

CRITICAL ACCESS HOSPITAL CONSTRUCTION FINANCING

MICHAEL R. BELL & COMPANY, PLLC
12 EAST ROWAN, SUITE 2
SPOKANE, WASHINGTON 99207
(509) 489-4524

CAH A COST BASED PERCENTAGE

DEPARTMENT	COST BASED PERCENTAGE ORIGINAL
Adults & Pediatrics/obs	78%
Nursery	39%
Operating Room	58%
Labor & Delivery	52%
Anesthesia	59%
Radiology-Diagnostic	59%
Laboratory	71%
Respiratory Therapy	79%
Physical Therapy	0%
EKG	70%
Medical Supplies	70%
Drugs Charges to Patients	68%
Emergency	55%
Home Health	0%
Clinic	0%
Capital - Building	60%
Capital - Equipment	SEE INDIVIDUAL DEPARTMENT
Employee Benefits	56%
Administration & Gen	58%
Plant	60%
Laundry	68%
Housekeeping	59%
Dietary	58%
Cafeteria	52%
Nurse Administration	71%
Medical Records	62%
CRNA	59%

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CAH C

ANALYSIS OF NEW CONSTRUCTION CASH FLOW

BUILDING COST \$ 10,000,000
ESTIMATED AVERAGE USEFUL LIFE 30
(ASSUMES THAT ALL BUILDING COMPONENTS SEPARATELY IDENTIFIED)

DEBT ISSUED - USDA **DIRECT** \$ 5,000,000
TERM 30
INTEREST RATE 4.5%
ANNUAL DEBT PAYMENT \$ 304,011

DEBT ISSUED - USDA **GUARANTEED** \$ 5,000,000
TERM 30
INTEREST RATE 7.0%
ANNUAL DEBT PAYMENT \$ 399,181

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CAH C
ANALYSIS OF NEW CONSTRUCTION CASH FLOW

	1	2	3	4	5	6	7	8	9	10
DEPRECIATION	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333
INTEREST EXPENSE	<u>495,280</u>	<u>484,641</u>	<u>473,459</u>	<u>461,709</u>	<u>449,351</u>	<u>436,364</u>	<u>422,712</u>	<u>408,363</u>	<u>393,276</u>	<u>377,425</u>
TOTAL ADDITIONAL EXPENSE	828,613	817,974	806,792	795,042	782,684	769,697	756,045	741,696	726,609	710,758
CAH CAPITAL REIMBURSEMENT	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>
ADDITIONAL REIMBURSEMENT	<u>\$ 494,027</u>	<u>\$ 487,684</u>	<u>\$ 481,017</u>	<u>\$ 474,012</u>	<u>\$ 466,644</u>	<u>\$ 458,901</u>	<u>\$ 450,762</u>	<u>\$ 442,207</u>	<u>\$ 433,212</u>	<u>\$ 423,761</u>
DEBT SERVICE										
INTEREST EXPENSE	\$ 495,280	\$ 484,641	\$ 473,459	\$ 461,709	\$ 449,351	\$ 436,364	\$ 422,712	\$ 408,363	\$ 393,276	\$ 377,425
PRINCIPAL	<u>207,912</u>	<u>218,551</u>	<u>229,733</u>	<u>241,483</u>	<u>253,841</u>	<u>266,828</u>	<u>280,480</u>	<u>294,829</u>	<u>309,916</u>	<u>325,767</u>
TOTAL DEBT SERVICE	<u>\$ 703,192</u>	<u>\$ 703,192</u>	<u>\$ 703,192</u>	<u>\$ 703,192</u>	<u>\$ 703,192</u>	<u>\$ 703,192</u>	<u>\$ 703,192</u>	<u>\$ 703,192</u>	<u>\$ 703,192</u>	<u>\$ 703,192</u>
ADDITIONAL CASH REQUIRED										
FROM OPERATIONS	<u>\$ 209,165</u>	<u>\$ 215,508</u>	<u>\$ 222,175</u>	<u>\$ 229,180</u>	<u>\$ 236,548</u>	<u>\$ 244,291</u>	<u>\$ 252,430</u>	<u>\$ 260,985</u>	<u>\$ 269,980</u>	<u>\$ 279,431</u>

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CAH D

ANALYSIS OF NEW CONSTRUCTION CASH FLOW

BUILDING COST + HUD FEES +*	\$	11,500,000
ESTIMATED AVERAGE USEFUL LIFE		30
(ASSUMES THAT ALL BUILDING COMPONENTS SEPARATELY IDENTIFIED)		
DEBT ISSUED - HUD	\$	11,500,000
TERM		30
INTEREST RATE		5%
ANNUAL DEBT PAYMENT	\$	740,814

*** - HUD REQUIRES PREVAILING WAGES
MAY ADD 25% TO PROJECT COST**

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CAH D
ANALYSIS OF NEW CONSTRUCTION CASH FLOW

	1	2	3	4	5	6	7	8	9	10
DEPRECIATION	\$ 383,333	\$ 383,333	\$ 383,333	\$ 383,333	\$ 383,333	\$ 383,333	\$ 383,333	\$ 383,333	\$ 383,333	\$ 383,333
INTEREST EXPENSE	<u>571,147</u>	<u>562,466</u>	<u>553,342</u>	<u>543,748</u>	<u>533,667</u>	<u>523,069</u>	<u>511,928</u>	<u>500,220</u>	<u>487,910</u>	<u>474,971</u>
TOTAL ADDITIONAL EXPENSE	954,480	945,799	936,675	927,081	917,000	906,402	895,261	883,553	871,243	858,304
CAH CAPITAL REIMBURSEMENT	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>
ADDITIONAL REIMBURSEMENT	<u>\$ 569,070</u>	<u>\$ 563,895</u>	<u>\$ 558,455</u>	<u>\$ 552,735</u>	<u>\$ 546,725</u>	<u>\$ 540,406</u>	<u>\$ 533,764</u>	<u>\$ 526,783</u>	<u>\$ 519,444</u>	<u>\$ 511,729</u>
DEBT SERVICE										
INTEREST EXPENSE	\$ 571,147	\$ 562,466	\$ 553,342	\$ 543,748	\$ 533,667	\$ 523,069	\$ 511,928	\$ 500,220	\$ 487,910	\$ 474,971
PRINCIPAL	<u>169,667</u>	<u>178,348</u>	<u>187,472</u>	<u>197,066</u>	<u>207,147</u>	<u>217,745</u>	<u>228,886</u>	<u>240,594</u>	<u>252,904</u>	<u>265,843</u>
TOTAL DEBT SERVICE	<u>\$ 740,814</u>	<u>\$ 740,814</u>	<u>\$ 740,814</u>	<u>\$ 740,814</u>	<u>\$ 740,814</u>	<u>\$ 740,814</u>	<u>\$ 740,814</u>	<u>\$ 740,814</u>	<u>\$ 740,814</u>	<u>\$ 740,814</u>
ADDITIONAL CASH REQUIRED										
FROM OPERATIONS	<u>\$ 171,744</u>	<u>\$ 176,919</u>	<u>\$ 182,359</u>	<u>\$ 188,079</u>	<u>\$ 194,089</u>	<u>\$ 200,408</u>	<u>\$ 207,050</u>	<u>\$ 214,031</u>	<u>\$ 221,370</u>	<u>\$ 229,085</u>

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CAH B

ANALYSIS OF NEW CONSTRUCTION CASH FLOW

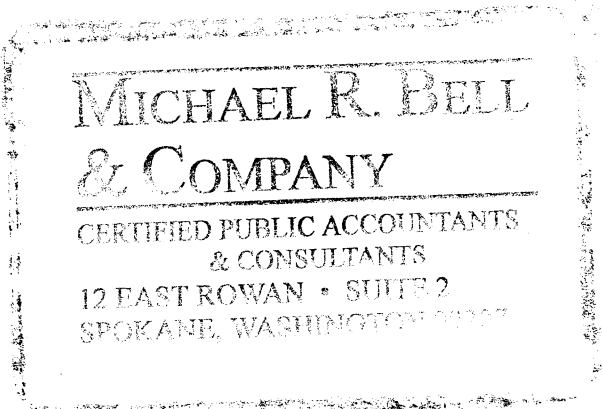
BUILDING COST	\$ 10,000,000
ESTIMATED AVERAGE USEFUL LIFE	30
(ASSUMES THAT ALL BUILDING COMPONENTS SEPARATELY IDENTIFIED)	

DEBT ISSUED - VOTER APPROVED	\$ 10,000,000
TERM	30
INTEREST RATE	4.5%
ANNUAL DEBT PAYMENT	\$ 608,022



CAH B
ANALYSIS OF NEW CONSTRUCTION CASH FLOW

	1	2	3	4	5	6	7	8	9	10
DEPRECIATION	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333	\$ 333,333
INTEREST EXPENSE	<u>497,489</u>	<u>491,833</u>	<u>485,891</u>	<u>479,641</u>	<u>473,073</u>	<u>466,168</u>	<u>458,911</u>	<u>451,283</u>	<u>443,265</u>	<u>434,834</u>
TOTAL ADDITIONAL EXPE	830,822	825,166	819,224	812,974	806,406	799,501	792,244	784,616	776,598	768,167
CAH CAPITAL REIMBURSE	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
ADDITIONAL REIMBURSEI	<u>\$ 495,344</u>	<u>\$ 491,972</u>	<u>\$ 488,430</u>	<u>\$ 484,703</u>	<u>\$ 480,787</u>	<u>\$ 476,670</u>	<u>\$ 472,344</u>	<u>\$ 467,796</u>	<u>\$ 463,016</u>	<u>\$ 457,989</u>
DEBT SERVICE										
INTEREST EXPENSE	\$ 497,489	\$ 491,833	\$ 485,891	\$ 479,641	\$ 473,073	\$ 466,168	\$ 458,911	\$ 451,283	\$ 443,265	\$ 434,834
PRINCIPAL	<u>110,533</u>	<u>116,189</u>	<u>122,131</u>	<u>128,381</u>	<u>134,949</u>	<u>141,854</u>	<u>149,111</u>	<u>156,739</u>	<u>164,757</u>	<u>173,188</u>
TOTAL DEBT SERVICE	<u>\$ 608,022</u>	<u>\$ 608,022</u>	<u>\$ 608,022</u>	<u>\$ 608,022</u>	<u>\$ 608,022</u>	<u>\$ 608,022</u>	<u>\$ 608,022</u>	<u>\$ 608,022</u>	<u>\$ 608,022</u>	<u>\$ 608,022</u>
CASH FROM VOTERS	\$ 608,022	\$ 608,022	\$ 608,022	\$ 608,022	\$ 608,022	\$ 608,022	\$ 608,022	\$ 608,022	\$ 608,022	\$ 608,022
ADDITIONAL CASH (PROVIDED BY)										
OPERATIONS	<u>\$ (495,344)</u>	<u>\$ (491,972)</u>	<u>\$ (488,430)</u>	<u>\$ (484,703)</u>	<u>\$ (480,787)</u>	<u>\$ (476,670)</u>	<u>\$ (472,344)</u>	<u>\$ (467,796)</u>	<u>\$ (463,016)</u>	<u>\$ (457,989)</u>



CAH OPPORTUNITIES

NEW CAPITAL PROJECTS

- SHORTEST USEFUL LIFE
- SEPARATE BUILDING COMPONENTS
- CONSIDER CASH FLOW RELATED TO NEW DEBT AND CAPITAL PROJECTS AND COST BASED REIMBURSEMENT