

APPROVED
Eden Health District
Annual Budget
Fiscal Year 2018

Financial Highlights

Attached is the approved budget for fiscal year ending June 30, 2018. The budget is prepared to meet the goal of continuing our progress toward fiscal health and expanding our services to the community through partnering with Davis Street, offering health education classes and community grants.

In FY18 total revenues increase by \$163,276. This is due to rental income from new leases for the Eden Medical Building which were signed during the latter part of FY17, along with a full year of rental income for the 2nd floor of Dublin Gateway from PAMF and annual increases for existing leases. Expenses are predicted to increase by \$154,668 in FY18. Of this increase \$39,071 was due to a full year of parking services at Dublin which will be billed back to the tenants and PAMF's building 4050. Interest expense increased \$71,499 of which \$37,471 is due to the change in the interest rate for the new Dublin loan and \$34,028 is an increase in the interest payment to Sutter for the damages award. Interest expense increased due to an additional \$1.8M of expense being added to the original award balance of \$19.6M. The debt was increased due to the FY17 judgment of additional interest owed to Sutter. Salaries and wages increased \$24,142 due to the replacement of the current CEO who is retiring in June 2017. Management fees increased \$19,820 and utility expense increased by \$9,753 due to increased occupancy. Community Education expense increased by \$26,589 as additional classes will be offered in FY18 compared to FY17. These increases were offset with a decrease in property taxes of \$164,858. This was due to a change in ownership of the Dublin building from Dublin LLC to the District which is exempt from paying property tax. Amortization also decreased by \$65,471. This was due to a reduction of existing loan fees and the new loan fees being amortized over the life of the new loan which is 10 years.

In FY18 cash inflows are projected to be \$1.341 million which is an increase of \$90,601 compared to FY17. Dublin will have a cash gain of \$1,885 million which is an increase of \$62,522, SLMAB will have a cash gain of \$389,643 which is an increase of \$4,814 and the Eden Medical Building will have a cash gain of \$401,002 which is an increase of \$114,311. These cash gains will be offset with a cash consumption of \$601,450 for Community Education and \$749,073 of overhead expenses for the District office.

Capital improvement requests for SLMAB and Dublin Gateway are included in the package and are line with the 10 year capital plan prepared in FY17. These expenses can be approved individually or as a whole.

Budget FY2018
Consolidated Income Statement
June 26, 2017

EDEN HEALTH DISTRICT
APPROVED

	BUDGET Q1FY18	BUDGET Q2FY18	BUDGET Q3FY18	BUDGET Q4FY18	APPROVED FY2018 BUDGET	ESTIMATED FY2017 ACTUALS	Change from FY17 Estimated Actual to FY18 Budget Higher/(Lower)
Rental Income	\$ 922,514	\$ 944,483	\$ 936,519	\$ 971,792	\$ 3,775,308	\$ 3,593,873	181,435 (A)
CAM Reimbursement	251,209	253,914	253,914	258,516	1,017,553	1,092,648	(75,095) (B)
PAMF's Bldg 4050 Reimbursements	86,262	86,262	86,262	86,262	345,048	298,482	46,566 (C)
Interest Income	34,845	34,845	34,845	34,845	139,380	129,011	10,369
Other Income/Tenant Reimbursements	70,707	77,642	19,125	19,125	186,599	186,599	0
Total Revenues	1,365,537	1,397,146	1,330,665	1,370,540	5,463,888	5,300,613	163,275
Expenses							
Salaries & Benefits	102,036	102,035	102,036	102,035	408,142	384,000	24,142 (D)
Consulting	6,330	6,330	6,330	6,330	25,320	57,182	(31,862)
Consulting Contingency	12,500	12,500	12,500	12,500	50,000	-	50,000
Legal Fees	32,400	32,400	32,400	32,400	129,600	139,129	(9,529) (E)
Audit/Tax Preparation Fees	9,375	9,375	9,375	9,375	37,500	37,150	350
Public Relations	7,955	5,705	5,005	6,655	25,320	24,912	408
Management Fees	75,537	76,294	76,575	77,217	305,622	285,802	19,820 (A)
Community Education	33,300	6,150	14,650	7,100	61,200	34,611	26,589 (E)
Utilities (Gas, Electric & Water)	111,008	93,968	87,688	92,418	385,082	375,329	9,753 (A)
Repairs & Maintenance	296,791	293,195	292,910	303,859	1,186,755	1,141,241	45,514 (F)
Investment Fees	8,900	8,800	8,800	8,800	35,300	34,574	726
Parking Services	40,224	40,224	40,224	40,224	160,896	139,825	21,071 (C)
Insurance	18,754	18,994	18,993	18,993	75,734	74,564	1,170
Purchased Services	17,432	17,982	17,432	17,432	70,276	69,111	1,165
Other Direct Expense	29,169	27,469	27,169	27,169	110,975	102,729	8,246
Property Taxes	-	-	-	-	-	164,858	(164,858) (B)
Interest Expense	108,589	107,603	104,292	210,479	530,963	459,464	71,499 (G)
Sponsorships	2,500	4,000	16,250	1,500	24,250	25,780	(1,530)
Davis Street Partnership	62,500	62,500	62,500	62,500	250,000	250,000	0
Grants to service providers	62,500	62,500	62,500	62,500	250,000	250,000	0
Amortization	41,662	42,012	42,012	42,012	167,698	233,169	(65,471) (H)
Depreciation	583,706	581,638	581,638	581,638	2,328,622	2,181,157	147,465 (I)
Total Expenses	1,663,167	1,611,673	1,621,279	1,723,136	6,619,254	6,464,587	154,668
Net Profit/(Loss)	(\$297,630)	(\$214,527)	(\$290,613)	(\$352,596)	(\$1,155,367)	(\$1,163,974)	\$8,607
Cash Basis Gain/(Loss)	\$327,739	\$409,123	\$333,037	\$271,055	\$1,340,953	1,250,352	\$90,601

- A) Revenue for EMB increased by \$91,565 due to a new lease with California Skin Institute, a full year of revenue from Epic Care's expansion to suite #104 and a new tenant assumption starting in May 2018. Dublin's revenue increased by \$79,869 due to a full year of occupancy by PAMF on the 2nd floor. SLMAB revenue increased \$10K due to rental increases for FY18.
- B) CAM expenses are lower in FY18 primarily due to the elimination of property taxes for Dublin. This decrease was offset with an increase in CAM for new tenants at EMB.
- C) Increase primarily due to full year of parking service expense in FY18 which will be billed back to the tenants through CAM.
- D) Increase due to replacement of CEO who is retiring in June 2017.
- E) Variance due to additional community education classes to be offered in FY18.
- F) Increase primarily due to a full year of parking services which will be billed back to PAMF building 4050, increased janitorial services resulting from increased occupancy, elevator load test for the EMB and increased HVAC repairs at Dublin.
- G) Increased expense due to a change in the interest rate for the new Dublin building loan coupled with an increase in the damages awarded to Sutter for additional interest owed.
- H) Variance primarily due to a reduction in the Dublin loan fees amortized over the life of the loan.
- I) Increase due to the capitalization of tenant improvements for Dublin, EMB and SLMAB.

Budget FY2018
Trended Income Statement
June 26, 2017

DUBLIN GATEWAY
APPROVED

	BUDGET Q1FY18	BUDGET Q2FY18	BUDGET Q3FY18	BUDGET Q4FY18	APPROVED FY2018 BUDGET Dublin Gateway	ESTIMATED FY2017 ACTUALS Dublin Gateway	Change from FY17 Estimated Actual to FY18 Budget Higher/(Lower)
Revenues							
Rental	\$581,080	\$584,187	\$568,327	\$591,204	\$2,324,798	\$2,244,929	\$79,869
CAM Reimbursement	215,040	215,040	215,040	215,040	860,160	973,800	(113,640)
PAMF's Bldg 4050 Reimbursements	86,262	86,262	86,262	86,262	345,048	298,482	46,566
Other Income/Tenant Reimbursements	70,707	77,642	19,125	19,125	186,599	186,599	0
Interest Income	45	45	45	45	180	220	(40)
Total Revenues	\$953,134	\$963,176	\$888,799	\$911,676	\$3,716,785	\$3,704,030	\$12,755
Expenses							
Legal Fees	6,450	6,450	6,450	6,450	25,800	25,840	(40)
Audit Fees	625	625	625	625	2,500	2,500	(0)
Management Fees (Incl Personnel)	59,232	59,232	59,232	59,232	236,928	221,901	15,027
Utilities	41,238	38,538	35,638	34,238	149,652	142,623	7,029
Repairs & Maintenance	195,673	189,173	198,142	205,491	788,479	754,368	34,111
Parking Service	40,224	40,224	40,224	40,224	160,896	139,825	21,071
Insurance	5,028	5,028	5,028	5,028	20,112	20,742	(630)
Other Direct Cost	5,706	5,706	5,706	5,706	22,824	21,772	1,052
Property Taxes	0	0	0	0	0	164,858	(164,858)
Interest Expense	108,589	107,603	104,292	104,451	424,935	387,464	37,471
Amortization	35,188	35,188	35,188	35,188	140,752	210,085	(69,333)
Depreciation	335,653	335,653	335,653	335,653	1,342,614	1,227,932	114,682
Total Expenses	833,606	823,421	826,178	832,286	3,315,492	3,319,910	(4,418)
Net Profit/(Loss)	\$119,528	\$139,755	\$62,621	\$79,390	401,293	384,120	17,173
Cash Basis Gain/(Loss)	\$490,369	\$510,597	\$433,462	\$450,231	\$1,884,659	\$1,822,137	\$62,522

- A) Increase due to full year of occupancy of the 2nd floor by PAMF.
 B) Variance due to the elimination of property taxes now that ownership of Dublin Gateway was transferred from Dublin LLC to ETHD.
 C) Increase due to full year of parking service expense in FY18 which will be billed back to the tenants through CAM reimbursements.
 D) Increase primarily due to an \$18K increase in parking expense which will be reimbursed by PAMF building 4050. The increase was due to a full year of service compared to 9 months in FY17. HVAC repairs increased \$8K, and janitorial services increased \$5K due to full occupancy of the bldg.
 E) Variance due to the interest rate change on the new Dublin loan.
 F) Variance due to a reduction of loan fees being amortized in FY18.
 G) Increase due to the addition of depreciation expense for PAMF's 2nd and 3rd floor capitalized tenant improvements.

Budget FY2018
Trended Income Statement
June 26, 2017

SAN LEANDRO MEDICAL ARTS BLDG
APPROVED

	APPROVED FY2018 BUDGET				ESTIMATED FY2017 ACTUALS		Change from FY17 Estimated Actual to FY18 Budget Higher/(Lower)
	BUDGET Q1FY18	BUDGET Q2FY18	BUDGET Q3FY18	BUDGET Q4FY18	SLMAB	SLMAB	
Revenues							
Rental Income	\$232,789	\$235,427	\$236,294	\$237,242	\$941,752	\$931,751	\$10,001
Total Revenues	\$232,789	\$235,427	\$236,294	\$237,242	\$941,752	\$931,751	\$10,001
Expenses							
Management Fees	10,500	10,500	10,500	10,500	42,000	42,000	0
Utilities	49,875	37,410	34,230	39,460	160,975	159,593	1,382
Repairs & Maintenance	66,011	63,111	63,211	66,611	258,944	256,635	2,309
Insurance	4,500	4,500	4,500	4,500	18,000	17,424	576
Purchased Services	8,118	8,668	8,118	8,118	33,022	33,317	(295)
Other Direct Cost	9,792	9,792	9,792	9,792	39,168	37,953	1,215
Depreciation	98,499	98,499	98,499	98,499	393,996	371,265	22,731 (A)
Total Expenses	\$247,295	\$232,480	\$228,850	\$237,480	\$946,105	\$918,187	\$27,918
Net Profit/(Loss)	(\$14,506)	\$2,947	\$7,444	(\$238)	(\$4,353)	\$13,564	(\$17,917)
Cash Basis Gain/(Loss)	\$83,993	\$101,446	\$105,943	\$98,261	\$389,643	\$384,829	\$4,814

A) Increase in variance due to capitalized ADA improvements.

Budget FY2018
Trended Income Statement
June 26, 2017

EDEN MEDICAL BUILDING
APPROVED

	BUDGET Q1FY18	BUDGET Q2FY18	BUDGET Q3FY18	BUDGET Q4FY18	APPROVED FY2018 BUDGET	ESTIMATED FY2017 ACTUALS	Change from FY17 Estimated Actual to FY18 Budget Higher/(Lower)
Revenues							
Rental	\$108,645	\$124,869	\$131,898	\$143,346	\$508,758	\$417,193	\$91,565 (A)
CAM Reimbursement	36,169	38,874	38,874	43,476	157,393	118,848	38,545 (A)
Interest Income	300	300	300	300	1,200	1,220	(20)
Total Revenues	\$145,114	\$164,043	\$171,072	\$187,122	\$667,351	\$537,261	\$130,090
Management Fees	5,805	6,562	6,843	7,485	26,694	21,901	4,793 (A)
Utilities	18,035	16,160	15,960	16,860	67,015	65,757	1,258
Legal Fees	1,050	1,050	1,050	1,050	4,200	5,170	(970)
Repairs & Maintenance	33,787	39,591	30,237	30,437	134,052	125,889	8,163 (B)
Investment Fees	0	0	0	0	0	0	0
Insurance	2,412	2,652	2,652	2,652	10,368	9,144	1,224
Other Direct Cost	7,430	5,730	5,430	5,430	24,020	22,709	1,311
Amortization	3,829	4,179	4,179	4,179	16,366	12,504	3,862 (C)
Depreciation	148,156	146,088	146,088	146,088	586,420	576,368	10,052 (D)
Total Expenses	220,504	222,012	212,439	214,181	869,135	839,442	29,693
Net Profit/(Loss)	(\$75,389)	(\$57,969)	(\$41,367)	(\$27,059)	(\$201,784)	(\$302,181)	\$100,397
Cash Gain/(Loss)	\$76,596	\$92,298	\$108,900	\$123,208	\$401,002	\$286,691	\$114,311

- A) Increase primarily due to new rental income from California Skin Institute of \$56K, additional rent of \$17K from Epic Care due to a full year of occupancy in FY18 and \$12K from a new tenant assumption for the last 2 months of FY18.
- B) Increase primarily due to the 5 year requirement for an elevator load test.
- C) Increase due to amortization of lease commissions for California Skin Institute and Epic Care.
- D) Increase due depreciation of California Skin Institute's capitalized tenant improvements and a full year of depreciation for Epic Care's.

Budget FY2018
Trended Income Statement
June 26, 2017

COMMUNITY SERVICES
APPROVED

	APPROVED FY2018 BUDGET				ESTIMATED FY2017 ACTUALS		Change from FY17 Estimated Actual to FY18 Budget Higher/(Lower)
	BUDGET Q1FY18	BUDGET Q2FY18	BUDGET Q3FY18	BUDGET Q4FY18	Community Services	Community Services	
Revenue	0	0	0	0	0	0	0
Other Income	0	0	0	0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0			
Expenses							
Salaries & Benefits	0	0	0	0	0	0	0
Consulting	4,000	4,000	4,000	4,000	16,000	15,000	(1,000)
Community Education	33,300	6,150	14,650	7,100	61,200	34,611	(26,589) (A)
Sponsorships	2,500	4,000	16,250	1,500	24,250	25,780	1,530
Davis Street Partnership	62,500	62,500	62,500	62,500	250,000	250,000	0
Grants to service providers	62,500	62,500	62,500	62,500	250,000	250,000	0
Total Expenses	164,800	139,150	159,900	137,600	601,450	575,391	26,059
Net Profit/(Loss)	(\$164,800)	(\$139,150)	(\$159,900)	(\$137,600)	(\$601,450)	(\$575,391)	(\$26,059)
Cash Basis Gain/(Loss)	(\$164,800)	(\$139,150)	(\$159,900)	(\$137,600)	(\$601,450)	(\$575,391)	(\$26,059)

A) Community education expense is expected to increase due to additional classes being offered in FY18.

Budget FY2018
Trended Income Statement
June 26, 2017

DISTRICT OFFICE
APPROVED

	APPROVED FY2018 BUDGET				ESTIMATED FY2017 ACTUALS		Change from FY17 Estimated Actual to FY18 Budget Higher/(Lower)
	BUDGET Q1FY18	BUDGET Q2FY18	BUDGET Q3FY18	BUDGET Q4FY18	District Office	District Office	
Interest Income	\$34,500	\$34,500	\$34,500	\$34,500	\$138,000	\$127,571	\$10,429
Total Revenue	\$34,500	\$34,500	\$34,500	\$34,500	\$138,000	\$127,571	\$10,429
Expenses							
Salaries & Benefits	102,036	102,035	102,036	102,035	408,142	384,000	24,142 (A)
Consulting	2,330	2,330	2,330	2,330	9,320	42,182	(32,862) (B)
Consulting Contingency	12,500	12,500	12,500	12,500	50,000	0	50,000
Legal Fees	24,900	24,900	24,900	24,900	99,600	108,119	(8,519) (C)
Audit Fees	8,750	8,750	8,750	8,750	35,000	34,650	350
Public Relations	7,955	5,705	5,005	6,655	25,320	24,912	408
Utilities	1,860	1,860	1,860	1,860	7,440	7,356	84
Repairs & Maintenance	1,320	1,320	1,320	1,320	5,280	4,349	931
Investment Fees	8,900	8,800	8,800	8,800	35,300	34,574	726
Directors and Officers Insurance	6,814	6,814	6,813	6,813	27,254	27,254	(1)
Purchased Services	9,314	9,314	9,314	9,314	37,254	35,794	1,460
Other Direct Cost	6,241	6,241	6,241	6,241	24,963	20,295	4,668 (D)
Interest Expense	0	0	0	0	106,028	72,000	34,028 (E)
Amortization of Goodwill	2,645	2,645	2,645	2,645	10,580	10,580	0
Depreciation	1,398	1,398	1,398	1,398	5,592	5,592	0
Total Expenses	196,962	194,611	193,911	301,588	887,073	811,657	75,416
Net Overhead to be Allocated to MOB's	(\$162,462)	(\$160,111)	(\$159,411)	(\$267,088)	(\$749,073)	(\$684,086)	(64,987)

- A) Salaries and wages increase due replacement of current CEO who is retiring in June 2017.
 B) Consulting expense for FY17 included government relations consulting of \$15K.
 C) Legal fees expected to be lower in FY18 due to resolution of the Sutter Dispute.
 D) Increase due to increase in education expense for the District Board of Directors.
 E) Interest expense for the Sutter award will be higher in FY18 due to an increase of \$1.8M to the existing settlement award of \$19.6M.

Roof Replacement & Safety Measures:

HVAC Replacement (Contingency Replacement for Fan Motor)

Parking lot-Asphalt Reseal/Repairs

Total Capital from 10 year plan	\$ 49,878
Delta from original plan	\$ -

**San Leandro Medical Arts Building
Capital Expenditure Request
Fiscal Year 2018 Budget**

Plumbing

Shut off Valves	\$ 20,000
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HVAC

Bldg A:

VAV Replacement	15,000
Two Reznor Heater Replacements	23,000
Economizer Control Upgrade	3,000
Refrigerant Retrofit	6,000
Replacement of 15HP Supply Fan Motor	8,000
Hot Water Holding Tank	6,000

Bldg B:

Hot Water Heater Replacement	5,000
Refrigerant Retrofit	6,000

LED LIGHTS

	\$ 25,000
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ASPHALT

	\$ 20,000
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**PAINT INTERIOR
COMMON AREA**

	\$ 15,000
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ADA

	\$ 112,500
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Total Building Improvement

	<u>\$ 264,500</u>
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Total Capital from 10 year plan	\$ 262,000
Delta from original plan	\$ (2,500)

**Eden Health District
Capital Expenditure Request
Fiscal Year 2018 Budget**

San Leandro Medical Arts Building	\$ 264,500
Dublin Gateway	49,878
Eden Medical Building	-
District Office	-
Total Capital Requested	<u><u>\$ 314,378</u></u>
 Total Capital from 10 year plan	 \$ 311,878
Delta from original plan	\$ (2,500)

Approved
Eden Health District
Estimated FY17 and Budgeted FY18 Balance Sheet

	Estimated FY17	Budgeted FY18
Current Assets	\$1,661,234	\$1,485,650
Investments	10,144,838	11,466,452
Fixed Assets	43,289,364	41,275,120
Total Assets	<u>\$55,095,436</u>	<u>\$54,227,222</u>
Current Liabilities	\$537,033	\$537,033
Settlement Award	15,397,027	\$13,233,365
Loan Payable US Bank	13,112,518	12,598,518
Fund Bal/Net Assets	<u>26,048,858</u>	<u>27,858,306</u>
Total Liab. & Net Assets	<u><u>\$55,095,436</u></u>	<u><u>\$54,227,222</u></u>

Assumptions:

- 1) PAMF 2nd floor TI of \$1,487,337 paid for and capitalized
- 2) Additional award of \$1,822,006 in interest included in settlement award less annual payment of \$2,163,662
- 2) The loan payable to First Northern has a principal reduction each month.
- 1) All capital request in FY18 will be spent.