

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

Applicant:	Humboldt Senior Resource Center (the "Borrower")	Amount Requested:	Not to exceed \$200,000
Applicant Address:	1910 California Street Eureka, CA 95501	Date Requested:	September 2, 2010
Facility Type:	Adult Day Health Center	Resolution Number:	2010-10
Prior Borrower:	Yes, HELP II (The current outstanding balance is \$627,703 and the payments have been made timely.)	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>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 satisfactory 36.21x.</p> <p>The Borrower's financial position has fluctuated over the review period, which Borrower reports can be mainly attributed to the construction and the completion of a new Alzheimer's Center, stricter eligibility rules for Medi-Cal, and the loss of two social services programs. However, FY 2009 appears to have shown marked improvement. Unrestricted net assets appear to have increased 99% from FY 2008, which Borrower reports can be attributed to capital campaign funds being released from restriction after the completion of the Alzheimer's Center.</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 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 a Resolution Number 2010-10 in an amount not to exceed \$200,000 for Humboldt Senior Resource Center, including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority.		

Humboldt Senior Resource Center, Inc.
Statement of Activities
(Unrestricted)

	For the Year Ended June 30,		
	2009	2008	2007
Support, Revenue, and Gains			
Support			
Grants, contracts and exchange transactions	\$ 1,460,018	\$ 1,522,351	\$ 1,507,925
Contributions	844,387	468,906	373,577
Total support	<u>2,304,405</u>	<u>1,991,257</u>	<u>1,881,502</u>
Revenue and Gains			
Medi-Cal revenue	997,687	1,065,824	1,108,807
Program revenue	818,746	812,248	757,490
Fund-raising	23,855	15,259	4,644
Interest income	35,110	30,478	37,884
Other income	36,537	6,248	74,909
Realized gains on investments	-	9,538	5,008
Unrealized gains on investments	-	-	24,881
Total revenue and gains	<u>1,911,935</u>	<u>1,939,595</u>	<u>2,013,623</u>
Net Assets Released from Restrictions	<u>2,469,695</u>	<u>81,349</u>	<u>232,080</u>
Total Support, Revenue, and Gains	<u>6,686,035</u>	<u>4,012,201</u>	<u>4,127,205</u>
Expenses			
Salaries and wages	2,264,088	2,182,444	2,082,273
Fringe benefit expense	577,486	556,332	593,568
Advertising	28,180	21,599	19,335
Audit expense	17,334	17,500	16,660
Bad debt expense	28,894	3,777	5,524
Books, dues, and subscriptions	10,321	9,151	10,536
Contracted services	154,050	147,355	109,529
Copying, printing, and duplication	35,450	39,474	39,523
Dial-A-Ride ticket expense	61,000	59,980	55,696
Equipment maintenance and rent	56,057	39,220	53,191
Expendable equipment	147,484	15,873	23,821
Food service supplies	32,277	26,212	28,800
Insurance	49,654	37,512	39,039
Meals and lodging	-	-	63
Medical supplies	8,889	8,228	6,780
Merchandise expense	-	105	73
Occupancy costs	129,772	125,712	125,354
Office expense and postage	54,256	50,248	44,596
Other supplies	25,854	22,301	25,714
Purchased meals	68,006	74,357	72,513
Raw food	242,608	236,382	219,688
Staff training and travel	49,094	52,539	47,873
Taxes, fees, and licenses	18,311	15,725	17,627
Vehicle operations	35,606	47,673	39,928
Volunteer services and expense	4,568	-	883
Waived services	104,846	125,751	143,788
Miscellaneous expense	70,234	50,013	31,561
Administrative allocations	-	-	3,902
Depreciation	60,239	55,496	56,139
In-Kind expense	90,879	96,845	98,172
Realized loss on investments	9,080	28	-
Unrealized loss on investments	61,116	42,573	-
Loss on asset disposal	26	151	253
TOTAL EXPENSES	<u>4,495,659</u>	<u>4,160,556</u>	<u>4,012,402</u>
CHANGE IN UNRESTRICTED NET ASSETS	2,190,376	(148,355)	- 114,803
Depreciation on grant funded fixed assets	(15,524)	(17,755)	(19,559)
Prior period adjustments	(12,814)	(48)	(1,218)
Unrestricted Net Assets, beginning of year	<u>2,181,369</u>	<u>2,347,527</u>	<u>2,253,501</u>
Unrestricted Net Assets, end of year	<u>\$ 4,343,407</u>	<u>\$ 2,181,369</u>	<u>\$ 2,347,527</u>

Humboldt Senior Resource Center, Inc.
Financial Position

	As of June 30,		
	2009	2008	2007
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 622,219	\$ 869,729	\$ 1,056,937
Accounts receivable	239,570	267,986	305,530
Contracts and grants receivable	42,824	38,260	50,968
Prepaid expenses	56,222	55,127	22,247
Inventory	15,246	23,734	22,379
Total current assets	<u>976,081</u>	<u>1,254,836</u>	<u>1,458,061</u>
Property and equipment, net	<u>6,590,780</u>	<u>4,914,991</u>	<u>2,357,997</u>
Other Assets:			
Board designated endowment	219,305	283,432	282,871
Short term investments	-	150,000	178,313
Unconditional promises to give	120,651	116,865	173,198
Total other assets	<u>339,956</u>	<u>550,297</u>	<u>634,382</u>
TOTAL ASSETS	<u>\$ 7,906,817</u>	<u>\$ 6,720,124</u>	<u>\$ 4,450,440</u>
LIABILITIES AND NET ASSETS:			
Current Liabilities:			
Accounts payable	\$ 100,037	\$ 562,639	\$ 108,358
Current portion of long term debt	94,950	41,116	0
Refundable advances	65,328	71,502	3,704
Accrued liabilities:			
Payroll and payroll taxes	121,524	110,267	99,603
Compensated absences	109,456	90,113	87,162
Total current liabilities	<u>491,295</u>	<u>875,637</u>	<u>298,827</u>
Long Term Liabilities:			
Notes payable	2,485,363	678,846	-
Property reverting to funding source	383,171	386,152	391,787
	<u>2,868,534</u>	<u>1,064,998</u>	<u>391,787</u>
TOTAL LIABILITIES	<u>3,359,829</u>	<u>1,940,635</u>	<u>690,614</u>
Net assets:			
Unrestricted	4,343,407	2,181,369	2,347,527
Temporarily restricted	203,581	2,598,120	1,412,299
Total net assets	<u>4,546,988</u>	<u>4,779,489</u>	<u>3,759,826</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,906,817</u>	<u>\$ 6,720,124</u>	<u>\$ 4,450,440</u>
Financial Ratios:			
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt service coverage (x)	36.21	(3.09)	NA*
Debt/Unrestricted Net Assets (x)	0.59	0.33	NA*
Margin (%)	32.76	(3.70)	2.78
Current Ratio (x)	1.99	1.43	4.88

*Not applicable as the Borrower had no long-term debt in FY 2007