

Nonprofit Notes

NYC Standard Audited Financial Report (SAFR): Effective for Fiscal 2027

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Beginning in fiscal 2027, New York City nonprofit human services providers that expend more than \$1 million in a reporting year from one or more participating agencies will be subject to the Standard Audited Financial Report (SAFR). Affected providers should assess whether they meet the threshold and coordinate with their CPA firms before implementation.

The New York City Mayor's Office of Nonprofit Services is nearing the end of its multi-year effort to introduce and implement a risk-based citywide audit process, aptly named the NYC Standard Audited Financial Report, or SAFR. The SAFR is fundamentally a Single Audit for NYC human service providers.

The SAFR project was initiated in response to concerns raised about the lack of stringent oversight of NYC human services contracts. It was determined that only 24% of HHS contracts were audited during the period from 2015 to 2022. Currently, NYC agencies conduct audits approximately four to five years after services were rendered by HHS providers. Billions of dollars are expended by NYC to fund HHS contracts without having a uniform audit policy in place.

The city's objective for the SAFR project is to improve timeliness and audit coverage of its HHS contract expenditures and to create a comprehensive process to better understand provider risk. The SAFR will benefit provider agencies with a streamlined audit process by reducing duplication and utilizing existing Single Audits or consolidated fiscal reports (CFRs), eliminating unexpected requests from NYC-engaged auditors and reducing the burden of searching for and providing three- to five-year-old records to auditors.

Participating NYC Agencies

Since 2023, NYC agency staff members, HHS providers and CPAs collaborated to develop a NYC SAFR Manual. The manual is being used by CPAs to perform SAFR procedures as part of the city's 2025 fiscal year-end beta testing of HHS contracts for select providers.

The following NYC agencies participated in the implementation of the SAFR:

- Administration for Children's Services (ACS)
- Department for the Aging (DFTA)
- Department of Health and Mental Hygiene (DOHMH)
- Department of Homeless Services (DHS) *
- Department of Housing Preservation and Development (HPD)
- Department of Probation (DOP)
- Department of Small Business Services (SBS) *
- Department of Youth and Community Development (DYCD)
- Human Resources Administration (HRA) *
- Mayor's Office of Criminal Justice (MOCJ)

* Both DHS and HRA are part of the Department of Social Services (DSS and the agency is collectively known as DSS/HRA/DHS), but due to the differences in nature and size of their programs, DHS and HRA are identified separately for purposes of the SAFR.

The SAFR Manual

The SAFR Manual is comprehensive, providing detailed instruction and guidance for the applicability of the SAFR and completion of reporting procedures. Below are some excerpts from the manual:

Scope of SAFR

- An NFP provider expending more than \$1 million from one or more of the participating agencies (see above) in a reporting year will be subject to SAFR requirements. SAFR eligibility will include all HHS Programs, including subrecipient and cost reimbursement agreements, with nonprofit providers regardless of any combination of source(s) of funds, including federal, state and city tax levy funds.
- The threshold may consist of one or more smaller contracts if the total expenditures exceed \$1 million in a reporting year. The provider's management must determine whether the SAFR threshold has been met based on audited financial statements.
- A provider must submit a NYC SAFR waiver request when NYC payments to the provider exceed \$1 million, but the provider has not documented \$1 million in allowable expenditures through approved invoices. In this case, the provider must also return overpayments to the appropriate contracting agency in accordance with each agency's fiscal manual and close-out process.

SAFR Requirements

- Providers of HHS programs subject to a federal Single Audit (including subrecipient agreements) must follow the audit requirements in accordance with 2 CFR Part 200 Subpart F and must upload a copy of the audit report along with the SAFR submission.
- Providers of HHS programs filing a NYS CFR (reported as a column in the CFR) must follow the audit and reporting requirements of NYS Consolidated Fiscal Reporting and must upload a copy of the CFR together with the SAFR submission.
- Providers of NYC HHS programs, not subject to either a federal Single Audit or a NYS CFR, must follow the requirements in the Audit of NYC HHS Programs guide.
- The SAFR must be performed by a CPA firm selected from the New York City Comptroller's Pre-Qualified CPA List.

Frequency, Timing and Submission of the SAFR

- SAFR schedules and informational reports must be conducted, prepared and submitted annually at the time of, and together with, the annual audit of financial statements and other audits of providers by the same CPA firm, i.e., the federal Single Audit and New York State Consolidated Fiscal Report.
- SAFR audit reports, schedules and informational reports must be submitted by the provider within the earlier of 30 calendar days after receipt of the auditor's report(s) or no later than nine months after the end of the provider's reporting year. If the due date falls on a Saturday, Sunday or federal holiday, the reporting package is due the next business day.
- SAFR audit reports, including required supplemental information (PDF) and SAFR informational reports (Excel), must be uploaded as directed by the appropriate NYC agencies and must be certified by the provider's management in accordance with the SAFR manual.

SAFR Implementation Date

NYC agencies are currently reviewing the results of ongoing 2025 beta testing and will develop training sessions and update guidance based on any recent changes in legislation in advance of the mandated fiscal 2027 SAFR implementation date.

Contact Us

If you have any questions about the SAFR or its potential effect on your organization, please contact your PKF O'Connor Davies client service team or:

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