Debt Capacity Analysis						HISTO	RICAL	
·	Audit FYE		Audit FYE	Audit FYE	Audit FYE	Audit FYE		
		2009	2010	2011	2012	2013		Average
Net Operating Income	\$	- \$	- \$	976,139 \$	831,962 \$	733,241	\$	847,114
Add: Depreciation & Amortization	\$	- \$	- \$	1,416,034 \$	1,739,202 \$	2,276,070	\$	1,810,43
Add: Interest Expense	\$	- \$	- \$	850,181 \$	874,671 \$	854,180	\$	859,677
Operating Cash Flow	\$	- \$	- \$	3,242,354 \$	3,445,835 \$	3,863,491	\$	3,517,227
Add: Non-Operating Revenue/Loss	\$	- \$	- \$	(448,052) \$	15,010 \$	632,099	\$	66,352
Available Cash Flow	\$	- \$	- \$	2,794,302 \$	3,460,845 \$	4,495,590	\$	3,583,579
Historical Average Cash Flow Average Added CAH Benefit*		\$3,583,579 \$730.223	\$3,583,579 \$830,155	\$3,583,579 \$961,774	\$3,583,579 \$1,142,993	\$3,583,579 \$1,408,359		
Average Added CAH Benefit*		\$730,223	\$830,155	\$961,774	\$1,142,993	\$1,408,359		
Total Cash Flow Available		\$4,313,802	\$4,413,734	\$4,545,353	\$4,726,572	\$4,991,938		
Debt Service Coverage Ratio		2.50x	2.25x	2.00x	1.75x	1.50x		
Debt Capacity		\$24,319,396	\$27,647,519	\$32,030,976	\$38,066,312	\$46,904,063		
Less: Existing Debt		\$15,371,910	\$15,371,910	\$15,371,910	\$15,371,910	\$15,371,910		
Incremental Debt Capacity		\$8,947,486	\$12,275,609	\$16,659,066	\$22,694,402	\$31,532,153		
ebt Capacity Terms:								
Assumed amortization in yrs:		25	25	25	25	25		
(1) Assumed interest rate:		5.00%	5.00%	5.00%	5.00%	5.00%		
(2) Debt capacity factor:		5.638	6.264	7.047	8.054	9.396		

<sup>\*</sup> CAH benefit is highest in earliest years due to higher interest expense.

## **NOTES:**

- (1) The assumed interest rate is the All-in-TIC which includes the impact of all issuance costs.
- (2) The debt capacity factor represents the amount of debt that can be supported by each additional \$1 of cash flow.
- (3) Net income includes net investment income, net miscellaneous income, and other income.
- (4) Term includes 25 year term with 25 year amortization period.



ABC Hospital	FYE FYE FYE		S&P 2012 Medians		Fitch	S&P 2012 Small Hosp.		Potential Rating	
Abe Hospital					2012 Medians			S&P Comparison	
	2011	2012	2013	"BBB"	"A"	"BBB"	"Not I.G."	"BBB"	Last Fiscal Yr
Profitability Ratios				1					
Operating Margin (%)	2.4	1.9	1.6	1.3	2.9	0.9	-1.8	3.4	BBB
Excess/Profit Margin (%)	1.3	1.9	3.0	2.5	5.0	1.6	-1.6	4.3	BBB-
Cash Flow (EBITDA) Margin (%)	7.0	7.9	9.8	9.5	10.4	10.1	6.9	14.1	BBB
Liquidity Ratios									
Days Cash on Hand Ratio	57.9	66.2	42.7	130.7	225.9	130.5	96.5	205.2	Not I.G.
Cushion Ratio	3.5	3.9	2.5	9.4	20.4	9.5	5.6	10.8	Not I.G.
Cash to Debt (%)	32.8	41.8	28.7	98.2	161.0	93.9	56.5	125.1	Not I.G.
Days in Accounts Receivable	42.0	42.4	40.0	49.8	49.9	50.0	54.6	51.4	Α
Capital Structure Ratios									
Debt Service Coverage Ratio (EBITDA)	1.8	2.0	2.5	2.7	4.8	2.3	1.5	2.7	BBB
Capital Expenditures/Depreciation Exp (%)	86.3	235.6	104.2	94.4	106.3	75.0	68.5	81.3	Α
MADS / Revenues (%)	3.9	4.0	3.9	3.8	2.8	3.4	4.3	4.6	BBB
Debt to Capitalization (%)	62.0	63.0	60.6	36.5	29.8	53.3	43.4	29.6	Not I.G.
Average Age of Plant (years)	21.1	17.9	14.5	10.3	10.5	10.7	11.4	9.6	Not I.G.
Operational Ratios									
Bad Debt Expense / Revenues (%)	8.8	9.0	10.4	#N/A	#N/A	#N/A	n/a	n/a	-
Personnel Costs / Revenues (%)	40.9	65.9	65.8	55.6	56.1	53.1	54.7	53.0	Not I.G.

- 1. Fitch median numbers taken from "2013 Median Ratios for Nonprofit Hospitals and Healthcare Systems", which reflect financial performance for 2012.
- 2. S&P median numbers taken from: "U.S. Not-For-Profit Stand-Alone Hospital Ratios: Operating Pressures Led to Mixed Results in 2012", which reflect financial performance for 2012.
- 3. S&P Publishes a small hospital report every two years; last one published in 2013 for 2012 performance.
- 4. Moody's median numbers taken from: "Not-for-Profit Hospital Medians Show Balance Sheet ... 2013 Median Ratios. . . ", which reflect financial performance for 2012.
- 5. Some ratios like DCOH and MADS as % of revenue are calculated differently by the rating agencies

