

**JHH PEDIATRICS BUILDING  
FINANCIAL SUMMARY  
EXHIBIT I**

**A. Projected Operating Statement**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Net Revenues	\$ 346,875	\$ 707,625	\$ 1,082,666	\$ 1,104,320	\$ 1,126,406
<u>Expenses</u>	<u>383,140</u>	<u>505,671</u>	<u>681,522</u>	<u>699,931</u>	<u>718,887</u>
Net Profit	\$ (36,265)	\$ 201,954	\$ 401,144	\$ 404,388	\$ 407,519
<i>5-year Average</i>	\$ 275,748				

**B. Projected Cash Flow**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
From (To) Operations	\$ (90,387)	\$ 203,038	\$ 371,701	\$ 459,461	\$ 462,497

**C. Return On Investment**

5-year Average Return	137,645
Total Investment	1,172,770
<b><u>Return on Investment</u></b>	<b><u>11.7%</u></b>
<b><u>Years Payback</u></b>	<b><u>8.5</u></b>

**JHH PEDIATRICS BUILDING  
VOLUME AND REVENUE PROJECTIONS  
EXHIBIT II**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Examinations	2,500	5,000	7,500	7,500	7,500
<u>Charge</u>	<u>75</u>	<u>77</u>	<u>78</u>	<u>80</u>	<u>81</u>
Total Charges	187,500	382,500	585,225	596,930	608,868
Treatment A	1,000	2,000	3,000	3,000	3,000
<u>Charge</u>	<u>150</u>	<u>153</u>	<u>156</u>	<u>159</u>	<u>162</u>
Total Charges	150,000	306,000	468,180	477,544	487,094
Treatment B	500	1,000	1,500	1,500	1,500
<u>Charge</u>	<u>250</u>	<u>255</u>	<u>260</u>	<u>265</u>	<u>271</u>
Total Charges	125,000	255,000	390,150	397,953	405,912
<b><u>Grand Total Charges</u></b>	<b><u>\$ 462,500</u></b>	<b><u>\$ 943,500</u></b>	<b><u>\$ 1,443,555</u></b>	<b><u>\$ 1,472,426</u></b>	<b><u>\$ 1,501,875</u></b>

2.0% Assumed annual increase on rates

**JHH PEDIATRICS BUILDING  
STAFFING  
EXHIBIT III**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
M.D. Supervision FTE	0.10	0.10	0.20	0.20	0.20
<u>Salary</u>	<u>120,000</u>	<u>123,600</u>	<u>127,308</u>	<u>131,127</u>	<u>135,061</u>
Total Payroll	12,000	12,360	25,462	26,225	27,012
R.N. FTE	2.00	3.00	4.00	4.00	4.00
<u>Salary</u>	<u>40,000</u>	<u>41,200</u>	<u>42,436</u>	<u>43,709</u>	<u>45,020</u>
Total Payroll	80,000	123,600	169,744	174,836	180,081
Clinical Assistant FTE	3.00	4.50	6.00	6.00	6.00
<u>Salary</u>	<u>25,000</u>	<u>25,750</u>	<u>26,523</u>	<u>27,318</u>	<u>28,138</u>
Total Payroll	75,000	115,875	159,135	163,909	168,826
Department Manager	1.00	1.00	1.00	1.00	1.00
<u>Salary</u>	<u>50,000</u>	<u>51,500</u>	<u>53,045</u>	<u>54,636</u>	<u>56,275</u>
Total Payroll	50,000	51,500	53,045	54,636	56,275
Receptionist	1.00	1.00	2.00	2.00	2.00
<u>Salary</u>	<u>20,000</u>	<u>20,600</u>	<u>21,218</u>	<u>21,855</u>	<u>22,510</u>
Total Payroll	20,000	20,600	42,436	43,709	45,020
<b><u>Grand Total Payroll</u></b>	<b><u>\$ 237,000</u></b>	<b><u>\$ 323,935</u></b>	<b><u>\$ 449,822</u></b>	<b><u>\$ 463,316</u></b>	<b><u>\$ 477,216</u></b>

3.0% Assumed inflation rate on salaries

**JHH PEDIATRICS BUILDING  
SUPPLY EXPENSE  
EXHIBIT IV**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Examinations	2,500	5,000	7,500	7,500	7,500
<u>Supply Cost</u>	<u>2.50</u>	<u>2.56</u>	<u>2.63</u>	<u>2.69</u>	<u>2.76</u>
Total Expense	6,250	12,813	19,699	20,192	20,696
Treatment A	1,000	2,000	3,000	3,000	3,000
<u>Supply Cost</u>	<u>5.00</u>	<u>5.13</u>	<u>5.25</u>	<u>5.38</u>	<u>5.52</u>
Total Expense	5,000	10,250	15,759	16,153	16,557
Treatment B	500	1,000	1,500	1,500	1,500
<u>Supply Cost</u>	<u>7.50</u>	<u>7.69</u>	<u>7.88</u>	<u>8.08</u>	<u>8.28</u>
Total Expense	3,750	7,688	11,820	12,115	12,418
<b><u>Grand Total Supplies</u></b>	<b><u>\$ 15,000</u></b>	<b><u>\$ 30,750</u></b>	<b><u>\$ 47,278</u></b>	<b><u>\$ 48,460</u></b>	<b><u>\$ 49,672</u></b>

2.5% Assumed inflation rate on supplies

**JHH PEDIATRICS BUILDING  
CAPITAL EXPENDITURES  
EXHIBIT V**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Building</b>	1,000,000	-	-	-	-
<i>Useful Life</i>	20 years				
Depreciation	50,000	50,000	50,000	50,000	50,000
<b>Equipment</b>	25,000	-	25,000	-	-
<i>Useful Life</i>	5 years				
Depreciation	5,000	5,000	10,000	10,000	10,000
<b>Total Capital Expenditures</b>	<b>1,025,000</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>
<b>Total Annual Depreciation</b>	<b>55,000</b>	<b>55,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>

**JHH PEDIATRICS BUILDING  
OPERATING STATEMENT  
EXHIBIT VI**

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Total Charges	\$	462,500	\$ 943,500	\$ 1,443,555	\$ 1,472,426	\$ 1,501,875
<u>Deductions @</u>	<u>25%</u>	<u>115,625</u>	<u>235,875</u>	<u>360,889</u>	<u>368,107</u>	<u>375,469</u>
Net Revenue		346,875	707,625	1,082,666	1,104,320	1,126,406
Expenses:						
Salaries		237,000	323,935	449,822	463,316	477,216
Benefits @	22%	52,140	71,266	98,961	101,930	104,987
Supplies		15,000	30,750	47,278	48,460	49,672
Utilities		24,000	24,720	25,462	26,225	27,012
<u>Depreciation</u>		<u>55,000</u>	<u>55,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Total Expenses		383,140	505,671	681,522	699,931	718,887
<b><u>Net Profit</u></b>		<b><u>(36,265)</u></b>	<b><u>201,954</u></b>	<b><u>401,144</u></b>	<b><u>404,388</u></b>	<b><u>407,519</u></b>

5-year Average            275,748

3.0% Assumed inflation rate on utilities

**JHH PEDIATRICS BUILDING  
BALANCE SHEET  
EXHIBIT VII**

	<u>Initial</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>ASSETS</b>						
Cash	\$ 133,302	\$ 42,915	\$ 245,953	\$ 617,654	\$ 1,077,115	\$ 1,539,612
Accounts Receivable	-	115,622	176,906	270,667	276,080	281,601
Total Current Assets	133,302	158,537	422,859	888,321	1,353,195	1,821,214
Buildings	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Machinery	25,000	25,000	25,000	50,000	50,000	50,000
Accum. Depreciation	-	(55,000)	(110,000)	(170,000)	(230,000)	(290,000)
Net Fixed Assets	1,025,000	970,000	915,000	880,000	820,000	760,000
<b>TOTAL ASSETS</b>	<b>\$ 1,158,302</b>	<b>\$ 1,128,537</b>	<b>\$ 1,337,859</b>	<b>\$ 1,768,321</b>	<b>\$ 2,173,195</b>	<b>\$ 2,581,214</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ 6,500	\$ 13,868	\$ 18,185	\$ 18,671	\$ 19,171
Long-term Debt	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>6,500</b>	<b>13,868</b>	<b>18,185</b>	<b>18,671</b>	<b>19,171</b>
<b>EQUITY</b>						
Investments	1,158,302	1,158,302	1,158,302	1,183,302	1,183,302	1,183,302
Current Earnings	-	(36,265)	201,954	401,144	404,388	407,519
Net Assets	-	-	(36,265)	165,689	566,833	971,222
<b>TOTAL EQUITY</b>	<b>1,158,302</b>	<b>1,122,037</b>	<b>1,323,992</b>	<b>1,750,136</b>	<b>2,154,524</b>	<b>2,562,043</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,158,302</b>	<b>\$ 1,128,537</b>	<b>\$ 1,337,859</b>	<b>\$ 1,768,321</b>	<b>\$ 2,173,195</b>	<b>\$ 2,581,214</b>

**JHH PEDIATRICS BUILDING  
CASH FLOW  
EXHIBIT VIII**

	<u>Initial</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Net Profit or (Loss)	0 \$	(36,265) \$	201,954 \$	401,144 \$	404,388 \$	407,519 \$
Change in Current Assets	0 \$	(115,622) \$	(61,284) \$	(93,760) \$	(5,413) \$	(5,522) \$
Change in Current Liabilities	0 \$	6,500 \$	7,368 \$	4,317 \$	486 \$	500 \$
Plus Depreciation	<u>0</u>	<u>55,000</u>	<u>55,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Cash From Operations	0 \$	(90,387) \$	203,038 \$	371,701 \$	459,461 \$	462,497 \$
Less Capital Expenses	(1,025,000)	-	-	(25,000)	-	-
Plus Investments	<u>1,158,302</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
<b><u>Net Cash Flow</u></b>	<b><u>133,302</u></b>	<b><u>(90,387)</u></b>	<b><u>203,038</u></b>	<b><u>371,701</u></b>	<b><u>459,461</u></b>	<b><u>462,497</u></b>
<b>Cash Balance</b>	<b>133,302</b>	<b>42,915</b>	<b>245,953</b>	<b>617,654</b>	<b>1,077,115</b>	<b>1,539,612</b>

**JHH PEDIATRICS BUILDING  
MONTHLY CASH FLOW: Year 1  
EXHIBIT IX**

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
Collections	\$ -	\$ -	\$ 14,456	\$ 14,453	\$ 14,453	\$ 19,271	\$ 19,271	\$ 19,271	\$ 28,906	\$ 28,906	\$ 28,906
Salaries	(19,750)	(19,750)	(19,750)	(19,750)	(19,750)	(19,750)	(19,750)	(19,750)	(19,750)	(19,750)	(19,750)
Benefits	(4,345)	(4,345)	(4,345)	(4,345)	(4,345)	(4,345)	(4,345)	(4,345)	(4,345)	(4,345)	(4,345)
Supplies	-	-	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)
Utilities	-	-	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Cash Flow from Operations	\$ (24,095)	\$ (24,095)	\$ (12,889)	\$ (12,892)	\$ (12,892)	\$ (8,074)	\$ (8,074)	\$ (8,074)	\$ 1,561	\$ 1,561	\$ 1,561
Accumulative Cash Flow	\$ (24,095)	\$ (48,190)	\$ (61,079)	\$ (73,971)	\$ (86,863)	\$ (94,937)	\$ (103,011)	\$ (111,085)	\$ (109,524)	\$ (107,963)	\$ (106,402)
Maximum Cash Shortfall	111,085										
20% Contingency	<u>22,217</u>										
<b>Working Capital Required</b>	<b><u>133,302</u></b>										

Month 12

\$	43,359
	(19,750)
	(4,345)
	(1,250)
	<u>(2,000)</u>
\$	16,014
\$	(90,387)

**JHH PEDIATRICS BUILDING  
PAYBACK STATISTICS  
EXHIBIT X**

**20% Discount Factor for Present Value Calculations**

**A. Return on Investment**

	<u>Initial</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Cash From Operations	\$	(90,387)	\$ 203,038	\$ 371,701	\$ 459,461	\$ 462,497
<i>Present Value Factors</i>	1.0000	0.8333	0.6944	0.5787	0.4823	0.4019
Present Value of Cash Flow		(75,323)	140,998	215,105	221,577	185,867
<b>5-year Average Return</b>	<b>137,645</b>					
Investment	\$ 1,158,302	\$ -	\$ -	\$ 25,000	\$ -	\$ -
Present Value of Investment	1,158,302	-	-	14,468	-	-
<b>Total Investment</b>	<b>1,172,770</b>					
<b><u>Return on Investment</u></b>	<b><u>11.7%</u></b>					
<b><u>Years Payback</u></b>	<b><u>8.5</u></b>					

**B. Business Evaluation**

	<u>Initial</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Terminal Year</u>
Cash Flow	\$ 133,302	\$ (90,387)	\$ 203,038	\$ 371,701	\$ 459,461	\$ 462,497	\$ 2,312,485
<i>Present Value Factors</i>	1.0000	0.8333	0.6944	0.5787	0.4823	0.4019	0.3349
Present Value of Cash Flows	133,302	(75,323)	140,998	215,105	221,577	185,867	774,446
<b><u>Total of PV Cash Flows</u></b>	<b><u>1,595,973</u></b>	<b><u>Value of project in current dollars</u></b>					

**JHH PEDIATRICS BUILDING  
SENSITIVITY ANALYSIS  
EXHIBIT XI**

**Effect of 10% reduction in volumes**

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Total Charges		416,250	849,150	1,299,200	1,325,183	1,351,687
Deductions @	25%	<u>104,063</u>	<u>212,288</u>	<u>324,800</u>	<u>331,296</u>	<u>337,922</u>
Net Revenue		312,188	636,863	974,400	993,888	1,013,765
Expenses:						
Salaries		237,000	323,935	449,822	463,316	477,216
Benefits @	22%	52,140	71,266	98,961	101,930	104,987
Supplies		13,500	27,675	42,550	43,614	44,704
Utilities		24,000	24,720	25,462	26,225	27,012
Depreciation		<u>55,000</u>	<u>55,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Total Expenses		381,640	502,596	676,794	695,085	713,920
Net Profit		(69,453)	134,267	297,605	298,802	299,846
<i>5-year Average</i>		<i>192,213</i>				
<i>Original 5-year Average</i>		<i>275,748</i>				
<b>Reduction in Average Profit</b>		<b>30.3%</b>				