

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

<b>Applicant:</b> California Family Life Center (CFLC) 930 N. State Street Hemet, CA 92543 Riverside County	<b>Loan Amount:</b> \$800,000 <b>Annual Interest Rate:</b> 3% fixed <b>Loan Term:</b> 20 years <b>Authority Meeting Date:</b> January 29, 2026 <b>Resolution Number:</b> HII-367
<b>Project Site:</b> To be determined (Riverside County) <b>Facility Type:</b> Short Term Residential Therapeutic Program (STRTP) <b>Eligibility:</b> Government Code Section 15432(d)(14) <b>Prior HELP II Borrower:</b> Yes (May 2014 – approximately \$63,000 currently outstanding)	
<b>Background:</b> Established in 1982, CFLC is a non-profit agency incorporated in California with nearly 45 years of experience working with vulnerable children, youth, and their families to provide safety, stability, and economic opportunity. CFLC initially began by providing group home services to juvenile offenders and probation youth. In 2019, CFLC transitioned its group homes to Short-Term Residential Therapeutic Programs (STRTP).	
<b>Use of Proceeds:</b> Loan proceeds will be used to finance the purchase of a residence located in Riverside County to be used for the relocation of one of CFLC’s currently leased STRTP facilities.	
<b>Financing Structure:</b> <ul style="list-style-type: none"><li>• First lien on the real property purchased with HELP II funds (Riverside County)</li><li>• 20-year, three percent (3%) fixed rate loan</li><li>• 240 equal monthly payments of approximately \$4,437 (annual payments of approximately \$53,241)</li><li>• A current appraisal that exhibits a loan-to-value ratio not to exceed 95%</li><li>• Executed purchase contract</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> CFLC’s income statement appears strong with consistent growth in total support and revenues. CFLC’s balance sheet continues to grow and exhibits a strong pro-forma FY 2025 net debt service coverage ratio of 9.0x.	
<b><u>Estimated Sources of Funds:</u></b>	<b><u>Estimated Uses of Funds:</u></b>
HELP II loans \$ 800,000	Purchase property \$ 833,000
Applicant funds 48,000	Financing costs 15,000
<b>Total Estimated Sources \$ 848,000</b>	<b>Total Estimated Uses \$ 848,000</b>
<b>Due Diligence:</b> Staff has confirmed the documentation provided by CFLC 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-367 in an amount not to exceed \$800,000 for California Family Life Center, 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

CFLC is requesting a HELP II loan to purchase a residence located in Riverside County to relocate one of its STRTP facilities licensed for 16 youths that is currently being leased. CFLC is operating its current facility with a preferred maximum capacity of six youth, and the new facility will better cater to the six-youth maximum. Owning the home will also allow CFLC to customize the home to improve service delivery, efficiency, and sustainability. CFLC's current expense for the leased facility is \$4,540 per month. The HELP II loan payment will be \$4,437 per month, and owning the facility will be beneficial in the years to come.

***Purchase Real Property .....*** ***\$833,000***

CFLC plans to purchase a residential property in Riverside County that will be approximately 2,000 - 3,000 square feet, with 2 - 3 bathrooms, 4 - 5 bedrooms, and have additional space for recreational activities. The facility will also include an additional private room dedicated to staff. CFLC will operate this facility in compliance with California Department of Social Services and Community Care Licensing requirements.

The HELP II loan will be secured by a first (1st) lien position on the property purchased. CFLC will provide an appraisal for the proposed property that exhibits 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.

***Financing Costs .....*** ***15,000***

Authority Fees ..... \$10,000

Estimated Escrow/Title Fees ..... 5,000

***Total Uses of Funds .....*** ***\$848,000***

## II. FINANCIAL STATEMENTS AND ANALYSIS

**California Family Life Center**  
**Statement of Operation and Change in Net Assets**  
**(Income Statement)**

	For the Years Ended June 30,		
	2025	2024	2023
Support and revenues			
Foster care fees	\$ 2,489,860	\$ 2,708,793	\$ 2,456,659
Other agencies assistance	6,164,419	5,093,995	4,189,748
Board and care fees	3,398,590	3,195,641	2,544,442
Contributions	570,939	184,723	286,441
Administrative	48,863	73,607	51,220
Investment income, net	53,874	78,152	26,795
Miscellaneous	1,073,060	86,602	38,513
Total support and revenues	13,799,605	11,421,513	9,593,818
<b>Expenses</b>			
Salaries and wages	6,536,156	5,545,316	5,225,638
Payroll taxes and employee benefits	1,798,876	1,587,071	1,329,650
Advertising and recruiting	19,451	24,758	34,203
Program service and supplies	2,532,888	2,373,827	1,944,747
Conferences and training	64,773	51,894	37,962
Equipment leases and expenses	69,185	63,319	57,027
Insurance	189,350	136,693	137,411
Postage, mailing and other supplies	27,936	27,025	19,307
Professional fees and licensing	191,587	138,956	137,028
Facilities rent	59,216	29,887	47,877
Repairs and maintenance	205,712	179,037	146,818
Vehicle expenses	56,833	68,740	69,066
Telephone and utilities	233,328	219,021	208,213
Miscellaneous	531,730	382,210	198,162
Interest expense	23,826	35,417	41,796
Depreciation	43,571	37,366	55,547
Amortization of right of use asset	268,020	268,032	267,344
WIOA subcontractor expenses	101,324	65,637	104,066
Grant-funded capital improvement expenses	40,409	5,736	5,094
Bad debt expense	23,255	-	-
Special event and campaign expenses	15,763	18,250	8,615
Total expenses	13,033,189	11,258,192	10,075,571
Increase (decrease) in net assets	766,416	163,321	(481,753)
<b>Net assets</b>			
Beginning of year	3,788,218	3,624,897	4,106,650
End of year	\$ 4,554,634	\$ 3,788,218	\$ 3,624,897

**California Family Life Center  
Statement of Financial Position  
(Balance Sheet)**

	<b>As of June 30,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,964,829	\$ 1,625,885	\$ 1,664,848
Investments	935,889	1,455,505	1,295,010
Accounts receivable, net	2,462,498	1,179,944	1,011,785
Total current assets	5,363,216	4,261,334	3,971,643
Operating right of use assets	316,939	575,768	729,721
Property and equipment, net	340,339	338,814	322,377
Deposits	173,310	173,663	168,523
Total assets	<u>\$ 6,193,804</u>	<u>\$ 5,349,579</u>	<u>\$ 5,192,264</u>
<b>Liabilities and net assets</b>			
Current liabilities			
Accounts payable	\$ 323,114	\$ 278,724	\$ 256,087
Accrued expenses	575,474	474,312	440,510
Unemployment liability	-	-	13,147
Deferred revenue	305,836	117,415	7,677
Current portion of long-term debt	15,812	15,345	14,892
Current portion of operating lease liability	257,063	270,272	256,457
Total current liabilities	1,477,299	1,156,068	988,770
Long-term debt - net	54,785	70,597	85,942
Long-term portion of operating lease liability	85,865	334,696	492,655
Total liabilities	1,617,949	1,561,361	1,567,367
<b>Net assets</b>			
Unrestricted			
Without donor restrictions	4,554,634	3,788,218	3,624,897
With donor restrictions	21,221	-	-
Total net assets	4,575,855	3,788,218	3,624,897
Total liabilities and net assets	<u>\$ 6,193,804</u>	<u>\$ 5,349,579</u>	<u>\$ 5,192,264</u>

	<b>Proforma</b>			
	<b>FYE June 30, 2025<sup>(a)</sup></b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Debt Service Coverage - Net (x)	9.0	21.3	4.7	(6.8)
Debt to Unrestricted Net Assets (x)	0.2	0.0	0.0	0.0
Margin (%)		5.6	1.4	(5.0)
Current Ratio (x)		3.6	3.7	4.0

<sup>(a)</sup> Recalculates FY 2025 audited results to include the impact of this proposed financing.

## **Financial Discussion**

### **CFLC's income statement appears strong with consistent growth in total support and revenues.**

Total support and revenues has grown from approximately \$9.6 million in FY 2023 to nearly \$13.8 million in FY 2025, a 43.8% increase. CFLC's greatest source of revenue comes from Other agencies assistance, which increased from nearly \$4.2 million in FY 2023 to approximately \$6.2 million in FY 2025, a 47.1% increase. According to CFLC, Other agencies assistance revenue comes from grant programs, such as: Resource Family & Adoption, Kin Care, Safecare Program, Strengthening Families Program, and in FY 2025, CFLC received nearly \$2.2 million for grants related to justice involved youth, community youth corps., and youth employment at non-profit organizations.

Miscellaneous revenue increased from approximately \$39,000 in FY 2023 to just about \$1.1 million in FY 2025. CFLC applied for and received a COVID-19 pandemic tax credit for FY 2020-2021 in the amount of \$968,725 that was recognized in FY 2025. The remainder of Miscellaneous revenue was due to level of care reimbursement for youth in their foster agency and a gain on the sale of a CFLC owned vehicle.

Total expenses for CFLC increased from approximately \$10.1 million in FY 2023 to over \$13.0 million in FY 2025, an increase of 29.4%. Salaries and wages were the main contributors to the increased expenses, growing from approximately \$5.2 million in FY 2023 to approximately \$6.5 million in FY 2025, a 25.1% increase. According to CFLC, the main factor for the increase in salaries and wages was due to additional hiring for its grant funded programs as new grant programs doubled the number of youth served at CFLC's three job training centers. CFLC increased from serving nearly 300 to approximately 600 youths. Additionally, CFLC increased its base pay from \$16.50 an hour to \$20 an hour in order to compete with the California minimum wage. Additionally, staff above the minimum wage were increased to maintain equity, and nearly all hourly employees increased across the board.

### **CFLC's balance sheet continues to grow and exhibits a strong pro-forma FY 2025 net debt service coverage ratio of 9.0x.**

CFLC's total assets have increased by approximately 19.3% over the review period, from nearly \$5.2 million in FY 2023 to nearly \$6.2 million in FY 2025. The primary contributor to the increase in total assets was cash and cash equivalents and accounts receivable. Cash and cash equivalents increased from approximately \$1.7 million in FY 2023 to nearly \$2 million in FY 2025. According to CFLC's management, the increase was due to receipt of the COVID-19 pandemic tax credit and an increase in grant payments. Additionally, accounts receivable increased from just about \$1 million in FY 2023 to nearly \$2.5 million in FY 2025, primarily due to the timing in which grant funds were received.

CFLC has demonstrated a healthy net debt service coverage ratio, improving from negative 6.8 in FY 2023 to 21.3x in FY 2025, as its only long-term debt is an existing HELP II loan. With the proposed new debt, CFLC maintains a strong pro forma FY 2025 net debt service coverage ratio of 9.0x. CFLC's strong balance sheet indicates it is capable of carrying the additional debt.

### III. UTILIZATION STATISTICS

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

	2025	2024	2023
<b>Totals</b>	36 / 2,242	44 / 2,507	35 / 2,095

### IV. OUTSTANDING DEBT

	Original Amount	Amount Outstanding as of June 30, 2025	Estimated Amount Outstanding after Proposed Financing
<b>EXISTING LONG-TERM DEBT</b>			
HELP II loan (2014)	\$ 213,750	\$ 70,597	\$ 70,597
<b>PROPOSED NEW DEBT</b>			
HELP II loan (2026)			800,000
<b>TOTAL DEBT</b>		<b>\$ 70,597</b>	<b>\$ 870,597</b>

### V. BACKGROUND AND LICENSURE

#### **Background**

Established in 1982, CFLC is a non-profit agency incorporated in California with nearly 45 years of experience working with vulnerable children, youth, and their families to provide safety, stability, and economic opportunity. CFLC initially began by providing group home services to juvenile offenders and probation youth. CFLC continued to grow with the addition of job training and education services in 1990, followed by foster family services in 1995, kinship support services for relative caregivers in 2002, adoption services and evidenced-based parent education in 2018, and then transitioned its group homes to STRTPs in 2019.

CFLC has three licensed STRTP homes located in the city of Hemet in Riverside County that provide community integrated living for probation, youth who are determined to be dependents of the court and placed through county children's and family services agencies, and non-minor dependents, ages 13-18, who require a higher level of care and behavioral health services in a trauma informed home-like environment. Specialty mental health services and medication management are provided by qualified licensed staff. Trained around the clock, direct care staff provide the structure, discipline, and independent life skills necessary to thrive and heal from past trauma.

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

CFLC is licensed by the Department of Health Care Services and the Department of Social Services to operate as Short Term Residential Therapeutic Program.

### **VI. STAFF RECOMMENDATION**

Staff recommends the Authority approve Resolution No. HII-367 in an amount not to exceed \$800,000 for California Family Life Center, 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-367

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

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, **California Family Life Center** (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 **\$800,000** for a term not to exceed **20 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 the real property purchased with HELP II funds (Riverside County)
2. 20-year, three percent (3%) fixed rate loan
3. A current appraisal that exhibits a loan-to-value ratio not to exceed 95%
4. Executed purchase contract
5. Corporate gross revenue pledge
6. Verification of borrower funds 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 expires on July 31, 2026.

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

## **EXHIBIT A**

### **USE OF HELP II LOAN PROCEEDS FOR RESOLUTION NO. HII-367**

- Purchase of real property located in Riverside County