



County of Los Angeles

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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October 10, 2025

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

From: Brandon T. Nichols,
Director

HANNA'S HOUSE DBA HANNAH'S CHILDREN'S HOMES FISCAL DESK REVIEW

REVIEW OF REPORT

The Department of Children and Family Services (DCFS) Contract Compliance Division (CCD) conducted a Fiscal Desk Review of Hanna's House Doing Business As Hannah's Children's Homes (Contractor) in April 2025. The Contractor provides Foster Family Agency services. The Contractor is headquartered in the Fourth Supervisorial District.

Key Outcomes

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

"To Enrich Lives Through Effective and Caring Service"

The CCD conducted a Fiscal Desk Review which consisted of reviewing the following: financial statements; Internal Revenue Service Tax Transcripts, Board of Directors Listing, Board Meeting Minutes, and 501c3 letter.

The CCD identified a potential internal control weakness in the following area:

Priority 1

The Contractor had an operating loss of \$76,540 in their Audited Financial Statement ending December 31, 2023, with a calculated current ratio of 0.37.

On May 8, 2025, DCFS CCD Financial Specialist IV held an exit conference with the Contractor's Executive Director and Administrative Assistant. 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:LM:RT
KR:DF:jj

Attachments

- c: Fesia Davenport, Chief Executive Officer
Oscar Valdez, Auditor-Controller
Guillermo Viera Rosa, Chief Probation Officer
Public Information Office
Audit Committee
Connie Franks, Chief Executive Officer, Hanna's House
Kellee Coleman, Assist Program Administrator, Community Care Licensing Division (CCLD)
Monique Turner-Marshall, Regional Manager, CCLD
Bernice Karnsrithong, Regional Manager, CCLD
Celeste M. Fitchett, Bureau Chief, Performance and Fiscal Audits, California Department of Social Services

**LOS ANGELES COUNTY
HANNAH'S HOUSE (FCLTE)
Corrective Action Plan
2024
Financial Overview**



3. Contractor Loss

3.1 Did the Contractor incur a loss from operations during the reporting period? (Using the most recent Audited Financial Statements (AFS) subtract total expenditures from total revenue. If amount is negative then the Contractor is operating at a loss.)

Facility



Site

1. Explain the Cause.

Hannas House had an operating loss due to the increase of insurance policies cost, including Workers' Compensation, General Liability, and Foster Parent Liability and rise of expenses of equipment leases. In addition due to the decrease of families who will not take placements of older children and teens. Hannas House also had a loss of Resource Parents as of the result of the COVID crisis.

2. Corrective Action Taken.

Cost Reduction Measures (Effective Q4 2025) We are soliciting competitive bids for all major insurance policies, including Workers' Compensation, General Liability, and Foster Parent Liability, to significantly reduce premium costs. Simultaneously, we are renegotiating or replacing existing copier leases and internet service contracts to secure lower monthly rates. Timeline: Vendor quotes to be finalized and new agreements executed no later than October 31, 2025. Responsible Party: Chief Executive Officer, Connie Franks
Revenue Growth Through Foster Home Expansion (Ongoing - Monthly Tracking) We have engaged recruiters to target and onboard new resource families who are open to placements of older children and teens—placement types that have historically faced higher resistance. This targeted recruitment strategy is already underway and designed to increase both bed capacity and placement utilization, thereby improving revenue. Timeline: Initial batch of new homes to be certified and placement-ready by October 30, 2025, with monthly onboarding goals tracked thereafter. Responsible Party: Chief Operating Officer, Aaliyah Rajasingam
Launch of New Revenue-Generating Programs (Q3-Q4 2025) Hanna's House is also expanding its programming to diversify revenue streams. One example is the Orange County TECH Homes Program, a short-term transitional placement service for youth awaiting kinship placements. This program increases per-placement revenue due to its elevated reimbursement rate and will operate through our existing resource home network. Timeline: Program launch is scheduled for Q3 2025, with placements expected to begin by September 2025. Responsible Party: Program Director, Armando Juarez

3. Explain what the Quality Assurance (QA) Plan is to maintain Compliance.

Oversight of the FCAP implementation will be led by Program Director, Armando Juarez, with biweekly reporting to the CEO and quarterly reviews by the Board of Directors. Documentation verifying new insurance contracts, cost-saving vendor agreements, foster home certifications, and TECH program placements will be maintained and made available upon request.