

# BUSINESS LOAN PROGRAM

## CREDIT MEMORANDUM

CITY OF LONG BEACH  
ECONOMIC AND PROPERTY DEVELOPMENT DEPARTMENT  
333 W. OCEAN BOULEVARD, 3<sup>RD</sup> FLOOR  
LONG BEACH, CA 90802

SEPTEMBER 21, 2017

3:00PM

**LOAN OFFICERS:** Andria Martinez - NDC

**BORROWER:** **AIM LIVING SERVICES INC.**  
5555 E. Stearns Street Suite 203, Long Beach, CA 90815  
(Council District 4)

**BUSINESS:** Supported Living Services for Adults with Developmental Disabilities

**OWNERSHIP:** The business is an S Corporation owned 100% by Gina Woodruff.

**REQUEST:** \$95,000 Revolving Loan

**FUNDING SOURCE:** EDA and CDBG funds are proposed subject to availability.

**TERM & INTEREST:** A 7-year, fully amortized loan with monthly principal and interest payments of \$1,376.46. Interest rate will be fixed at 5.75%, which is the current WSJ prime rate plus 1.50%. Fees total 2% of the loan amount (\$1,900).

**PURPOSE:** To provide funds for furniture, fixtures & equipment and for working capital needs.

**PUBLIC BENEFIT:** Job creation. Three full-time equivalent employee will be hired within 24 months.

### SOURCES AND USES OF FUNDS:

<b>Sources:</b>			
	<b>City Loan</b>	<b>Equity</b>	<b>Total Project</b>
	\$95,000	\$25,000	\$120,000
<b>Uses:</b>			
Tenant Improvements	\$0	\$25,000	\$25,000
Furniture, Fixtures & Equipment	\$75,000	\$0	\$75,000
Working Capital	\$18,100	\$0	\$18,100
Loan Fees	\$1,900	\$0	\$1,900
<b>Total:</b>	<b>\$95,000</b>	<b>\$25,000</b>	<b>\$120,000</b>

**SOURCES OF  
REPAYMENT:**

(1) Business Cash Flow  
(2) Liquidation of Assets

**COLLATERAL:**

First position UCC-1 Broadform Filing on all business assets.

**SUBORDINATION  
AGREEMENT:**

None.

**CREDIT REPORTS:  
Redacted**

**GUARANTOR(S)  
IF APPLICABLE:**

An unlimited personal guarantee of Gina Woodruff.

**SITE DESCRIPTION:**

**AIM Living Services Inc.** currently occupies 4,560 SF of second floor space in suites 203, 204 & 205 at 5555 E. Stearns Street in Long Beach. The lease agreement was initiated in March 2009 with a 3-year term and has been amended three times since then. The most recent amendment is being executed now in September 2017 and includes additional space of 1,062 SF in suite 207. The amended term for all suites totaling 5,622 SF is good through September 2024.

**BACKGROUND  
STATEMENT:**

**AIM Living Services Inc.** is a vendor of the State of California---a provider of Supported Living Services for adults with developmental challenges. AIM is also a vendor of the Veterans Administration and eligible to provide similar services to disabled Veterans. AIM's primary services support clients in finding affordable housing in the community and provides weekly in-home visits to assist the individuals with activities of daily living (cooking, cleaning, running errands, etc.). AIM assists their clients with applying for benefits and accessing community resources.

AIM serves approximately 100 clients at the present time and works directly with the regional centers to obtain new client referrals. There are 21 regional centers in CA that AIM can work with, although, their main referral source currently is Harbor Regional Center whose office is conveniently located in Long Beach not far from AIM's offices. AIM is approved to provide 870 sessions per month as of August 2017. Each client typically receives 12 to 20 90-minute sessions per month. AIM is paid directly from the regional center every month at a rate of \$77/session. AIM is consistently receiving referrals from the regional center for new clients each month and is actively hiring to keep up with the demand.

AIM has 21 employees on payroll and is currently recruiting to hire additional staff. Most are part time due to working a given number of sessions with clients each week/month. Many of the staff are students and homemakers looking for supplemental income. There are 4 full-time office and administrative staff who receive salary, while the part time employees are paid \$15/hr.

The loan request is for furniture, fixtures and equipment as well as working capital to support a new growth opportunity to provide additional program services. AIM is planning to add cooking classes, art & music lessons, and yoga, dance & meditation classes in addition to the in-home services already provided. The FF&E funding is needed to upgrade the

existing kitchen facility with new appliances, furniture, flooring, etc. as well as provide equipment for the music, yoga and dance classes.

## **BUSINESS DEVELOPMENT:**

In 2012, **AIM** put out a call to artists to exhibit their works in the underutilized space with in its administrative suites. This decision proved to be a benefit to AIM staff, clients and social workers by introducing a vibrant and cheerful arts culture. Soon they began to show the Artists' works at more formal receptions that are open to the public. This Modern and Pop Art theme has become a real Gallery doing business as (dba) The Gina M. Woodruff Gallery. The Gallery further expanded to include a small Live Music stage for local musicians at events. AIM has hosted several fundraisers with local non-profit organizations including HOPE Housing, Rebuilding Together Long Beach, American Diabetes Association, Love in The Mirror and The Long Beach Veteran's Digital Photography Therapy Program.

This unexpected blending of social and community services with the arts and music culture in Long Beach has become a new passion for Gina in her business expansion plans. It has been recognized by the state of CA that more creative classes and activities result in positive therapeutic outcomes for the clients and are in high demand among the regional centers. Gina's son, Jake Woodruff is a singer songwriter. Together they have created additional space in the existing suites for recording music and music lessons known as Woodruff Records Studio. Additionally, the AIM suites already have a commercial kitchen as zoned by the city of Long Beach when it was built out for the former tenant over 15 years ago. Gina's other son, Zack Woodruff, is a professionally trained Chef with 5.5 years of restaurant experience including supervising, hiring, inventory and creation of new menu dishes. Chef Zack will design and create a community kitchen classroom for AIM staff and clients as well as for community lessons. Community classes, meal sharing, farm to table, Chef prepared tastings and Pop up restaurant are activities that community wants and have great potential. Chef Zack will create the gourmet cooking classes as well as simple meal planning and preparation for the current AIM clients.

The additional leased space in suite 207 will be used for a yoga and dance studio as well as additional meeting space for larger group sessions. AIM has the opportunity to add sessions for existing clientele for art, music, yoga, and cooking classes but also has the potential to provide full day programming at their offices where small groups of clients would attend from 9am-2pm and participate in a variety of activities through the day. AIM also has the opportunity to gear some of their classes towards supported employment training, which would also expand the number and types of sessions they could provide to existing clients.

The long-term vision is been to expand the range specialty services for adults with challenges to the general population buy offering additional services and classes. There is a great need in Long Beach for community resources such as affordable housing, shared housing and intentional living and community events that promote equality, unity and resourcefulness. AIM is poised to meet this need. AIM Living Services Inc. will offer Community Services, Arts and Entertainment and various recreational small group classes.

**Gina Woodruff** is the CEO and Founder of AIM Living Service Inc. established in 1990 and incorporated 2009 in Long Beach CA. Ms. Woodruff is 100% owner of the California Corporation (S-Corporation for tax purposes). Her two adult sons are active in the staffing, management and strategy of the corporation. She studied Psychology, Sociology and Human Development at Long Beach City College. Gina is also a graduate (2012) of the Goldman Sachs 10,000 Small Businesses program at LBCC and worked with the SBDC on this loan application. Gina is a member of the Long Beach Music Council and is actively involved in the creation and hosting of The Music Summit, in collaboration with the Arts Council of Long Beach. Gina's role as an area representative for the Music Council has helped establish new Live Music nights at Long Beach cafes. Gina is an organizer of entrepreneurs and community groups with over 3,500 members through popular social media websites. She lives across the street from her offices and is 100% dedicated to achieving her business goals.

**PERSONAL FINANCIAL STATEMENTS:**

Redacted

**ANNUAL INCOME & PERSONAL BUDGET:**

Redacted

**HISTORICAL & PROJECTED FINANCIAL INFORMATION:**

Redacted

**CASH FLOW ANALYSIS & COVERAGE RATIOS:**

Redacted

**STRENGTHS:**

- The owner, Gina Woodruff, has been in business 27 years and has significant education and experience in her field.
- The business revenues have grown more than 25% in the last 2 years.
- Existing cash flow for the historical period in 2016 and interim period in 2017 is strong at [REDACTED] and [REDACTED].
- Adjusted cash flow for the projected periods (2017 and 2018) is strong at [REDACTED] based on existing revenues and growth trends.
- The company has no existing debt and has funded all expansion to date with equity reinvested in the company.
- Personal credit scores of the owner are good [REDACTED].
- Personal debt and living expenses of the owner are very low evidencing her aversion to debt and ability to live within her means.

**WEAKNESSES:**

- Existing cash flow for the historical period in 2014 and 2015 is insufficient to cover the projected debt service. This is due to budgeting in the new lease expenses for the company to adjusted cash flow. Services were more limited in 2014 & 2015 but as of 2016 the company shows that it can afford to take on new space as well as afford the debt services for proposed loan.

- Despite pledging all business assets, there is a collateral shortfall due to the service-based nature of the company and a lack of fixed assets that have largely been depreciated over time already. Although net worth is projected to grow as a result of the expansion project.
- There is a lack of accurate financial accounting of the historical balance sheet statements. The loan application process has brought to light this inadequacy. Gina worked extensively with her bookkeeper and SBDC business counselor, Max Ordonez, to prepare accurate statements for interim 2017. She is also in the process of hiring a new CPA.

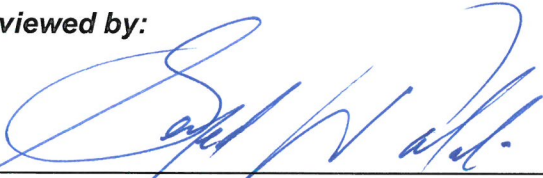
***This credit memorandum was prepared by:***

***A. Martinez***

---

**Andria Martinez, Grow America Fund Loan Officer**

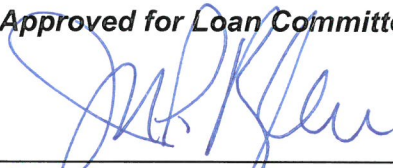
***Reviewed by:***



---

**Seyed Jalali, Economic Development Officer**

***Approved for Loan Committee:***



---

**John Keisler, Director of Economic and Property Development**