed in the jurisdiction where the Committee is required to file their next regular campaign statement. San Francisco Campaign Finance Reform Ordinance Regulation 1.172-1 stipulates that, for statements due during the late reporting period, filing deadlines that fall on a weekend will not be extended.

Auditors identified 10 contributions totaling \$520,000 that the Committee made during the late reporting period for the June 2018 election that were required to be disclosed within 24 hours, but which the Committee failed to report as required. These contributions are summarized in Table 2.1

below. Of these, five contributions totaling \$280,000 were ultimately reported on campaign statements filed before the June 2018 election. The other five contributions, totaling \$240,000, were not publicly disclosed until after the June 2018 election.

Table 2.1

Late Contributions Not Disclosed as Required for June 2018 Election					
Date of Contribution	Committee Name (FPPC #)	Amount	Candidate / Measure	Date Contribution Required to be Disclosed	Date Committee Reported the Contribution
DISCLOSED LATE BUT PRIOR TO ELECTION					
04/30/18	San Francisco for London Breed (#1402175)	\$50,000	London Breed (Mayor)	05/01/18	05/24/18
05/07/18	San Francisco for London Breed (#1402175)	\$60,000	London Breed (Mayor)	05/08/18	05/24/18
05/07/18	Affordable Housing for All, Yes on D (#1402425)	\$80,000	San Francisco Measure D	05/08/18	06/05/18
05/14/18	San Francisco for London Breed (#1402175)	\$50,000	London Breed (Mayor)	05/15/18	05/24/18
05/18/18	Affordable Housing for All, Yes on D (#1402425)	\$40,000	San Francisco Measure D	05/19/18	06/05/18
	Total	\$280,000			
DISCLOSED LATE AND AFTER ELECTION					
05/21/18	San Francisco for London Breed (#1402175)	\$50,000	London Breed (Mayor)	05/22/18	07/30/18
05/25/18	It's Our Time, SF Women Supporting London Breed for Mayor 2018	\$40,000	London Breed (Mayor)	05/26/18	07/30/18
05/30/18	San Francisco for London Breed (#1402175)	\$60,000	London Breed (Mayor)	06/01/18	07/30/18
06/04/18	San Francisco for London Breed (#1402175)	\$50,000	London Breed (Mayor)	06/05/18	07/30/18
06/04/18	It's Our Time, SF Women Supporting London Breed for Mayor 2018	\$40,000	London Breed (Mayor)	06/05/18	07/30/18
	Total	\$240,000			

Auditors identified another 13 contributions totaling \$694,900 that the Committee made during the late contribution reporting period for the November 2018 election that were required to be disclosed on a Form 497 within 24 hours, but which the Committee failed to report as required. These contributions are summarized in Table 2.2 below. Of these contributions, 10 totaling \$592,400 were reported before the November 2018 election. The other three contributions, totaling \$102,500, were not publicly disclosed until after the November 2018 election.

Table 2.2

Late Contributions Not Disclosed as Required for November 2018 Election					
Date of Contribution	Committee Name (FPPC #)	Amount	Candidate / Measure	Date Contribution Required to be Disclosed	Date Committee Reported the Contribution
DISCLOSED LATE BUT PRIOR TO ELECTION					
09/20/18	San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018 (#1411440)	\$5,500 Non Monetary	Christine Johnson & Sonja Trauss (D6 Supervisor)	09/21/18	09/27/18
09/20/18	Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018 (#1411700)	\$16,900	Jessica Ho (D4 Supervisor)	09/21/18	09/27/18
09/26/18	Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018 (#1411700)	\$100,000	Jessica Ho (D4 Supervisor)	09/27/18	10/24/18
09/26/18	San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018 (#1411440)	\$100,000	Christine Johnson & Sonja Trauss (D6 Supervisor, San Francisco)	09/27/18	10/24/18
10/02/18	San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018 (#1411440)	\$25,000	Christine Johnson & Sonja Trauss (D6 Supervisor)	10/03/18	10/24/18
10/02/18	Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018 (#1411700)	\$25,000	Jessica Ho (D4 Supervisor)	10/03/18	10/24/18
10/03/18	San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018 (#1411440)	\$80,000	Christine Johnson & Sonja Trauss (D6 Supervisor)	10/04/18	10/24/18
10/03/18	Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018 (#1411700)	\$80,000	Jessica Ho (D4 Supervisor)	10/04/18	10/24/18
10/10/18	San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018 (#1411440)	\$80,000	Christine Johnson & Sonja Trauss (D6 Supervisor)	10/11/18	10/24/18
10/10/18	Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018 (#1411700)	\$80,000	Jessica Ho (D4 Supervisor, San Francisco)	10/11/18	10/24/18
Total		\$592,400			
DISCLOSED LATE AND AFTER ELECTION					
09/20/18	San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018 (#1411440)	\$2,500 Non Monetary	Christine Johnson & Sonja Trauss (D6 Supervisor)	09/21/18	01/26/19
10/24/18	Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018 (#1411700)	\$50,000	Jessica Ho (D4 Supervisor, San Francisco)	10/25/18	01/26/19

10/24/18	San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018 (#1411440)	\$50,000	Christine Johnson & Sonja Trauss (D6 Supervisor, San Francisco)	10/25/18	01/26/19
	Total	\$102,500			

Committee Response to Finding 2

We believe this finding is based on factual misunderstanding by the Commission. In its preliminary report, the Commission states that the Committee was a "county general purpose committee" during the audit period. That is not the case. On March 1, 2018, the Committee filed an amended Statement of Organization, Form 410, indicating that the Committee would operate and file as a State General Purpose Committee. See 2 C.C.R. § 18227.5. A copy of the amended statement of organization is attached hereto. As a result, the Committee timely filed late contribution reports (LCRs) with the appropriate elections official, the California Secretary of State. Under Government Code section 84215(g), committees must continue to file pre-election statements and semi-annual statements in their previous jurisdiction for the duration of the calendar year. Accordingly, the Committee continued to file Form 460s with the Commission during 2018. However, Government Code section 84215(g) does not require committees to file late contribution reports in their previous jurisdiction. Moreover, section 84203(a) of the Act requires committees to file its campaign statements in accordance with section 84215, which as previously discussed does not require duplicate filings of late contribution reports.

Therefore, as a State general purpose committee, the Committee was not required to file late contribution reports with the Commission. The Committee timely filed electronic reports with the Secretary of State. All such records were readily available for the public to view online. For this reason, we request this finding be removed.

Auditor Comment on Finding 2

Auditors concluded that for the reasons detailed below, and based on the Committee's own public reporting of its activities, the Committee did retain a local filing obligation in San Francisco.

State regulations (Title 2 CA Code of Regulations § 18227.5) provide that a committee shall verify its filing jurisdiction quarterly at the end of March, June, September and December. To verify its appropriate filing jurisdiction, a committee should count contributions and expenditures made to support or oppose candidates or measures during whichever of the following time periods most accurately reflects the current and upcoming activities of the committee:

- (A) The immediately preceding 24 months; or
- (B) The current two-year period, beginning with January 1 of an odd-numbered year and ending with December 31 of the following even-numbered year.

If a committee makes more than 70 percent of its contributions and expenditures to support or oppose candidates and measures in only one city or county, or consolidated city and county, is required to file all of its campaign statements with that local filing official. If a committee makes

any contributions or expenditures supporting/opposing state candidates or measures, or in multiple jurisdictions without qualifying as a city/county filer, that committee is required to file statements with the California Secretary of State. If no contributions or expenditures have been made in the preceding quarter, the committee is not required to review or change its status and should continue filing statements in jurisdiction where it filed its last campaign statement.

The Committee stated that an amended Form 410 – Statement of Organization was filed on March 1, 2018 to change the Committee’s filing jurisdiction from “City/County” to “State”. When assessing contributions and expenditures made during the preceding 24 months (March 1, 2016 – March 1, 2018), 96 percent of the Committee’s contributions and expenditures (\$1.32 million) were made to support or oppose San Francisco candidates and measures. Counting contributions and expenditures made during the two-year period starting January 1, 2017 and continuing through March 1, 2018 (the date the amended Statement of Organization was filed), the Committee had no reported contributions or expenditures that could be used to determine a change in filing jurisdiction. Therefore, Auditors found no basis to conclude the Committee’s activities removed their responsibility to file in San Francisco.

Finding 3

The Committee failed to disclose all required information for expenditures made in support of or opposition to a candidate (CA Gov’t Code § 84211(k))

In the event of expenditures that are contributions to committees to support or oppose a candidate or measure, in addition the general information required to be disclosed for all expenditures made, the contributing committee must disclose the following: the full name of the candidate and office/district they seek; or the number or letter designation and jurisdiction for a ballot measure; and whether the expenditure was made in support or opposition. This information must be disclosed on Schedule D, Summary of Expenditures Supporting/Opposing Other Candidates, Measurers and Committees.

Auditors identified 32 contributions made to committees primarily formed to support candidates for office for which the Committee did not include all information required to be disclosed. These contributions are summarized in Table 3.1 below and include a notation of what information was omitted. While information the Committee disclosed included some of the required information (e.g. partial candidate name), the Committee did not satisfy all of the disclosure requirements under state law.

Table 3.1

Committee to Which Progress San Francisco Contributed	Date of Contribution	Amount	Candidate Name	Office / Jurisdiction	Omitted Information Required by § 84211(k)
It's Our Time, SF Women Supporting London Breed for Mayor 2018	05/25/18	\$40,000	London Breed	Mayor, San Francisco	Election Jurisdiction
It's Our Time, SF Women Supporting London Breed for Mayor 2018	06/04/18	\$40,000	London Breed	Mayor, San Francisco	Election Jurisdiction

Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	09/20/18	\$50,000	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	09/20/18	\$16,900	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	09/26/18	\$100,000	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	10/02/18	\$25,000	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	10/03/18	\$80,000	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	10/10/18	\$80,000	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	10/17/18	\$50,000	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	10/24/18	\$50,000	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
Safe & Clean Sunset Coalition, Supporting Ho for D4 Supervisor 2018	11/05/18	\$200,000	Jessica Ho	Board of Supervisors - D4, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	09/19/18	\$100,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	09/20/18	\$5,500	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	09/20/18	\$2,500	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	09/21/18	\$50,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	09/26/18	\$100,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	10/02/18	\$25,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	10/03/18	\$80,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	10/10/18	\$80,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction

San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	10/24/18	\$50,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	11/05/18	\$150,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Franciscans for Change, Supporting Johnson & Trauss for Supervisor 2018	11/14/18	\$25,000	Christine Johnson & Sonja Trauss	Board of Supervisors - D6, San Francisco	Candidate Full Name & Election Jurisdiction
San Francisco for London Breed Mayor 2018	09/19/18	\$50,000	London Breed	Mayor, San Francisco	Election Jurisdiction
San Francisco for London Breed, Sponsored by the San Francisco Firefighters Local 798	04/03/18	\$40,000	London Breed	Mayor, San Francisco	Candidate Office & Election Jurisdiction
San Francisco for London Breed, Sponsored by the San Francisco Firefighters Local 798	04/30/18	\$50,000	London Breed	Mayor, San Francisco	Candidate Office & Election Jurisdiction
San Francisco for London Breed, Sponsored by the San Francisco Firefighters Local 798	05/07/18	\$60,000	London Breed	Mayor, San Francisco	Candidate Office & Election Jurisdiction
San Francisco for London Breed, Sponsored by the San Francisco Firefighters Local 798	05/14/18	\$50,000	London Breed	Mayor, San Francisco	Candidate Office & Election Jurisdiction
San Francisco for London Breed, Sponsored by the San Francisco Firefighters Local 798	05/21/18	\$50,000	London Breed	Mayor, San Francisco	Candidate Office & Election Jurisdiction
San Francisco for London Breed, Sponsored by the San Francisco Firefighters Local 798	05/30/18	\$60,000	London Breed	Mayor, San Francisco	Candidate Office & Election Jurisdiction
San Francisco for London Breed, Sponsored by the San Francisco Firefighters Local 798	06/04/18	\$50,000	London Breed	Mayor, San Francisco	Candidate Office & Election Jurisdiction
United Democratic Club, Supporting Shamann Walton 2018 Committee	10/29/18	\$15,000	Shaman Walton	Board of Supervisors - D10, San Francisco	Candidate Office & Election Jurisdiction
United Democratic Club, Supporting Shamann Walton 2018 Committee	12/14/18	\$1,000	Shaman Walton	Board of Supervisors - D10, San Francisco	Candidate Office & Election Jurisdiction

Committee Response to Finding 3

In this finding, the Commission states that the Committee did not, in its campaign reports, identify the candidate or candidate's office for the contributions it made to independent expenditure committees. But these contributions all involved primarily formed independent expenditure committee where that information is required to be contained in the name of the committee. Thus, there could be absolutely no question to anyone -the Commission or any member of the public - which candidate and office was being supported or opposed by each of those contributions. For example, while the Committee did not fill in the candidate and office field in its filings, there simply can be no question who the candidate or office is for a contribution to "It's Our Time, SF Women Supporting London Breed for Mayor 2018." Explicit in the receiving primarily formed committee's name is the fact that the committee was formed to

support London Breed's candidacy for Mayor. As the Commission acknowledges in its Draft Audit Report, the Committee made its contributions to "committees primarily formed to support candidates for office." All such primarily formed committees contained the name of the candidate they were supporting. As such, the public was fully aware of the purpose of the Committee's contributions and therefore the Committee's technical error did not injure the public's ability to evaluate political activity. We believe any failure to fill out the candidate and office fields was truly an immaterial error, and therefore we ask this finding be removed or found to be immaterial.

Auditor Comment on Finding 3

California Government Code Sec. 81002 provides that the purposes of disclosure rules in the Political Reform Act was that "[r]eceipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited." The omission of information required to be disclosed under the Act, such as the office of jurisdiction of the candidate support, does not constitute full and accurate information as to the contribution activities of the Committee. This information is required in addition to requirements that apply to naming of committees.