

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

Applicant:	St. Barnabas Senior Center of Los Angeles (the "Borrower")	Amount Requested:	Not to exceed \$90,000
Applicant Address:	675 S. Carondelet Street Los Angeles, CA 90057 Los Angeles Countv	Date Requested:	September 30, 2010
Facility Type:	Adult Day Health Care	Resolution Number:	2010-24
Prior Borrower:	No	Loan Term:	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:	<p>The Borrower's FY 2009 debt service coverage ratio of (1.81)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.</p> <p>The FY 2009 <u>audited financials</u> exhibit a (\$625,000) change in net assets, as revenues declined significantly. Specifically, the Borrower reports that government service contracts and grants/contributions declined due to the economy. The Borrower implemented a comprehensive "Budget Action Plan" in February 2009 which, according to the Borrower, reduced expenses by implementing a two day per month furlough (reduced October 2009 to a one day per month furlough). The Borrower also implemented a hiring freeze, reduced supply expenses and limited subsidized daily meals at one site, due to an inability to recover costs.</p> <p>The FY 2010 <u>unaudited financials</u> ending 6/30/10, exhibit an \$82,221 positive change in net assets. Revenues increased by approximately \$400,000 (14.8%) and expenses decreased by approximately \$270,000 (7.3%). Government and program fees increased by \$300,000 and contributions by \$500,000. The prior CEO dually operated as the development officer, but was unable to dedicate enough time to that task. As a result, the Borrower hired a full-time development director in 2009.</p>		
Financing Structure:	<ul style="list-style-type: none"> ▪ 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 passage of 2010-2011 State budget. 		
Due Diligence:	<p>Due diligence of the following items has been completed or will be completed prior to closing:</p> <ul style="list-style-type: none"> ▪ Religious Due Diligence ▪ Legal Review ▪ Community Service Obligation ▪ CEQA/Seismic/Pass through (Not required) 		
Staff Recommendation:	Staff recommends the Authority approve Resolution Number 2010-24 in an amount not to exceed \$90,000 for St. Barnabas Senior Center of Los Angeles, including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority.		

St. Barnabas Senior Center of Los Angeles

Statement of Activities

(Unrestricted)

	For the Year Ended June 30,		
	2,009	2,008	2,007
Unrestricted Revenue:			
Governmental service contracts	\$ 1,407,504	\$ 2,034,869	\$ 1,853,100
Program service fees	843,417	433,969	494,467
Grants and contributions	296,433	373,869	423,391
In-kind contributions	310,558	216,012	236,882
Interest income	3,216	394	1,356
Rental income	17,450	14,000	-
Other	2,217	3,003	8,061
Gain (loss) on investments	(2,728)	(985)	1,623
Contract settlements	(6,976)	25,920	(43,534)
Fundraising	8,215	13,174	250
Restrictions released	<u>107,759</u>	<u>189,739</u>	<u>226,104</u>
Total unrestricted revenue	<u>2,987,065</u>	<u>3,303,964</u>	<u>3,201,700</u>
Unrestricted expenses:			
Salaries and benefits	1,536,543	1,712,610	1,627,896
Food costs	887,950	800,464	827,942
In-kind services	300,028	216,011	236,882
Outside services	197,124	216,712	221,422
Interest expenses	153,276	41,006	39,333
Auto expense	69,441	71,043	65,085
Utilities	64,615	53,961	49,970
Repairs	63,347	36,329	71,023
Supplies	43,887	42,718	40,441
Insurance	34,122	44,138	39,164
Audit and accounting	32,282	58,763	21,925
Telephone	22,700	23,467	24,101
Conferences, meetings and travel	20,270	9,669	7,577
Rent	11,400	11,400	11,650
Taxes and licenses	11,186	15,822	12,142
Postage and printing	5,139	7,613	6,107
Misc. expenses	3,975	18,004	23,028
Bank fees	3,334	33,791	8,335
Dues and subscriptions	1,745	5,039	6,429
Computer expense	-	5,986	3,000
Equipment	-	85,910	70,616
<u>Grant expense</u>	<u>-</u>	<u>3,075</u>	<u>14,809</u>
	3,462,364	3,513,531	3,428,877
Depreciation	<u>150,075</u>	<u>172,172</u>	<u>156,721</u>
Total unrestricted expenses	<u>3,612,439</u>	<u>3,685,703</u>	<u>3,585,598</u>
Change in net assets	(625,374)	(381,739)	(383,898)
Unrestricted net assets, beginning of year	<u>1,317,126</u>	<u>1,698,865</u>	<u>2,082,763</u>
Unrestricted net assets, end of year	<u>691,752</u>	<u>1,317,126</u>	<u>1,698,865</u>

St. Barnabas Senior Center of Los Angeles
Financial Position

	As of June 30,		
	2009	2008	2007
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 98,074	\$ 36,466	\$ 81,341
Contracts receivable	213,249	273,594	147,252
Pledges and other receivables	625	998	-
Deposits and prepaid expenses	130,621	78,366	10,322
Investments	12,306	15,768	25,253
Total current assets	454,875	405,192	264,168
 Property and equipment	 2,467,727	 2,608,200	 2,780,371
Total assets	\$ 2,922,602	\$ 3,013,392	\$ 3,044,539
 LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	244,498	49,650	333,715
Accrued payroll and related liabilities	79,195	90,585	109,910
Government-owned assets	50,000	50,000	50,000
Total current liabilities	373,693	190,235	493,625
 Mortgages Payable	 1,640,724	 1,261,399	 420,318
Total liabilities	2,014,417	1,451,634	913,943
 NET ASSETS:			
Unrestricted	691,752	1,317,126	1,698,865
Temporarily restricted	137,872	166,431	356,170
Permanently restricted	78,561	78,561	78,561
Net assets	908,185	1,562,118	2,133,596
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,922,602	 \$ 3,013,752	 \$ 3,047,539
 Financial Ratios:			
	2009	2008	2007
Debt service coverage (x)	(1.81)	(3.36)	(4.01)
Debt/Unrestricted Net Assets (x)	2.16	1.37	0.54
Margin (%)	-20.94%	-11.55%	-11.99%
Current Ratio (x)	1.22	2.13	0.54

Exhibit A

Patients Served:

UTILIZATION STATISTICS

Clients Served (Patient Visits) for Fiscal Year Ended June 30,

	2009	2008	2007
Totals	77 (5,832)	85 (6,671)	76 (6,531)