



**San Francisco Department of Public
Health** Grant
Colfax, MD
Director of Health

City and County of San Francisco
London N. Breed
Mayor

7/10/2024

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Conard House Inc
1385 Mission St. Suite 200,
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Subject: Citywide Fiscal and Compliance Monitoring of Current Contracts/Grants for Conard House Inc for Fiscal Year FY23-24.

List of City Contracts:

Department / Program	Contract Name / Description
Human Services Agency	DAS Money Management FY23-27
Human Services Agency	SF Connected - Tech Training FY21-24
Department of Homelessness and Supportive Housing	El Dorado/Midori
Department of Homelessness and Supportive Housing	Aranda Hotel
Department of Homelessness and Supportive Housing	Allen Hotel GF & CoC
Department of Public Health	MH-Adult: Outpatient Services (#1000010463)
Department of Public Health	MH-Adult: Rep Payee Services (#1000010463)
Department of Homelessness and Supportive Housing	McAllister Hotel
Department of Public Health	MH-Adult: Supportive Housing (Non Oupatient) (#1000010463)

Department of Homelessness and Supportive Housing	El Dorado/Midori
Department of Homelessness and Supportive Housing	Aranda Hotel
Department of Homelessness and Supportive Housing	Allen Hotel GF & CoC
Department of Homelessness and Supportive Housing	McAllister Hotel

Dear Anne Quaintance:

This letter conveys the results of the Citywide Fiscal and Compliance Monitoring conducted for FY23-24. The monitoring was led by Wasim Samara, Department of Public Health in conjunction with other funding City Departments.

The fiscal and compliance monitoring reviewed multiple standards, including but not limited to the following categories: Agency-Wide Budget, Audited Financial Statements, Financial Reports and Invoice Review.

Overall Assessment

Conard House's (The Subsidiary) net income from operations (change in unrestricted net assets) has been positive in FY 21-22 and FY 22-23. Furthermore, its working capital ratio was consistently above 1.0, the City's standard. However, its change in cash flow was negative for these 2 years. It's operating cash reserves dropped to 9 days, below the city's standard of 30 days.

Conard House has not completed its CPA external audit in a timely manner for the second year in a row. As of July 10th, 2024, the agency has not yet completed its FY 22-23 audit, which puts it 4 month late over the 9 month from year end city standard.

Please find the summary table below of the findings the monitoring team identified during the fiscal and compliance monitoring this fiscal year.

Fiscal and Compliance Monitoring Findings. Please respond to these findings by 7/31/2024.

Standard	Finding Description	Required Corrective Action
5.a. [Core] Financial Statements Audit conducted by external CPA firm completed and complete: all sections and statements	As of July 2024, the audit for the year ending June 2023 is not yet complete. This make completing the audit 4 months late over the 9 month city standard.	To come into conformance by Final Status, the contractor must submit a completed audit. If the contractor cannot submit the required documents in the 30-day response timeline, the contractor must submit a written explanation about the circumstances

included; opinion and other audit letters are signed		that delayed the current audit and when it will be completed, and will remain "not yet in conformance" until subsequent monitoring shows the standard has been met.
5.e. [Core] Audit completed within nine months of the close of the contractor's fiscal year	As of July 2024, the audit for the year ending June 2023 is not yet complete. This make completing the audit 4 months late over the 9 month city standard.	Contractor must submit a written explanation for why the audit was not completed in a timely fashion and an action plan for how it will ensure timely completion of the audit in the subsequent year, and will remain "not yet in conformance" until subsequent monitoring shows the standard has been met.
5.l. [Core] 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.	Although the Net Income (Accrual basis) for Conard House (the subsidiary entity), for FY 22-23 and FY 21-22 was positive, the net change in cash was negative in both years, total of \$(1.1) million cash outflow.	The City considers this item to be an important indicator of nonprofit health, and encourages contractors to take actions necessary to achieve this standard.
5.m. [Core] In current audit, agency has at least 30 days of operating cash	Conard House (the subsidiary entity) had only 9 days of operating cash reserves as of June 30th, 2023.	The City considers this item to be an important indicator of nonprofit health, and encourages contractors to take actions necessary to achieve this standard.
7.b. [Expanded] Fiscal Policies and Procedures are current (updated within the past two calendar years or to reflect monitoring/audit recommendations)	Policies presented during the monitoring were last updated in 2009.	Contractor must submit an updated or reviewed Fiscal Policies and Procedures. If the contractor is unable to do so by the required response deadline, then contractor must submit a plan (with a timeline, if necessary) describing how the manual will be updated.
10.c. [Core] Two board 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	The agency did not provide any proof of announcing the public access meetings through the SF Public Library and the Clerk of the Board of Supervisors. Agency need to share the	Contractor must submit a response attesting that two public meetings with a quorum were announced 30 days in advance via the required sources. If this standard was not met in the monitored year, Contractor must submit a reasonable explanation, as well as a plan to ensure the Contractor

	notice with the public at 30 days prior to the meeting.	will be in compliance with this standard in the future. Contractor will remain "not yet in conformance" until subsequent monitoring shows the standard has been met.
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Status Report of Previous Year's Findings:

Please find the summary table below of the findings during last year's monitoring cycle. Included are the actions taken by the agency last year and whether it met the standard or not at the end of that monitoring cycle.

Standard	Finding Description	Action Taken/Planned by the Agency	Description of Status
5.a. [Core] External CPA Audit completed and complete: all sections and statements included; opinion and other audit letters are signed	As of end of August 2023, the agency has not yet completed the FY 21-22 audit. The City's standard is to complete the audit within 9 months after the year end close. As of August, the audit is 5 months late over the 9 months period. Agency explained the delay is due to change in accounting software and a correction to the how the propertyquisitions were recorded. Delays in completing the audit in a timely manner significantly diminishes the value of the audit and the audit report, as it will be too late to fix or respond to any issues if they arise.	The agency has completed correcting the entries related to the misclassified property acquisition, and was able to complete the FY 21-22 audit. At that time, the agency believed that it solved the untimely audit issue and will finish the FY 22-23 audit in a timely manner.	The Agency had completed FY21-22 and was "In Conformance" for that year.
5.e. [Core] Audit completed within nine months of the close of the contractor's fiscal year	As of end of August 2023, the agency has not yet completed the FY 21-22 audit. The City's standard is to complete the audit within 9 months after the year end close. As of August, the audit is 5 months late over the 9 months period. Agency	The agency has completed correcting the entries related to the misclassified property acquisition, and was able to complete the FY 21-22 audit. At that time, the agency believed that it solved the untimely audit issue and will	Not Yet In Conformance

	explained the delay is due to change in accounting software and a correction to the how the propertyquisitions were recorded. Delays in completing the audit in a timely manner significantly diminishes the value of the audit and the audit report, as it will be too late to fix or respond to any issues if they arise.	finish the FY 22-23 audit in a timely manner.	
5.m. [Core] In current audit, agency has at least 30 days of operating cash	The 6/30/2022 un-audited financial statements shows only 11 days of operating cash reserves.	In prior monitoring year, this standard was only a best practice. No plan or action was required at that time.	Not Yet In Conformance

Required Response by Contractor

Please respond to this letter by the date mentioned above. In your response letter please indicate the agency's completion of the required corrective actions. For any findings requiring additional time to address, please include your action plan and timeframe to complete the corrective actions. When the City determines that your organization has appropriately addressed the monitoring findings, you will receive a final status letter that states the initial findings have been addressed and are now in conformance.

If the findings have not been addressed by the date indicated, the final status letter will list the standard findings that are not in conformance for the monitoring period. Your funding departments will continue to work with you as your agency works to address the finding, after the monitoring period; however, your organization's findings will be included in the City's annual report.

Furthermore, if the City does not receive your response letter by the required response date mentioned above, 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 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.

Once a nonprofit is designated as elevated concern, the agency may become less competitive for new grants or contracts from the City. Nonprofits remain on elevated concern status until a satisfactory corrective action plan is received and implemented to funding City department(s).

For more information on elevated concern status, as well as the standard monitoring and corrective action process, please review the City and County of San Francisco Citywide Nonprofit Corrective Action Policy (<http://sfcontroller.org/modules/showdocument.aspx?documentid=2824>).

If you have any questions, please do not hesitate to contact me by email at wasim.samara@sfdph.org.

Please extend our appreciation to your staff for their preparation of the monitoring and assistance during the process. Thank you for serving the San Francisco community.

Sincerely,

Wasim Samara

Wasim Samara, CMA – Department of Public Health

Cc:

Mohamed Rahali - Department of Public Health

Carlos Ramos - Department of Homelessness and Supportive Housing

Krystal Rogers - Human Services Agency

Gary Hong - Human Services Agency