

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)**

**FUNDING SUMMARY**

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<b>Applicant:</b>	Glenn Medical Center ("Glenn")	<b>Amount Requested:</b>	Not to exceed \$750,000 *
<b>Applicant Address:</b>	1133 W. Sycamore St. Willows, CA 95988 Glenn County	<b>Resolution Number:</b>	2008-14
<b>Date Requested:</b>	July 10, 2008	<b>Loan Term:</b>	No later than 45 days following the adoption of a 2008-2009 budget by the State of California

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<b>Background of Financing:</b>	Many rural hospitals are facing unanticipated and staggering financial burdens associated with the anticipated State budget impasse and delayed Medi-Cal reimbursements; hence they are not receiving their regular Medi-Cal reimbursements. Consequently, Glenn is seeking funding to bridge this financial gap in order to finance vital health services for its communities.
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<b>Purpose:</b>	Loan proceeds will be used to offset Medi-Cal reimbursements delays due to the State's budget impasse.
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<b>Financial Overview:</b>	Glenn partnered with Enloe Medical Center (Enloe) in 1990. Glenn separated from Enloe on June 1, 2006 and is now operating under new management. Based on audited financials for FY 2007 and the most recent unaudited financials for FY 2008, Glenn appears to maintain a strong balance sheet and has improved its financial position since the separation. In FY 2007-2008, Glenn's current ratio increased from 2.15x to 2.92x. Additionally, in FY 2007, Glenn's debt service coverage of 2.23x significantly exceeded CHFFA's minimum requirements of 1.10x. This financing is expected to facilitate Glenn's operations until the State budget is passed.
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<b>Financing Structure:</b>	<ul style="list-style-type: none"><li>▪ The aggregate loan balance shall be repaid in full no later than 45 days following the adoption of a 2008-2009 budget by the State of California.</li><li>▪ Loan proceeds are to be disbursed on an as-needed basis in a total amount not to exceed the hospital's third-party-approved Medi-Cal claim.</li><li>▪ Loan origination fee of 1.25%.</li><li>▪ Possible reduction of the Authority's 3% fixed interest rate.</li><li>▪ Lien on gross revenues.</li></ul>
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<b>Due Diligence:</b>	Due diligence of the following items has been completed or will be completed prior to closing: <ul style="list-style-type: none"><li>▪ Religious Due Diligence</li><li>▪ Legal Review</li><li>▪ Community Service Obligation</li><li>▪ CEQA/Seismic/Pass through (Not required)</li></ul>
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<b>Staff Recommendation:</b>	Staff recommends the Authority approve a Resolution in an amount not to exceed \$750,000 for Glenn Medical Center subject to financing terms acceptable to the Authority.
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\* In addition, sum shall not exceed the maximum amount of Medi-Cal reimbursement ever received from the Department of Health Services over the course of the last three fiscal years for the same period of time the borrower now seeks to cover with Authority financing. Borrower will provide historical data demonstrating its Medi-Cal reimbursements for the last three fiscal years on or before the July 11<sup>th</sup> board meeting.

**Glenn Medical Center  
Statement of Activities  
(Unrestricted)**

	11 months ending May 31, 2008	Ended June 30, 2007
	Unaudited	Audited
<b>Support &amp; Revenue:</b>		
Net patient service Revenue	\$ 10,002,967	\$ 11,413,191
County subsidy	582,353	300,000
Other revenue	315,558	90,322
Total support & revenue	<u>10,900,878</u>	<u>11,803,513</u>
<b>Expenses:</b>		
Salaries and benefits	4,031,349	4,492,006
Professional fees	1,218,934	1,808,239
Purchased services	944,074	1,331,119
Bad debts	1,039,900	1,226,784
Supplies	899,564	947,706
Employee benefits	1,221,571	855,880
Utilities	240,263	296,985
Lease and rental	198,476	248,601
Depreciation & amortization	139,548	143,553
Insurance	115,513	76,952
Repairs & maintenance	115,594	66,353
Interest	87,498	46,752
Other	219,632	127,510
Miscellaneous	250,359	-
Total expenses	<u>10,722,275</u>	<u>11,668,440</u>
Income from operations	178,603	135,073
Donation of facilities and equipment transfer	275,000	1,034,815
<b>Change in unrestricted net assets</b>	<b>453,603</b>	<b>1,169,888</b>
Unrestricted net assets, beginning of the period	1,169,888	-
Unrestricted net assets, end of period	<u>\$ 1,623,450</u>	<u>\$ 1,169,888</u>

\*Glenn Medical Center was operated by Enloe Medical Center until June 30, 2006.

**Glenn Medical Center**  
**Statement of Financial Position**

	As of May 31, 2008	As of June 30, 2007
	Unaudited	Audited
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 1,301,499	\$ 784,432
Patient account receivables, net	1,662,082	2,387,061
Other receivables	(3,317)	116,882
Inventories	188,668	138,560
Prepaid expenses	121,980	101,493
Total current assets	3,270,912	3,528,428
Property and Equipment	836,618	666,066
Total assets	4,107,530	4,194,494
<b>Liabilities and Net Assets:</b>		
Current liabilities:		
Accounts payable	939,515	1,051,457
Accrued liabilities	171,866	308,391
Deferred Revenue	10,057	60,824
Long-term debt, current portion	218,365	218,365
Total current liabilities	1,339,803	1,639,037
Long-term debt, net of current portion	1,144,277	1,385,569
Total liabilities	2,484,080	3,024,606
Unrestricted net assets	1,623,450	1,169,888
Total liabilities and net assets	\$ 4,107,530	\$ 4,194,494

**Financial Ratios:**

	<b>Proforma (a)</b>		
	<b>FYE June, 2007</b>		
Debt service coverage (x)	2.23	2.23	8.51
Debt/Unrestricted Net Assets (x)	2.01	1.37	1.37
Current Ratio (x)		2.92	2.15
Margin (%)		4.16%	9.91%

(a) Recalculates 2007 audited results to include the impact of this proposed financing.

\*Glenn Medical Center was operated by Enloe Medical Center until June 30, 2006.