

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

| | | | |
|---------------------------------|---|---------------------------|--|
| Applicant: | Community Action Partnership of San Luis Obispo County, Inc. (CAPSLO) (the "Borrower") | Amount Requested: | Not to exceed \$171,000 |
| Applicant Address: | 1030 Southwood Drive San Luis Obispo, CA 93401 San Luis Obispo County | Date Requested: | September 30, 2010 |
| Facility Type: | Community clinic | Resolution Number: | 2010-21 |
| Prior Borrower: | Yes, HELP II (The current outstanding balance is \$357,548 and payments are timely.) | Loan Term: | No later than 45 days following the enactment 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 2010 debt service coverage ratio of 0.86x 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>CAPSLO is a large organization that is committed to fighting the causes of poverty and currently operates two (2) community clinics located in San Luis Obispo and Arroyo Grande. It has managed to operate at close to break-even during the review period of FY 07 – FY 09. CAPSLO did experience a decline in total revenues in FY 2009 due to a decline in fundraising and grants, likely due to the poor state of the economy. Also, CAPSLO has not yet reaped the benefit of a full year's interest expense savings associated with their HELP II refinancing obtained in September 2009. CAPSLO does have \$1.58 million cash, though this represents only 10 days cash on hand. In addition, they have an impressive \$7.75 million in unrestricted net assets.</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 enactment 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 2010-21 in an amount not to exceed \$171,000 for Community Action Partnership of San Luis Obispo County, Inc., including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority. | | |

Community Action Partnership of San Luis Obispo County, Inc.

Statement of Activities

(Unrestricted)

| | For the Year Ended March 31, | | |
|--|------------------------------|-------------------------|-------------------------|
| | <u>2,010</u> | <u>2,009</u> | <u>2,008</u> |
| Revenue: | | | |
| Grants and Contracts | \$ 52,766,798 | \$ 53,346,929 | \$ 49,791,601 |
| In-kind donations | 2,621,601 | 2,283,085 | 2,123,759 |
| Donations and fundraising | 339,509 | 521,315 | 432,268 |
| Investment income - interest | 13,973 | 27,051 | 18,381 |
| Other | 742,081 | 1,124,780 | 1,126,570 |
| Net Assets released from restrictions | <u>229,712</u> | <u>103,729</u> | <u>194,433</u> |
| Total revenue | <u>56,713,674</u> | <u>57,406,889</u> | <u>53,687,012</u> |
| Expenses: | | | |
| Salaries and wages | 20,473,588 | 19,735,219 | 17,788,219 |
| Consultants and contractual | 12,523,992 | 14,561,933 | 14,148,043 |
| Employee benefits | 7,862,830 | 7,456,347 | 6,642,026 |
| Delegate Agency contract | 4,367,459 | 4,204,297 | 3,619,876 |
| Materials and supplies | 3,088,512 | 3,042,553 | 2,841,545 |
| Volunteers - in-kind | 1,255,368 | 915,830 | 931,137 |
| Other - in-kind | 1,222,320 | 1,242,098 | 1,068,209 |
| Rent | 1,162,911 | 1,038,626 | 823,304 |
| Repairs and maintenance | 1,050,805 | 1,117,895 | 759,775 |
| Travel and transportation | 654,865 | 698,908 | 601,624 |
| Capital purchases | 646,280 | 865,238 | 2,096,739 |
| Utilities and housekeeping | 599,344 | 544,498 | 469,942 |
| Insurance | 444,899 | 425,832 | 401,379 |
| Other expenses | 273,647 | 451,769 | 419,021 |
| Training and seminars | 270,165 | 244,196 | 213,882 |
| Medical expenses | 214,967 | 220,363 | 195,717 |
| Postage and printing | 189,273 | 193,110 | 179,761 |
| Telephone | 174,555 | 217,466 | 167,196 |
| Contractors - in-kind | 143,913 | 125,157 | 124,393 |
| Interest expenses | 53,218 | 70,683 | 67,421 |
| Depreciation | <u>49,238</u> | <u>51,468</u> | <u>57,101</u> |
| Total expenses | <u>56,722,149</u> | <u>57,423,486</u> | <u>53,616,310</u> |
| Increase in unrestricted net assets | (8,475) | (16,597) | 70,702 |
| Adjustments to unrestrictd net assets | | | |
| Changes in Property & Equipment Net Assets | (188,713) | (204,255) | 780,854 |
| Unrestricted net assets, beginning of year | <u>7,947,322</u> | <u>8,168,174</u> | <u>7,316,618</u> |
| Unrestricted net assets, end of year | <u><u>7,750,134</u></u> | <u><u>7,947,322</u></u> | <u><u>8,168,174</u></u> |

Community Action Partnership of San Luis Obispo County, Inc.

Financial Position

| | <u>As of March 31,</u> | | |
|---|------------------------|----------------------|----------------------|
| | <u>2010</u> | <u>2009</u> | <u>2008</u> |
| ASSETS | | | |
| Current Assets: | | | |
| Cash | \$ 1,583,408 | \$ 2,283,493 | \$ 226,310 |
| Grants and accounts receivable | 3,967,109 | 3,099,782 | 5,310,979 |
| Inventory | 86,826 | 97,044 | 76,510 |
| Prepaid expenses | 194,213 | 298,543 | 132,272 |
| Total current assets | <u>5,831,556</u> | <u>5,778,862</u> | <u>5,746,071</u> |
| Property and equipment | 8,102,129 | 8,513,676 | 8,782,191 |
| Deposits | 38,352 | 17,321 | 36,268 |
| Total assets | <u>\$ 13,972,037</u> | <u>\$ 14,309,859</u> | <u>\$ 14,564,530</u> |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Line of credit | \$ 306,592 | \$ 380,200 | \$ 380,000 |
| Current portion-notes payable | 52,539 | 55,664 | 56,582 |
| Accounts payable and accrued expenses | 3,222,593 | 2,992,912 | 3,150,750 |
| SDE Reserve Account | 112,571 | 254,926 | 213,613 |
| Refundable Advances | 1,797,265 | 1,660,951 | 1,635,842 |
| Total current liabilities | <u>5,491,560</u> | <u>5,344,653</u> | <u>5,436,787</u> |
| Notes Payable | 676,072 | 882,897 | 939,468 |
| Total liabilities | <u>\$6,167,632</u> | <u>6,227,550</u> | <u>6,376,255</u> |
| NET ASSETS: | | | |
| Unrestricted net assets | 7,750,134 | 7,947,322 | 8,168,174 |
| Temporarily net assets | <u>54,271</u> | <u>134,987</u> | <u>20,101</u> |
| Total Net assets | <u>7,804,405</u> | <u>8,082,309</u> | <u>8,188,275</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 13,972,037</u> | <u>\$ 14,309,859</u> | <u>\$ 14,564,530</u> |

Financial Ratios:

| | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|----------------------------------|-------------|-------------|-------------|
| Debt service coverage (x) | 0.86 | 0.83 | 1.42 |
| Debt/Unrestricted Net Assets (x) | 0.12 | 0.12 | 0.09 |
| Margin (%) | -0.01% | -0.03% | -0.14% |
| Current Ratio (x) | 1.06 | 1.08 | 1.06 |

Exhibit A

Patients Served:

UTILIZATION STATISTICS

Clients Served (Patient Visits) for Fiscal Year Ended June 30,

| | 2010 | 2008 | 2007 |
|---------------|---------------|----------------|----------------|
| Totals | 5019 (10,851) | 5,313 (11,561) | 5,678 (11,804) |