

(OAR 333-580-0080)

**STATE OF OREGON  
CERTIFICATE OF NEED APPLICATION FORM**

FOR HEALTH DIVISION USE ONLY	
APPN. NO.	
DATE RECEIVED	
DATE COMPLETE	
FEE	

Facility Name: Sapphire at Rose City, LLC DBA East Portland Care CenterStreet Address: 34 NE 20<sup>th</sup> Ave City/Zip: Portland 97232Applicant/ Licensee: 1017493844Licensee Address  
(if different): \_\_\_\_\_Facility  
Administrator: Sarah Tijerina Phone: 503-231-0276Medicare  
Provider No.: CCN: 38E157 Medicaid  
Provider No.: 800060

**PERSON AUTHORIZED TO ANSWER QUESTIONS,  
ACT AND RECEIVE SERVICE ON BEHALF OF THE APPLICANT  
(if other than the facility administrator)**

Name: Andrew Becker Phone: 503-866-7151Title: Vice President of Operations/MemberFirm: Sapphire Health ServicesAddress: 127 NE 102<sup>nd</sup> Ave Suite A City/Zip: Portland, 97220Have you previously submitted an application for this or a similar project? YES  NO 

If yes, date submitted: \_\_\_\_\_ Application ID No. \_\_\_\_\_

**CERTIFICATION BY APPLICANT**

I hereby attest that I reviewed the application and have knowledge of the content of information contained in this application. I therefore declare under penalty of perjury, that the project described and each statement, amount and supporting documents included are true and correct to the best of my knowledge and belief.

Name: Andrew Becker Title: VP of OperationsSignature:  Date: 3/31/2022

**ARCHITECTURAL SECTION**

**PROJECT SUMMARY**

**(1.) PROJECT DESCRIPTION**

(a) Project Type(s):      New Structure:                   Addition:                   Remodel:

(b) Number of Floors:    Basement: 0                          No. of floors above grade: 1

(c) Shelled-in areas (identify location of any unfinished spaces with description of future intended use):  
N/A

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(d) Renovation Considerations (for projects involving remodel):

Will the renovations involved be done to conform to the new construction/major alteration standards of the Senior and Disables Services or Health Division (as applicable) and NFPA 101 codes?

YES                   NO

If no, explain in detail which of these standards will not be complied with and explain why:

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(e) Building Structural System (in accord with Uniform Building Code):

Type I - Noncombustible                   Type II - Noncombustible

Type III - HR or N                   Type IV - 1 hr.                   Type V - 1 hr.

**(2.) MAJOR DIAGNOSTIC AND TREATMENT EQUIPMENT**

(List all diagnostic and treatment equipment items in excess of \$1,000,000 purchase cost.)

Identify Item	Department	Cost of Each Item	Number of Purchased Items

**(3.) PROJECT DEPARTMENT BREAKDOWN**

(Complete department breakdown required for hospital applications only; nursing home applications require completion of totals column only)

DEPARTMENT AREA SCHEDULE				DEPARTMENT COST SCHEDULE			
Ancillary Dept. or Patient Care Unit	Departmental Areas in Gross Square Feet <sup>1</sup>			Departmental Remodel Cost	Departmental New Constr. Cost	Remodel Cost Per Sq. Ft.	New Constr. Cost Per Sq. Ft.
	Existing	Remodel Area	New				
Intermediate Care Unit			N/A				
Remaining unassignable spaces:							
<b>TOTALS</b>							

**REMARKS:** \_\_\_\_\_

<sup>1</sup> Gross square feet is calculated including interior partitions and related outside walls. Do not include stairwells, corridors or mechanical areas serving more than a single department.

**CAPITAL EXPENDITURE ESTIMATE**

<b>a. <u>Planning:</u></b>		
(A) Consultant Fees .....		
(B) Surveys and Studies ...	\$5,000	
(C) Other .....		
(D) TOTAL PLANNING .....		<b>\$5,000</b>
<b>b. <u>Administrative:</u></b>		
(A) Legal.....	\$10,000	
(B) Other.....		
(C) TOTAL ADMINISTRATIVE.....		<b>\$10,000</b>
<b>c. <u>Site:</u></b>		
(A) Purchase Price of Property (if within previous year or yet to be purchased)		
(B) Appraisals.....		
(C) Site Surveys.....		
(D) Soil Investigations.....		
(E) Site Preparation (not paid for under construction contract).....		
(F) Other.....		
(G) TOTAL SITE.....		<b>0</b>
<b>d. <u>Equipment:</u></b>		
(A) Diagnostic or Therapeutic Purchase.....		
(B) Diagnostic or Therapeutic Equipment Lease Value <sup>1</sup> .....		
(C) Other Equipment Purchase.....	\$25,000	
(D) Other Equipment Value or Lease <sup>1</sup> .....		
(E) Contingency Fund for Equipment.....		
(F) TOTAL EQUIPMENT.....		<b>\$25,000</b>
<b>e. <u>Architectural/Engineering Services and Related Costs:</u></b>		
(A) Architectural Master Planning Prior to Project.....	\$ 10,000	
(B) Project Architectural/Engineering Fees .....	\$220,000	
(C) Plan Check Fees (not paid for under construction).....	\$ 8,230	
(D) Project Inspection Fees (owner's Clerk of the Works and inspections not included in (B)).....		
(E) Other Costs.....		
(F) TOTAL ARCHITECTURAL/ENGINEERING SERVICES.....		<b>\$238,230</b>

<sup>1</sup> Use this space to describe the basis for estimate of value of leased equipment and space. Explain other items as may be necessary. Use additional sheets if more space is needed.

f. Construction:	
(A) General Construction - New.....	
(B) General Construction - Remodel	\$1,900,000
(C) Demolition (not included under f(A) and f(B) or c(E).....	
(D) Other.....	
(E) TOTAL CONSTRUCTION.....	<b>\$1,900,000</b>
g. Landscaping:	
(A) Owner's Costs (not paid for under construction contract)	\$10,000
(B) TOTAL LANDSCAPING.....	<b>\$10,000</b>
h. Miscellaneous:	
(A) Owner's Fire and Liability Insurance During Construction.....	\$7,000
(B) Performance Bonds or Other Bonds (not paid for under construction contract).....	
(C) Other (list).....	
(D) TOTAL MISCELLANEOUS.....	<b>\$7,000</b>
i. TOTAL PROJECT COST (items a through h)	
	<b>\$2,195,230</b>
j. CONSTRUCTION COST PER BED (if applicable)	
f(E) # beds added	\$57,576
k. PROJECT COST PER BED (if applicable)	
total project cost # beds added	0
l. CONSTRUCTION INFLATION ASSUMPTION	
	0 % per year

**VERIFICATION BY LICENSED ARCHITECT OR ENGINEER  
OF PROBABLE CONSTRUCTION COSTS**

I hereby submit and declare that the amounts listed Sections e., f., g., and h., above, are true and correct to the best of my knowledge and belief.

Name: Ray Yancey Phone: 503.221.1121  
Title: Principal License: ARI-3782  
Firm Name: LRS Architects, Inc  
Address: 720 NW Davis St, Suite 300, Portland, Oregon 97209  
Signature: Raymond Yancey Date: 3/11/2022

Digitally signed by Raymond Yancey  
DN: c=US, e=ryancey@lrsarchitects.com, o=LRS  
Architects, Inc., cn=Raymond Yancey  
Date: 2022.03.11 07:51:53-0800

PROJECT DEVELOPMENT SCHEDULE

- a. Estimated completion date of final drawing and specifications: 5/1/2022
- b. Estimated construction start date: ..... 6/15/2022
- c. Estimated project completion date: ..... 4/1/2023

SUPPORTING INFORMATION

Provide the following as attachments, referenced by subsection and number.

- a. Architectural master plan indicating long-range concept and expansion potential.
- b. A short statement regarding accessibility of the proposed facility to each of the following:
  - (A) Patients;
  - (B) Medical staff;
  - (C) Facility personnel;
  - (D) Supplies delivery;
  - (E) Visitors;
  - (F) Public transportation;
  - (G) Highway systems; and
  - (H) Emergency vehicles (including air)
- c. Schematic architectural plans, prepared by a licensed architect or engineer as follows:<sup>1</sup>
  - (A) Scale site plan, indicating property dimensions, location of existing and new structures, parking, access roads, and location of planned additions.
  - (B) Floor plans for all proposed construction and remodel areas, indicating the intended use of each room, location and number of beds, plumbing fixtures and major built-in equipment. Plans must be drawn at 1/16" = 1'0" minimum scale. A single line drawing is acceptable.
  - (C) Small scale floor plan of existing building if the project involves remodel, addition to an existing building, or replacement of existing departmental areas.

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<sup>1</sup> Only one copy of larger scale plans is required with submission to the Health Division. All other application copies may include small reductions only.

**FINANCIAL SECTION  
PROJECT COST ESTIMATE**

<b>1. TOTAL PROJECT COST (from Form CN-3, item i.): <u>2,195,230</u></b>	
<b>2. AMOUNTS TO BE FINANCED:</b>	
a. <u>Tax-Exempt Bonds:</u>	
(A) Principle Amount .....	_____
(B) Interest Amount .....	_____
(C) Rate ____% Term ____ Years	
(D) Will a hospital authority be sponsoring project related bonds? <input type="checkbox"/> YES <input type="checkbox"/> NO	
b. <u>Conventional Loan:</u>	
(A) Principle Amount .....	_____
(B) Interest Amount .....	_____
(C) Rate ____% Term ____ Years	
c. <u>Federal Loan:</u>	
(A) Principle Amount .....	_____
(B) Interest Amount .....	_____
(C) Rate ____% Term ____ Years	
d. <u>Interim Financing:</u>	
(A) Principle Amount .....	_____
(B) Interest Amount .....	_____
(C) Rate ____% Term ____ Years	
e. <u>Other:</u>	
(A) Principle Amount .....	_____
(B) Interest Amount .....	_____
(C) Rate ____% Term ____ Years	
f. TOTAL PRINCIPLE .....	_____
g. TOTAL INTEREST .....	_____
h. TOTAL PRINCIPLE & INTEREST .....	_____
i. ANNUAL DEBT SERVICE REQUIREMENT .....	<b>0</b>
<b>3. <u>INTERIM FINANCING:</u></b>	
a. Principle Amount .....	_____
b. Interest Amount .....	_____
c. Rate ____% Term ____ Years	
d. TOTAL INTERIM FINANCING .....	_____
e. Interest earned during the period principal is invested .....	_____
f. NET GAIN OR LOSS DURING INTERIM FINANCING .....	<b>0</b>
<b>4. <u>AMOUNT OF PROJECT COSTS TO BE PAID FROM NON-INTEREST BEARING SOURCES</u></b>	
a. Cash on Hand .....	<u>1,950,000</u>
b. Community Contributions .....	_____
c. District or County Tax Levy:	
(A) Amount .....	_____
(B) Rate per \$1,000 Assessed Value .....	_____
(C) Pay-Back Period ____ Years	
d. Federal Grant (identify source) .....	_____
e. Other .....	_____
f. TOTAL NON-INTEREST BEARING SOURCES .....	<b><u>2,195,230</u></b>
<b>5. TOTAL PROJECT COST INCLUDING INTEREST: <u>2,195,230</u></b>	



**INCOME STATEMENT**

YEAR	HISTORICAL		CURRENT 2021 (6 Months Annualized)	2022 (New Location)	PROJECTED	
	2019 (5 Months)	2020				
<b>OPERATING REVENUE:</b>						
Inpatient Revenue	\$1,061,040	\$2,887,515	\$2,830,849	\$4,238,617		
Outpatient Revenue	0	0		0		
Patient Service Revenue	0	0		0		
<b>DEDUCTIONS FROM OPERATING REVENUE:</b>						
Provision for Medicare, Welfare & Other Contractual Adjustments	0	0		0		
Free Care	0	0		0		
Other Deductions	0	0		0		
Total Deductions	0	0		0		
Net Operating Revenue	\$1,061,040	\$2,887,515	\$2,830,849	\$4,238,617		
Other Operating Revenue	0	0		0		
<b>TOTAL OPERATING REVENUE</b>						
<b>OPERATING EXPENSES:</b>						
Salaries, Wages & Benefits	\$475,622	\$1,334,174	\$1,382,246	\$1,591,611		
Professional Fees	\$139,238	\$434,382	\$370,617	\$593,731		
Supplies	\$63,750	\$152,301	\$114,935	\$185,635		
Purchased Services	\$132,397	\$199,368	\$296,669	\$367,194		
Insurance	\$16,691	\$38,420	\$42,354	\$45,000		
Provision for Doubtful Accounts	0	0	0	0		
Depreciation & Amortization	0	0	0	0		
Interest	0	0	0	0		
<b>TOTAL OPERATING EXPENSE</b>	<b>\$885,738</b>	<b>\$2,290,727</b>	<b>\$2,272,720</b>	<b>\$2,932,647</b>		
<b>OPERATING INCOME</b>	<b>\$175,302</b>	<b>\$596,840</b>	<b>\$559,311</b>	<b>\$1,305,970</b>		
<b>NET NON-OPERATING REVENUE:</b>	0	\$450,113	\$200,000	0		

Interest Income, Rental Income, etc.														
<b>EXCESS REVENUE OVER EXPENSES</b>	<b>\$69,632</b>	<b>\$749,683</b>				<b>\$496,777</b>				<b>\$866,314</b>				

**BALANCE SHEET**

YEAR	HISTORICAL			CURRENT	PROJECTED		
	2019	2020		09/30/2021	2022	2023	
<b>CURRENT ASSETS:</b>							
Cash	43395.86	184676.78		220383.29			
Gross Accounts Receivable:							
- Direct Patient Care	221690.02	244991.35		274724.20			
- Other	31856.68	34354.59		190214.08			
Net Accounts Receivable:							
- Direct Patient Care							
- Other							
Inventories							
Other Current Assets	79975.01	114956.13		110817.22			
<b>TOTAL CURRENT ASSETS</b>	<b>376917.57</b>	<b>578978.85</b>		<b>796138.79</b>			
<b>INVESTMENTS</b>							
<b>DONOR RESTRICTED ASSETS - Identify</b>							
<b>ASSETS HELD BY TRUSTEES - Identify</b>							
<b>FIXED ASSETS:</b>							
Property, Plant & Equipment	40638.84	53185.14		84772.25			
Construction in Progress							
<b>TOTAL FIXED ASSETS</b>	<b>40638.84</b>	<b>53185.14</b>		<b>84772.25</b>			
Less: Accumulated Depreciation	1827.11	12698.26		20940.64			
<b>NET FIXED ASSETS</b>	<b>3881.73</b>	<b>40486.88</b>		<b>63831.61</b>			
<b>OTHER ASSETS</b>							
<b>TOTAL ASSETS<sup>1</sup></b>	<b>415729.30</b>	<b>619465.73</b>		<b>859970.40</b>			
<b>CURRENT LIABILITIES:</b>							
Trade Accounts Payable	85094.96	121569.16		66204.31			
Accrued Compensation & Professional Fees							
Liabilities to be Paid from Donor Restricted Assets							
Liabilities to be Paid from Assets Held by Trustees							
Current Portion of Long-Term Debt							
Other Current Liabilities	158241.04	196820.31		191336.86			
<b>TOTAL CURRENT LIABILITIES</b>	<b>243336.00</b>	<b>318389.47</b>		<b>257541.17</b>			
<b>DEFERRED REVENUE</b>							
<b>LONG-TERM DEBT (less current portion):</b>							
Secured							
Unsecured							
<b>TOTAL LONG-TERM DEBT</b>							
<b>FUND BALANCE</b>							
<b>LIABILITIES PLUS FUND BALANCE</b>							

<sup>1</sup> Identify line item and amount of any pledged assets.

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR	HISTORICAL		CURRENT 2021 (6 Months Annualized)	PROJECTED	
	2019 (5 Months)	2020		2022	
<b>SOURCES OF WORKING CAPITAL:</b>					
Net Income	72,293.30	299,947.64	450,272.44	500,000.00	
Depreciation and Amortization	1,827.11	10,871.15	10,989.84	10,989.84	
Working Capital Provided by Operations	133,581.57	309,315.81	161,696.68	165,000.00	
Proceeds from Long-Term Borrowings	0.00	0.00	0.00	0.00	
Other Sources of Working Capital	0.00	449,735.52	45,322.82	0.00	
<b>TOTAL SOURCES OF WORKING CAPITAL</b>	<b>207,701.98</b>	<b>1,069,869.92</b>	<b>668,281.78</b>	<b>675,989.84</b>	
<b>USES OF WORKING CAPITAL:</b>					
Dividends					
Repayment of Long-Term Debt	0.00	0.00	0.00	0.00	
Additions to Plant & Equipment	40,638.84	12,546.30	20,830.60	25,000.00	
Increase in Other Non-Current Assets	0.00	0.00	0.00	0.00	
Increase (Decrease) in Working Capital	0.00	0.00	0.00	0.00	
<b>TOTAL USES OF WORKING CAPITAL</b>	<b>40,638.84</b>	<b>12,546.30</b>	<b>20,830.60</b>	<b>25,000.00</b>	

YEAR	HISTORICAL			CURRENT		PROJECTED	
	2019 (5 Months)	2020		2021 (6 Months Annualized)	2022		
<b><u>CHANGES IN COMPONENTS OF WORKING CAPITAL:</u></b>							
Increase (Decrease) in Current Assets							
Cash	43,395.86	141,280.92		73,663.42	100,000.00		
Accounts Receivable	221,690.02	27,655.92		3,243.28	5,000.00		
Inventory	0.00	0.00		0.00	0.00		
Other Current Assets	111,831.69	33,124.44		49,039.77	45,000		
<b>Total Increase (Decrease) in Current Assets</b>	<b>376,917.57</b>	<b>202,061.28</b>		<b>125,945.67</b>	<b>150,000.00</b>		
Increase (Decrease) in Current Liabilities							
Notes Payable	40,100.00	(40,000.00)		10,600.89	10,000.00		
Accounts Payable and Accrued Expenses	181,496.50	49,064.14		(67,444.89)	(50,000.00)		
Current Portion of Long-Term Debt	0.00	0.00		0.00	0.00		
Other Current Liabilities	21,739.50	65,989.33		328.52	(24,363.22)		
<b>NET INCREASE (DECREASE) IN WORKING CAPITAL</b>	<b>133,581.57</b>	<b>127,007.81</b>		<b>182,461.15</b>	<b>214,363.22</b>		

**DEBT SERVICE COVERAGE**

YEAR	HISTORICAL		CURRENT 2021 (T6 Annualized)	PROJECTED	
	2019 (T5 Annualized)	2020		2022	
<b>INCOME FOR DEBT SERVICE COVERAGE:<sup>1</sup></b>					
Excess of Revenue Over Expense, or Net Income	\$420,726	\$450,113	\$558,781	\$1,316,256	
Depreciation and Amortization	0	\$10,871	\$10,990	\$25,000	
Interest Expense	0	0	0	0	
<b>TOTAL DEBT SERVICE COVERAGE</b>	<b>\$420,726</b>	<b>\$439,242</b>	<b>\$547,791</b>	<b>\$1,291,256</b>	
<b>DEBT SERVICE REQUIREMENTS:</b>					
Interest Expense	0	0	0	0	
Principle Payments (Lease)	\$216,000	\$218,766	\$221,532	\$405,864	
<b>TOTAL DEBT SERVICE REQUIREMENTS</b>	<b>\$216,000</b>	<b>\$218,766</b>	<b>\$221,532</b>	<b>\$432,000</b>	
<b>RATIO:<sup>2</sup></b>					
Income for Debt Service Coverage to Debt Service Requirements	1.95	2.01	2.47	2.99	

<sup>1</sup> Forecast debt service coverage on accrual basis.

<sup>2</sup> Ratio calculation = (net income + depreciation + interest) ÷ (principle + interest).

**RATIO ANALYSES<sup>1</sup>**

	YEAR		HISTORICAL		CURRENT		PROJECTED	
	2019	2020	2020		2021	2022		
<b><u>PROFITABILITY RATIOS:</u></b>								
Operating Margin	16.5%	20.7%			18%	33%		
Operating Ratio	83.5%	79.3%			82%	77%		
Deductibles Ratio								
Bottom Line Ratio	6.5%	26%			21%	25%		
Return on Total Assets	.42	.96			.63	1.15		
- A								
- B								
Return on Equity	69%	742%			605%	68%		
- A								
- B								
<b><u>DEBTS RATIOS:</u></b>								
Equity Financing	100%	100%			100%	53%		
- A								
- B								
Debt Service as a Percentage of Gross Patient Revenue	8.4%	7.6%			8.9%	7.1%		
Cash Flow to Total Debt	1.95	2.73			2.06	4.63		
Total Debt to Total Assets	.59	.51			.34	.25		
Peak Debt Service Coverage by Historical Net Revenue	7.8%	6.7%			6.5%	6.9%		

<sup>1</sup>Calculate ratios using formulas in Table 1 of OAR 333-580-0100(4)

YEAR	HISTORICAL			CURRENT		PROJECTED	
	2019	2020		2021	2023		
	Debt Service Safety Margin	2.52	2.73		2.06	4.63	
Debt to Plant	59%	51%		34%	69%		
<u>LIQUIDITY RATIOS:</u>							
Current Ratio	1.55	1.82		2.73	1.75		
Days Revenue in Accounts Receivable	8.2%	8.3%		9.3%	9.3%		
Average Payment Period	65	62		64	65		
Days Cash on Hand	41	68		90	60		
Quick Ratio	1.58	1.77		2.62	2		
<u>OTHER RATIOS:</u>							
Adjusted Patient Days	6924	7592		6938	10895		
Adjusted Admissions	30	22		29	46		



**VOLUME-ADJUSTED EXPENSES AND REVENUES**

YEAR	HISTORICAL			CURRENT		PROJECTED	
	2019 (5 Months)	2020		2021 (T6 Annualized)	2022		
Number of Patient Days	3005	7,351		6,767	10,220		
Gross Expense per Patient Day	\$325	\$341		\$368	\$333		
Amount Attributable to Proposal	0	0		0	0		
Gross Revenue per Patient Day	\$353	\$393		\$418	\$415		
Amount Attributable to Proposal	0	0		0	0		
Number of Adjusted Patient Days	0	0	0	0	0	0	0
Gross Expense per Adjusted Patient Day	0	0	0	0	0	0	0
Amount Attributable to Proposal	0	0	0	0	0	0	0
Gross Revenue per Adjusted Patient Day	0	0	0	0	0	0	0
Amount Attributable to Proposal	0	0	0	0	0	0	0
Number of Admissions	14	22		36	50		
Gross Expense per Admission	\$69,696	\$114,068		\$69,285	\$67,969		
Amount Attributable to Proposal	0	0		0	0		
Gross Revenue per Admission	\$75,789	\$131,251		\$78,635	\$84,772		
Amount Attributable to Proposal	0	0		0	0		
Number of Adjusted Admissions	0	0	0	0	0	0	0
Gross Expense per Adjusted Admission	0	0	0	0	0	0	0
Amount Attributable to Proposal	0	0	0	0	0	0	0
Gross Revenue per Adjusted Admission	0	0	0	0	0	0	0
Amount Attributable to Proposal	0	0	0	0	0	0	0

**SOURCES AND USES OF FUNDS FOR THE PROPOSED PROJECT**

Sources of Funds:

Bond Issue	
Applicant Contribution	
Interest Earned on Assets Held by Trustee During Construction	2,195,230
Other Sources .....	
Total Sources of Funds .....	<u>2,195,230</u>

Uses of Funds:

Construction Costs	2,195,230
Interest During Construction	
Debt Service Reserve Fund	
Bond Discount to Underwriters	
Legal, Accounting and Printing Costs	
Other Sources .....	
Total Uses of Funds .....	<u>2,195,230</u>