



# Finding the Best Financing for Your Project



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In truth, there has never been a better time to initiate a capital project.

Nor will there likely be a better time for years to come.



# Window of Opportunity



- Lowest interest rates
- Stagnated building costs
- Strategic changes ahead (Medicare and Medicaid)
- Government financing programs NMTC and FDA

# ***Interest Rates***



# Interest Rates



## Rates Today

- Fed Funds – 0%
- TE Bond - .25%
- Prime – 3.25%
- Inflation - **1%**

## Five Years Ago

- Fed Funds – 3.00%
- TE Bond -4.5%
- Prime – 5.0%
- Inflation – 4%

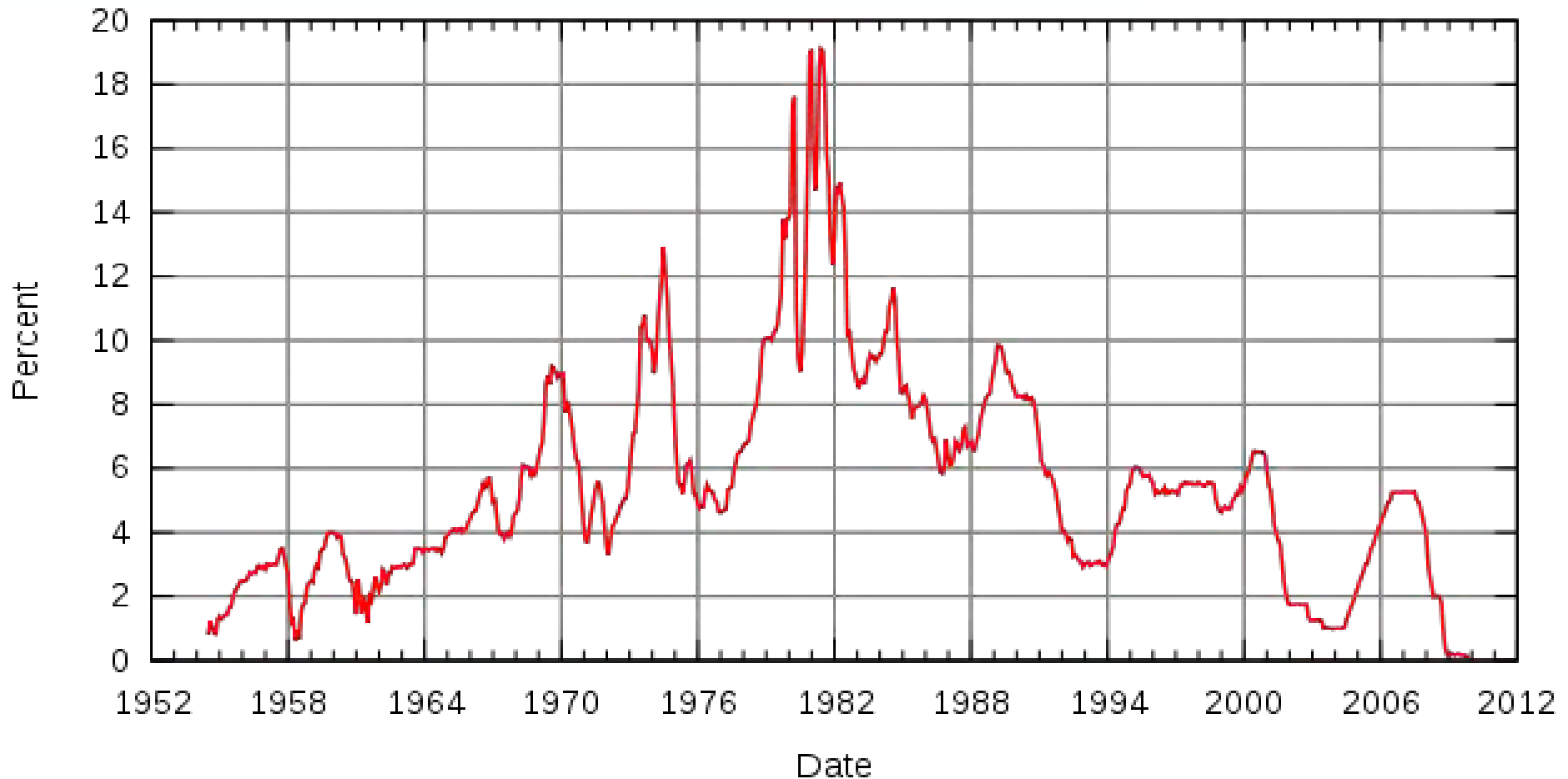
## Five Years From Now?

I'll bet you won't see lower interest rates in your life time.

# Interest Rates



Federal Funds Rate (effective)  
July 1954 to December 2009



# ***Building Costs***



# Building Costs



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





## So, How Long Will Things Stay This Way?

How long is a piece of string?



# ***Strategic Changes Ahead***



# Healthcare Costs

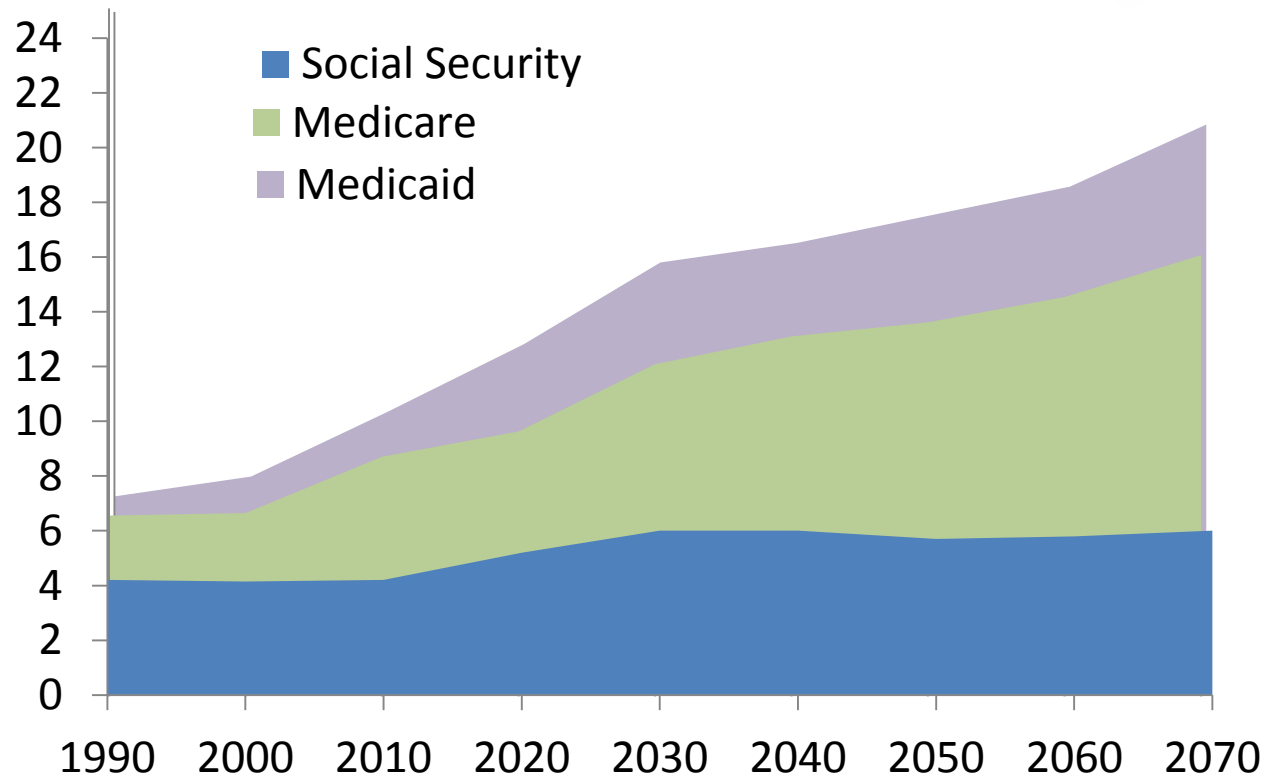


- 1900 – 3% GDP (Gross Domestic Product).
- 1964 – 6% GDP.
- 1994 – 15% GDP.
- 2020 – 25% GDP.
- Per person expenditure for healthcare:
  - 1965 - \$205
  - 2000 - \$4637
  - 2010 - \$8233

# Social Security, Medicare & Medicaid



## Outlays as a Percentage of GDP 1990-2075

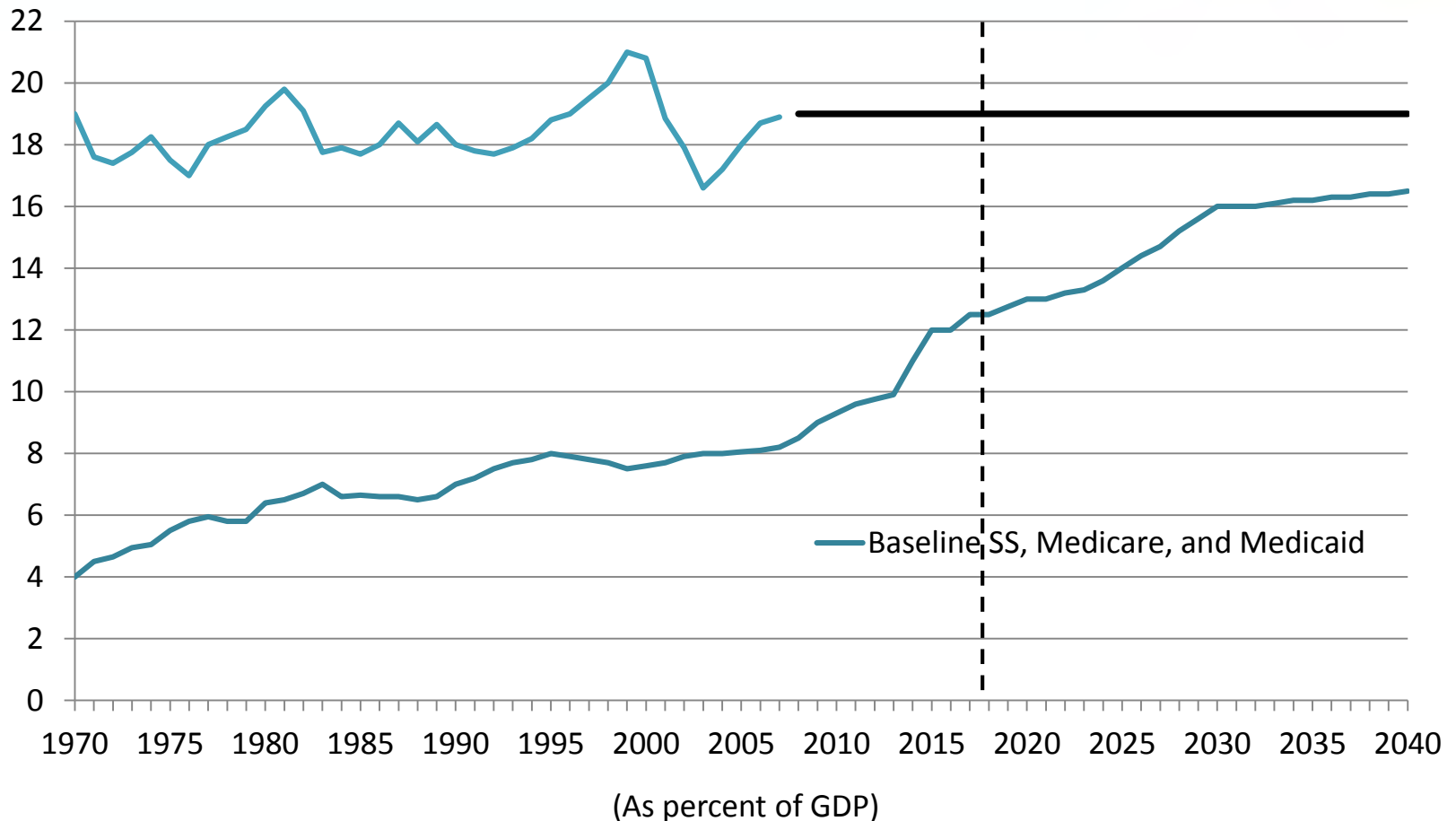


Source: C. Eugene Steuerle and Adam Carasso, (*Budget Crisis at the Door*), The Urban Institute, 2003. Based on data from the Congressional Budget Office, "A 125Year Picture of the Federal Government's Share of the Economy, 1950-2075," July 3, 2002, table 2.

# Influences



## Federal Receipts vs. Entitlement Spending

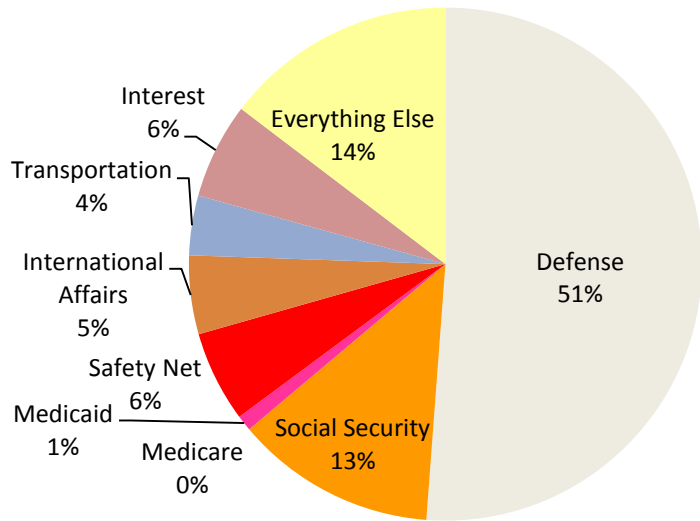


Source: C. Eugene Steurle and Adam Carasso, (*Budget Crisis at the Door*), The Urban Institute, 2003 Based on data from *Budget of the U.S. Government, FY 2004* and CBO's "Analysis of the President's Budget, FY 2004."

# Federal Government Spending

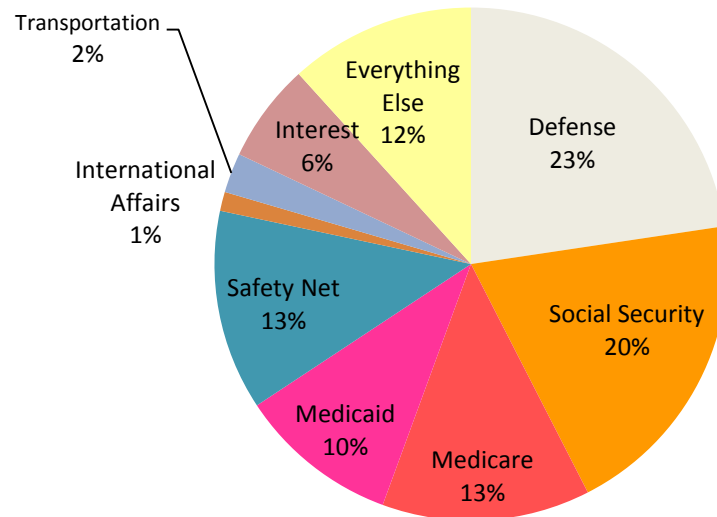


**1962**



Medicaid  
Medicare  
S.S.  
20%

**2011**



Medicaid  
Medicare  
S.S.  
43%

Congress' own Commission on Entitlement Reform reported that SS, Medicare, Medicaid and interest on the national debt ***will exceed all federal income by 2030.***



**Entitlement programs cannot be sustained at current levels!**

SS, Medicaid, and Medicare  
will be altered!

**This window of financial opportunity  
will close.**





***Finding and Assembling the Best  
Financing Possible***



# How Can I Do This?



- Business Plan
- Financial Forecasting
- Funding Considerations
- Financing Options

Business Plan and Financial Forecast are  
***Critical!***



# Components of a Business Plan



- CHC description and background
- Market analysis and growth potential
- Organizational experience and structure
- Project Details
- Financial history and forecast

# Business Plan: Financial Section



- Financial Feasibility
  - Historical Performance (three years audited)
  - 5-7 year Forecast
  - Project budget
  - Sources and Uses
  - Financing Structure

# 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

Month in which fiscal year ends:

FISCAL YEAR	Audited Results				15.00%		25.00%		10.00%		Projected Results		
	2011-06-30	2012-06-30	2013-06-30	%Δ	6/30/2014	%Δ	6/30/2015	%Δ	6/30/2016	%Δ	6/30/2017	800.00%	6/30/2018
<b>ASSETS</b>													
Cash & Investments	240,794	251,548	286,927		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	785,048	1,055,330	998,041		1,587,788		1,764,885		2,117,411		2,335,478		2,484,575
Grants Receivable	84,797	866,103	291,629		262,183		267,427		272,775		278,231		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	82,118	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	2,348,991	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
	210,898	2,541,410	0										
Furniture, Equipment & Leasehold	1,308,453	1,589,598	2,258,844		2,258,844		2,258,844		3,290,844		3,290,844		3,290,844
Gross Fixed Assets	4,107,778	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		4,656,494		5,818,864		6,981,233
Net Fixed Assets	2,321,935	4,560,000	6,049,447		5,587,801		5,126,155		26,574,286		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	174,551	219,042	214,034		214,034		214,034		214,034		214,034		214,034
<b>TOTAL ASSETS</b>	<b>\$3,907,058</b>	<b>\$7,128,023</b>	<b>\$8,166,364</b>		<b>\$9,527,384</b>		<b>\$11,126,940</b>		<b>\$35,063,924</b>		<b>\$36,590,456</b>		<b>\$37,793,908</b>
<b>LIABILITIES AND NET ASSETS</b>													
Accounts Payable	907,188	1,292,918	1,109,667		1,874,214		2,019,874		2,623,185		2,771,844		2,894,586
Accrued Expenses	471,570	560,496	625,761		650,054		754,369		810,751		891,933		959,727
Current Maturities of Long-Term Debt	37,321	131,914	154,458		0		0		0		278,814		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	2,389,886		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		1,773,511		1,506,796
New Long Term Debt (USDA)	0	0	0		0		0		22,000,000		21,721,386		21,454,671
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
<b>TOTAL LIAB. AND NET ASSETS</b>	<b>\$3,907,058</b>	<b>\$7,128,023</b>	<b>\$8,166,364</b>		<b>\$9,527,384</b>		<b>\$11,126,940</b>		<b>\$35,063,924</b>		<b>\$36,590,456</b>		<b>\$37,793,908</b>

# Income



## STATEMENT OF ACTIVITIES HISTORICAL AND PROJECTED

Month in which fiscal year ends:

0

0

25.00%

0

FISCAL YEAR	Audited Results					Projected Results							
	2011-06-30	2012-06-30	2013-06-30	%	%Δ	6/30/2014	%	%Δ	6/30/2015	%	%Δ	6/30/2016	%
Net Patient Service Revenue	5,840,358	8,836,651	10,134,893	81.1%		13,295,111	86.0%		14,778,008	87.0%		17,729,828	88.8%
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%	1,865,076	9.3%
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%	229,124	1.1%
Donated Goods & Services	277,266	0	0	0.0%	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%	0	0.0%
Other Operating Revenue	69,193	374,345	145,563	1.2%	0.0%	145,563	0.9%	0.0%	145,563	0.9%	0.0%	145,563	0.7%
<b>TOTAL OPERATING REVENUE</b>	<b>8,164,731</b>	<b>11,543,736</b>	<b>12,499,074</b>	<b>100.0%</b>		<b>15,462,451</b>	<b>100.0%</b>		<b>16,981,201</b>	<b>100.0%</b>		<b>19,969,591</b>	<b>100.0%</b>
Salaries & Related Expense	5,410,039	6,715,217	7,534,826	60.3%		7,772,172	50.3%		9,019,381	53.1%		9,693,499	48.5%
Fringes & Payroll Taxes	1,223,464	1,479,018	1,677,094	13.4%		1,731,367	11.2%		2,009,201	11.8%		2,158,371	10.8%
Professional / Contracted / Consultant Fees	662,649	486,538	613,193	4.9%	3.0%	631,589	4.1%	0.0%	631,589	3.7%	0.0%	631,589	3.2%
Admin and Supplies	881,855	1,606,261	2,485,647	19.9%		3,074,963	19.9%		3,376,992	19.9%		3,971,282	19.9%
Insurance	29,668	25,821	32,672	0.3%		40,418	0.3%		44,388	0.3%		52,200	0.3%
Bad Debt Expense	311,334	289,670	0	0.0%		402,024	2.6%		441,511	2.6%		519,209	2.6%
Rent	0	0	0	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%	557,399	2.8%
Depreciation	229,881	373,089	461,646	3.7%	0.0%	461,646	3.0%	0.0%	461,646	2.7%	0.0%	461,646	2.3%
Depreciation on New Site	0	0	0	0.0%		0	0.0%		0	0.0%		700,723	3.5%
Interest Expense	46,657	102,526	116,056	0.9%	0.0%	116,056	0.8%	0.0%	116,056	0.7%	0.0%	116,056	0.6%
Interest Expense New Site	0	0	0	0.0%		0	0.0%		0	0.0%		829,324	4.2%
Other Operating Expense	0	0	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%
<b>TOTAL OPERATING EXPENSES</b>	<b>9,172,542</b>	<b>11,529,269</b>	<b>13,402,636</b>	<b>107.2%</b>		<b>14,735,813</b>	<b>95.3%</b>		<b>16,631,620</b>	<b>97.9%</b>		<b>19,692,299</b>	<b>98.6%</b>
<b>CHANGE IN NET ASSETS - OPERATING</b>	<b>-1,007,811</b>	<b>14,467</b>	<b>-903,562</b>	<b>-7.2%</b>		<b>726,638</b>	<b>4.7%</b>		<b>349,581</b>	<b>2.1%</b>		<b>277,292</b>	<b>1.4%</b>
Grants / Contributions for Capital	991,890	2,182,379	1,090,950	8.7%			0.0%		1,000,000	5.9%		1,000,000	5.0%
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%	0	0.0%
Investment & Interest Income	1,932	326	514	0.0%	0.0%	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%	0	0.0%
<b>TOTAL NON-OPERATING INCOME</b>	<b>721,083</b>	<b>2,163,475</b>	<b>1,340,449</b>	<b>10.7%</b>		<b>0</b>	<b>0.0%</b>		<b>1,000,000</b>	<b>5.9%</b>		<b>1,000,000</b>	<b>5.0%</b>
<b>CHANGE IN NET ASSETS</b>	<b>-3286,728</b>	<b>\$2,177,942</b>	<b>\$436,887</b>	<b>3.5%</b>		<b>\$726,638</b>	<b>4.7%</b>		<b>\$1,349,581</b>	<b>7.9%</b>		<b>\$1,277,292</b>	<b>6.4%</b>
Cash available to service Debt						1,304,340			1,927,283			3,385,041	



# Cash Flow



## CASH FLOW STATEMENT HISTORICAL AND PROJECTED

Month in which fiscal year ends:

0

FISCAL YEAR	Audited Results						Projected Results			
	011-06-30	2012-06-30	2013-06-30	6/30/2014	6/30/2015	6/30/2016				
<b>CASH FLOW FROM OPERATIONS</b>										
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	-839	-1,651				
(Increase) Decrease in Othr Current Assets		106,328	-62,321	0	0	0				
(Increase) Decrease in Othr 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 Othr Current Liab.		-550,000	500,000	0	0	0				
<b>Cash Flow from Operations</b>		\$1,487,786	\$1,733,042	\$1,590,128	\$1,878,022	\$2,739,829				
<b>Cash Flow from Investment</b>										
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	-869,246	0	0	-1,032,000				
<b>Cash Flow from Investment</b>		-\$2,595,399	-\$1,917,103	\$0	\$0	-\$22,610,500				
<b>Cash Flow from Financing Activities</b>										
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 Othr L.T. Liab.		0	0	0	0	0				
<b>Cash Flow from Financing Activities</b>		\$1,118,367	\$150,323	-\$154,458	\$0	\$22,000,000				
<b>Net Cash Flow</b>		\$10,754	-\$33,738	\$1,435,670	\$1,878,022	\$2,129,329				
<b>Beginning Cash</b>		\$240,794	\$251,548	\$286,927	\$1,722,597	\$3,600,619				
<b>Ending Cash</b>		\$251,548	\$217,810	\$1,722,597	\$3,600,619	\$5,729,949				

# Patient Revenue



## PATIENT REVENUE HISTORICAL AND PROJECTED

### VISITS

	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
Medical Visits	57971	0%	59114	5%	62070	20%	74484	12%	83422	5%	87593
Dental Visits	2471	0%	4274	5%	4488	5%	4712	5%	4948	5%	5195
Mental Health Visits	2430	0%	2625	5%	2430	5%	4860	5%	5103	5%	5358
Radiology*	2059	0%	3589	5%	3768	5%	3957	5%	4155	5%	4362
Home Visits		0%	714	5%	750	5%	787	5%	827	5%	868
Nursing home		0%	1173	5%	1232	5%	1293	5%	1358	5%	1426
<b>Total Visits</b>			<b>71689</b>		<b>74737</b>		<b>90093</b>		<b>99812</b>		<b>104802</b>

### Reimbursement Rates

	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	%	Ave Rate	%Δ	Ave Rate	%Δ	Ave Rate
Medical		0%	\$ 126.60	2%	\$ 129.14	2%	\$ 131.72	2%	\$ 134.35	2%	\$ 137.04
Dental		0%	\$ 71.20	2%	\$ 72.62	2%	\$ 74.07	2%	\$ 75.55	2%	\$ 77.06
Mental Health		0%	\$ 99.93	2%	\$ 101.92	2%	\$ 103.96	2%	\$ 106.04	2%	\$ 108.16
Radiology*		0%	\$ 119.12	2%	\$ 121.50	2%	\$ 123.93	2%	\$ 126.41	2%	\$ 128.94
Home Visits		0%	\$ 94.82	2%	\$ 96.71	2%	\$ 98.65	2%	\$ 100.62	2%	\$ 102.63
Nursing home		0%	\$ 108.90	2%	\$ 111.08	2%	\$ 113.30	2%	\$ 115.57	2%	\$ 117.88

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

### Patient Revenue

	2013-06-30	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
	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	\$ 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	\$ 148,526	\$ 156,930	\$ 168,072	\$ 180,005	\$ 192,785
<b>Total Patient Revenue</b>	<b>\$ 9,982,552</b>	<b>\$ 13,295,111</b>	<b>\$ 14,778,008</b>	<b>\$ 17,729,828</b>	<b>\$ 19,555,785</b>	<b>\$ 20,804,225</b>	<b>\$ 22,134,303</b>	<b>\$ 23,183,911</b>



# Sources & Uses of Project Funds



<b>ABC Community Health Center</b>			
<b><u>SOURCES AND USES OF PROJECT FUNDS</u></b>			
<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%
	<b>Total Sources of Funds</b>	<b>\$3,500,000</b>	<b>100.0%</b>
<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%
	<b>Total Uses of Funds</b>	<b>\$3,500,000</b>	<b>100.0%</b>
Copyright 2005, Capital Link, All Rights Reserved. Financial Forecasting Tool ("ForecastT")			

# ***Funding***



# Financing Components



- Federal Grants
- Grants/Gifts
- NMTC
- State Funds
- Tax-Exempt Bonds
- Foundations
- CCHN Ventures Loan
- Bank Loan
- HRSA LGP
- USDA

# Combining the Best Financing Sources



Structure considerations  
mean big financial  
differences!



For example:  
a \$10,000,000 project





# Conventional Bank Loan



- Loan is 80% of project value: \$8,000,000
- Interest rate is 6.5% 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).....\$655,032

# New Markets Tax Credit Program

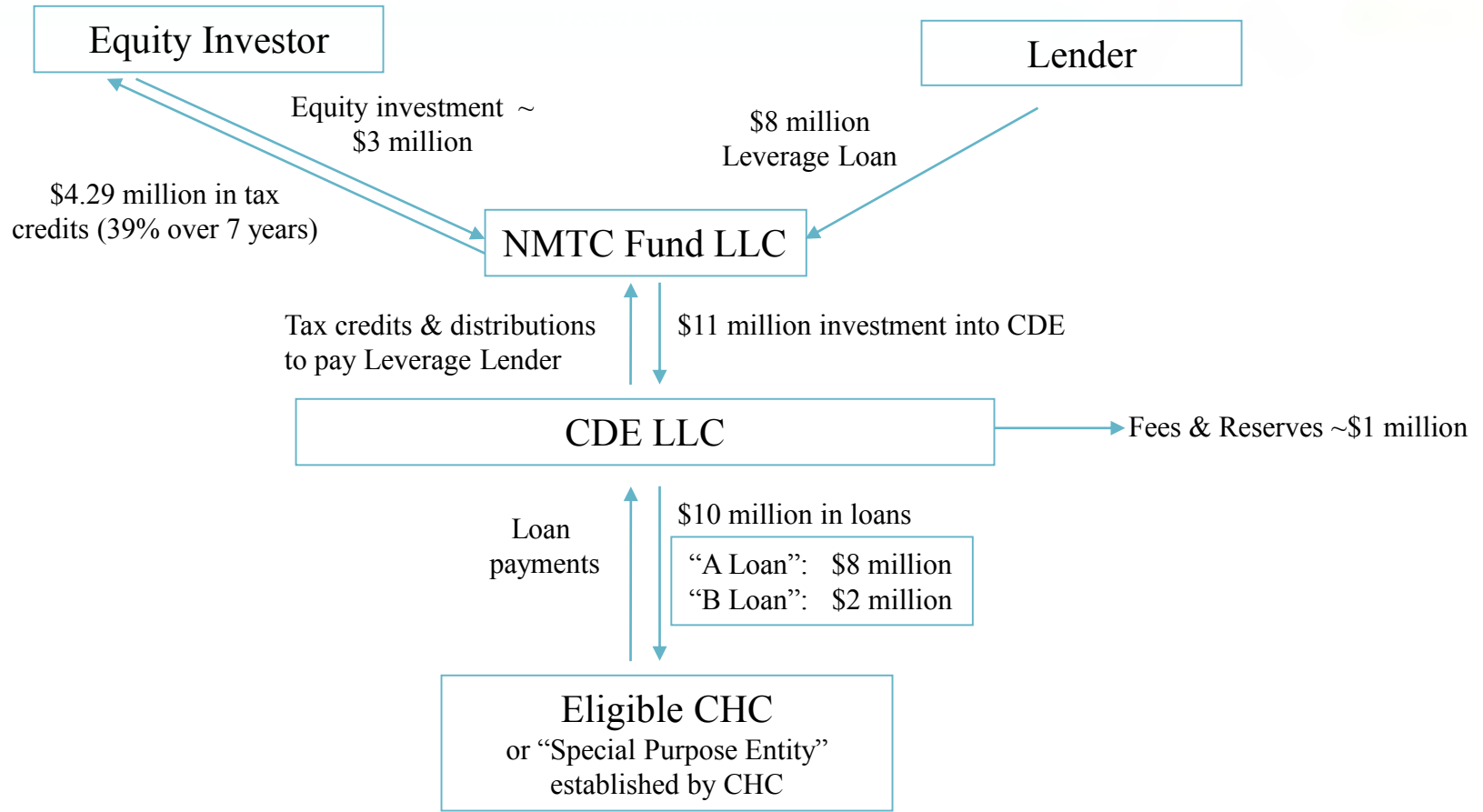


- “Investment” that isn’t repaid
- 20% of total project cost
- Finding a Community Development Entity (CDE)
- Application and awards



# NMTC Hypothetical FQHC Project

Assumes \$10 Million in Project Costs



Weighted Average Cost of Capital ~ 5.2% in current market; ~\$520,000 interest-only for 7 yrs; refi \$8 million after 7 years

# Bank Loan and NMTC



- NMTC investment approximately 20% of project cost
- Bank loan for the balance - \$8,000,000 interest only for 7 years – same rate
- **\$2,000,000 in “free” money!**

# 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.....\$520,000

# US Department of Agriculture



- Usable with other options
- Population 20,000 or under
- Loan guarantee 90%
- 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.....\$ 371,982

# 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

# Foundation PRI



- Program Related Investment
- With NMTC
- ***HRSA LG***
- Private Purchase (Non-profit Foundations)

# 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%*

# 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.....\$ 240,000

# HRSA Providing You Some Help



- **Strategic Growth Assessment** for your center will be *paid for by HRSA*:
  - (Financial Capacity-Operational Capacity-Capital Strength-Market Opportunities)

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