

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

Applicant:	Lifelong Medical Care, Inc. (the "Borrower")	Amount Requested:	Not to exceed \$335,600
Applicant Address:	2344 6 th Street Berkley, CA 94710	Date Requested:	September 2, 2010
Facility Type:	Adult Day Health Center	Resolution Number:	2010-13
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:	Based on staff's review of the Borrower's most recent audited financial statements, the Borrower's income statement and balance sheet appear solid. Additionally, the Borrower's FY 2009 debt service coverage ratio is a very strong 11.20x. Although the Borrower has more than \$4 million in cash and cash equivalent in FY 2009, this reserve permits the Borrower to sustain its current operation for 51 days if no other revenue stream becomes available before resolution of the State's budget impasse. The Borrower's cash reserves will be rapidly depleted as the budget impasse continues with the approximate \$2 million in salaries and benefits per month the Borrower currently expends.		
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 2010-13 in an amount not to exceed \$335,600 for Lifelong Medical Care, Inc. including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority.		

Lifelong Medical Care, Inc.
Statement of Activities
(Unrestricted)

	For the Year Ended June 30,		
	2009	2008	2007
Support and Revenues:			
Grants and contributions	\$ 7,417,800	\$ 7,061,000	\$ 6,629,700
Patients and third party fees	19,762,700	15,148,900	13,927,500
Contributions in-kind	689,100	794,600	223,400
Interest and other income	559,700	590,200	551,800
Net assets released from restrictions	1,078,600	852,900	473,400
Total support and revenues	29,507,900	24,447,600	21,805,800
Expenses:			
Salaries and wages	\$ 16,915,900	\$ 14,349,700	\$ 12,500,500
Payroll taxes and employees benefits	4,476,700	3,611,400	3,054,100
Consultant and contracted services	1,657,500	1,185,100	914,900
Rent and utilities	1,353,300	1,163,600	687,700
Medical, dental and other supplies	577,600	500,800	430,500
Pharmaceuticals	459,500	502,300	558,600
Depreciation	374,900	344,000	479,800
Allowance for bad debt expense	340,500	173,600	136,200
Office supplies and expenses	338,100	290,000	170,900
Building maintenance and repairs	305,000	39,700	54,100
Program expenses	284,200	93,500	153,500
Equipment lease and maintenance	280,800	206,200	215,900
Laboratory and radiology	267,600	265,700	235,700
Membership and licenses	240,700	201,800	179,500
Telephone	174,800	172,400	185,800
Travel and conference	131,500	138,600	106,600
Interest expense	125,800	124,200	133,400
Insurance and property taxes	105,400	88,700	96,600
Equipment purchases	99,500	117,400	301,100
Postage and printing	88,800	103,500	88,700
Event expenses	9,300	6,400	6,100
Miscellaneous and other expenses	173,900	134,400	122,800
Total expenses	28,781,300	23,813,000	20,813,000
Change in Unrestricted net assets	726,600	634,600	992,800
Unrestricted net assets, beginning of year	6,955,300	6,320,700	5,327,900
Unrestricted net assets, end of year	\$ 7,681,900	\$ 6,955,300	\$ 6,320,700

Lifelong Medical Care, Inc.

Financial Position

	As of June 30,		
	2009	2008	2007
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 4,012,200	\$ 6,542,700	\$ 5,713,300
Patient accounts receivable, net of allowance for doubtful accounts	2,676,100	1,787,200	1,486,000
Estimated third-party payor settlement	2,167,000	-	-
Grant and contract receivable	1,175,800	833,600	1,153,200
Risk pool receivable	120,900	116,800	145,500
Other receivables	53,900	58,400	29,400
Inventory	82,000	125,300	97,300
Prepaid expenses	200,300	169,100	23,800
Total current assets	10,488,200	9,633,100	8,648,500
Noncurrent assets:			
Property, equipment and leasehold improvement, net	3,066,400	3,037,100	3,348,100
Other assets	116,000	35,500	64,500
Total noncurrent assets	3,182,400	3,072,600	3,412,600
Total assets	\$ 13,670,600	\$ 12,705,700	\$12,061,100
LIABILITIES AND NET ASSETS:			
Current liabilities:			
Accounts payable	\$ 665,500	\$ 623,300	\$ 360,300
Accrued liabilities	2,294,700	1,874,800	1,483,000
Estimated third-party payor settlements	-	98,200	646,400
Current portion of notes payable	110,800	104,100	122,400
Total current liabilities	3,071,000	2,700,400	2,612,100
Long-term obligations, net of current portion	1,838,800	1,881,400	1,986,000
Total liabilities	4,909,800	4,581,800	4,598,100
Net assets:			
Unrestricted	7,681,900	6,955,300	6,320,700
Temporarily restricted	1,078,900	1,168,600	1,142,300
Total net assets	8,760,800	8,123,900	7,463,000
TOTAL LIABILITIES AND NET ASSETS	\$ 13,670,600	\$ 12,705,700	\$12,061,100

Financial Ratios:

Debt service coverage (x)	11.20	4.47	6.28
Debt/Unrestricted Net Assets (x)	0.31	0.27	0.24
Margin (%)	2.46	2.60	7.44
Current Ratio (x)	3.42	3.57	3.31