



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

**Strengthen Our Seawall for Earthquakes and Disasters, Yes on Prop. A
FPPC ID #1402245**

I. Introduction

This Audit Report summarizes the audit results for the committee of Strengthen Our Seawall for Earthquakes and Disasters, Yes on Prop. A, FPPC ID 1402245 (“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 qualified as a committee on February 9, 2018 to support San Francisco Seawall Earthquake Safety Bond, later designated as Measure A on the November 6, 2018 San Francisco ballot. A Statement of Organization (Form 410) was filed on the same day. For the period covered by audit, Shawnda Deane and Vince Courtney, Jr. served as Treasurer and Assistant Treasurer, respectively. Over the course of the audit period, the Committee received \$1,808,935 in contributions (including non-monetary contributions of \$62,935). The Committee incurred \$1,808,945 in expenditures. On December 31, 2018, the Committee was terminated.

V. Audit Findings

Auditors concluded there was one material finding with respect to the Committee.

Finding 1:

The Committee failed to timely disclose contributions received as required on Late Contribution Reports. (CA Gov't Code § 84203, 2 C.C.R. § 18421.1(f) & 18425 and S.F. C.&G.C.C. Regulation 1.172.1)

To provide timely information to voters in the 90 days preceding an election (the "late reporting period"), committees primarily formed to support or oppose a local candidate or measure must disclose any combination of monetary and non-monetary contributions and loans received that total \$1,000 or more from a single source on a Late Contribution Reports. For the November 6, 2018 election, the late reporting period covered August 8, 2018 through November 6, 2018. During this period monetary contributions and loans must be reported within 24-hours of receipt and non-monetary contributions must be reported within 48-hours of receipt. These contributions must be disclosed on the Form 497 in addition to being reported on any other campaign statements that may be required by the committee and must be filed in the same jurisdiction where the committee files its regular campaign statements. 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 that that, during the late reporting period, the Committee received two non-monetary contributions that were required to be disclosed on a Form 497 within 48 hours from the time they were received, but which the Committee failed to timely report them as required. Both contributions were reported on a campaign statement filed before the November 2018 election; however, they were reported late and therefore denied San Francisco voters timely access to information about campaign funding and expenditure activities designed to influence their vote. These non-monetary contributions are summarized in Table 1.1 below.

Table 1.1

Reported Date of Contribution	Contributor Name	Amount	Date Contribution Required to be Disclosed	Date Committee Disclosed the Contribution
10/11/2018	San Francisco Association of Realtors	\$1,000	10/13/2018	10/25/2018
9/23/2018	Save The Bay Action Fund PAC	\$4,648	9/25/2018	10/8/2018

Committee’s response to Finding 1

The Committee received the in-kind notification from the San Francisco Association of Realtors on 10/25/2018. The Committee filed the 497 filing the same day that the notification of the in-kind was received by the committee. Please see the attached in-kind notification for your reference.

On September 24, 2020, the Committee received an in-kind notice from Save The Bay Action Fund PAC - the Committee disclosed this in-kind late due to an internal administrative error. The Committee amended the 497 immediately, within 24 hours, upon realization of its internal administrative error. The amended 497 was filed on October 8, 2020, well before the election.

Auditor Comment on Finding 1

State regulations (Title 2 CA Code of Regulations § 18421.1(f)) provide that a non-monetary contribution is “received” by a committee, on either the date that the contributor paid for the goods or services, or the date that the committee receives the benefit of the expenditure, whichever is earlier.

Non-monetary contributions valued at \$1,000 or more and received during the Late Reporting Period must be reported within 48-hours of receipt date (Title 2 CA Code of Regulations § 18425). State laws do not provide extensions or exemptions for disclosure requirements due to delays in the reporting of non-monetary contributions to committees.