

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

Applicant:	The George G. Glenner Alzheimer's Family Centers, Inc. (the "Borrower")	Amount Requested:	Not to exceed \$130,200
Applicant Address:	3702 Fourth Avenue, San Diego, CA 92103	Date Requested:	September 2, 2010
Facility Type:	Adult Day Health Center	Resolution Number:	2010-06
Prior Borrower:	No	Loan Term:	No later than 45 days following the adoption 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 (17.68)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 Borrower has experienced declining total revenues over the review period, primarily due to a drop in contributions, grants and fundraising proceeds. FY 2007 reflects increasing revenues due to fund raising held that year. The Borrower has minimal cash on hand, as its expenses have surpassed its revenues in the past two years. Its FY 2009 day's cash on hand ratio is an inadequate 11 days; however its current ratio is an adequate 0.88x. The Borrower is highly leveraged with a debt to unrestricted net assets ratio of 3.73x for FY 2009. The Borrower has been implementing cost saving measures as well as pursuing revenue generating opportunities in response to its financial difficulties.</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 adoption 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. ▪ Lien on gross revenues. ▪ 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 2010-06 in an amount not to exceed \$130,192 for The George G. Glenner Alzheimer's Family Centers, Inc. including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority.		

The George G. Glenner Alzheimer's Family Centers, Inc.

Statement of Activities

(Unrestricted)

For the Year Ended June 30,

	2009	2008	2007
Support and Revenues:			
Patient fees	\$ 826,827	\$ 748,687	\$ 807,323
Medicare fees	366,592	308,745	342,124
Government grants	267,324	295,351	333,938
Grants and foundations	38,189	88,886	75,896
Special events	104,305	166,055	380,069
Contributions	68,650	183,507	106,785
Student training fees	-	-	16,421
Other revenue	5,169	5,916	1,626
Loss of disposal net assets	(18,371)	-	-
Net assets released from restrictions	18,308	69,886	72,417
Total support and revenues	1,676,993	1,867,033	2,136,599
Expenses:			
Salaries and wages	\$ 1,104,749	\$ 1,105,856	\$ 1,065,813
Professional services	153,970	171,123	115,860
Payroll taxes and employees benefits	146,043	174,038	141,677
Food	82,183	84,878	65,225
Utilities	58,548	50,388	46,232
Auto expenses	51,438	47,986	46,205
Depreciation	48,152	45,089	53,083
Printing and postage	39,595	41,566	25,739
Rent	35,686	33,864	30,220
Program Supplies	34,745	30,649	33,366
Interest	31,680	36,501	24,991
Insurance	22,018	17,777	51,520
Other	99,751	168,713	428,213
Total expenses	1,908,558	2,008,428	2,128,144
Change in net unrestricted assets	(231,565)	(141,395)	8,455
Unrestricted net assets, beginning of year	438,237	579,632	571,177
Unrestricted net assets, end of year	<u>\$ 206,672</u>	<u>\$ 438,237</u>	<u>\$ 579,632</u>

The George G. Glenner Alzheimer's Family Centers, Inc.

Financial Position

	As of June 30,		
	2009	2008	2007
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 58,300	\$ 78,425	\$ 54,373
Accounts receivable	119,038	84,626	107,601
Grants receivable	44,013	44,541	30,000
Prepaid expenses	10,514	8,414	7,625
Total current assets	231,865	216,006	199,599
Noncurrent assets:			
Property and equipment, net	1,076,528	1,150,767	1,152,896
Beneficial interest	41,243	51,268	52,509
Total noncurrent assets	1,117,771	1,202,035	1,205,405
Total assets	\$ 1,349,636	\$ 1,418,041	\$ 1,405,004
LIABILITIES AND NET ASSETS:			
Current liabilities:			
Accounts payable	\$ 107,356	\$ 96,852	\$ 42,855
Accrued expenses	52,094	44,548	42,618
Line-of-credit	-	-	139,000
Custodial liability	681	-	-
Deferred revenue	11,354	14,726	-
Current portion of notes payable	3,280	3,051	2,839
Total current liabilities	174,765	159,177	227,312
Long-term liabilities:			
Line-of-credit	262,238	237,238	-
Notes payable, net of current portion	504,533	507,813	511,085
Total long-term liabilities	766,771	745,051	511,085
Total liabilities	941,536	904,228	738,397
Net assets:			
Unrestricted	206,672	438,237	579,632
Temporarily restricted	160,185	24,308	34,466
Permanently restricted	41,243	51,268	52,509
Total net assets	408,100	513,813	666,607
TOTAL LIABILITIES AND NET ASSETS	\$ 1,349,636	\$ 1,418,041	\$ 1,405,004

Financial Ratios:

Debt service coverage (x)	(17.68)	(1.52)	3.11
Debt/Unrestricted Net Assets (x)	3.73	1.71	0.89
Margin (%)	(13.81)	(7.57)	0.40
Current Ratio (x)	0.88	1.36	1.33