

## MEMORANDUM

TO: Michelle Ruggles, Director, DPH Business Office  
FROM: Wasim Samara, CMA, Financial Analyst, Business Office of Contract Compliance  
DATE: July 17, 2024  
RE: Financial Analysis for PRC/Baker Places for the Fiscal Years FY 19 to FY 22-23

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The DPH Business Office, Business Office of Contract Compliance (BOCC) collects and reviews the Audited Financial Statements of non-profit contractors. BOCC aims to assess the fiscal health of the agency, and if needed, refers the agency to technical assistance or any other resources the city can provide.

Below is a summary of the fiscal analysis for the fiscal years FY 18-19 to FY 22-23.

### General Assessment:

The annual Citywide Fiscal and Compliance review of the consolidated agency, PRC and Baker Places, Inc. (Agency), indicates a significant improvement from prior year losses and findings. The agency has managed to complete its FY22-23 audit within the 9 months city standard. The agency also resolved prior finding in FY21-22's audit and had no new findings.

Furthermore, the agency has met all the city's financial metric standards. These metrics include at least 1.0 of working capital ratio, 30 days of operating cash reserve and positive net income for the year.

This overall improvement is likely attributable to the efforts proposed in the Agency's financial sustainability plan (developed by Agency management in coordination with and submitted to the City at the end of 2022) identifying programmatic restructuring plans to ensure each program was cost-neutral, along with cost cutting measures, and the Agency's debt repayment plan to the City. This progress was boosted by the Employee Retention Tax Credit that it received at the end of FY 22-23 and beginning of FY 23-24.

Here is a snapshot of the agency's historical financial metrics up to the year ending 6/30/23:

| Fiscal Year Ending in | Audit Findings Expressed by CPA auditors | Audit Completed Within # of Months of year-end | Total Agency Expenses<br>(in Thousands) | Working Capital Ratio | Net Surplus/(Deficit) for the Fiscal Year<br>(in Thousands) | Days of Operating Cash Reserves |
|-----------------------|--|--|---|-----------------------|---|---------------------------------|
| 6/30/2023             | None                                     |  | \$ 30,480                               | 3.6                   | \$ 4,905  | 30                              |

|                                       |   |    |                           |     |            |    |
|---------------------------------------|---|----|---------------------------|-----|------------|----|
|                                       |   | 9  |                           |     |            |    |
| 6/30/2022                             | Significant Deficiencies in internal Control                            | 11 | \$ 31,902                 | 0.7 | \$ (1,414) | 21 |
| 6/30/2021                             | Significant Deficiencies in internal Control                            | 15 | \$ 31,320                 | 0.5 | \$ (4,276) | 21 |
| 6/30/2020                             | Significant Deficiencies in internal Control                            | 20 | \$ 29,810                 | 0.9 | \$ (2,594) | 57 |
| 01/01/2019 – 6/30/2049 (half year)    | Going Concern; doubt about the agency's ability to continue operations. | 9  | \$ 14,032 (6 months only) | 1.8 | \$ (1,560) | 29 |
| Total losses over the 4.5 year period |   |    |                           |     | \$ (4,939) |    |

Even though the most recent financial metrics for the agency qualifies it as a “low risk”, the BOCC rates this agency as a “Moderate Risk” due to its prior years financial instability. Moderate risk agencies are agencies that have good financial standing but have issue(s) that require monitoring to ensure containment.

*Please note: Historical financial results are a reliable indication of future results but are not a guarantee. Although it is a rare occurrence, an agency can change course dramatically during a single year.*

If you have any questions regarding this monitoring, please contact me at [wasim.samara@sfdph.org](mailto:wasim.samara@sfdph.org).

#### List of City Contracts with PRC:

| Department / Program                                | Contract Name / Description                               |
|---|---|
| Mayor's Office of Housing and Community Development | SSI For Families  |
| Mayor's Office of Housing and Community Development | Pre-Employment Program                                    |
| Mayor's Office of Housing and Community Development | Financial and Capital Asset Management Capacity Building  |
| Mayor's Office of Housing and Community Development | Critical Water Access Upgrade for Health and Hygiene      |
| Department of Public Health                         | HHS: Castro County Club-On the Job Training (#1000028537) |

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|---|--|
| Department of Public Health                         | HHS: HIV Work Re-entry srvs (#1000028537)  |
| Department of Public Health                         | CHEP: Frontline Workers Group (#1000002658)  |
| Department of Public Health                         | HHS: Castro County Club-LiftUp (#1000028537)   |
| Department of Public Health                         | HHS: Emergency Financial Assistance (#1000009024)  |
| Department of Public Health                         | HHS: Benefits Counseling/Equal Access to HealthCare Program (#1000010913)                  |
| Department of Public Health                         | HHS: Emergency Financial Assistance (#1000009024)  |
| Department of Public Health                         | HHS: Emergency Financial Assistance (#1000009024)  |
| Department of Public Health                         | HHS: Emergency Financial Assistance for Eviction Prevention (#1000009024)                  |
| Department of Public Health                         | CHEP: GTZ Employment SVs (#1000002521)   |
| Department of Public Health                         | HHS: Benefit Counseling Svs (#1000024911)  |
| Department of Public Health                         | HHS: EAHP/ Trainings/Benefit Counseling (#1000010913)                                      |
| Department of Public Health                         | MH-Adult: Benefits Counseling Program (#1000024911)  |
| Mayor's Office of Housing and Community Development | Leland House   |
| Office of Economic and Workforce Development        | Adult Workforce Services - Specialized Job Centers - Disability Services - First Amendment |
| Office of Economic and Workforce Development        | Funds to Support the Black Community - Industries of Opportunity - 1st Amendment           |

**List of City Contracts with Baker Places:**

| <b>Department / Program</b> | <b>Contract Name / Description</b>  |
|-----------------------------|---|
| Department of Public Health | SA-Adult: COBD (#1000009940)  |
| Department of Public Health | MH-Adult: Odyssey House (#1000009940)   |
| Department of Public Health | SA-Adult: Acceptance Place (#1000009940)  |
| Department of Public Health | SA-Adult: Ferguson Place (#1000021574)  |
| Department of Public Health | MH-Adult: Robertson Place (#1000009940)   |
| Department of Public Health | SA-Adult: Baker Supportive Living Program (BSLP) & Rent Subsidies (#1000021574) |
| Department of Public Health | MH-Adult: San Jose Place (#1000009940)  |

|                             |   |
|-----------------------------|---|
| Department of Public Health | MH-Adult: Baker Street House (#1000009940)                    |
| Department of Public Health | MH-Adult: Jo Ruffin Place (#1000009940)                       |
| Department of Public Health | MH-Adult: Grove Street House (#1000009940)                    |
| Department of Public Health | MH-Adult: AILP (Assisted Independent Living)<br>(#1000009940) |
| Department of Public Health | MH-Adult: 1156 Valencia Hummingbird Respite<br>(#1000017071)  |
| Department of Public Health | MH-Adult: Baker Places Hummingbird (#1000012788)              |
| Department of Public Health | SA-Adult: Joe Healy Medical Detox (#1000009940)               |