



Complete HealthCare Resources-Eastern, Inc.

Strategic Solutions for Senior Care Providers

Centre Crest Nursing Home Financial Analysis

Financial Analysis

- CHR completed a financial analysis of Centre Crest Nursing home to assess the viability of operations under a non-profit structure.
- Our process included review of pertinent financial and operational data, on-site systems review and assumptions based on private industry standards.

Revenue Enhancements

- **Projected positive variance \$2,047,701**
- Increased Medicaid revenue from the current county rate of **\$160.74** to the non-county rate of **\$175.84** at the current Case Mix Index of 0.91
- Projected Medicaid rate increase to \$184.68 after the first year with a projected Case Mix Index of 0.98
- Total census projected at 220
- Current Medicaid occupancy **70.6%**, projected Medicaid occupancy **70.9%**
- Ancillary service – increased utilization and enhanced documentation

Operational Expenses

- **Projected operating expense decrease of \$618,084**
- Reduction in reliance on nursing agency staff
- Implementation of a recruitment and retention program
- Increase in overall nurse staffing payroll costs due to increase of the budgeted hours per patient day of 3.34 to a projected 3.41 (15.4 hours per day)

Operational Expenses

- Maintaining current staffing for non nursing departments
- Conversion of Maintenance staff from a county centralized program to a facility based program
- Addition of 1 full time Social Worker

Operational Expenses

- Reduction in retirement expense due to conversion to a voluntary 403 (b) plan with employer and employee contributions
- Reduction in health insurance expense in concurrence with negotiations with collective bargaining unit

Operational Expenses

- Projected increase in phone and utility cost
- Projected increase in property and liability insurance costs related to non-governmental policy
- Addition of directors and officers liability insurance policy

Other Expenses

- Rent payment
- Capital expenses

Summary of Financial Information

Centre Crest Summary Financial Trend and Non-Profit Proforma

| | 2009 | 2010 | 2011 | 2012 | Non-Profit Proforma | Variance |
|---|--------------|--------------|---------------|---------------|------------------------|-------------|
| Total Revenue | \$18,228,311 | \$18,416,550 | \$17,394,035 | \$17,120,266 | \$19,167,967 | \$2,047,701 |
| Operating Expenses | 18,037,422 | 18,483,802 | 18,441,940 | 18,314,472 | 17,696,388 | 618,084 |
| Net Operating Income before Rent | 190,889 | (67,252) | (1,047,905) | (1,194,206) | 1,471,579 | 2,665,785 |
| Rent Expense | 0 | 0 | 0 | 0 | 666,684 | (666,684) |
| Net Operating Income | 190,889 | (67,252) | (1,047,905) | (1,194,206) | 804,895 | 1,999,101 |
| Interest Expense | 234,561 | 217,123 | 232,297 | 117,652 | - | 117,652 |
| Net Income | (43,672) | (284,375) | (1,280,202) | (1,311,858) | 804,895 | 2,116,753 |
| Principal payment on debt | (407,038) | (423,838) | (409,112) | (409,112) | - | 409,112 |
| Capital Expenditures | (46,620) | (251,998) | (1,046,742) | (54,266) | (240,000) | (185,734) |
| Net Cash Flow | (\$497,330) | (\$960,211) | (\$2,736,056) | (\$1,775,236) | \$564,895 | \$2,340,131 |
| Net Operating Income Before Rent Margin % | 1.05% | -0.37% | -6.02% | -6.98% | 7.68% | |
| Census | 84,607 | 81,288 | 79,257 | 78,283 | 80,300 | 2,017 |