

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
HEALTHCARE EXPANSION LOAN PROGRAM (HELP II)  
EXECUTIVE SUMMARY**

<b>Applicant:</b> Marin Ventures 10 Joseph Court San Rafael, CA 94903 Marin County	<b>Refinance Loan Amount:</b> \$1,000,000 <b>Annual Interest Rate:</b> 4% fixed <b>Loan Term:</b> 15 years <b>Authority Meeting Date:</b> May 29, 2025 <b>Resolution Number:</b> HII-363
<b>Project Site:</b> 10 Joseph Court San Rafael, CA 94903	
<b>Facility Type:</b> Community care facility	
<b>Eligibility:</b> Government Code Section 15432(d)(13)	
<b>Prior HELP II Borrower:</b> No	
<b>Background:</b> Marin Ventures is a 501(c)(3) that was founded in 1990 and is located in Marin County. Marin Ventures is a community engagement day program for adults with developmental disabilities, including those affected by complex conditions, such as down syndrome, autism, and cerebral palsy.	
<b>Use of Proceeds:</b> Loan proceeds will be used to refinance an existing loan used to acquire an existing 5,400 square foot building for Marin Ventures’ adult day program.	
<b>Financing Structure:</b> <ul style="list-style-type: none"><li>• First lien on real property located at 10 Joseph Court, San Rafael, CA 94903</li><li>• 15-year, four percent (4%) fixed rate loan</li><li>• 180 equal monthly payments of approximately \$7,396 (\$88,762 annually)</li><li>• A current appraisal that exhibits a loan-to-value ratio not to exceed 95%</li><li>• Corporate gross revenue pledge</li><li>• Verification of borrower funds to close escrow and complete the project</li></ul>	
<b>Financial Overview:</b> Marin Ventures’ income statement appears to exhibit fluctuating operating results over the review period. Marin Ventures appears to display a solid balance sheet with a pro-forma FY 2024 net debt service coverage ratio of 4.5x	
<b><u>Estimated Sources of Funds:</u></b>	<b><u>Estimated Uses of Funds:</u></b>
HELP II loan \$ 1,000,000	Refinance* \$ 1,275,162
Applicant funds 291,662	Financing costs 16,500
<b>Total Estimated Sources \$ 1,291,662</b>	<b>Total Estimated Uses \$ 1,291,662</b>
*Borrower to pay down existing loan to \$1,000,000	
<b>Due Diligence:</b> Staff has confirmed the documentation provided by Marin Ventures satisfies the California Health Facilities Financing Authority’s (Authority) eligibility and legal review requirements.	
<b>Staff Recommendation:</b> Staff recommends the Authority approve Resolution No. HII-363 in an amount not to exceed \$1,000,000 for Marin Ventures, subject to the terms and conditions in the resolution. TAP International, Inc., the Authority’s financial analyst, concurs with the Authority’s staff recommendation.	

## STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

### I. PURPOSE OF FINANCING

Marin Ventures is requesting a HELP II loan to refinance an existing loan with an interest rate of 5% and a balloon payment of about \$1,275,000 due in August 2025. The current loan will be refinanced with a 4% interest rate HELP II loan and will decrease Marin Ventures' annual payment from nearly \$104,000 to less than \$89,000.

***Refinance* ..... \$1,275,162**

Marin Ventures obtained the existing loan in the amount of \$1,480,000 in September 2019 and used it to finance the acquisition of a 5,400 square foot building. After the purchase, Marin Ventures spent an additional \$1.4 million renovating the building to meet the specific needs of its participants to include three large classrooms and an art studio wing with an additional three classrooms. Currently, Marin Ventures annually serves about 100 people with developmental disabilities at the facility.

The HELP II loan will be secured by a first (1st) lien position on the property located at 10 Joseph Court in San Rafael. Additionally, Marin Ventures will provide an appraisal for the real property, exhibiting a loan-to-value ratio not to exceed 95% before the time of closing as well as an assurance of meeting the other security terms and conditions set forth in the resolution. Marin Ventures' management estimates the value of the property at \$3 million, resulting in an estimated loan-to-value ratio of 33%.

***Financing Costs*..... 16,500**

Authority Fees ..... \$12,500

Estimated Escrow/Title Fees ..... 4,000

**Total Uses of Funds ..... \$1,291,662**

## II. FINANCIAL STATEMENTS AND ANALYSIS

### Marin Ventures Statement of Activities (Income Statement)

	For the Years Ended June 30,		
	2024	2023	2022
<b>Support</b>			
Donations	\$ 106,363	\$ 72,707	\$ 91,289
<b>Revenue</b>			
Golden Gate Regional Center	3,024,869	2,924,607	2,980,063
Program income	-	43,212	-
Sub-contract income	2,130	795	1,290
Investment income	13,954	751	104
Net assets released from restriction	7,547	52,421	2,409
Total revenue	3,048,500	3,021,786	2,983,866
Total support and revenue	3,154,863	3,094,493	3,075,155
<b>Expenses</b>			
Salaries	1,733,157	1,864,988	1,512,671
Other employee costs	217,879	231,900	216,562
Payroll taxes	143,042	141,939	109,354
Accounting	80,763	74,901	72,797
Board	22,455	19,492	4,976
Cleaning and maintenance	78,366	80,696	59,601
Event expenses	7,884	-	-
Fundraising	476	1,810	1,347
Insurance	39,729	42,357	34,850
Interest	80,203	88,971	97,629
IT services	20,932	15,298	16,165
Legal and professional fees	9,333	8,784	7,279
Licenses, permits and taxes	20,289	24,877	19,315
Occupancy	80,654	92,268	90,364
Office expense & supplies	22,742	26,760	80,455
Other program expenses	82,572	76,640	25,216
Program consultation	104,033	102,383	70,036
Staff training	11,171	11,338	6,472
Telephone and utilities	54,640	48,410	41,925
Travel	2,032	4,161	126
Vehicles	19,828	18,942	19,627
Total expenses before depreciation	2,832,180	2,976,915	2,486,767
Depreciation	165,969	154,022	125,017
Total operating expenses	2,998,149	3,130,937	2,611,784
Change in net assets	156,714	(36,444)	463,371
Net assets, beginning of year	3,203,351	3,239,795	2,776,424
Net assets, end of year	\$ 3,360,065	\$ 3,203,351	\$ 3,239,795

**Marin Ventures**  
**Statement of Financial Position**  
**(Balance Sheet)**

	<b>As of June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,158,402	\$ 1,251,696	\$ 1,784,665
Accounts receivable	225,985	270,612	231,506
Prepaid expenses and other current assets	42,714	40,269	35,470
Total current assets	1,427,101	1,562,577	2,051,641
Equipment and other improvements at cost	4,368,146	4,106,604	3,737,771
Less accumulated depreciation	(763,534)	(597,565)	(443,543)
	3,604,612	3,509,039	3,294,228
Other assets			
Building deposit	7,000	7,000	7,000
Total assets	<u>\$ 5,038,713</u>	<u>\$ 5,078,616</u>	<u>\$ 5,352,869</u>
<b>Liabilities and Net Assets</b>			
Current liabilities			
Accrued vacation	\$ 95,659	\$ 93,750	\$ 98,786
Accrued payroll costs	32,226	38,152	29,321
Other accounts payable and accrued expenses	30,835	13,171	16,148
Loan payable - current	210,000	141,803	141,803
Total current liabilities	368,720	286,876	286,058
Other liabilities			
Loan payable - non-current	1,309,927	1,580,841	1,774,594
Total liabilities	1,678,647	1,867,717	2,060,652
Net Assets			
Without donor restrictions	3,360,066	3,203,352	3,239,796
With donor restrictions	-	7,547	52,421
Total liabilities and net assets	<u>\$ 5,038,713</u>	<u>\$ 5,078,616</u>	<u>\$ 5,352,869</u>

	<b>Proforma<sup>(a)</sup></b>			
	<b>FYE 6/30/2024</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Debt Service Coverage - Net (x)	4.5	1.8	0.9	2.9
Debt to Unrestricted Net Assets (x)	0.3	0.5	0.5	0.6
Margin (%)		5.0	(1.2)	15.1
Current Ratio (x)		3.9	5.4	7.2

<sup>(a)</sup> Recalculates FY 2024 audited results to include the impact of this proposed financing.

## **Financial Discussion**

**Marin Ventures' income statement appears to exhibit fluctuating results over the review period.**

Marin Ventures demonstrates fluctuating operating margins, from positive 15.1% in FY 2022 to negative 1.2% in FY 2023 and ending the review period with a positive 5% in FY 2024. Total revenue remained fairly stagnant at approximately \$3 million in each year of the review period. Marin Ventures' primary source of revenue comes from the Golden Gate Regional Center (GGRC), which decreased slightly from nearly \$3 million in FY 2022 to approximately \$2.9 million in FY 2023 and then increasing back to approximately \$3 million in FY 2024. According to Marin Ventures' management, revenue from GGRC decreased in FY 2023 as Marin Ventures continued to be impacted by COVID-19 with closures and outbreaks in 2022 and 2023. The increase in GGRC revenue for FY 2024 was helped by a number of service rate increases for Marin Ventures over the past few years, including two increases in FY 2024, which Marin Ventures anticipates will increase revenue further in the coming fiscal years. In FY 2023, Marin Ventures' income statement displays approximately \$43,000 in program income but \$0 in both FY 2022 and FY 2024. In FY 2023, Marin Ventures provided support to two individuals under a new funding model known as self-determination, which allowed the participants to select the community services they received. One of the participants chose not to continue attending the program and the other participant was in very poor health and only occasionally participated in remote classes, which Marin Ventures did not bill for.

Total operating expenses fluctuated over the review period with an approximate 20% increase from FY 2022 to FY 2023 and then a decrease of approximately 4% in FY 2024. Salaries, Marin Ventures largest expense, increased from about \$1.5 million in FY 2022 to nearly \$1.9 million in FY 2023, and then decreased to about \$1.7 million in FY 2024. According to Marin Ventures' management, all staff salaries were increased by \$1 per hour in April 2022 and by an additional \$3 per hour in June 2022. This, along with an increase in staffing levels, had a significant effect on the increase in salaries for FY 2023. Salaries then decreased in FY 2024 as Marin Ventures faced considerable turnover, and participant enrollment decreased from 101 to 93, which required fewer staff. Office expenses and supplies significantly decreased from approximately \$80,000 in FY 2022 to nearly \$27,000 in FY 2023 and then to almost \$23,000 in FY 2024. According to Marin Ventures' management, the decrease in office expenses and supplies was due to a change by the auditor in classifying certain expenses. In FY 2022, program supplies were categorized within the office expense & supplies category but were moved to other program expenses in FY 2023 and FY 2024. The categorization change is also reflected in the increase in other program expenses from FY 2022 to FY 2023 and FY 2024. Program consultation increased significantly from about \$70,000 in FY 2022 to about \$102,000 in FY 2023. According to Marin Ventures' management, the increase in FY 2023 can be attributed to the renewal of an agreement with its massage therapist and adding a music therapist and a storytelling instructor to program services for participants.

**Marin Ventures appears to display a solid balance sheet with a pro-forma FY 2024 net debt service coverage ratio of 4.5x.**

Marin Ventures appears to show a solid ability to repay debt with a net debt service coverage ratio (DSCR) of 2.9x in FY 2022 and 1.8x in FY 2024, though FY 2023 was slightly below 1x with a 0.9x DSCR. With the expected savings of the new HELP II loan, Marin Ventures' pro-forma FY 2024 net debt service coverage ratio strengthens to 4.5x, indicating its ability to comfortably repay the HELP II loan. Marin Ventures' debt to unrestricted net assets ratio declined from 0.6x in FY 2022 to 0.5x in FY 2024 as total debt has steadily declined. As the refinancing loan is replacing existing debt, and its other bank loan will be paid off when it matures in September 2025, Marin Ventures' pro forma FY 2024 debt to unrestricted net assets ratio improves further to 0.3x.

Although decreasing over the review period, Marin Ventures appears to demonstrate a strong current ratio, an indicator of financial liquidity, from 7.2x in FY 2022 to 5.4x in FY 2023 and 3.9x in 2024. The current ratio can be attributed to solid cash and cash equivalents amounts of nearly \$1.8 million in FY 2022, approximately \$1.3 million in FY 2023, and approximately \$1.2 million in FY 2024.

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### III. UTILIZATION STATISTICS

**Clients Served / Patient Visits  
Fiscal Year Ending June 30,**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Totals</b>	94 / 20,314	104 / 18,917	104 / 17,011

### IV. OUTSTANDING DEBT

	<b>Original Amount</b>	<b>Amount Outstanding as of June 30, 2024</b>	<b>Estimated Amount Outstanding after Proposed Financing</b>
<b>EXISTING LONG-TERM DEBT</b>			
Shawler Trust (2019)	\$ 1,480,000	\$ 1,317,326	\$ -
Bank of Marin (2020)	800,000	202,601	202,601
<b>PROPOSED NEW DEBT</b>			
HELP II Loan (2025)			1,000,000
<b>TOTAL DEBT</b>		<b>\$ 1,519,927</b>	<b>\$ 1,202,601</b>

### V. BACKGROUND AND LICENSURE

#### **Background**

Marin Ventures is a 501(c)(3), that was founded in 1990 and is located in Marin County. Marin Ventures is a community engagement day program for adults with developmental disabilities, including those affected by complex conditions, such as down syndrome, autism, and cerebral palsy. Marin Ventures' mission is to foster independence and personal growth, and to promote the opportunity for community integration. Marin Ventures provides health and fitness activities, creative arts, computer and communication instruction, and independent living and employment skills training. Participants are referred to Marin Ventures through the California Department of Developmental Services' Regional Centers system.

#### **Licensure, Certification and Accreditation**

Marin Ventures is licensed by the Department of Social Services as a community care facility operating an adult day program.

### VI. STAFF RECOMENDATION

Staff recommends the Authority approve Resolution No. HII-363 in an amount not to exceed \$1,000,000 for Marin Ventures, subject to the terms and conditions in the resolution. TAP International, Inc., the Authority's financial analyst, concurs with the Authority's staff recommendation.

## RESOLUTION NO. HII-363

### RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY APPROVING EXECUTION AND DELIVERY OF HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II) AGREEMENTS WITH MARIN VENTURES

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the provisions of the California Health Facilities Financing Authority Act (Gov. Code, §15430 et seq.) (the “Act”) to provide secured or unsecured loans to participating health institutions to refinance existing debt and finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of a health facility; and

WHEREAS, the Authority established HELP II (the “Program”) to provide loans to participating health institutions (as that term is defined in the Act) as authorized by the Act; and

WHEREAS, **Marin Ventures** (the “Borrower”), a California participating health institution, has applied to the Authority for a loan through the Program, the application has been reviewed by the staff of the Authority, and the staff of the Authority has determined that the Borrower is eligible for a Program loan; and

WHEREAS, the Borrower now seeks approval of the loan by the Authority;

NOW, THEREFORE, BE IT RESOLVED by the California Health Facilities Financing Authority as follows:

Section 1. Pursuant to the Act, the Authority approves a loan (the “Loan”) to the Borrower, in an amount not to exceed **\$1,000,000** for a term not to exceed **15 years** for the purposes described in Exhibit A of this resolution (the “Project”), but solely to the extent there are available proceeds of the Program, as determined pursuant and subject to Section 2 hereof. This approval is further contingent upon the following terms and conditions:

1. First lien on real property located at 10 Joseph Court, San Rafael, CA 94903
2. 15-year, four percent (4%) fixed-rate loan
3. A current appraisal that exhibits a loan-to-value ratio not to exceed 95%
4. Corporate gross revenue pledge
5. Verification of Borrower’s funds needed to close escrow and complete the Project

Section 2. The Executive Director and/or the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to determine the final amount, terms, and conditions of the Loan, and to approve any changes in the Project described in the application submitted to the Authority, as that officer shall deem appropriate and authorized under the Act, provided that the amount of the Loan shall not be increased above the amount approved by the Authority and provided further that the Loan continues to meet the Authority’s guidelines for HELP II loans. This resolution shall not be construed to require the Authority to obtain any additional funding, even if more loans are approved than there is available funding.



Section 3. The Executive Director and/or the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Program fund in a sum not to exceed those amounts approved by the Authority for the Loan. The Executive Director and/or the Deputy Executive Director are further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Borrower any and all documents necessary to complete the transfer of those amounts.

Section 4. The Executive Director and/or the Deputy Executive Director of the Authority are hereby authorized and directed to do any and all things and to execute and deliver any and all documents that the Executive Director and/or the Deputy Executive Director deems necessary or advisable to document the Loan and to otherwise effectuate the purposes of this resolution and the transactions contemplated hereby, and that have previously been approved as to form by the Authority.

Section 5. This resolution is repealed on November 30, 2025

Date of Approval: \_\_\_\_\_

## **EXHIBIT A**

### **USE OF HELP II LOAN PROCEEDS FOR RESOLUTION NO. HII-363**

- Refinance existing loan with the Shawler Trust