



COMMUNITY HEALTH

# Overview: Who is CAN?

CAN provides a comprehensive continuum of medical, social, and educational services essential to the health and well-being of those infected with HIV/AIDS, hepatitis C, sexually transmitted diseases, and other diseases.

CAN operates 34 clinics and is the second largest provider of such services according to the U.S. Department of Health and Human Services data. Additionally, CAN maintains a network of over 300 independent contract pharmacy locations.

Location	Number of Facilities
Florida	26
Virginia	1
South Carolina	1
Arizona	3
New Jersey	1
Texas	2
<b>Total Facilities</b>	<b>34</b>
<b>Total Employees</b>	<b>355*</b>

Please Note: Second Texas facility is expected to open FY 2021  
*\*Includes Mail-Meds and TFP Pharmacy*



## Overview: Mission Statement

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The mission of CAN Community Health is to inspire and contribute to the health and well-being of those affected by HIV, Hepatitis C, and other sexually transmitted diseases regardless of their financial situation, insurance status, or ability to pay by providing the best care through outreach, integrated clinical practice, advocacy, education, and research.



## Competition and Growth: Competition



CAN is a leading provider in the nation within a fragmented clinic space. Compared to the competition, CAN is competitive in terms of both net income and expense ratios. This performance is driven by CAN’s efficiency in using the 340b program to address their mission.

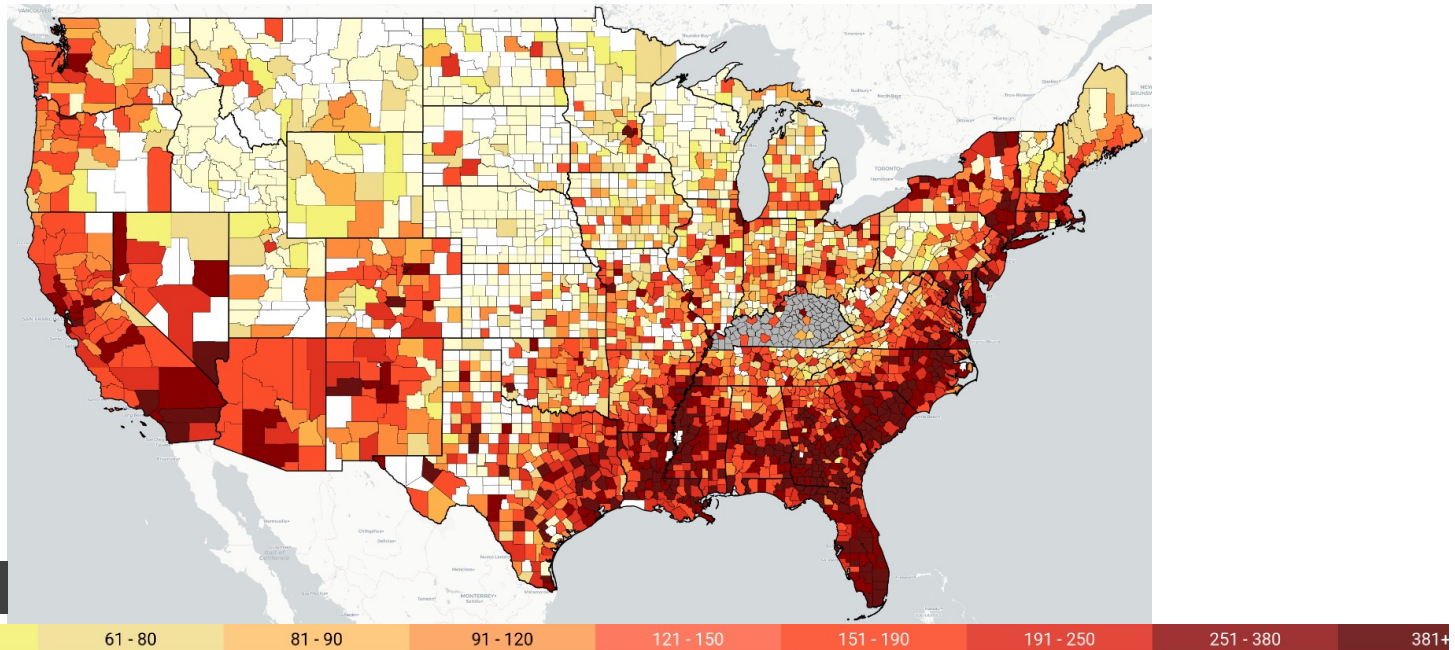
Name	Location	Total Revenue	Total Expenses	Net Income	Program Ratio	Admin Ratio	Fund Ratio	Year End
AIDS Healthcare Foundation	Los Angeles, California	1,509,453,455	1,414,994,852	94,458,603	97.0%	2.6%	0.4%	12/31/19
CAN Community Health	Sarasota, FL	294,042,074	287,454,840	6,587,234	95.0%	4.8%	0.2%	06/30/19
Elizabeth Glaser Pediatric AIDS Foundation	Washington, DC	200,011,437	200,252,199	(240,762)	91.0%	8.2%	0.8%	12/31/18
International AIDS Vaccine Initiative	New York, NY	77,192,773	83,383,050	(6,190,277)	88.2%	10.3%	1.5%	Guidestar
Evergreen Health Service	Buffalo, NY	71,511,399	66,543,881	4,967,518	85.9%	14.1%	0.0%	Guidestar
Hopehealth Inc	Florence, SC	85,342,248	78,619,778	6,722,470	84.8%	15.2%	0.0%	Guidestar

*Quarterly Peer Group Report as of 07/01/20. Please note that Elizabeth Glaser numbers are unaudited. Numbers from International AIDS, Evergreen, and HopeHealth are from Guidestar reports*

# Competition and Growth: Increases in HIV Cases

Approximately 1.2 million people in the United States are living with HIV today. One out of every seven people living with HIV is unaware that they have the disease. At the end of 2018, an estimated 1,173,900 people had HIV. Southern states face an acute increase in HIV cases.

Prior to entering a new area, CAN utilizes CDC data to evaluate target areas of need where infection rates have reached critical areas. CAN then accesses the services currently provided in the area as well as obstacles of entry.



Source: Cases tracked by CDC. Map can be found at [AIDSVU.org](https://aidsvu.org)

## CAN Owned Clinic Model

- CAN owns and operates the clinics and uses the 340B pharmacy savings to expand its mission.
- Building out pharmacies next to these clinics improves utilization capture rate to over 80% (i.e., patients are more likely to fill prescriptions and continue taking prescribed medications).

## Partnership Model

- CAN identifies an AIDS Service Organization (ASO) with a qualifying 340B grant that is already established and provides case and management services.
- CAN partners with the ASO to provide medical services and potentially dental and mental health services. CAN manages and operates the 340B program and shares 340B savings with the ASO.
- The benefit of the Partnership Model is the ease of expansion into new areas.

## Contract Clinic Model

- If CAN is already qualified for the 340B program in the area, CAN enters into a professional agreement with independent physician practices.
- CAN provides case management services and any necessary financial assistance to these patients.
- The costs of the Contract Clinic Model are relatively small, and the ramp-up period is much faster, given an already established patient base.

# 340B Drug Pricing Program: Overview



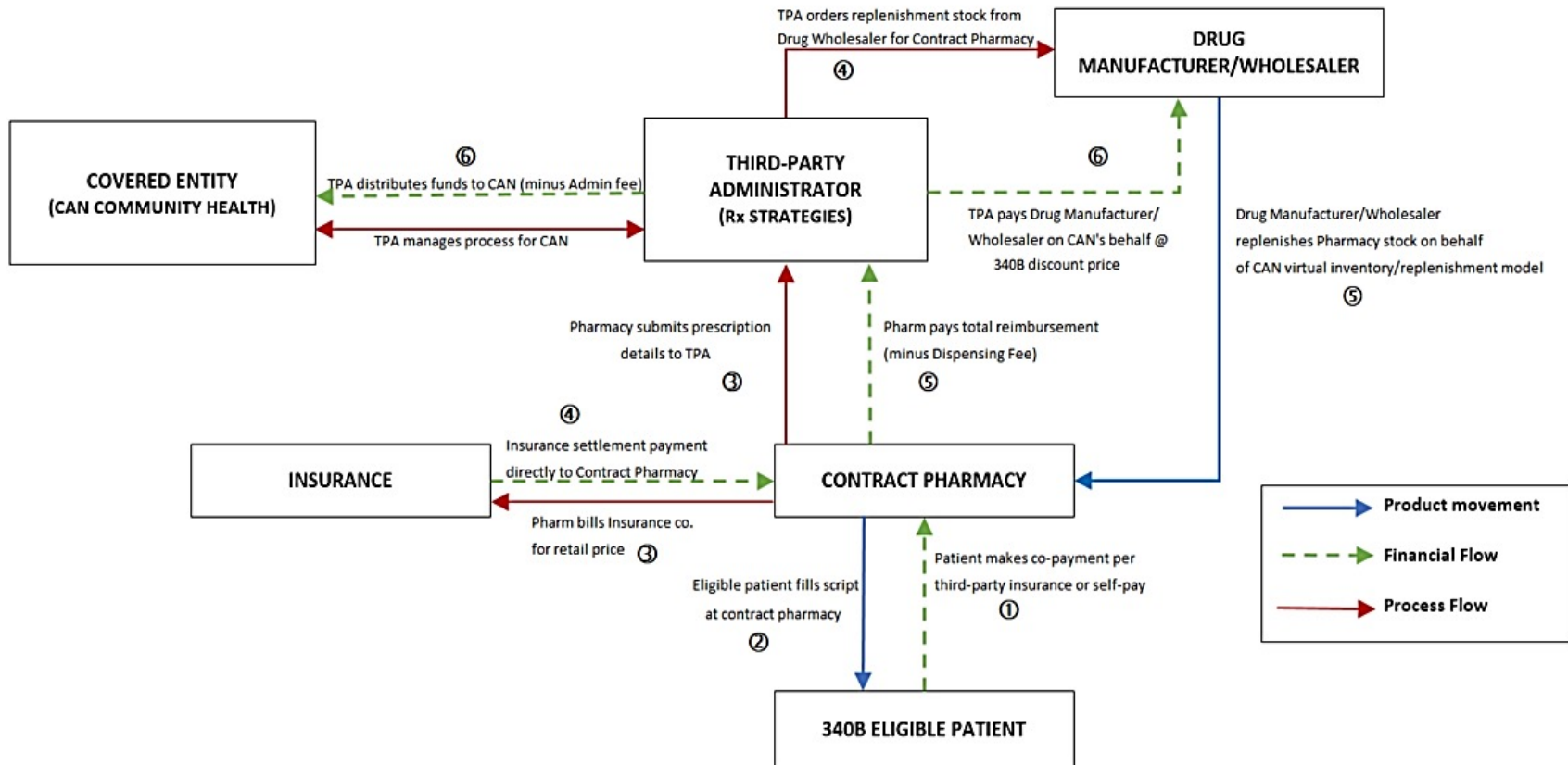
History	Program	Outcome
<p>To help offset the rising cost of prescription drugs, Congress enacted the 340B program in 1992.</p> <p>The Health Resources and Services Administration (HRSA) is responsible for administering the 340B program.</p> <p>Since 2016, CAN has been audited seven times by HRSA and has been found to be in compliance with all applicable requirements.</p>	<p>The 340B program requires pharmaceuticals to provide significant discounts on medicines to organizations that provide care for low-income populations as a condition for participating in Medicare and Medicaid programs.</p> <p>These qualified organizations include hospitals and other non-profit organizations such as CAN.</p>	<p>Eligible organizations use the 340B savings to increase access to life-saving medicines for low-income, vulnerable, and uninsured patients.</p> <p>Ultimately, the 340B program helps keep patients and communities healthy while minimizing costs to the government; pharmaceutical companies provide the 340B program savings.</p>

Sources: American Health Organization (<https://www.aha.org/system/files/2018-01/info340b.pdf>)

American Health Organization (<https://www.aha.org/system/files/media/file/2019/04/fact-sheet-340b-0419.pdf>)

# 340B Drug Pricing Program: Flowchart

The savings generated by CAN's qualification as a 340B Program healthcare organization enable the Borrower to provide health care support services and medicines to patients at all income levels.



Please Note: The flowchart above is not representative of the Walgreen's flowchart. Walgreen's acts as their own third-party administrator.

# CAN Consolidated Historical Overview



## Growth & Acquisitions Since 2011

### CONSOLIDATED YEAR END P&L SUMMARY

Includes Proforma P&L Data for Acquisition of MidlandCan

Fiscal Year ends June 30

	Audited 2011-12	Audited 2012-13	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19	Audited 2019-20	FORECAST* 2020-21
<b>OPERATING REVENUES</b>										
340B Pharmacy	765,097	4,991,310	12,745,721	23,044,257	36,986,874	87,784,508	120,924,759	147,054,732	183,820,561	203,301,893
Sales								138,352,501	185,177,915	204,495,224
Medical Services	186,640	477,090	1,140,713	1,516,547	2,211,940	3,781,580	5,576,008	6,406,780	7,673,896	13,624,474
Grants / Federal Awards	1,009,709	928,668	699,398	484,923	476,270	493,122	782,887	1,365,122	1,980,868	2,265,027
Special Event Revenue	89,025	90,310	152,743	152,858	126,517	112,259	160,698	72,760	368,595	256,261
Contributions	9,957	26,768	29,095	31,626	70,582	25,688	56,452	92,848	105,392	304,586
All Other Revenue	65,588	62,284	86,236	22,351	63,810	332,495	811,818	697,329	1,836,317	958,381
<b>TOTAL REVENUE</b>	<b>2,126,016</b>	<b>6,576,430</b>	<b>14,853,906</b>	<b>25,252,562</b>	<b>39,935,993</b>	<b>92,529,652</b>	<b>128,312,622</b>	<b>294,042,072</b>	<b>380,963,544</b>	<b>425,205,846</b>
<i>% Growth vs Prior Year</i>		209%	126%	70%	58%	132%	39%	129%	30%	12%
<b>OPERATING EXPENSES</b>										
Program Service Expenses	1,493,962	5,319,645	11,659,739	19,375,263	32,297,709	76,481,865	110,985,971	273,102,589	343,486,127	378,969,883
General/Admin/Other	249,904	804,751	1,192,967	2,059,363	4,173,211	6,550,048	8,256,799	14,352,251	20,576,519	23,469,820
<b>TOTAL EXPENSE</b>	<b>1,743,866</b>	<b>6,124,396</b>	<b>12,852,706</b>	<b>21,434,626</b>	<b>36,470,920</b>	<b>83,031,913</b>	<b>119,242,770</b>	<b>287,454,840</b>	<b>364,062,646</b>	<b>402,439,703</b>
<b>OPERATING REVENUE</b>	<b>382,150</b>	<b>452,034</b>	<b>2,001,200</b>	<b>3,817,936</b>	<b>3,465,073</b>	<b>9,497,739</b>	<b>9,069,852</b>	<b>6,587,232</b>	<b>16,900,898</b>	<b>22,766,143</b>
<i>% Margin</i>	18%	7%	13%	15%	9%	10%	7%	2%	4%	5%

Richard E Carlisle  
President & CEO

CAN Acquires  
Tampa Family Pharmacy  
Mail Meds Pharmacy

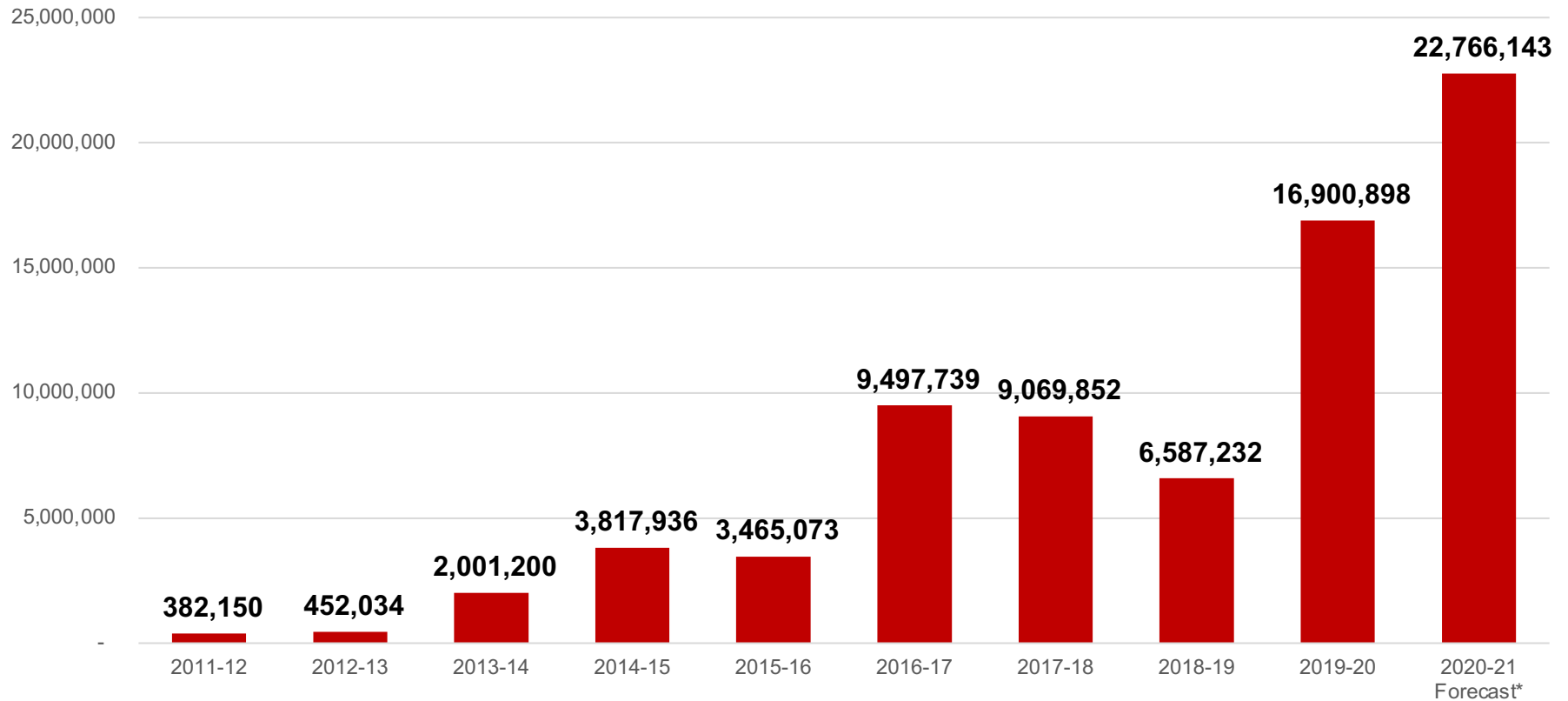
CAN Acquires  
MidlandCAN

\*The Acquisition of MM & TFP led to ramping up staffing needs that contributed to the decline in FY 18-19 which set the stage for increased profitability in 2020 and beyond

# Consolidated Earnings



CAN Community Health, Mail Meds, Tampa Family Pharmacy, MidlandCAN

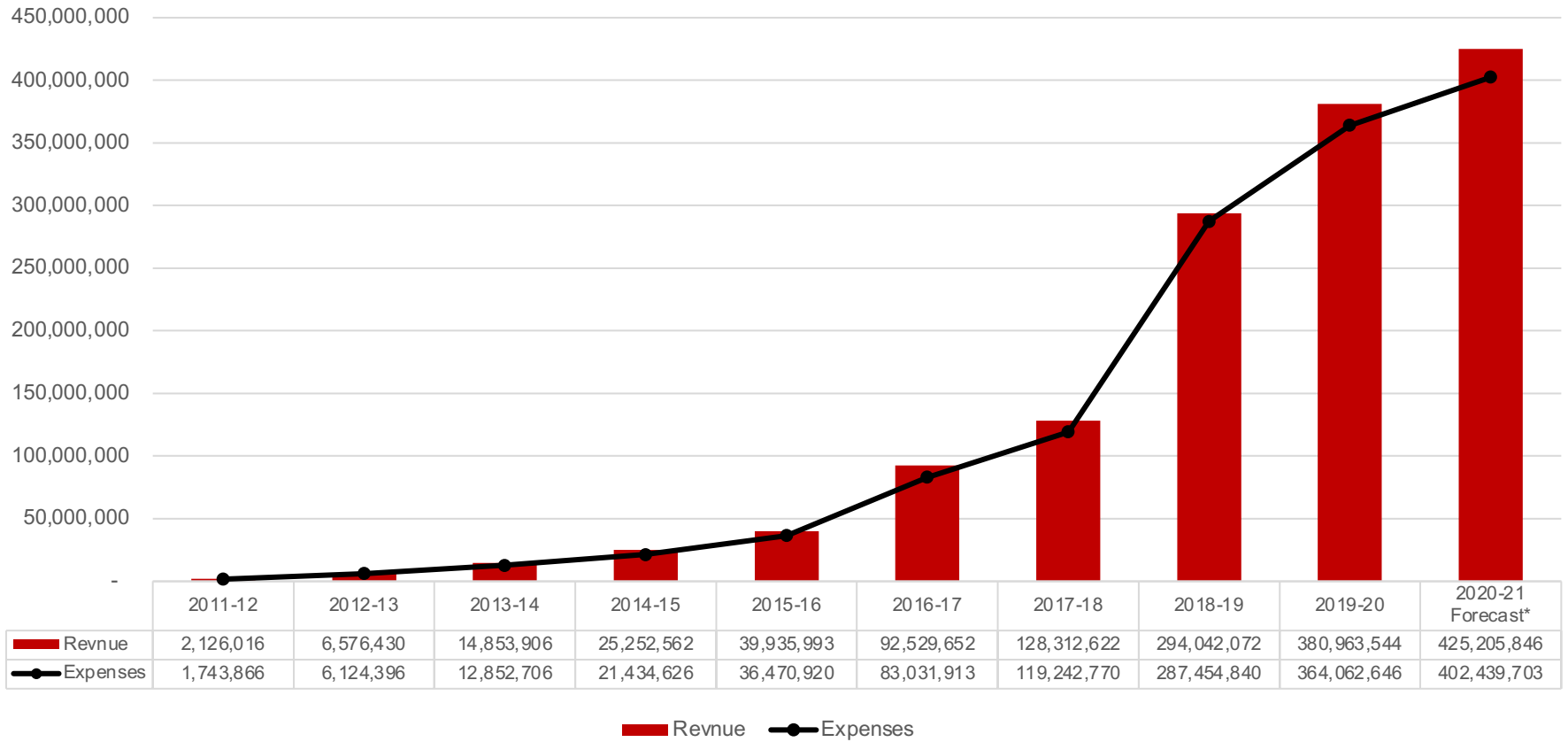


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# Revenue & Expenses



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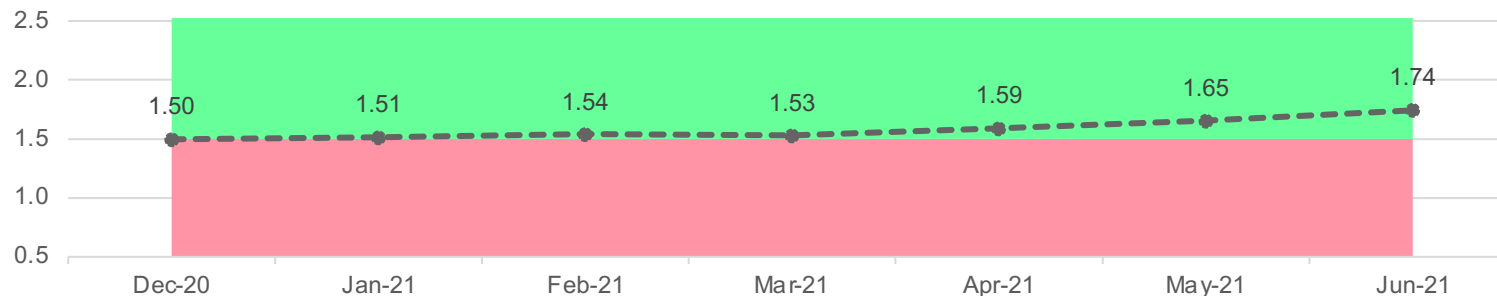


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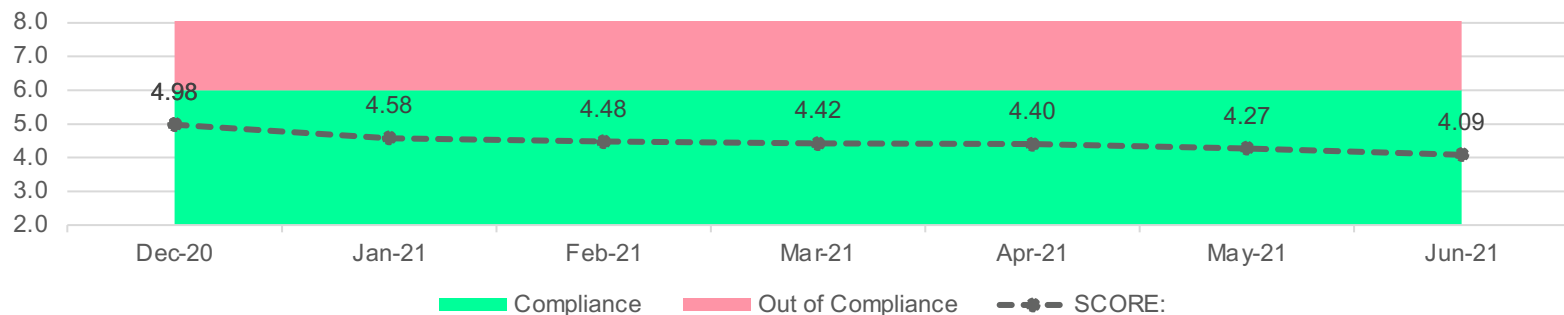
# Covenants (as of Dec 2020, Projected Jun 2021)



Fixed Charge Coverage Ratio - **Minimum Ratio: 1.50 to 1.00** (minimum ratio increases to 1.75 in 2023, 2.00 in 2024)



Leverage Ratio - **Maximum Ratio: 6.00 to 1.00** (maximum ratio decreases to 4.75 in 2022, 4.00 in 2023, 3.00 in 2024)



	ACTUAL	ACTUAL	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
TTM EBIDA :	17,935,098	19,381,831	19,728,504	19,951,806	19,751,704	20,586,683	21,505,688
NET DEBT* :	89,300,225	88,848,956	88,356,952	88,231,952	88,106,952	87,981,952	87,856,952

\*Net Debt = Total Debt less Debt Service Reserve, Excess Cash Flow Fund, Cash on Hand.

# Questions?

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