



County of Los Angeles

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

510 S. Vermont Avenue, Los Angeles, California 90020

(213) 351-5602

BRANDON T. NICHOLS
Director

JENNIE FERIA
Chief Deputy Director

LISA E. MANDEL
Acting Chief Deputy Director

Board of Supervisors

HILDA L. SOLIS

First District

HOLLY J. MITCHELL

Second District

LINDSEY P. HORVATH

Third District

JANICE HAHN

Fourth District

KATHRYN BARGER

Fifth District

September 23, 2025

To: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Janice Hahn

Cynthia May Miller for
From: Brandon T. Nichols, Director

THERE IS HOPE FISCAL DESK REVIEW

REVIEW OF REPORT

The Department of Children and Family Services (DCFS) Contract Compliance Division (CCD) conducted a Fiscal Desk Review of There is Hope (the Contractor) in May 2025. This Contractor provides Foster Family Agency (FFA) and Intensive Services Foster Care FFA for Children with Serious Emotional and Behavioral Needs Services. The Contractor is headquartered in San Bernardino County.

Key Outcomes

NUMBER OF PRIORITY FINDINGS
PRIORITY 1 2
PRIORITY 2 0
PRIORITY 3 0

The CCD conducted a Fiscal Desk Review of the Contractor's financial records (Financial Overview), which consisted of the following: financial statements; IRS Tax Transcripts, Board of Directors Listing, Board Meeting Minutes and 501(c)(3) letter.

"To Enrich Lives Through Effective and Caring Service"

The CCD identified two potential internal control weaknesses in the following areas:

Priority 1

- Financial Overview (2 Findings)
 - The Contractor had an operating loss of (\$147,540) noted in their Audited Financial Statements ending December 31, 2023, with a calculated current ratio of 0.48.
 - The Contractor had a negative net assets amount of (\$40,827) noted on the Audited Financial Statements ending December 30, 2023.

On May 14, 2025, DCFS' CCD Financial Specialist IV held an exit conference with the Contractor's Executive Director and Accounting Manager. The Contractor's representatives agreed with the review findings and recommendations, and were receptive to implementing systemic changes to improve compliance with regulatory standards. The Contractor agreed to address the noted potential internal control weaknesses in a Fiscal Corrective Action Plan (FCAP).

The Contractor provided the attached approved FCAP addressing the recommendations noted in this report.

If you have any questions, your staff may contact me or Aldo Marin, Board Relations Manager, at (213) 371-6052.

BTN:JF:CMM
RW:DF:jj

Attachments

c: Fesia Davenport, Chief Executive Officer
Oscar Valdez, Auditor-Controller
Guillermo Viera Rosa, Chief Probation Officer
Public Information Office
Audit Committee
Maysoun Fakhoury, Chief Executive Officer
Kellee Coleman, Assist Program Administrator, CCLD
Monique Marshall-Turner, Regional Manager, CCLD
Bernice Karnsrithong, Regional Manager, CCLD
Celeste M. Fitchett, Bureau Chief, Performance and Fiscal Audits, California Department of Social Services



June 20, 2025

██████████ Fiscal Compliance Administrator
Department of Children and Family Services
510 South Vermont 14th Floor
Los Angeles, CA 90020

CORRECTIVE ACTION PLAN

Dear ██████████

There is Hope Foster Family Agency respectfully submits the following corrective action plan for the year ending December 31, 2023.

Finding: Operating Loss and Financial Ratio

Condition: The Agency's audited financial statements for the year ending December 31, 2023, reported an operating loss of \$147,540 and a current ratio of 0.48. These financial metrics indicate a short-term liquidity risk.

Cause: We acknowledge the unfavorable current ratio as of December 31, 2023. A significant portion of our current liabilities during that period were due to operating lease liabilities. These leases will terminate on June 30, 2025. With the liabilities concluded, we expect our current ratio to improve in subsequent reporting periods.

Plan: Effective June 25, 2025, to avoid the recurrence of this issue, the CEO and Board are reviewing all future lease agreements with the goal of structuring them as short-term (12 months or less) where feasible, in order to minimize recorded lease liabilities under current GAAP treatment. This strategy will improve both liquidity ratios and financial flexibility.

Additionally, on June 30, 2025, the UAC program, a cost reimbursement contract which contributed to revenue delays, is ending. Effective June 30, 2025, the CEO and Program Director will facilitate the administrative closeout of the program. After which, reimbursements will be finalized which will reduce pressure on liquidity.

Finding: Negative Net Assets

Condition: The Agency reported negative net assets totaling \$40,827 as of December 31, 2023, suggesting that liabilities exceed total assets.

Cause: The loss in 2023 was largely due to timing and funding structure in the Office of Refugee Resettlement (ORR) program, which operates on a cost-reimbursement basis. The funding cycle led to revenue-recognition lags that temporarily inflated expenses ahead of reimbursements by about \$96,000. This program is expected to end June 30, 2025, and all remaining reimbursements are expected to be received shortly thereafter.

Plan: On June 30, 2025, the UAC program, a cost reimbursement contract which contributed to revenue delays, is ending. Effective June 30, 2025, the CEO and Program Director will facilitate the administrative closeout of the program. The remaining reimbursements will reverse the temporary net asset deficit.

Sincerely,

A large black rectangular redaction box covering the signature area.

 Executive Director