

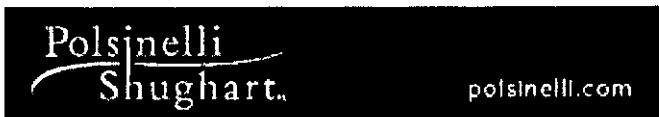
Roate, George

From: Anne Cooper [ACooper@Polsinelli.com]
Sent: Friday, January 07, 2011 12:56 PM
To: Roate, George
Cc: Constantino, Mike; Kara Friedman
Subject: RE: Project 11-004 Crest Hill Dialysis
Attachments: DaVita Viability Ratios.pdf, pdf

George,

Attached please find the financial viability ratios for DaVita. Please let me know if there is any additional information that you need to complete your review.

Anne



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HEALTH FACILITIES &
SERVICES REVIEW BOARD

From: Roate, George [mailto:George.Roate@Illinois.gov]
Sent: Friday, January 07, 2011 10:22 AM
To: Kara Friedman
Cc: Anne Cooper; Constantino, Mike
Subject: Project 11-004 Crest Hill Dialysis

Good morning, Kara, Anne:

An initial review of the above mentioned application (#11-004) has revealed the following missing criterion:

1) 1120.130, Financial Viability Ratios: It is noted that the projected ratios are present for Joliet Dialysis, LLC, but none can be found for DaVita, Inc., the guarantor for 60% of the applicant's debt (application, p. 147). Since this project is funded externally, and DaVita is responsible for guaranteeing project funding, historical and projected financial ratios are required from DaVita. The deadline to deem this application complete/incomplete is January 20, 2011. Thanks.

George Roate

Illinois Department of Public Health

Office of Health Systems Development

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For Illinois CON Reporting
12/31/2009

DAVITA Inc.	2004	2005	2006	2007	2008	2009E	2010E	2011E	2012E	Winds Standard
Current Ratio	1.97	1.67	1.64	1.62	1.63	2.03	2.03	2.03	2.03	>1.5
Net Margin Percentage	10.21%	7.69%	5.94%	7.26%	6.61%	6.05%	6.05%	6.05%	6.05%	>3.5%
Percent Debt to Total Capitalization	26.08%	44.62%	38.67%	38.00%	41.81%	38.08%	38.08%	38.08%	38.08%	<80%
Projected Debt Service Coverage	3.43	2.33	2.56	3.07	2.80	2.44	2.82	0.41	0.70	>1.75
Days Cash on Hand	51.44	66.51	28.53	39.20	29.59	38.66	38.66	38.66	38.66	>45
Cushion Ratio	2.43	2.09	1.09	1.68	1.43	1.87	1.80	0.28	0.48	>5.00

SUPPORTING CALCULATIONS:

Current Ratio:										
Current Assets	668,720	1,654,408	1,709,495	1,976,230	2,128,204	2,128,304	2,128,304	2,128,304	2,128,304	
Current Liabilities	441,735	689,733	1,112,172	1,088,498	1,183,063	1,049,829	1,049,829	1,049,829	1,049,829	
Current Ratio	1.97	1.67	1.64	1.82	1.83	2.03	2.03	2.03	2.03	
Net Margin Percentage:										
Net Income	222,254	228,643	289,691	381,778	374,180	343,837	343,837	343,837	343,837	
Net Revenues	2,177,330	2,973,918	4,880,662	5,264,181	5,660,173	5,660,437	5,660,437	5,660,437	5,660,437	
Net Margin Percentage	10.21%	7.69%	5.94%	7.26%	6.61%	6.05%	6.05%	6.05%	6.05%	
Percent Debt to Total Capitalization:										
Total Long Term Debt	1,375,832	4,157,202	3,751,251	3,707,918	3,095,146	3,690,422	3,690,422	3,690,422	3,690,422	
Equity*	3,900,000	6,180,000	6,950,000	6,036,778	5,142,638	6,000,000	6,000,000	6,000,000	6,000,000	
Percent Debt to Total Capitalization	26.08%	44.62%	38.67%	38.05%	41.81%	38.08%	38.08%	38.08%	38.08%	
Projected Debt Service Coverage:										
Net Income	222,254	228,643	289,691	381,778	374,180	343,837	343,837	343,837	343,837	
Depreciation/Amortization	82,912	116,836	173,295	193,470	216,917	213,530	213,530	213,530	213,530	
Interest Expense	69,874	134,429	262,987	242,720	214,944	235,426	235,426	235,426	235,426	
Available Funds	355,490	479,908	725,953	817,968	808,021	792,792	792,792	792,792	792,792	
Interest Expense and principal payments	103,688	206,196	263,838	268,151	287,669	324,859	302,322	1,942,368	1,136,503	
Projected Debt Service Coverage	3.43	2.33	2.56	3.07	2.80	2.44	2.82	0.41	0.70	
Days Cash on Hand:										
Cash and Investments	251,979	431,811	310,202	447,048	410,881	542,690	542,690	542,690	542,690	
Net Revenue	2,177,330	2,973,918	4,880,662	5,264,181	5,660,173	5,660,437	5,660,437	5,660,437	5,660,437	
Net Income	222,254	228,643	289,691	381,778	374,180	343,837	343,837	343,837	343,837	
Operating Expense	1,855,076	2,745,275	4,590,971	4,882,373	5,286,013	5,316,601	5,316,601	5,316,601	5,316,601	
Less: Dep/Amort	82,912	116,836	173,295	193,470	216,917	213,530	213,530	213,530	213,530	
Operating Expense Net of Dep/Amort	1,786,112	2,369,622	3,997,933	4,162,967	5,069,098	5,123,071	5,123,071	5,123,071	5,123,071	
Days Cash on Hand	51.44	66.51	28.53	39.20	29.59	38.66	38.66	38.66	38.66	
Cushion Ratio:										
Total Cash	251,979	431,811	310,202	447,048	410,881	542,690	542,690	542,690	542,690	
Interest Expense and Principal payments	103,688	206,196	263,838	268,151	287,669	324,859	302,322	1,942,368	1,136,503	
Cushion Ratio	2.43	2.09	1.09	1.68	1.43	1.87	1.80	0.28	0.48	

*Equity as defined by market equity. Market equity = shares outstanding * closing price at last trading day of calendar year.

For forecasting: DVA market capitalization was approximately \$1Bn at close on Dec 31st, 2007. Assume constant market capitalization at \$60n going forward