

# **Baker Places, Inc.**

## Repayment and Purchase/Sale Agreements

SF Board of Supervisors Budget and Finance Committee  
March 27, 2024

Chuan Teng, CEO

# Repayment Agreement Goals



Remain **accountable** and  
pay the City back



**Maintain 200+ residential  
treatment beds** without  
disruption

# What We Do & Who We Serve

**Behavioral Health Treatment & Housing** for people with mental illness and substance use disorders through social rehabilitation.



**30+** locations across SF

## Our clients are:

- **55%** HIV positive
- **56%** LGBTQ+
- **51%** Age 50+
- **24%** African American
- **57%** Unhoused or marginally housed
- **100%** Low-income



Serve **1,000** people per year through residential treatment + supportive housing



Host **1,600** drop-ins per year for meals, showers, laundry, & linkage

# What Caused Baker's Financial Situation?

- Full cost of services exceeded City contract values
- Gap between the recovery of administrative expenses and actual expenses
- Insufficient financial staff capacity to promptly invoice and update budgets
- Rapid organizational growth and reliance on outdated practices that resulted in audit findings

# Organizational Progress Towards Stability

- New leadership (CEO, COO, CFO)
- Adjusted contracts with DPH where expenses exceeded values
- Completed program restructuring and cut costs
- Established an operating reserve to avoid need for contract advances
- Filled staffing vacancies in critical finance roles
- Updated financial practices and resolved audit findings
- Developed a financial sustainability plan including a debt repayment proposal

# Ensuring Future Success

- Diversifying revenue streams
- Establishing a negotiated federal indirect rate
- Enhancing quality assurance and contract compliance to ensure accountability
- Strengthening governance through board expansion, including strong fiscal committee
- Resolving and fully repaying City debt

**Baker Places seeks to pay the City back, maintain 200+ residential treatment beds, and deliver innovative programs and services to address mental health illness and substance use disorder.**