

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)  
MEDI-CAL BRIDGE LOAN PROGRAM OF 2010**

<b>Applicant:</b>	Lyon-Martin Women's Health Services, Inc. (the "Borrower")	<b>Amount Requested:</b>	Not to exceed \$345,000
<b>Applicant Address:</b>	1748 Market Street Ste 201 San Francisco, CA 94102	<b>Date Requested:</b>	September 30, 2010
<b>Facility Type:</b>	Community Clinic	<b>Resolution Number:</b>	2010-22
<b>Prior Borrower:</b>	No	<b>Loan Term:</b>	No later than 45 days following the enactment of a 2010-2011 budget by the State of California

**Background of Financing:** Many non-profit health facilities are facing significant and potentially debilitating financial burdens associated with the State of California's current budget impasse and consequential delayed Medi-Cal reimbursements. Borrowers seek funding to bridge this financial gap to help maintain vital health services for its communities until such time as the budget is passed.

**Purpose:** Loan proceeds will be used to offset Medi-Cal reimbursement delays due to the State's budget impasse.

**Financial Overview:** The Borrower's FY 2009 debt service coverage ratio of (24.44)x is below CHFFA's target ratio of 1.10x. This financing is expected to help sustain the Borrower's daily operations until the State budget passes.

Over the review period, the Borrower appears to have experienced an increase in patient growth as a result of extending services to additional populations. This patient growth has affected the Borrower's financial position inasmuch as it requires additional expenses. Expenses, including payroll, staff recruitment and retention, clinic supplies, have increased approximately 116% over the review period. The economic downturn has made it difficult for the Borrower to receive continued government grant funding as well as fundraising support to sustain these extra expenses. In order to maintain their current cash flow requirements, the Borrower took out a commercial loan, which explains their increase in liabilities. In FY 2010 the Borrower hired a newly created position of Finance Director, who will monitor, maintain and improve the Borrower's financial position. The Borrower reports that since the hiring of the Finance Director, they have improved their timing of processing their monthly billings to third-party payors, which had been a problem for some time. The Borrower's 8-month interim financials appear to reflect improvements as a result of the hiring of the Finance Director.

- Financing Structure:**
- The entire loan balance shall be repaid in full no later than 45 days following the enactment of a 2010-2011 budget by the State of California.
  - Loan proceeds are to be disbursed on an as-needed basis in a total amount not to exceed the facility's third-party-approved Medi-Cal claims.
  - Loan origination fee of 1.25%.
  - 0% fixed interest rate.
  - Corporate gross revenue pledge.
  - Department of Health Care Services interception of Medi-Cal reimbursements to ensure repayment upon enactment of 2010-2011 State budget.

- Due Diligence:**
- Due diligence of the following items has been completed or will be completed prior to closing:
- Religious Due Diligence
  - Legal Review
  - Community Service Obligation
  - CEQA/Seismic/Pass through (Not required)

**Staff Recommendation:** Staff recommends the Authority approve Resolution Number 2010-22 in an amount not to exceed \$345,000 for Lyon-Martin Women's Health Services, Inc., including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority.

**Lyon-Martin Women's Health Services**  
**Statement of Activities**  
**(Unrestricted)**

	For the Year Ended December 31,		
	2009	2008	2007
<b>Support &amp; Revenues</b>			
Support:			
Foundation & community grants	\$ 294,195	\$ 481,556	\$ 284,249
Donation & contributions	38,683	43,017	37,899
Fundraising	18,588	53,056	45,159
<b>TOTAL SUPPORT</b>	<u>351,466</u>	<u>577,629</u>	<u>367,307</u>
Revenues:			
Clinic fees	1,249,035	1,009,916	342,555
Other income	4,719	2,099	768
In-kind contributions	1,064	228	1,231
Net assets released from restrictions	293,273	399,024	668,055
<b>TOTAL REVENUES</b>	<u>1,548,091</u>	<u>1,411,267</u>	<u>1,012,609</u>
<b>TOTAL SUPPORT &amp; REVENUE</b>	<u>1,899,557</u>	<u>1,988,896</u>	<u>1,379,916</u>
<b>Expenses</b>			
Payroll & benefits	1,355,248	817,031	685,619
Bad debt expense	533,395	353,899	33,272
Clinic supplies	136,526	86,247	63,351
Facility rent	73,700	80,400	87,100
Contract services	68,514	181,153	70,948
Depreciation	66,408	48,881	59,285
Communication & postage	28,460	18,867	13,006
Bank fees & interest	19,236	3,136	3,229
Insurance	17,418	13,616	11,239
Travel & education	16,405	1,014	3,468
Maintenance & repairs	10,166	24,844	13,678
Equipment rental	9,169	1,185	10,662
Staff recruitment & retention	9,025	5,068	5,321
Supplies	8,443	4,133	12,975
Special events	6,578	15,765	15,303
Dues/subscriptions/licences	5,055	2,780	2,066
Other operating costs	0	0	5,516
<b>TOTAL EXPENSES</b>	<u>2,363,746</u>	<u>1,658,019</u>	<u>1,096,038</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	(464,189)	330,877	283,878
<b>Unrestricted Net Assets, beginning of year</b>	<u>831,462</u>	<u>500,585</u>	<u>216,707</u>
<b>Unrestricted Net Assets, end of year</b>	<u>\$ 367,273</u>	<u>\$ 831,462</u>	<u>\$ 500,585</u>

**Lyon-Martin Women's Health Services**  
**Financial Position**

	As of December 31,		
	2009	2008	2007
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 83,321	\$ 49,733	\$ 71,192
Contracts/grant receivable	980,142	803,197	329,577
Other receivables	3,035	-	-
Prepaid expenses	22,523	14,970	13,415
Total current assets	<u>1,089,021</u>	<u>867,900</u>	<u>414,184</u>
Fixed assets:			
Furniture & equipment	221,959	177,815	176,671
Leasehold improvements	327,784	341,521	341,521
Total fixed assets	<u>549,743</u>	<u>519,336</u>	<u>518,192</u>
Less: accumulated depreciation	(452,245)	(385,837)	(336,957)
Net fixed assets	<u>97,498</u>	<u>133,499</u>	<u>181,235</u>
Other net assets:			
Deposits	8,140	8,140	8,752
<b>TOTAL ASSETS</b>	<u><u>\$ 1,194,659</u></u>	<u><u>\$ 1,009,539</u></u>	<u><u>\$ 604,171</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities:			
Current portion of capital lease obligation	6,742	-	-
Current portion of note payable	55,862	-	-
Accounts payable	107,157	105,377	67,625
Accrued payroll & benefits	98,880	57,667	35,961
Deferred revenue	-	15,033	-
Total current liabilities	<u>268,641</u>	<u>178,077</u>	<u>103,586</u>
Non-current liabilities:			
Capital lease obligation	14,607	-	-
Note payable	544,138	-	-
Total non-current liabilities	<u>558,745</u>	<u>-</u>	<u>-</u>
Net assets:			
Unrestricted	<u>367,273</u>	<u>831,462</u>	<u>500,585</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,194,659</u></u>	<u><u>\$ 1,009,539</u></u>	<u><u>\$ 604,171</u></u>
Financial Ratios:			
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt service coverage (x)	(24.19)	NA*	NA*
Debt/Unrestricted Net Assets (x)	1.52	NA*	NA*
Margin (%)	(24.44)	16.64	20.57
Current Ratio (x)	4.05	4.87	4.00

\*Not applicable, as the Borrower had no long-term debt in FY 2007 and FY 2008.

**Exhibit A**

**Patients Served:**

**UTILIZATION STATISTICS**

**Clients Served (Patient Visits) for Fiscal Year Ended January 31,**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Totals</b>	2,409 (11,154)	2,078 (8,208)	1,700 (6,653)