

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
THE HELP II PROGRAM
EXECUTIVE SUMMARY**

Applicant:	Chico Feminist Women's Health Center dba Women's Health Specialists (WHS) 1469 Humboldt Road, Suite 200 Chico, CA 95928 Butte County	Amount Requested:	\$200,000
		Requested Loan Term:	5 years
		Date Requested:	July 26, 2007
		Resolution Number:	HII-202
Project Sites:	Women's Health Specialists, 1469 Humboldt Road, Suite 200, Chico, CA 95928		
Facility Type:	Community Clinic		
Background: WHS was established as a community clinic in 1975 by nine women to advocate, promote, and protect reproductive rights for all women. Approximately 80% of WHS clients use Medi-Cal or Family PACT, 10% have health insurance, and 10% are uninsured. WHS clinics serve women and men from 26 counties in Northern California and served 29,035 patients in 2006.			
Uses of Loan Proceeds: Loan proceeds will be used to purchase information technology to streamline patient intake, billing, case management, and reporting, which will increase capacity to expand services and enable electronic medical records as a result.			
Type of Issue:		HELP II Loan	
Prior HELP II Borrower:		Yes	
Payments Status:		Current (as of June 1, 2007 loan balance was \$203,806).	
Financial Overview: WHS's income statement reflects strong operating performance for fiscal years 2004 through 2006. WHS is experiencing strong demand for its services, with patient visits increasing approximately 29% during this period. WHS has maintained a healthy balance sheet over the last three fiscal years.			
<u>Sources of Funds</u>		<u>Uses of Funds</u>	
HELP II Loan	\$200,000	Purchase equipment	\$207,500
Borrower Funds	<u>10,000</u>	Loan Fees	<u>2,500</u>
Total Sources	<u>\$210,000</u>	Total Uses	<u>\$210,000</u>
Legal Review: No information was disclosed to question the financial viability or legal integrity of the Applicant.			
Staff Recommendation: Staff recommends the Authority approve a resolution for a HELP II loan in an amount not to exceed \$200,000 for a term not to exceed 5 years for Chico Feminist Women's Health Center dba Women's Health Specialists and financing terms acceptable to the Authority.			

**STAFF SUMMARY
Women’s Health Specialists
 (“WHS”)**

July 26, 2007

Resolution Number: HII-202

I. PURPOSE OF FINANCING: WHS proposes to use HELP II funds and internal funds to purchase an electronic practice management system with the goal of increasing patient volume and grant funding capacity. The new system will improve administration efficiency, as well as streamline patient intake, billing, case management, and reporting.

Purchase Equipment **\$ 207,500**

The electronic practice management systems will enhance and upgrade the existing network and eliminate downtime due to the existing outdated computer systems. The proposed electronic practice management system will allow increased capacity by upgrading the administrative ability of WHS to see more patients.

Authority Fees **2,500**

Total Uses of Funds **\$ 210,000**

Financing structure and terms:

- Five-year fully amortized loan term in the amount of \$200,000
- 60 equal monthly payments of approximately \$3,594 (total annual payments of \$43,128).
- Total interest payments of approximately \$15,624 over the life of the loan.
- First lien on corporate gross revenue.
- UCC-1 lien on equipment.

II. FINANCIAL STATEMENTS AND ANALYSIS

Women's Health Specialists Statement of Activities (Unrestricted)

	For the year ended December 31		
	2006	2005	2004
<u>REVENUE</u>			
Clinic fees	\$ 6,033,023	\$ 5,740,606	\$ 5,014,447
Grants	268,275	144,830	42,625
Donations	58,222	46,041	42,467
FNR/ ACNC*	50,330	46,727	37,820
Other	32,895	28,895	20,024
Total revenues	<u>6,442,745</u>	<u>6,007,099</u>	<u>5,157,383</u>
<u>EXPENSES</u>			
Payroll and Employee Benefits	2,898,440	2,808,919	2,457,618
Clinic operations	1,147,769	1,125,770	933,501
Rent and Utilities	519,585	444,900	377,309
Physicians fees and travel	375,739	404,940	328,973
Payroll Tax	245,353	214,849	183,896
Office Expense, literature, printing and postage	208,269	152,587	138,349
Advertising, public relations, and outreach	119,713	57,348	62,994
Insurance	85,519	130,383	207,794
Depreciation	67,250	40,359	29,832
Bank charges	41,764	25,141	26,941
Fundraising	37,425	16,435	-
Legal and accounting	32,419	51,673	31,049
Uncompensated Care	32,156	57,839	389,685
Consulting and administration	30,812	13,870	44,026
FNR/ACNC	24,666	23,545	31,453
Conferences and events	9,719	61,584	36,605
CHFFA Grant	6,813	-	-
Miscellaneous	2,307	-	30,665
Total expenses	<u>5,885,718</u>	<u>5,630,142</u>	<u>5,310,690</u>
Change in unrestricted net assets	557,027	376,957	(153,307)
Unrestricted net assets at beginning of year	977,754	600,797	754,104
Unrestricted net assets end of year	<u>\$ 1,534,781</u>	<u>\$ 977,754</u>	<u>\$ 600,797</u>

* FNR stands for Far Northern Regional which was a grant received to educate the community on reproductive health. ACNC stands for Adoption Choice of Northern California which provides consultive services to birth and adoptive parents.

**Women's Health Specialists
Statement of Financial Position**

	As of December 31		
	2006	2005	2004
<u>Assets</u>			
Current Assets:			
Cash	\$ 774,459	\$ 702,329	\$ 175,193
Accounts Receivable	499,727	323,214	366,935
Medical Inventory	18,888	71,615	67,183
Prepaid and deposits	84,508	19,489	18,735
Total Current Assets	<u>1,377,582</u>	<u>1,116,647</u>	<u>628,046</u>
Equipment/Furnishings, net	396,210	177,735	146,248
Total Assets	<u>\$ 1,773,792</u>	<u>\$ 1,294,382</u>	<u>\$ 774,294</u>
<u>Liabilities & Net Assets</u>			
Current Liabilities:			
Prepaid grant	\$ 70,000	\$ 140,000	\$ -
Accounts payable	110,133	103,296	117,408
Payroll tax payable	10,889	10,562	10,761
Current portion long-term debt	12,911	15,711	9,201
Total Current Liabilities	<u>203,933</u>	<u>269,569</u>	<u>137,370</u>
Notes payable	35,078	47,059	36,127
Total Liabilities	<u>239,011</u>	<u>316,628</u>	<u>173,497</u>
Unrestricted net assets	1,534,781	977,754	600,797
Total Liabilities & Net Assets	<u>\$ 1,773,792</u>	<u>\$ 1,294,382</u>	<u>\$ 774,294</u>

Financial Ratios:

**Proforma (a)
12/31/2006**

Debt Service Coverage (x)	<u>5.91</u>	37.25	24.80	(10.27)
Debt/Unrestricted Net Assets (x)	0.30	0.03	0.06	0.08
Margin (%)		8.65	6.28	(2.97)
Current Ratio (x)		6.76	4.14	4.57

(a) Recalculates 2006 audited results to include the impact of this proposed financing. Proforma debt figures also reflect previous HELP II loan funded January 2007 in the amount of \$213,750..

Financial Discussion:

WHS's income statement reflects strong operating performance for fiscal years 2004 through 2006. WHS is experiencing strong demand for its services, with patient visits increasing approximately 29% during this period.

During fiscal year 2006, WHS reported strong operating results, with an increase in unrestricted net assets of \$557,000. Grant revenue has increased a second year in a row. WHS has experienced strong demand for its services, as exhibited by a 9% increase in patient visits from the previous fiscal year.

During fiscal year 2005, WHS posted an increase in unrestricted net assets of \$377,000. Grant revenue was higher due to a grant received from California Wellness Foundation. Total revenues increased by 16%, primarily due to an increase in patient visits/clinic fees, which increased by 14%. WHS operational expenses also increased accordingly.

During fiscal year 2004, WHS reported a decrease in unrestricted net assets of \$153,000. The loss primarily relates to a one-time write-off of five years worth of uncollectible accounts receivable totaling approximately \$288,000. This was included with other uncompensated care expenses. Excluding this one-time expense, WHS would have posted an increase in unrestricted net assets of \$135,000.

WHS has maintained a healthy balance sheet over the last three fiscal years.

During fiscal year 2006, WHS exhibits solid liquidity with a 6.76x current ratio, supported by significant cash/cash equivalents of \$774,000. WHS currently has minimal long-term debt, with a debt to unrestricted net assets ratio of .03x and a very strong debt service coverage ratio of 37.25x. Reflecting the proposed financing and the previous HELP II loan for \$213,750, WHS debt to unrestricted net assets ratio will be a modest .30x, along with a strong debt service coverage ratio 5.91x, indicating their ability to repay the proposed HELP II loan.

III. UTILIZATION STATISTICS

Client Served / (Patient Visits) Fiscal Year Ended June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Totals	23,949 / (46,556)	26,535 / (55,044)	29,035 / (60,047)

IV. ORGANIZATION:

Background:

The Chico Feminist Women's Health Center, dba Women's Health Specialists (WHS) was established as a community clinic in 1975 by nine women to advocate, promote, and protect reproductive rights for all women. WHS operates seven clinic sites located in Chico, Redding, Sacramento, Santa Rosa, Grass Valley, and Petaluma.

Approximately 80% of WHS clients use Medi-Cal or Family PACT, 10% have health insurance, and 10% are uninsured. WHS clinics serve women and men from 26 counties in Northern California and served 29,035 patients in 2006. Patient volume has increased by 29% during the last 3 years.

WHS operates a wide array of programs in support of its mission to give women control over gynecological health and reproductive choices: Well Woman Health Care, Health Education Program, Family Planning Services, Comprehensive Abortion Care, Breast Cancer Early Detection Program, Women's Health and Information Line, Menopause Services, Fertility Health Services, Adoption Choices of America, and Community Education. Also, WHS has authored three books on women's health.

Licenses:

WHS is licensed by the State Department of Health Services as a Community Clinic.

V. OUTSTANDING DEBT

Description	Original Amount	Amount Outstanding as of 12/31/2006*	Estimated Amount Outstanding After Proposed Loan
Existing:			
County of Sacramento (bridge loan), 8/98	\$175,000	\$23,213	\$23,213
Equipment Lease I, 6/03	38,647	23,568	23,568
Equipment Lease II, 2/04	8,544	1,208	1,208
CHFFA HELP II Loan, 2006**	213,750		203,806
Proposed:			
CHFFA HELP II Loan, 2007			200,000
TOTAL DEBT		\$47,989	\$451,795

* Includes current portion of long-term debt.

** CHFFA HELP II Loan was funded January 2007

VI. DUE DILIGENCE:

Due diligence has been completed with regard to the following items:

- Section 15438.5 of the Act (Savings Pass Through) WHS has provided a description of its pass through in Exhibit A.
- Section 15459.1 of the Act (Community Service Requirement): WHS has executed this certification indicating that Medi-Cal and Medicare patients are accepted. A copy of the certification is provided as Exhibit B.
- Religious Due Diligence
- Legal Review

X. STAFF RECOMMENDATION:

Staff recommends the Authority approve a resolution for a HELP II loan in an amount not to exceed \$200,000 for a term not to exceed 5 years for Chico Feminist Women’s Health Center dba Women’s Health Specialists and financing terms acceptable to the Authority.