

Valley Healthcare System, Inc.
 Building Bridges of Hope and Health
 Capital Campaign
 Five-Year Projection of Revenue and Expenses

Budget Narrative					
Revenue	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Program Income	803,136	1,655,244	2,119,534	2,543,441	2,619,744
Capital Campaign	200,000	200,000	200,000	200,000	200,000
Total Revenue	1,003,136	1,855,244	2,319,534	2,743,441	2,819,744
A. Personnel					
Personnel	634,040	1,058,080	1,089,822	1,122,517	1,156,193
Total Personnel	634,040	1,058,080	1,089,822	1,122,517	1,156,193
B. Fringe Benefits					
FICA	48,504	80,943	83,371	85,873	88,449
State Unemployment	13,315	22,220	22,886	23,573	24,280
Worker's Compensation	2,219	3,703	3,814	3,929	4,047
Health, Dental, Life (\$5354 per full-time FTE)	16,062	37,478	39,352	41,319	43,385
Retirement Contribution - 3% of salaries	19,021	31,742	32,695	33,676	34,686
Total Fringe Benefits	99,121	176,086	182,119	188,369	194,847
Total Personnel & Fringe Benefits	733,161	1,234,166	1,271,941	1,310,886	1,351,039
C. Travel					
Medical					
- \$3000 per physician FTE	6,000	12,000	12,000	12,000	12,000
- \$1500 per midlevel FTE	0	3,000	3,000	3,000	3,000
-Other clinical (UDS, PCCN, GAPHC, Local)	3,000	7,500	7,725	7,957	8,195
- Local Travel	3,750	3,863	3,978	4,098	4,221
Behavioral Health	3,000	3,000	3,000	3,000	3,000
Total Travel	15,750	29,363	29,703	30,054	30,416
D. Equipment					
Equipment (Medical equipment)	0	50,000	52,500	73,500	80,850
Total Equipment	0	50,000	52,500	73,500	80,850

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E. Supplies					
Medical / Lab (\$4.00 per encounter in year 1; increased accordingly in subsequent years.)	28,188	65,232	85,568	88,135	90,780
Administrative (\$1.65 per encounter in year 1; increased accordingly in subsequent years.)	11,628	26,908	35,297	36,356	37,447
Total Supplies	39,816	92,140	120,865	124,491	128,226
F. Contractual					
Administration (Audit Fees, Payroll Processing, etc.)	3,000	6,000	6,180	7,416	9,641
Provider backup (10 days at market rate for locum tenans plus travel. Fees are \$125 per hour and travel \$250 per day)	20,000	52,500	54,075	64,890	77,868
Capital Campaign Fees & Expenses	100,000	100,000			
Total Contractual	123,000	158,500	60,255	72,306	87,509
G. Construction					
H. Other					
Training - Medical	9,000	18,000	18,540	19,096	19,669
Insurance					
Pro. Off.	7,000	14,000	14,700	20,580	21,609
Printing	2,500	2,575	2,652	2,917	3,005
Marketing	15,000	20,000	40,000	50,000	50,000
Dues & Licensure	4,000	12,000	12,360	13,596	14,004
MIS (includes EMR, Hardware, Software, Maintenance, and Training)	36,000	77,000	79,310	95,172	98,027
Uniforms (2 per year, per employee)	2,400	2,472	2,546	3,055	3,147
Bridge Loan Reduction	0	120,000	500,000	500,000	500,000
Reserves Build-Up				300,000	300,000
Total Other	75,900	266,047	670,108	1,004,417	1,009,461
Total Expenses	987,627	1,830,216	2,205,373	2,615,655	2,687,501
Net Income (Loss)	15,509	25,028	114,161	127,786	132,243

Budget Assumptions

Revenue

Year 1 – Obstetrician, Family Practice Physician and Clinical Psychologist.

Since these providers are coming into a situation with a full patient panel they are able to produce immediately. Their productivity is based on an expected 90% in year one.

Year 2 – Family Nurse Practitioner (FNP), Internist, Pediatric Nurse Practitioner (Ped. NP), and Pediatric Chief of Staff (Ped. COS).

Providers coming on board in year two have an expected productivity of 50% of the national standard; 80% in year two and 90% in year three.

Capital campaign commitments – pledges shown are in their anticipated year of receipt. One-time gifts are recorded in year one.

Expenses

Expenses are projected based on historical cost of providing service. Providers receive a contractual allowance for travel, training, and CME.

Supplies are based on the average cost of supplies per visit.

Contractual expenses are the anticipated increase in the cost of the annual audit for additional services and increased revenue. Provider backup covers the cost of locum tenans who provide service for providers on vacation.

Other expenses such as printing, dues and licensure, MIS, and uniforms are based on historical costs.

Bridge loan reduction will build until it reaches the \$500,000 mark then will maintain until debt is retired.

A build-up of reserves begins after year three with \$300,000 per year increasing once debt is retired. Six months of reserves is the industry standard for VHCS that will be \$2.4 Million.