



San Francisco Department of Public Health

Grant Colfax, MD
Director of Health

City and County of San Francisco
London N. Breed
Mayor

MEMORANDUM

TO: San Francisco Board of Supervisors
FROM: Wasim Samara, CMA, Financial Analyst, Business Office of Contract Compliance
DATE: April 27, 2023
RE: Financial Analysis for Bayview Hunter’s Point Foundation for the Fiscal Years FY 14-15 to FY 19-20

List of the Agency’s Contracts:

<i>Department / Program</i>	<i>Contract Name / Description</i>
<i>Department of Public Health</i>	<i>SA-Adult: Jail Methadone Courtesy Dosing</i>
<i>Department of Public Health</i>	<i>SA-Adult: Methadone Maintenance</i>
<i>Department of Public Health</i>	<i>MH-Adult: Adult Behavioral Health</i>
<i>Department of Public Health</i>	<i>MH-Child: Children Outpatient</i>
<i>Department of Public Health</i>	<i>MH-Child: Dimensions LGBT Outpatient</i>
<i>Department of Public Health</i>	<i>MH-Child: School-based Centers (Balboa)</i>
<i>Department of Public Health</i>	<i>SA-Adult: Jelani Family Program</i>
<i>Department of Public Health</i>	<i>HPS: HIV Testing in a Methadone Program</i>
<i>Mayor's Office of Housing and Community Development</i>	<i>Acquisition & Accessibility on 5815 3rd Street</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>Arlington LOSP</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>Bayview Hill Gardens LOSP</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>Bayview VTC Support Services</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>Emergency Housing Vouchers, Rapid Rehousing, & Flexible Housing Subsidy Pool</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>Monterey Blvd. Apts LOSP</i>

<i>Department / Program</i>	<i>Contract Name / Description</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>SAFE Nav Center + TL ECMS + COVID Overflow Shelter</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>UCHS Bayview Drop-in</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>UCHS Hope House Support Services</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>UCHS Pier 94 SIP Site F</i>
<i>Department of Homelessness and Supportive Housing</i>	<i>UCHS Safe Sleep @ Jennings</i>

Dear San Francisco Board of Supervisors:

The 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 14-15 to FY 19-20.

General Assessment

The Agency has been facing financial challenges for several years. Material deficits appear as far back as FY 14-15. To mitigate the losses, the Department of Public Health grants the Agency cost reimbursement. However, when the Agency reverts back to Fee-For-Service, the losses start to increase again.

In recent years, Bayview Hunter’s Point Foundation has experienced a high turnover in its staffing and leadership roles, which further exacerbated the fiscal issues. In FY 18-19, the Agency’s cash reserves dropped to zero, and the external CPA auditors noted a “going concern” finding on the Agency’s financial statements, meaning the auditors had doubt the agency would be able to continue to operate. In the subsequent year, the Agency received a Paycheck Protection Program (PPP) loan that boosted its cash reserve and removed the Agency from the “going concern” status. Bayview Hunter’s Point Foundation also received Technical Assistance in March of 2022 through the Controller’s Office to assist in setting up policies and best practices to help the staff transition.

Bayview Hunter’s Point Foundation was placed on the Controller’s Office Elevated Concern list due to programmatic and invoicing issues with the Department of Homelessness and Supportive Housing. On 3/9/2023, the Agency reported in a joint meeting with Controller’s Office, Department of Homelessness and Supportive Housing and Department of Public Health, that it reached a critical point from a cash flow perspective and may not be able to meet the 3/22/2023 payroll. The Controller’s Office has outlined several areas that the Agency must work on, including financial sustainability, governance stability, and completing its overdue FY 20-21 financial audit.

To address these issues, there will be technical assistance offered through a financial consultant to assist the Agency. In addition, the Agency is working with the Department of Public Health to right

size its programs and create a sustainable path forward. The Agency has applied to the Employee Retention Credit with the IRS which will bring in a significant amount of cash and help the Agency stay afloat. These items will be followed up on through the Citywide Fiscal and Compliance Monitoring program and other workgroup meetings.

The table below lists some of the important financial metrics from the agency’s Audited Financial Statements by year.

Fiscal Year Ending in	Audit Findings Expressed by CPA auditors	Total Agency Expenses (in Thousands)	Working Capital Ratio	Risk In Meeting Short-term Obligation	Net Surplus/ (Deficit) for the FY (in Thousands)	Net Operating Cash Flow from Operations (in Thousands)	Days of Operating Cash Reserves
6/30/2020	<i>Deficiencies in Internal Control</i>	\$ 5,289	1.2	<i>Moderate</i>	\$ (102)	\$ 247	54
6/30/2019	<i>Going Concern</i>	\$ 5,234	0.8	<i>High</i>	\$ (244)	\$ (272)	-
6/30/2018	<i>None</i>	\$ 5,826	1.0	<i>Moderate</i>	\$ (168)	\$ (1,266)	22
6/30/2017	<i>None</i>	\$ 7,731	1.1	<i>Moderate</i>	\$ (1)	\$ 529	33
6/30/2016	<i>None</i>	\$ 8,150	1.2	<i>Moderate</i>	\$ (37)	\$ 49	11
6/30/2015	<i>None</i>	\$ 8,090	1.2	<i>Moderate</i>	\$ (323)	\$ (3)	10
Total for the 6 Years:					\$ (875)	\$ (716)	

The BOCC rates this agency as a “high risk” agency. High risk agencies are agencies experiencing financial issues and require assistance and attention from DPH.

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.