

DSCR Analysis Excerpt

Desert Sun Home Health, LLC

9. Debt Service Coverage Ratio (DSCR)

DSCR - FY2025 (Most Recent Full Fiscal Year)

DSCR Component	Amount	Source
Ordinary Business Income (Loss)	(\$103,100)	Form 1120-S Line 22
Add: Interest Expense	+\$38,910	Schedule K
Add: Depreciation	+\$1,365	Schedule K
Net Operating Income (NOI)	(\$62,825)	Calculated
Total Annual Debt Service	\$461,840	Verified debt schedule (below)
DSCR	-0.14x	NOI / Annual DS

DSCR - YTD2026 Annualized (Estimated)

Component	Amount
Net Operating Income (4-mo. YTD)	(\$249,471)
Add: Interest Expense (YTD)	+\$92,030
NOI before Interest (4-mo.)	(\$157,441)
Annualized NOI (x3) (Est.)	(\$472,323) (Est.)
Annual Debt Service	\$461,840
Annualized DSCR (Est.)	-1.02x (Est.)

Annual debt service of \$461,840 is composed of: Expansion Capital Group \$164,018 (\$11,273.15 x 12) + Yellowstone Capital \$260,964 + QuickBooks Loan 1 \$30,015 + QuickBooks Loan 2 \$8,837. Change Healthcare advance excluded (AR revenue intercept with no fixed monthly payment). The FY2025 DSCR of -0.14x means the business generated negative operating income before debt service. The YTD2026 annualized DSCR of -1.02x reflects the Yellowstone MCA drawn in March 2026.

9a. Debt Consolidation Exit Strategy

The two active high-cost debt facilities (one MCA, one revolving line of credit) represent a combined contractual obligation of approximately \$37,410/month. Yellowstone Capital is a Revenue Purchase Agreement (MCA) with weekly ACH remittances of \$5,436.79 (~\$24,160/month at 4.33 weeks). Expansion Capital Group is a revolving Business Line of Credit at 71.40% APR with monthly payments of \$11,273.15.

Payoff Summary (Verified Against Source Agreements)

Lender	Present Balance	Contracted Monthly	Maturity	Type
Yellowstone Capital	\$202,100	\$23,541	Mar 20, 2027	MCA (Rev. Purchase)
Expansion Capital Group	\$163,600	\$11,273	Oct 31, 2027	Business LOC, 71.40% APR
Total Payoff	\$365,700	\$37,410 fixed	-	-

9b. Monthly Debt Service Table (All Obligations)

Complete schedule of every active obligation, formatted for direct entry into lender DSCR worksheets. Balances verified against the April 30, 2026 balance sheet, June 7, 2026 Expansion Capital account statement, executed loan agreements, and bank transaction data.

Lender	Outstanding Balance	Monthly Debt Service	Maturity Date	Amortized / Balloon	Type	APR
Change Healthcare / Optum	\$285,400	AR intercept (variable)	Revolving	Revenue intercept	Revenue Advance	N/A
Yellowstone Capital	\$202,100	\$23,541	Mar 20, 2027	Fixed total (factor)	MCA	1.32x factor**
Expansion Capital Group	\$163,600	\$11,273	Oct 31, 2027	Amortized*	Line of Credit	71.40%
VCP Chase Line of Credit (7843)	\$70,570	~\$1,580 (observed)	Revolving	Revolving	Line of Credit	TBD
DSHH Chase Credit Card (3847)	\$40,650	\$1,016 (2.5% min)	Revolving	Revolving	Credit Card	TBD
QuickBooks Capital - Loan 1	\$11,500	\$2,309	Sep 2026	Amortized	Term Loan	TBD
Loan from Robert Morrison	\$10,960	\$0 (no schedule)	None	No terms	Related Party	None
Toyota Financial (2022 Sienna)	\$7,489	\$470	TBD	Amortized	Auto Loan	TBD
QuickBooks Capital - Loan 2	\$6,261	\$711	PAST MATURITY	Amortized (past due)	Term Loan	TBD
TOTAL	\$793,020	\$40,900 fixed / ~\$43,496 incl. revolving min.	-	-	-	-

* Expansion Capital payment schedule re-sets each time a new advance is drawn; balance can increase (e.g., \$11,970 advance on 5/9/2026).

** Yellowstone is a factor-rate product with no stated APR per contract: Purchase Price \$203,600, Purchased Amount \$262,644 (1.29x). Per Section 1.10 of the agreement, remittances are not legally interest.

Consolidation candidates per the lender's stated interest: Yellowstone + Expansion Capital only (\$365,700 payoff; \$37,410/month eliminated). Remaining fixed obligations after consolidation: \$3,490/month (QB 1, QB 2, Toyota) plus revolving minimums.

YTD2026 interest expense by lender (Jan-Apr, from books): Yellowstone \$53,750 | Expansion Capital \$32,627 | Credibly \$5,073 (paid off) | VCP LOC \$2,286 | QuickBooks 1 \$2,156 | QuickBooks 2 \$429 | Sienna \$33. Total: \$93,900. Consolidating Yellowstone + Expansion Capital removes the two largest interest drains (\$89,519 of the \$93,900, or 90.1%).

9c. DSCR Input Data Sheet (Broker Worksheet Feed)

Every input required for a bank-format DSCR worksheet, pre-extracted from tax returns and books, organized by fiscal year. Three years running shown to satisfy SBA / retail bank requirements. Drop these values directly into the cash flow calculation.

Cash Available for Debt Service - Input Lines

Line Item	FY2024 (Tax)	FY2025 (Tax)	YTD2026 (Book, 4 mo.)
Net Income (entity)	(\$442,300)	(\$103,100)	(\$236,600)
Add: Depreciation	\$0 reported	\$1,623	\$0 (immaterial)
Add: Interest Expense	\$390	\$38,910	\$93,900
Add: Non-recurring Expenses	TBD*	TBD*	TBD*
Add: Owner W-2 / Officer Comp	Not separately stated	\$58,920	\$39,970
Less: Personal Expenses (20% of W-2)	n/a	(\$11,784)	(\$7,994)
Less: Entity Income Taxes	\$0 (S-corp passthrough)	\$0 (S-corp passthrough)	\$0
Cash Available for Debt Service	(\$441,962)	(\$6,995)	(\$112,594) / (\$337,782) ann.

* Candidate non-recurring add-backs requiring owner confirmation: VCP wind-down and asset-transfer costs (FY2025), Paychex payroll catch-up wire \$63,520 (Mar 2026), one-time legal/professional fees related to the entity transition. Each documented add-back improves Cash Available for Debt Service dollar-for-dollar.

Supporting Data Points

Item	Value / Status
Entity type	Single-Member LLC taxed as S-Corporation
Owner / Guarantor	Patricia Anne Morrison - 100% ownership
Owner is on W-2	Yes (S-corp officer compensation: \$58,920 FY2025)
Guarantor FICO	695 (SmartCredit, 6/5/2026; not lender-grade)
Guarantor personal debts (credit report)	6 loans (2 visible balances: \$491,420 and \$24,240); 1 credit card (\$2,650 limit, \$2 balance). Monthly payments TBD - pull full tradeline detail from lender-grade report.
Credit card minimum convention	2.5% of balance: DSHH card \$40,650 -> \$1,016/mo
Payment history (6 mo. bank data)	Zero missed payments, zero NSF, zero negative balance days while servicing \$37,410/mo on the two facilities to be refinanced
Proposed new loan (broker structure)	Refi Yellowstone + Expansion Capital (\$365,700) at 24 mo.; rate scenarios 15-30% in Section 9a

Lender argument supported by this data: the borrower has demonstrated 6 consecutive months of on-time servicing at \$37,410/month. A consolidation payment of \$17,730-\$20,450/month is 45-53% below the proven payment capacity, with \$16,960-\$19,680/month dropping to the bottom line.