

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

Applicant:	Rehabilitation Services For Northern California (the "Borrower") dba Mt. Diablo Center and dba Bedford Center	Amount Requested:	Not to exceed \$195,309
Applicant Address:	490 Golf Club Road, Pleasant Hill, CA 94523 and 1811 C St, Antioch, CA. 94509	Date Requested:	September 2, 2010
Facility Type:	Adult Day Health Center and a Multilevel Care Facility	Resolution Number:	2010-09
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 (2.71)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>Staff's review of the Borrower's financials from fiscal years 2007-2009 showed a deficit of \$27,000, \$61,000 and \$179,000, respectively, in the change of unrestricted net assets. According to the Borrower, these losses were due to a decline in non Medi-cal funding and reduced philanthropy support. Even though the Borrower has experienced losses, the Borrower has maintained significant cash on hand of \$433,284 and healthy total net assets \$1.01 million in FY 2009. In addition, the Borrower's current ratio appears solid at 2.59x.</p> <p>In order to address the decline, the Borrower is continuously attempting to do the following:</p> <ul style="list-style-type: none">• Increase fundraising efforts.• Applying for numerous grants; a \$40,000 grant from the John Muir Foundation is pending.• Increase in the number of board members and their participation in donations.		
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.▪ 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 2010-09 in an amount not to exceed \$195,309 for Rehabilitation Services for Northern California, including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority.		

**Rehabilitation Services of
Northern California
Statement of Activities
(Unrestricted)**

	For the Year Ended June 30,		
	2009	2008	2007
Revenue and Support:			
Fees, net of discounts and adjustment	\$ 1,970,108	\$ 1,588,631	\$ 1,389,444
Federal, state & local grants & contracts	753,819	1,151,082	1,176,128
Private gifts, grants & contributed services	287,147	219,472	318,691
Other operating revenue	240,459	237,630	206,811
Interest & other investment income	1,653	21,903	21,615
Net assets released from restrictions	43	-	-
Unrealized loss on investments	-	(5,040)	16,445
Total revenue and support	3,253,229	3,213,678	3,129,134
Operating Expenses:			
Salaries and wages	2,529,152	2,391,509	2,223,109
Occupancy	331,649	317,985	368,377
Supplies and materials	179,957	180,611	155,092
Communication	165,290	144,171	133,010
Other operating expenses	85,960	97,125	83,789
Depreciation	74,317	78,200	78,693
Volunteer services	37,360	39,480	85,752
Subsidized personnel	24,647	21,595	25,174
Fundraising	3,827	3,688	3,085
Total operating expenses	3,432,159	3,274,364	3,156,081
Change in unrestricted net assets	(178,930)	(60,686)	(26,947)
Unrestricted Net Assets:			
Beginning of Year	879,293	939,979	1,000,725
End of Year	\$ 700,363	\$ 879,293	\$ 939,979

**Rehabilitation Services of
Northern California
Financial Position**

	As of June 30,		
	2009	2008	2007
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 433,284	\$ 687,691	\$ 574,791
Marketable securities	5,640	26,226	165,948
Accounts receivable, net	187,767	168,368	135,341
Contract receivable	220,466	195,361	247,297
Prepaid expenses	41,855	49,149	38,567
Total current assets	889,012	1,126,795	1,161,944
Property and Equipment, net	315,773	326,255	368,568
Other assets:			
Restricted investments	200,699	200,742	200,367
Newell property	176,000	176,000	176,000
Total assets	\$ 1,581,484	\$ 1,829,792	\$ 1,906,879
LIABILITIES AND NET ASSETS:			
Current liabilities:			
Accounts payable	\$ 41,437	\$ 51,038	\$ 44,423
Accrued compensation	193,408	201,235	188,181
Other accrued liabilities	69,053	63,980	59,414
Current portion of note payable	39,610	36,394	33,438
Total current liabilities	343,508	352,647	325,456
Note Payable, less current portion	221,274	260,884	297,278
Total liabilities	564,782	613,531	622,734
Net assets:			
Unrestricted	700,363	879,293	973,778
Temporarily restricted	191,339	211,968	185,367
Permanently restricted	125,000	125,000	125,000
Total net assets	1,016,702	1,216,261	1,284,145
TOTAL LIABILITIES AND NET ASSETS	\$ 1,581,484	\$ 1,829,792	\$ 1,906,879
Financial Ratios:			
	2009	2008	2007
Debt service coverage (x)	(2.71)	0.71	1.37
Debt/Unrestricted Net Assets (x)	0.37	0.34	0.34
Margin (%)	(5.50)	(2.13)	(0.86)
Current Ratio (x)	2.59	3.20	3.57