

Constantino, Mike

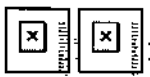
From: Ourth, Joe [JOurth@arnstein.com]
Sent: Tuesday, July 03, 2012 1:17 PM
To: Avery, Courtney; Constantino, Mike
Subject: Midwestern Regional Medical Center, Project No. 12-042 [IWOV-ACTIVE.FID995570]
Attachments: CON 070312 Availability of Funds Letters.pdf; CON 070312 Availability of Funds Letters CliftonLarsonAllen.pdf

Courtney and Mike,

On behalf of Midwestern Regional Medical Center, please accept the attached letter providing further verification of the Availability of Funds for our Project No. 12-042.

Joe Ourth

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JOurth@arnstein.com



Offices in Illinois, Florida, and Wisconsin< P>

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at Midwestern Regional Medical Center

Winning the fight against cancer, every day.

2520 Elisha Avenue
Zion, IL 60099

web cancercenter.com

July 3, 2012

Via Electronic Mail and Overnight Courier

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd floor
Springfield, IL 32761

Re: Midwestern Regional Medical Center
Project No. 12-042 (the "Project")

Dear Ms. Avery:

In connection with review of our Midwestern Regional Medical Center Project referenced above, Review Board staff had requested additional documentation as to the Availability of Funds Review criterion. To further verify that sufficient funds are available we are providing evidence of a designated bank balance sufficient to fund the Project Cost. We are also providing a letter from our independent auditor attesting to our ability to fund the Project internally. We believe these materials, in lieu of financial statements, verifies the availability of funds and that this arrangement fully complies with the Board's rules.

Verification of Availability of Funds

Midwestern Regional Medical Center is a 73-bed hospital located in Zion Illinois. Our proposed Project is to modernize our imaging department at a total project cost of \$15,540,295. As part of our CON application we had provided a letter from Bank of America attesting we had sufficient funds to finance the project from internal sources and had provided that letter as a alternative to submitting audited financial statement. Subsequently, staff had requested financial statements as part of a routine request.

We had explained that we would be pleased to provide supplemental evidence of financing availability, but that as a privately held company our financial statements have not been publicly disclosed previously. Although we are not attempting to hide anything from the Review Board, our understanding is that if we submitted our financial statements they would be publicly disclosed and posted on the Board's website. Like many other privately held entities, we consistently seek to avoid this disclosure and in fact have not made these available publicly in any other context.

While we wish to avoid having our financial information posted on the internet, we nevertheless wish to work affirmatively with the Review Board to prove that sufficient funds are available. We have undertaken two efforts in response to this Board issue:

1. We have deposited into a designated account at Bank of America the amount of the Project Costs and are attaching bank verification of this balance.
2. We have asked our independent auditors to prepare a letter to the Review Board attesting that as of the date of the audit there was sufficient cash and cash equivalents to fund the Project internally.

Clifton Larson Allen Audit Letter

To assist in your determination that available funds are available, we asked our independent auditing firm, Clifton Larson Allen, to prepare a letter to the Review Board. In particular, we asked that they address the cash position of our entity. In the attached letter you will see that they confirm that as of the most recent audit there was cash in excess of the \$15,540,295 Project Amount. Further, they confirm that this cash reserve was in excess of the amount to pay current liabilities. Finally, they conclude in their letter to you that we have the ability to finance the Project with internal cash reserves.

Bank of America Letters of Verification

With this letter we are also submitting a letter from Bank of America verifying that Cancer Treatment Centers of America has a designated account containing a balance equal to the Project Cost. This letter supplements the more detailed letter from Bank of America contained in the CON Application. That letter in the application also specified that CTCA has average balances on account in excess of the Project Amount. We believe that the Bank letter showing an account with a balance of \$17,059,640.18 provides further verification of the availability of funds for the Project.

Alternative Documentation Guidelines With Board Regulations

We believe the alternative documentation we are providing not only provides strong evidence of availability of funds, but that it also complies with the Board's rules. Section 1120.120 provides (emphasis added):

"Section 1120.120 – Availability of Funds – Review Criteria

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable:

a. Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) ...”

As the rule states, documentation of funding can exist in various forms, and lists examples as audited financial statements or letters from financial institutions. The Board’s rules clearly contemplate bank letters as evidence and we believe that the original letter together with the attached balance verification complies with the rules.

In addition to the above §1120.120 rule, we also note that Board rules specifically provide that audited financial statements are not required for a project such as this. The Board’s regulations specify that the “*applicant is NOT required to submit financial viability ratios if: (i) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges)...*” §1120.130(a) (emphasis in original).

In this case we are funding this Project from internal sources. In fact, we structured this transaction as a cash transaction specifically to comply with the Board’s rules not requiring financial statements for cash funded projects, despite attractive debt financing arrangements. Again, we believe that our documentation alternative also complies with the §1120.130 rules.

Conclusion

We respect the Board’s interest in assuring sufficient financial reserves to the Project. The alternative information of auditor’s letters and bank balance statement provides the Board with the assurance of availability of funds while which preventing our internal information from publication on the internet and seems a reasonable accommodation. We assure the Board that we have carefully considered this matter and that funds are available to accomplish this Project.

Very truly yours,



Scott Jones
Chief Operating Officer

Enclosures

cc: Mike Constantino
Joe Ourth

July 3, 2012

Ms Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

RE: Midwestern Regional Medical Center, Project 12-042
Cancer Treatment Centers of America, Inc and Affiliates

Dear Ms. Avery;

I am writing this letter on behalf of Cancer Treatment Centers of America, Inc. and Affiliates. This letter is being provided to the Illinois Health facility and Services Review Board as it relates to the CON permit application referenced above.

Cancer Treatment Centers of America, Inc. and Affiliates (CTCA and Affiliates), has maintained a satisfactory status with Bank of America Merrill Lynch since 1988. As of today, July 3, 2012, the company's cash collateral account 2144863 has an opening available balance of \$17,059,640.18.

If you have questions or concerns relating to this information, please feel free to contact me at (312) 904-8173.

Sincerely,



Shanita M. Cammon
Officer- Sales Support Associate
Bank of America Merrill Lynch

Same Day Balance Report

Same Day Balance Report -- for PFOTENHAUER

Date range: Jul 03, 2012 thru Jul 03, 2012

Generated on: Jul 03, 2012 at 09:08:AM

Accounts returning no data

Accounts

Bank Name Bank of America Chicago 355
 Account #: 2144863 Account Name: Cancer Treatment Centers of America Inc (USD)

Date: 07/03/2012

Status Balances	Amount
Opening Ledger (010)	\$19,921,586.18
Today's Opening Available Balance (940)	\$17,059,640.18
Today's Opening 1 Day Float (906)	\$2,861,946.00
Today's Opening 2+ Day Float (907)	\$0.00

Same Day Interim Calculations

Same Day Interim Calculations	Amount
Opening Ledger	\$19,921,586.18
Current Day Credits	\$1,821,445.70
Current Day Debits	\$7.95
Interim Immediate	\$680,405.78
Interim One Day Float	\$4,002,317.79
Interim Two + Day Float	\$668.13
Interim Ledger	\$21,743,023.93
Interim Available	\$17,740,038.01

Date: 07/03/2012

Bank of America Chicago 355 Status	Amount
Balances First Day (USD)	
Opening Ledger (010)	\$19,921,586.18
Today's Opening Available Balance (940)	\$17,059,640.18
Today's Opening 1 Day Float (906)	\$2,861,946.00



CliftonLarsonAllen

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July 2, 2012

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

**RE: Midwestern Regional Medical Center, Project 12-042
 Cancer Treatment Centers of America, Inc. and Affiliates**

Dear Ms. Avery:

We are pleased to provide the following information for Cancer Treatment Centers of America, Inc. and Affiliates (CTCA and Affiliates). This letter is provided to the Illinois Health Facility and Services Review Board relative to the CON permit application referenced above. In particular we are providing this letter to assist in the Board's analysis of the Review Criterion §1120.120 – Availability of Funds.

Background

CliftonLarsonAllen LLP and previous to January 2, 2012, as LarsonAllen LLP, has been serving as the independent auditor for Cancer Treatment Centers of America, Inc. and Affiliates since June 30, 2000. Over this time, we have observed CTCA and Affiliates surround itself with forward thinking executives who bring innovative thought leadership to cancer care. During the past eleven years, CTCA and Affiliates has expanded their geographic footprint to locations in Chicago, Tulsa, Seattle, Philadelphia, Phoenix and Atlanta markets. During this period of expansion they have remained uncompromising in their mission to be recognized as the home of integrative and compassionate cancer care.

During our tenure as the independent auditors, CTCA and Affiliates and Midwestern Regional Medical Center have consecutively grown their patient revenue year over year for the past eleven years. The following is meant to serve as a summary of their cash position.

Cash Position

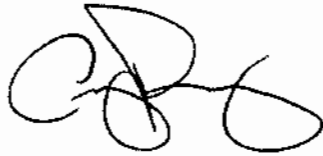
As of and for the year ended June 30, 2011, which is the date of their most recent financial statement audit, CTCA and Affiliates had cash in excess of \$15,540,295, the Project Amount contained in the CON Application. Moreover, at that date they had current assets adequate to cover current liabilities and the ability to finance a project in excess of \$15,540,295 with internal cash reserves.

July 2, 2012
Cancer Treatment Centers of America, Inc.
Page 2

This communication is intended solely for the information and use of the Review Board, management, CTCA and Affiliates, and is not intended and should not be used by anyone other than the specified parties.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in black ink, appearing to be 'Cory R. Rutledge', with a stylized, cursive script.

Cory R. Rutledge, CPA
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