




Incorporating Capital Projects into Strategic Planning



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How to Plan and What to Plan

1. Use the NACHC/Capital Link Strategic Planning Toolkit
2. Complete a physical space assessment
3. Determine Debt Capacity
4. Consider financial sustainability
5. Identify sources and types of financing

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2

Why Have a Strategic Plan?

- “If you don’t know where you are going, any road will get you there.” – Cheshire Cat
- Eliminate surprise
- Provide a guide for **every day** decisions (critical minutia)
- A tool to help keep pace with external change

Why Have a Strategic Plan?

- Tool to create and maintain “**Adjacent Possibilities**”.
 - Old systems designed **to kill change**, minimize both possibilities and adjacency.
- **Keep pace** with the change around you.
- Understand your systems (Xerox).
- Learn to **manage strategically or perish**.

Strategic Planning Toolkit

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A "GPS" Plan



Not A Storage Problem



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6

Strategic Planning Toolkit




Download a free copy:

<http://www.caplink.org/resources/publications>

Strategic Planning Toolkit


The tools...


- Provide a **clear explanation** of their purpose.
- Have **instructions** on how to use them.
- Offer guidance on **who** should participate.
- Contain questions or statements to **stimulate your thinking**.
- Are **interactive** so that you may insert your findings and comments.
- **You know the questions and most of the answers**, you just don't realize it...these tools will enable you to identify both.
- They are **designed to speak to you every step of the way and to guide you** easily through the maze of strategic thinking and planning.



New Resource

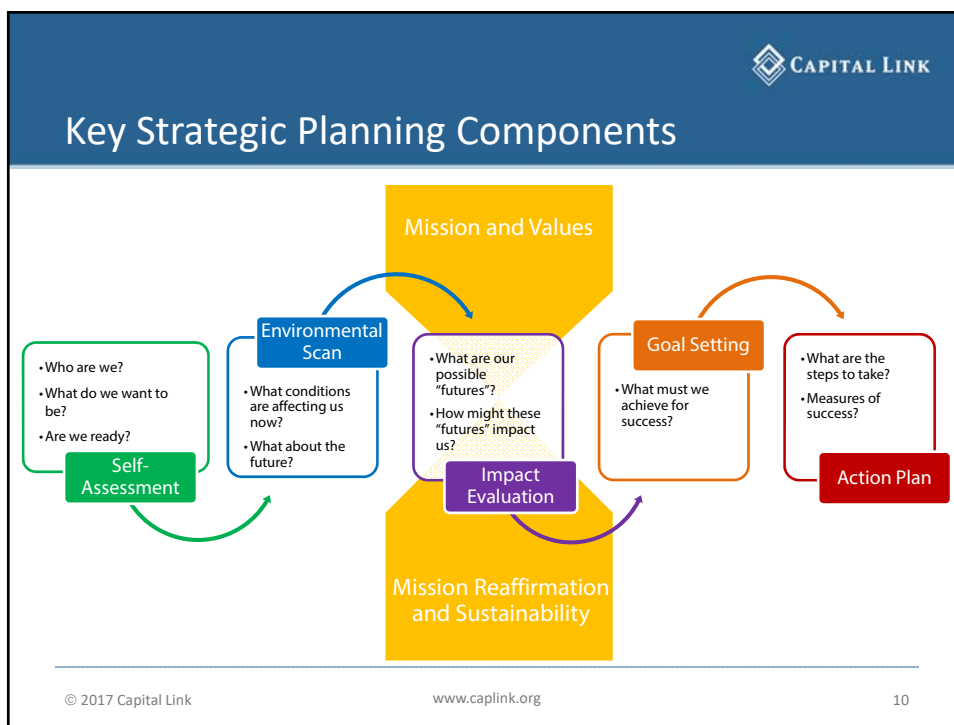
Steps to Success:
A Toolkit for Community Health Centers Navigating a Capital Development Venture



Prepared by Capital Link | 2017


- Gain a comprehensive understanding of the steps involved in planning a capital project.
- Obtain access to related resources specific to each phase of the process.
- Learn how to develop clear project goals and an organized plan to achieve them to help your health center stay on track.

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9



Self-Assessment

- What do you do?
- Why do you do it?
- How do you do it?
- What do you do well?
- What you could do better?
- Operational capacity?
- Financial capacity?
- Physical capacity?
- Irony of strategic planning?

Environmental Scan

- You can't manage what you don't know
- What lies ahead
- Demographic shift (overwhelming)
- Government healthcare policy
- Government fiscal policy
- National and global economy
- Local economy
- Invite stakeholders to provide input
 - Community
 - Patients, providers, staff
 - Government: local, state, federal
 - Other social services
- There is no "future", there are *possible* "futures"



Impact Evaluation

- What possibilities did we find in landscaping?
- What are the operating and financial implications of each of those possibilities?
- List the possibilities and the impacts each one has on the health center.
- Prioritize the probabilities.
- Analyze the impact on each possibility.
- Capital needs, human resources, and connections.



Goal Setting - SMART

- Specific
- Measurable
- Attainable
- Realistic
- Attainable

Action Plan

- “What if” planning
- Contingent action plan
- “Back-to-the-future” planning
- Immediate action plan
- Maximizing positive possibilities
- Minimizing negative possibilities
- Timeline estimates for intervention
- Community activation



Physical Space Assessment

Physical Space Assessment


Every strategic plan must include thoughtful analysis of an organization's physical space. The impetus for this necessity comes from many sources. Does your center have enough space to accommodate current needs and future growth? Is your operating model likely to change, thus requiring a different space design? Will you be adding services that require specially-designed spaces? What is the condition of your current buildings? Do you lease space and wish to own?

How to Use: Answer the questions below to identify your potential physical space needs.

Who Should Use: Leadership team, working in conjunction with the Strategic Planning Committee

1. What is the age and physical condition of your existing buildings? Will any need to be renovated, replaced or expanded in the next five years?
2. Is your existing space sufficient to accommodate future growth? If not, what new or improved space will you need in the next five years?
3. Do your existing facilities help you attract patients, and recruit and retain providers?
4. Is your existing space configured in a manner that provides optimal productivity and enables potential operating model changes?
5. Are your current sites located appropriately to serve your market and provide you with a competitive advantage? Are there new markets you are considering that will require additional sites?
6. If you lease space, is this situation optimal for your needs or do you need to consider replacing the leases or buying/building space?
7. Do you have collaboration or co-location opportunities that will require additional space (e.g., pharmacy, other medical or behavioral health providers, schools, housing, commercial enterprises, etc.)
8. Do you have sufficient working capital and/or debt capacity to improve or expand your existing space?
9. Are you aware of the grants that are available to health centers for capital improvements?
10. Are you aware of low-cost financing tools such as New Markets Tax Credits, USDA financing, and special loan programs for health centers?
11. How do you prioritize the needs identified in this process?


Debt Capacity Analysis



Debt Capacity Sensitivity Analysis

	Interest Rate	#Years	2017	2018	2019	2020
Funds Available for Debt Service			\$951,047	\$850,221	\$1,022,554	\$1,000,037
Rent rebate below			\$951,047	\$850,221	\$1,022,554	\$1,000,037
\$0.00						
Funds Available for Debt Service after applying D.S.C. Require. of 1.25			\$760,838	\$680,177	\$818,043	\$800,030
Debt Supported by Adjusted Cash Flow	6.00%	20	\$8,726,747	\$7,801,574	\$9,382,891	\$9,176,276
Debt Supported by Adjusted Cash Flow	5.00%	20	\$9,481,718	\$8,476,506	\$10,194,626	\$9,970,137
Debt Supported by Adjusted Cash Flow	4.00%	20	\$10,340,031	\$9,243,825	\$11,117,474	\$10,872,663

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Debt Capacity Sensitivity Analysis

	Interest Rate	#Years	2017	2018	2019	2020
Funds Available for Debt Service			\$951,047	\$850,221	\$1,022,554	\$1,000,037
Rent rebate below			\$1,101,047	\$1,000,221	\$1,172,554	\$1,150,037
\$150,000.00						
Funds Available for Debt Service after applying D.S.C. Req. of 1.25			\$760,838	\$680,177	\$818,043	\$800,030
Debt Supported by Adjusted Cash Flow	6.00%	20	\$8,726,747	\$7,801,574	\$9,382,891	\$9,176,276
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Financial Feasibility and Sustainability

- Historical performance (3 years audited)
- 5-7 year forecast
- Project budget
- Sources and uses
- Financing structure

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Modeling the Impact of Your Capital Investment Project



How will the project enhance your ability to be financially successful over the long-term?

- Increased Volumes
- Higher cost reimbursement
- Higher profile/fundraising
- Improved recruitment/retention/ productivity

Balance Sheet



STATEMENT OF FINANCIAL POSITION
HISTORICAL AND PROJECTED

FISCAL YEAR	Audited Results				15.00%		25.00%		10.00%				
	2011-06-30	2012-06-30	2013-06-30	%Δ	6/30/2014	%Δ	6/30/2015	%Δ	6/30/2016	%Δ			
ASSETS													
Cash & Investments	240,794	251,548	288,927		1,722,597		3,600,619		5,729,949		8,194,297		10,404,746
Restricted Cash and Investments	0	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Accounts Receivable	785,049	1,055,330	998,041		1,587,788		1,764,885		2,117,411		2,335,478		2,484,575
Grants Receivable	84,797	868,103	291,629		362,183		287,427		272,775		279,231		283,795
Inventory	111,487	93,892	181,847	0.0%	8,542	0.0%	9,381	0.0%	11,031	0.0%	12,061	0.0%	12,771
Other Current Assets	188,446	62,118	144,439	0.0%	144,439	0.0%	144,439	0.0%	144,439	0.0%	144,439	0.0%	144,439
Total Current Assets	1,410,572	2,348,981	1,902,883		3,725,549		5,786,751		8,275,605		10,964,506		13,330,327
Land, Building & Improvements	2,588,427	2,572,169	6,361,436		6,361,436		6,361,436		27,939,936		27,939,936		27,939,936
Furniture, Equipment & Leasehold	210,898	2,541,410	0		2,258,844		3,290,844		3,290,844		3,290,844		3,290,844
Gross Fixed Assets	4,107,779	6,703,177	8,620,280		8,620,280		8,620,280		31,230,780		31,230,780		31,230,780
Accumulated Depreciation	1,785,843	2,143,187	2,570,833		3,032,479		3,494,125		4,056,494		5,818,864		6,981,233
Net Fixed Assets	2,321,936	4,559,990	6,049,447		5,587,801		5,126,155		26,974,286		25,411,916		24,249,547
Other LT Assets	174,551	219,042	214,034	0.0%	214,034	0.0%	214,034	0.0%	214,034	0.0%	214,034	0.0%	214,034
Total Other Assets	374,551	219,042	214,034		214,034		214,034		214,034		214,034		214,034
TOTAL ASSETS	\$3,907,058	\$7,128,023	\$8,166,364		\$9,527,384		\$11,126,940		\$35,063,924		\$36,590,456		\$37,793,908
LIABILITIES AND NET ASSETS													
Accounts Payable	907,198	1,292,918	1,109,687		1,874,214		2,019,874		2,623,185		2,771,844		2,894,586
Accrued Expenses	471,370	560,496	625,761		650,054		754,369		810,751		891,933		956,727
Current Maturities of Long-Term Debt	37,321	131,914	154,456		0		0		0		278,614		266,715
Current Maturities of Capital Leases	0	0	0		0		0		0		0		0
Other Current Liabilities	550,000	0	500,000	0.0%	500,000	0.0%	500,000	0.0%	500,000	0.0%	500,000	0.0%	500,000
Total Current Liabilities	1,966,079	1,985,328	2,389,898		3,024,268		3,274,243		3,933,936		4,442,391		4,621,028
Long-Term Debt	900,572	1,924,346	2,052,125		2,052,125		2,052,125		2,052,125		1,779,511		1,506,799
New Long-Term Debt (USDA)	0	0	0		0		0		22,000,000		21,721,366		21,454,071
Other Long-Term Liabilities	0	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Total Long-Term Liabilities	900,572	1,924,346	2,052,125		2,052,125		2,052,125		24,052,125		23,494,897		22,961,466
Total Liabilities	2,866,651	3,909,674	4,442,011		5,076,393		5,326,368		27,986,061		27,937,288		27,582,495
Total Net Assets	1,040,407	3,218,349	3,724,353		4,450,991		5,800,572		7,077,863		8,653,168		10,211,413
TOTAL LIAB. AND NET ASSETS	\$3,907,058	\$7,128,023	\$8,166,364		\$9,527,384		\$11,126,940		\$35,063,924		\$36,590,456		\$37,793,908



Income

STATEMENT OF ACTIVITIES HISTORICAL AND PROJECTED											
Month in which fiscal year ends: 0											
FISCAL YEAR	Audited Results					25.00%			Projected Results		
	2011-06-30	2012-06-30	2013-06-30	%	%Δ	6/30/2014	%	%Δ	6/30/2015	%	%Δ
Net Patient Service Revenue	5,840,358	6,836,651	10,134,893	81.1%		13,295,111	86.0%		14,778,008	87.0%	
Total Operating Grants & Contracts	1,824,818	1,950,270	1,757,503	14.1%	2.0%	1,792,653	11.6%	2.0%	1,828,506	10.8%	2.0%
Contributions / Fundraising Income	153,096	256,945	224,631	1.8%	2.0%	229,124	1.5%	0.0%	229,124	1.3%	0.0%
Donated Goods & Services	277,266	0	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Net Assets Released from Restrictions	0	125,525	236,484	1.9%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Other Operating Revenue	69,193	374,342	145,563	1.2%	0.0%	145,563	0.9%	0.0%	145,563	0.9%	0.0%
TOTAL OPERATING REVENUE	8,164,731	11,543,736	12,499,074	100.0%		15,462,451	100.0%		16,961,201	100.0%	
Salaries & Related Expense	5,410,039	6,715,217	7,534,826	60.3%		7,772,172	50.3%		9,019,381	53.1%	
Fringes & Payroll Taxes	1,223,484	1,479,018	1,677,094	13.4%		1,731,267	11.2%		2,009,201	11.8%	
Professional / Contracted / Consultant Fees	662,649	486,538	613,193	4.9%	3.0%	631,569	4.1%	0.0%	631,569	3.7%	0.0%
Admin and Supplies	881,855	1,606,261	2,485,647	19.9%		3,074,963	19.9%		3,376,992	19.9%	
Insurance	29,668	25,821	32,672	0.3%		40,418	0.3%		44,388	0.3%	
Bad Debt Expense	311,334	289,670	0	0.0%		402,024	2.6%		441,511	2.6%	
Rent	0	0	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Facility Operation & Maintenance	376,995	451,129	481,502	3.9%	5.0%	505,577	3.3%	5.0%	530,856	3.1%	5.0%
Depreciation	229,881	373,089	461,646	3.7%	0.0%	461,646	3.0%	0.0%	461,646	2.7%	0.0%
Depreciation on New Site	0	0	0	0.0%		0	0.0%		0	0.0%	
Interest Expense	46,657	102,526	116,056	0.9%	0.0%	116,056	0.8%	0.0%	116,056	0.7%	0.0%
Interest Expense New Site	0	0	0	0.0%		0	0.0%		0	0.0%	
Other Operating Expense	0	0	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
TOTAL OPERATING EXPENSES	9,172,542	11,529,269	13,402,628	107.2%		14,735,813	95.3%		16,631,620	97.9%	
CHANGE IN NET ASSETS - OPERATING	-1,007,811	14,467	-803,552	-7.2%		726,638	4.7%		349,581	2.1%	
Grants / Contributions for Capital	991,880	2,182,379	1,090,950	8.7%		0	0.0%		1,000,000	5.9%	
Changes in Temporarily Rest. Net Assets	-272,729	-47,063	248,985	2.0%		0	0.0%		0	0.0%	
Contributions & Donations (Non-operating)	0	0	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Investment & Interest Income	1,932	326	514	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Other Non-operating Income	0	27,833	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
TOTAL NON-OPERATING INCOME	721,083	2,183,475	1,340,449	10.7%		0	0.0%		1,000,000	5.9%	
CHANGE IN NET ASSETS	-236,728	\$2,177,942	\$436,887	3.5%		\$726,638	4.7%		\$1,349,581	7.9%	
Cash available to service Debt						1,304,340			1,927,283		3,365,041



Cash Flow

CASH FLOW STATEMENT HISTORICAL AND PROJECTED							
Month in which fiscal year ends: 0							
FISCAL YEAR	Audited Results			25.00%		Projected Results	
	2011-06-30	2012-06-30	2013-06-30	6/30/2014	6/30/2015	6/30/2016	
CASH FLOW FROM OPERATIONS							
Change in Net Assets		\$2,177,942	\$436,887	\$726,638	\$1,349,581	\$1,277,292	
Adjustments:							
Depreciation		357,344	427,646	461,646	461,646	1,162,369	
(Increase) Decrease in Restricted Cash/Inv		0	0	0	0	0	
(Increase) Decrease in A/R		-270,282	57,289	-589,747	-177,097	-352,525	
(Increase) Decrease in Grants Receivable		-781,306	574,474	29,446	-5,244	-5,349	
(Increase) Decrease in Inventory		17,595	-87,955	173,305	-838	-1,651	
(Increase) Decrease in Other Current Assets		106,328	-62,321	0	0	0	
(Increase) Decrease in Other LT Assets		-44,491	5,008	0	0	0	
Increase (Decrease) in Accounts Payable		385,730	-183,251	764,547	145,661	603,310	
Increase (Decrease) in Accrued Exp		88,926	65,265	24,293	104,315	56,382	
Increase (Decrease) in Other Current Liab.		-550,000	500,000	0	0	0	
Cash Flow from Operations		\$1,487,786	\$1,733,042	\$1,590,128	\$1,878,022	\$2,739,829	
Cash Flow from Investment							
Acquisition of Land, Building & Improv		16,258	-3,789,267	0	0	-21,578,500	
Construction in Progress		-2,330,512	2,541,410	0	0	0	
Acquisition of Furniture & Equipment		-281,145	-669,246	0	0	-1,032,000	
Cash Flow from Investment		-\$2,595,399	-\$699,246	-\$1,917,103	\$0	-\$22,610,500	
Cash Flow from Financing Activities							
Proceeds (Paydown) of Long-term Debt		1,118,367	150,323	-154,458	0	0	
Proceeds (Paydown) of Capital Leases		0	0	0	0	22,000,000	
Proceeds (Paydown) of Other L.T. Liab.		0	0	0	0	0	
Cash Flow from Financing Activities		\$1,118,367	\$150,323	-\$154,458	\$0	\$22,000,000	
Net Cash Flow		\$10,754	-\$33,736	\$1,435,670	\$1,878,022	\$2,129,329	
Beginning Cash		\$240,794	\$251,548	\$286,927	\$1,722,597	\$3,600,619	
Ending Cash		\$251,548	\$217,810	\$1,722,597	\$3,600,619	\$5,729,949	



Patient Revenue

PATIENT REVENUE HISTORICAL AND PROJECTED

	2013-06-30		6/30/2014		6/30/2015		6/30/2016		6/30/2017		6/30/2018	
	Visits	%Δ	Visits	%Δ	Visits	%Δ	Visits	%Δ	Visits	%Δ	Visits	%Δ
Medical Visits	57971	0%	59114	5%	62070	20%	74484	12%	83422	5%	87593	5%
Dental Visits	2471	0%	4274	5%	4488	5%	4712	5%	4948	5%	5195	5%
Mental Health Visits	2430	0%	2825	5%	2430	5%	4860	5%	5103	5%	5358	5%
Radiology*	2059	0%	3589	5%	3768	5%	3957	5%	4155	5%	4362	5%
Home Visits		0%	714	5%	750	5%	787	5%	827	5%	868	5%
Nursing home		0%	1173	5%	1232	5%	1293	5%	1358	5%	1426	5%
Total Visits			71689		74737		90093		99812		104802	

	2013-06-30		6/30/2014		6/30/2015		6/30/2016		6/30/2017		6/30/2018	
	Ave Rate	%Δ	Ave Rate	%Δ	Ave Rate	%Δ	Ave Rate	%Δ	Ave Rate	%Δ	Ave Rate	%Δ
Medical		0%	\$ 126.60	2%	\$ 129.14	2%	\$ 131.72	2%	\$ 134.35	2%	\$ 137.04	2%
Dental		0%	\$ 71.20	2%	\$ 72.62	2%	\$ 74.07	2%	\$ 75.55	2%	\$ 77.06	2%
Mental Health		0%	\$ 99.93	2%	\$ 101.92	2%	\$ 103.96	2%	\$ 106.04	2%	\$ 108.16	2%
Radiology*		0%	\$ 119.12	2%	\$ 121.50	2%	\$ 123.93	2%	\$ 126.41	2%	\$ 128.94	2%
Home Visits		0%	\$ 84.62	2%	\$ 86.71	2%	\$ 88.65	2%	\$ 90.62	2%	\$ 92.63	2%
Nursing home		0%	\$ 108.90	2%	\$ 111.08	2%	\$ 113.30	2%	\$ 115.57	2%	\$ 117.86	2%

	2013-06-30	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018					
Pharmacy Revenue	Rev	%Δ	%Δ	%Δ	%Δ	%Δ					
	\$ 2,185,970.00		\$ 4,601,563	5%	\$ 5,521,876	20%	\$ 6,350,157	15%	\$ 6,667,665	5%	\$ 7,001,048

	2013-06-30	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Patient Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue
Medical	\$ 7,475,460	\$ 7,484,016	\$ 8,015,381	\$ 9,810,827	\$ 11,207,888	\$ 12,003,648	\$ 12,855,907	\$ 13,768,677
Dental	\$ 197,241	\$ 304,288	\$ 325,892	\$ 349,031	\$ 373,812	\$ 400,353	\$ 428,778	\$ 459,221
Mental Health	\$ 282,292	\$ 282,292	\$ 247,678	\$ 505,262	\$ 541,136	\$ 579,556	\$ 620,705	\$ 664,775
Pharmacy	\$ 2,185,970	\$ 4,601,563	\$ 5,521,876	\$ 6,350,157	\$ 6,667,665	\$ 7,001,048	\$ 7,351,100	\$ 7,351,100
Radiology*	\$ -	\$ 427,511	\$ 457,864	\$ 490,373	\$ 525,189	\$ 562,478	\$ 602,413	\$ 645,185
Home Visits	\$ 123,881	\$ 67,698	\$ 72,505	\$ 77,652	\$ 83,166	\$ 89,070	\$ 95,394	\$ 102,167
Nursing home	\$ -	\$ 127,743	\$ 136,813	\$ 146,526	\$ 156,930	\$ 168,072	\$ 180,005	\$ 192,785
Total Patient Revenue	\$ 9,982,552	\$ 13,295,111	\$ 14,778,008	\$ 17,729,828	\$ 19,555,785	\$ 20,804,225	\$ 22,134,303	\$ 23,183,911



Employment

EMPLOYMENT HISTORICAL AND PROJECTED

Service Provider:	ACTUAL 2013-06-30			PROJECTED 6/30/2015							
	FTEs	Ave. Salary	Total Salary	FTEs	%Δ	Ave. Salary	Total Salary	FTEs	%Δ	Ave. Salary	Total Salary
Physician	6.42	NA	NA	8.00	0.0%	\$ 134,709.00	\$ 1,077,664	8.00	2.0%	\$ 137,402.16	\$ 1,099,217
Midlevel (PA, NP)	11.39	NA	NA	9.00	0.0%	\$ 80,256.00	\$ 722,304	9.00	2.0%	\$ 81,861.12	\$ 736,750
Nurses (RN)	15.56	NA	NA	13.00	0.0%	\$ 61,596.00	\$ 800,748	18.00	2.0%	\$ 62,827.92	\$ 1,130,903
Medical Assistants	0.00	NA	NA	13.00	0.0%	\$ 32,287.00	\$ 419,731	16.67	2.0%	\$ 32,932.74	\$ 548,989
X-ray Personnel	3.87	NA	NA	4.28	0.0%	\$ 61,815.00	\$ 220,484	3.05	2.0%	\$ 62,646.30	\$ 160,263
Medical provider support	12.14	NA	NA	18.58	0.0%	\$ 32,512.00	\$ 604,073	26.56	2.0%	\$ 33,162.24	\$ 880,789
Dental Provider (Dentists)	0.99	NA	NA	1.50	0.0%	\$ 112,450.00	\$ 168,675	2.10	2.0%	\$ 114,699.00	\$ 240,868
Hygienist (Dental Hygienists)	0.78	NA	NA	0.90	0.0%	\$ 64,435.00	\$ 57,992	0.96	2.0%	\$ 65,723.70	\$ 58,522
Dental Support	1.32	NA	NA	3.40	0.0%	\$ 38,331.00	\$ 130,325	4.40	2.0%	\$ 39,097.62	\$ 172,030
Mental Health Provider	0.44	NA	NA	0.60	0.0%	\$ 99,000.00	\$ 59,400	0.95	2.0%	\$ 100,980.00	\$ 95,931
Social Workers	2.00	NA	NA	2.00	0.0%	\$ 63,515.00	\$ 127,030	3.00	2.0%	\$ 64,785.30	\$ 194,356
Other Professional Services	0.34	NA	NA	1.48	0.0%	\$ 69,029.00	\$ 102,163	1.50	2.0%	\$ 70,409.58	\$ 105,614
Pharmacy (Pharmacy Personnel)	8.61	NA	NA	10.20	0.0%	\$ 63,434.00	\$ 647,027	10.60	2.0%	\$ 64,702.68	\$ 685,848
Eligibility Assistance Workers	2.97	NA	NA	3.40	0.0%	\$ 34,981.00	\$ 118,935	3.42	2.0%	\$ 35,680.62	\$ 122,028
Clerical and Administration	1.00	NA	NA	1.00	0.0%	\$ 32,798.61	\$ 32,799	1.00	2.0%	\$ 33,454.58	\$ 33,455
WIC (women, infants and children)	4.11	NA	NA	4.10	0.0%	\$ 37,666.00	\$ 154,431	4.10	2.0%	\$ 38,419.32	\$ 157,519
Management and Support Staff	12.26	NA	NA	11.48	0.0%	\$ 104,321.00	\$ 1,197,605	10.21	2.0%	\$ 106,407.42	\$ 1,088,420
Fiscal and Billing Staff	10.22	NA	NA	11.48	0.0%	\$ 58,139.00	\$ 667,436	17.29	2.0%	\$ 59,301.78	\$ 1,025,328
IT Staff	3.21	NA	NA	5.60	0.0%	\$ 60,777.00	\$ 340,351	5.42	2.0%	\$ 61,992.54	\$ 336,000
Staff	1.47	NA	NA	2.00	0.0%	\$ 61,500.00	\$ 123,000	2.40	2.0%	\$ 62,730.00	\$ 150,552
Patient Support Staff	23.74	NA	NA		0.0%	\$ -	\$ -	0.00	2.0%	\$ -	\$ -
Other	0.00	NA	NA	0.00	0.0%	\$ -	\$ -	0.00	2.0%	\$ -	\$ -
TOTAL	122.84	NA	NA	125.00		\$ 7,772,172		148.53		\$ 9,019,381	

	2013-06-30	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total Visits / Total FTEs	0	574	503	578	602	604	606	612
Med Visits / Provider	3255	3477	3651	4256	4391	4380	4380	4599
Dental Visits / Dental Provider	7268	7268	7268	7268	7268	7268	7268	7268
Mntl Hlth Visits/ Mental Health Prov	2430	2430	2430	2430	2430	2430	2430	2430



Sources & Uses of Project Funds

ABC Community Health Center		
SOURCES AND USES OF PROJECT FUNDS		
<i>Sources of Funds:</i>		
Grants/Contributions for Capital	1,750,000	50.0%
Cash from Reserves	500,000	14.3%
Debt Financing	1,250,000	35.7%
Total Sources of Funds	\$3,500,000	100.0%
<i>Uses of Funds:</i>		
Real Estate Related Costs	640,000	18.3%
Total Hard Costs	2,200,000	62.9%
Total Soft Costs	330,000	9.4%
Total Equipment Costs	330,000	9.4%
Total Uses of Funds	\$3,500,000	100.0%
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Sources and Types of Financing

*Financial structure considerations
mean big financial differences!*



Financing Components

- Grants/Gifts
- Foundations
- NMTC
- Bank Loan
- State Funds
- USDA
- Tax-Exempt Bonds

*Let's us a \$10,000,000 project
as an example*



Conventional Bank Loan

- Loan is 80% of project value: \$8,000,000
- Interest rate is 5% with 25-year amortization
- Where will the remaining \$2,000,000 come from?
 - Sale of existing building?
 - Hospital contribution?
 - State?
 - Capital campaign?
 - Government grant?

Conventional Bank Loan

Sources of Funds:

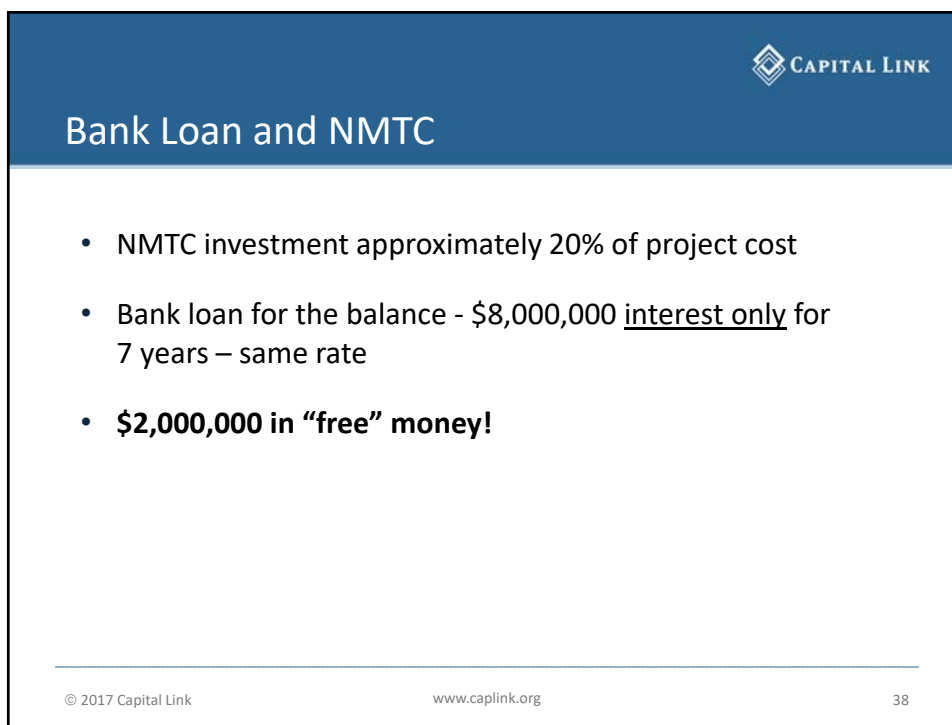
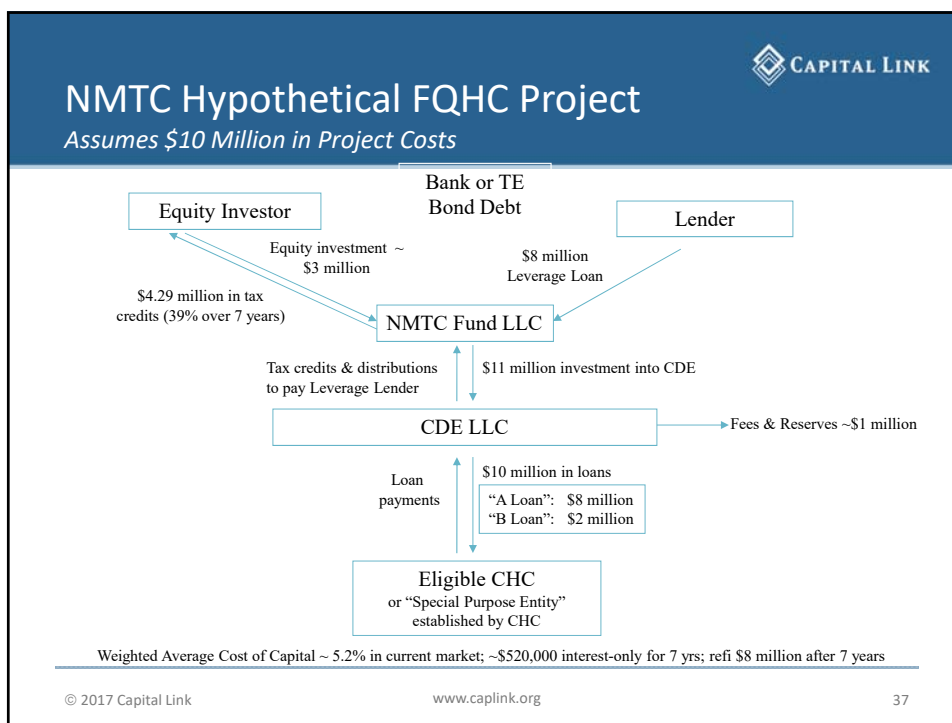
Bank Loan.....	\$8,000,000
Other.....	<u>\$2,000,000</u>
Total.....	\$10,000,000

Annual Debt Service (P&I).....\$561,204

New Markets Tax Credit Program

- “Investment” that isn’t repaid
- 20% of total project cost
- Finding a Community Development Entity (CDE)
- Application and awards







Bank Loan: NMTC, Interest Only

Sources of Funds:

Bank Loan.....	\$8,000,000
NMTC.....	<u>\$2,000,000</u>
Total.....	\$10,000,000

Annual Debt Service.....\$400,000



US Department of Agriculture

- Usable with other options
- Population 20,000 or under
- Direct loan 3.5% for 40 years



USDA Direct Loan Structure

- Loan will be 80% of project cost - \$8,000,000.
- Roughly 3.5% interest rate with 40-year amortization.
- Where will the remaining \$2,000,000 come from?



USDA Direct Loan

Sources of Funds:

USDA Loan.....	\$ 8,000,000
Other.....	<u>\$ 2,000,000</u>
Total.....	\$10,000,000

Annual Debt Service.....\$ 371,892




Tax-Exempt Bonds

- With other options
- NMTC
- State issuing authority
- Private purchase by bank



Tax-Exempt Bonds and NMTC

- NMTC investment approximately 20% of project cost - \$2,000,000
- TE Bonds for the balance - \$8,000,000 *interest only* for 7 years
- Interest rate – 3.9% (fixed 10 years)
- **No need for additional financing**




TE Bond: NMTC

Sources of Funds:

TE Bonds.....	\$ 8,000,000
NMTC.....	<u>\$ 2,000,000</u>
Total.....	\$10,000,000

Annual Debt Service.....\$312,000

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Foundation PRI

- Program-Related Investment

- With NMTC

- Private Purchase (Nonprofit Foundations)


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Foundation and NMTC

- NMTC investment approximately 20% of project cost: \$2,000,000
- **80% federal guarantee**
- **No need for additional financing**
- Loan for the balance - \$8,000,000 **interest only** for 7 years
- Interest rate of 3.0%

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Foundation: HRSA LG and NMTC

Sources of Funds:

Tax Bonds.....	\$ 8,000,000
NMTC.....	<u>\$ 2,000,000</u>
Total.....	\$10,000,000

Annual Debt Service.....	<u>\$ 240,000</u>
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Window of Opportunity

- Lowest interest rates...still
- Government financing programs still available
 - Tax Exempt Bonds (tax bill)
 - NMTC (tax bill)
 - USDA



Interest Rates

Rates Today

- Fed Funds – 1.5%
- Variable TE Bond - 0.25%
- Prime – 4.5%

One Year Ago

- Fed Funds – 0.50%
- TE Bond -1.0%
- Prime – 3.5%

Building Costs

- Inflation rate – 1%
- Construction bids – at budget
- Five years ago they were 10% to 15% above budget



**“Enough with all the strategic planning.
Get out there and kill something.”**



Questions?

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