

“APPROVED”
Eden Township Healthcare District
Annual Budget
Fiscal Year 2013

Financial Highlights

Attached is the approved operating income budget for fiscal year 2013. The approved budget reflects amendments to the draft budget as follows:

- A) A reduction of \$1,036,332 in depreciation expense resulting from the write off of San Leandro Hospital.
- B) A reduction of \$193,260 in goodwill expense resulting from the write off of San Leandro Hospital goodwill.
- C) A reduction of \$35,655 in grant administration expense.

As a result of the adjustments the projected cash flow gain for Eden Township Healthcare District will be \$508K for FY13 which is \$697K higher than FY12. Of the cash gain in FY13 Dublin Gateway will contribute \$906K, SLMAB will contribute \$385K, and Eden's Medical Building will contribute \$134K. These gains will be offset with a cash loss of \$917K for the District Office.

Eden Township Healthcare District will have a net loss of \$3,119K for FY13 which is \$1,418K less than the loss forecasted for FY12. Of the loss, the District office will contribute \$968K, Dublin Gateway will contribute \$1,974K and Eden's Medical Building will contribute \$325K. These losses will be offset with a net gain of \$148K from SLMAB.

Detailed explanations by program follow.

Budget FY2013
Consolidated Income Statement

EDEN TOWNSHIP HEALTHCARE DISTRICT
APPROVED

	Q1FY13	Q2FY13	Q3FY13	Q4FY13	FY 2013 BUDGET Eden Township Healthcare District	PROJECTED FY 2012 ACTUAL Eden Township Healthcare District	Change from FY12 Actual's to FY13 Budget Fav/(Unfav)	
Revenues								
Interest Income	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 168,000	\$ 425,694	(257,694)	(A)
Rental Income	862,300	939,724	989,715	1,076,394	3,868,133	3,094,822	773,311	(B)
CAM Reimbursement	128,588	147,037	161,165	184,753	621,543	459,185	162,358	(B)
Total Revenues	1,032,888	1,128,761	1,192,880	1,303,148	4,657,676	3,979,701	677,975	
Expenses								
Salaries & Benefits	98,070	98,070	98,070	98,070	392,280	354,825	(37,455)	(C)
Consulting	34,000	34,000	34,000	34,000	136,000	71,821	(64,179)	(D)
Legal Fees	38,050	38,050	38,050	38,050	152,200	478,434	326,234	(E)
Management Fees	35,273	37,152	38,643	41,173	152,241	132,452	(19,789)	(B)
Investment Fees	8,490	8,490	8,490	8,490	33,960	34,597	637	
Insurance	22,020	22,020	22,020	22,020	88,080	74,795	(13,285)	
Audit/Tax Preparation Fees	7,500	7,500	7,500	7,500	30,000	30,000	-	
Dues & Subscriptions	3,508	3,508	3,508	3,508	14,032	2,170	(11,862)	(F)
Rent Expense	-	-	-	-	-	161,210	161,210	(G)
Utilities (Gas, Electric & Water)	83,775	71,056	63,013	65,748	283,592	263,838	(19,754)	
Garbage	12,501	12,501	12,501	12,501	50,004	45,673	(4,331)	
Telephone	1,950	1,950	1,950	1,950	7,800	6,574	(1,226)	
Repairs & Maintenance	136,782	135,602	134,947	131,057	538,388	508,976	(29,412)	
Taxes	93,750	93,750	93,750	95,350	376,600	376,225	(375)	
Interest Expense	399,000	399,000	399,000	399,000	1,596,000	1,585,702	(10,298)	(H)
Other Direct Expense	5,051	4,496	4,441	3,996	17,984	14,563	(3,421)	
Election Expense	-	150,000	-	-	150,000	-	(150,000)	(I)
Sponsorships	5,000	-	12,500	12,500	30,000	26,740	(3,260)	
Grants to service providers	25,200	25,200	25,200	25,200	100,800	-	(100,800)	(J)
Goodwill	9,768	9,768	9,768	9,768	39,072	232,332	193,260	(K)
Amortization	49,817	52,867	54,511	54,738	211,933	155,630	(56,403)	(K)
Depreciation	810,049	853,766	854,441	857,253	3,375,509	3,960,129	584,620	(K)
Total Expenses	1,879,555	2,058,745	1,916,303	1,921,872	7,776,475	8,516,586	740,111	
Net Profit/(Loss)	(\$846,667)	(\$929,985)	(\$723,423)	(\$618,724)	(\$3,118,799)	(\$4,536,885)	\$1,418,086	
Cash Basis Gain/(Loss)	22,968	(13,584)	195,297	303,035	507,715	(188,894)	696,609	

- A) Lower interest income is due to a reduction of \$8.4M in assets earning interest in FY13.
B) Income and property management expense projections higher for FY13 due to 37.4K square feet of additional rented space at Dublin Gateway and rent income from the new Eden Medical Building.
C) Salaries & Benefits higher for FY13 due to all of the District staff's benefits being in place for 12 months. It is also assumed that staff won't take time off without pay in FY13.
D) Higher consulting expense due to budgeted grant administration fees of \$46K and an additional \$50K budgeted for unplanned consulting.
E) Legal fees lower in FY13 due to the assumption that the Sutter dispute will have been resolved. Archer Norris estimated at \$10K per month (\$120K for the year).
F) Dues and subscriptions higher than FY12 due to re-joining ACHD in FY13.
G) Rent expense for the temporary trailers is lower in FY13 due to the removal of the trailers in July FY13.
H) Interest expense expected to increase in FY13 due to higher variable interest rate on Dublin loan for FY13.
I) Higher expense in FY13 due to the election of two board members in November 2012.
J) Higher grant expense due to the assumption that grants will be awarded at 60% of interest income received in FY13.
K) Goodwill expense lower due to write off of San Leandro Hospital. Amortization increased due to capitalization of lease commission expense for ValleyCare, Webster, and two new tenants (assumed). Depreciation expense decreased primarily due to the write off of St. Hospital offset with new depreciation for tenant improvements.

Budget FY2013
Trended Income Statement

DISTRICT OFFICE
APPROVED

	Q1FY13	Q2FY13	Q3FY13	Q4FY13	FY 2013 BUDGET District Office	PROJECTED FY 2012 ACTUAL District Office	Change from FY12 Actual's to FY13 Budget Fav/(Unfav)
Revenue							
Interest Income	\$42,000	\$42,000	\$42,000	\$42,000	\$168,000	\$425,694	(\$257,694) (A)
Total Revenue	\$42,000	\$42,000	\$42,000	\$42,000	\$168,000	\$425,694	(\$257,694)
Expenses							
Salaries & Benefits	98,070	98,070	98,070	98,070	392,280	354,825	(37,455) (B)
Consulting	34,000	34,000	34,000	34,000	136,000	71,821	(64,179) (C)
Legal Fees	30,000	30,000	30,000	30,000	120,000	415,064	295,064 (D)
Investment Fees	8,490	8,490	8,490	8,490	33,960	34,597	637
Bank Fees	240	240	240	240	960	834	(126)
IT Services	3,150	3,150	3,150	3,150	12,600	12,805	205
Web Hosting	825	825	825	825	3,300	3,117	(183)
Directors and Officers Insurance	8,400	8,400	8,400	8,400	33,600	33,517	(83)
Audit Fees	7,500	7,500	7,500	7,500	30,000	30,000	0
Dues & Subscriptions	3,508	3,508	3,508	3,508	14,032	2,170	(11,862) (E)
Telephone	1,650	1,650	1,650	1,650	6,600	6,574	(26)
Software Licenses & Maintenance	1,771	771	771	771	4,084	3,557	(527)
Meeting Room Rental	0	0	0	0	0	1,375	1,375
Food and Public Relations	225	225	225	225	900	540	(360)
Education & Related Travel	1,055	500	445	0	2,000	1,451	(549)
Office Expense	750	750	750	750	3,000	2,617	(383)
Postage	225	225	225	225	900	886	(14)
Water Delivery	75	75	75	75	300	285	(15)
Security	0	0	0	0	0	642	642
Mileage Reimbursement	90	90	90	90	360	107	(253)
Repairs & Maintenance	2,466	2,466	2,466	2,466	9,864	14,926	5,062
Election Expense	0	150,000	0	0	150,000	0	(150,000) (F)
Sponsorships	5,000	0	12,500	12,500	30,000	26,740	(3,260)
Grants to service providers	25,200	25,200	25,200	25,200	100,800	0	(100,800) (G)
Goodwill	9,768	9,768	9,768	9,768	39,072	232,332	193,260 (H)
Depreciation	2,793	2,793	2,793	2,793	11,172	1,047,504	1,036,332 (H)
Total Expenses	245,251	388,696	251,141	250,696	1,135,784	2,298,286	1,162,502
Net Profit/(Loss)	(\$203,251)	(\$346,696)	(\$209,141)	(\$208,696)	(\$967,784)	(\$1,872,592)	\$904,808
Cash Basis Gain/(loss)	(\$190,690)	(\$334,135)	(\$196,580)	(\$196,135)	(\$917,540)	(\$592,756)	(\$324,784)

- A) Lower interest income is due to a reduction of \$8.4M in assets earning interest in FY13.
- B) Salaries & Benefits higher for FY13 due to all of the District staff's benefits being in place for 12 months. It is also assumed that staff won't take time off without pay in FY13.
- C) Higher consulting expense due to budgeted grant administration fees of \$46K and an additional \$50K budgeted for unplanned consulting.
- D) Legal fees lower in FY13 due to the assumption that the Sutter dispute will have been resolved. Archer Norris estimated at \$10K per month (\$120K for the year).
- E) Dues and subscriptions higher than FY12 due to re-joining ACHD in FY13.
- F) Higher expense in FY13 due to the election of two board members in November 2012.
- G) Higher grant expense due to the assumption that grants will be awarded at 60% of interest income received in FY13.
- H) Lower goodwill and depreciation expense due to the write off of San Leandro Hospital.

Budget FY2013

Trended Income Statement

DUBLIN GATEWAY, L.P.

APPROVED

	Q1FY13	Q2FY13	Q3FY13	Q4FY13	FY 2013 BUDGET Dublin Gateway	PROJECTED FY 2012 ACTUAL Dublin Gateway	Change from FY12 Actual's to FY13 Budget Fav/(Unfav)
Revenues							
Rental	\$625,096	\$686,437	\$730,225	\$804,471	\$2,846,229	\$2,268,178	\$578,051
CAM Reimbursement	121,501	136,407	149,585	171,273	578,767	459,185	119,582
Total Revenues	\$746,597	\$822,844	\$879,811	\$975,744	\$3,424,996	\$2,727,363	\$697,633
Expenses							
Gas & Electric	34,000	25,329	22,258	23,348	104,935	103,210	(1,725) (B)
Water	6,975	7,275	7,825	8,400	30,475	28,246	(2,229) (B)
Telephone	0	0	0	0	0	0	0
Garbage	5,100	5,100	5,100	5,100	20,400	19,810	(590) (B)
Management Fees	23,329	25,146	26,572	28,970	104,017	87,893	(16,124) (A)
Insurance	7,500	7,500	7,500	7,500	30,000	29,170	(830) (B)
Legal Fees/Tax Preparation Fees	6,000	6,000	6,000	6,000	24,000	27,610	3,610 (C)
Office Expense	615	615	615	615	2,460	2,089	(371) (B)
Bank Fees	180	180	180	180	720	760	40 (B)
Delivery Expense	36	36	36	36	144	92	(52) (B)
Repairs & Maintenance	57,362	58,587	56,962	55,812	228,723	220,129	(8,594) (D)
Interest Expense	399,000	399,000	399,000	399,000	1,596,000	1,585,702	(10,298) (E)
Property Taxes	93,750	93,750	93,750	95,350	376,600	376,225	(375) (B)
Amortization	49,395	52,233	53,877	54,104	209,609	155,530	(54,079) (F)
Depreciation	657,656	669,864	670,540	673,352	2,671,411	2,569,438	(101,973) (F)
Total Expenses	1,340,898	1,350,615	1,350,215	1,357,767	5,399,494	5,205,904	(193,590)
Net Profit/(Loss)	(\$594,301)	(\$527,771)	(\$470,404)	(\$382,022)	(\$1,974,498)	(\$2,478,541)	\$504,043
Cash Basis Gain/(Loss)	\$112,750	\$194,326	\$254,013	\$345,433	\$906,522	\$246,427	\$660,095

- A) Income and property management expense projections higher for FY13 due to 37.4K square feet of additional rented space in FY13.
- B) Gas & electric, water & garbage expense projected to be higher in FY13 due to higher occupancy at Dublin Gateway for FY13.
- C) Lower legal fees due to rental lease reviews occurring later in FY13.
- D) Repairs & maintenance expense is higher than FY12 due to increased janitorial expense for higher building occupancy.
- E) Interest expense expected to increase in FY13 due to higher variable interest rate on Dublin loan for FY13.
- F) Amortization and depreciation expense increased due to capitalizing tenant improvements and lease commission expense for ValleyCare, Webster, and two new tenants (assumed).

Budget FY2013
Trended Income Statement

EDEN MEDICAL BUILDING
APPROVED

	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	FY 2013 BUDGET Eden Medical Bldg	PROJECTED FY 2012 ACTUAL Eden Medical Bldg	Change from FY12 Actual's to FY13 Budget
Revenues							
Rental	\$38,461	\$53,153	\$57,903	\$67,403	\$216,921	\$75,680	\$141,241
CAM Reimbursement	7,087	10,630	11,580	13,480	42,776	0	42,776
Total Revenues	\$45,547	\$63,783	\$69,483	\$80,883	\$259,697	\$75,680	\$184,017
Rent	0	0	0	0	0	161,210	161,210
Gas & Electric	4,425	5,525	4,170	3,000	17,120	5,708	(11,412)
Water	1,350	1,350	1,500	1,500	5,700	2,799	(2,901)
Telephone	300	300	300	300	1,200	0	(1,200)
Garbage	1,575	1,575	1,575	1,575	6,300	3,277	(3,023)
Management Fees	3,000	3,000	3,000	3,000	12,000	12,000	0
Insurance	3,570	3,570	3,570	3,570	14,280	2,938	(11,342)
Legal Fees	2,050	2,050	2,050	2,050	8,200	35,760	27,560
Office Expense	675	675	675	675	2,700	0	(2,700)
Bank Fees	105	105	105	105	420	360	(60)
Delivery Expense	30	30	30	30	120	0	(120)
Repairs & Maintenance	14,550	13,845	15,120	14,045	57,560	33,434	(24,126)
Amortization	422	634	634	634	2,324	0	(2,324)
Depreciation	90,485	121,994	121,994	121,994	456,466	109,872	(346,594)
Total Expenses	122,538	154,652	154,722	152,477	584,390	367,358	(217,032)
Net Profit/(Loss)	(\$76,990)	(\$90,869)	(\$85,239)	(\$71,594)	(\$324,693)	(\$291,678)	(\$33,015)
Cash Gain/(Loss)	13,917	31,758	37,388	51,033	134,097	(181,806)	315,903

- A) Income will be higher than FY12 due to occupancy at the New Medical Building in August 2012.
 B) Rent expense for the temporary trailers is lower in FY13 due to the removal of the trailers in July FY13.
 C) Legal Fees are expected to be lower in FY13 due to fewer lease reviews in FY13.
 D) Amortization expense is due to the amortization of new tenant lease commission. Increased depreciation is due to the capitalization of expense for the Eden Medical Building (\$7,462,389 depreciated over 25 years) and the capitalization of tenant improvement expense (\$631,372 depreciated over 10 years).

Budget FY2013
Trended Income Statement

SAN LEANDRO MEDICAL ARTS BLDG
APPROVED

	Q1FY13	Q2FY13	Q3FY13	Q4FY13	FY 2013 BUDGET SLMAB	PROJECTED FY 2012 ACTUAL SLMAB	Change from FY12 Actual's to FY13 Budget Fav/(Unfav)
Revenues							
Rental	\$198,744	\$200,133	\$201,586	\$204,520	\$804,983	\$750,964	\$54,019
Total Revenues	\$198,744	\$200,133	\$201,586	\$204,520	\$804,983	\$750,964	\$54,019
Expenses							
Gas & Electric	35,525	30,077	25,760	28,000	119,362	118,456	(906)
Water	1,500	1,500	1,500	1,500	6,000	5,419	(581)
Garbage	5,826	5,826	5,826	5,826	23,304	22,586	(718)
Management Fees	8,944	9,006	9,071	9,203	36,224	32,559	(3,665)
Insurance	2,550	2,550	2,550	2,550	10,200	9,170	(1,030)
Bank Charges	750	750	750	750	3,000	3,167	167
Repairs & Maintenance	50,853	50,653	51,328	49,653	202,487	200,999	(1,488)
Other Purchased Services	5,805	5,305	4,325	4,335	19,770	19,367	(403)
Depreciation	59,115	59,115	59,115	59,115	236,460	233,315	(3,145)
Total Expenses	\$170,868	\$164,782	\$160,225	\$160,932	\$656,807	\$645,038	(\$11,769)
Net Profit/(Loss)	\$27,876	\$35,351	\$41,361	\$43,588	\$148,176	\$105,926	\$42,250
Cash Basis Gain/(Loss)	\$86,991	\$94,466	\$100,476	\$102,703	\$384,636	\$339,241	\$45,395

- A) Income projections higher for FY12 due to the assumption that vacant suites will be filled in FY13. Management fees will increase accordingly.
- B) HVAC repairs and maintenance expected to be lower in FY12 by \$10,745. This lower expense will be offset with higher janitorial expense of \$3,514, higher plumbing expense of \$2,792 and higher general repairs and maintenance of \$5,927.
- C) Depreciation expense expected to be higher due to capitalizing various tenant and building improvements throughout the fiscal year.