

NATIONAL HEALTHCARE CORP
Form 10-Q
May 09, 2014

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-13489
(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-2057472
(I.R.S. Employer
Identification No.)

100 E. Vine Street
Murfreesboro, TN

37130
(Address of principal executive offices)
(Zip Code)

(615) 890-2020
Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) Has filed all reports required to be filed by Section 13 or 15(d), of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated file," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer []

Accelerated filer [x]

Non-accelerated filer (Do not check if a smaller reporting company) []

Smaller reporting company []

Indicate by check mark whether the registrant is a shell company (as is defined in Rule 12b-2 of the Exchange Act). Yes [] No [x]

14,219,873 shares of common stock of the registrant were outstanding as of May 6, 2014.

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements.****NATIONAL HEALTHCARE CORPORATION****Interim Condensed Consolidated Statements of Income***(in thousands, except share and per share amounts)**(unaudited)*

	Three Months Ended	
	March 31	
	2014	2013
Revenues:		
Net patient revenues	\$ 199,769	\$ 178,430
Other revenues	10,762	15,948
Net operating revenues	210,531	194,378
Cost and Expenses:		
Salaries, wages and benefits	119,725	107,063
Other operating	55,742	54,411
Facility rent	9,886	9,868
Depreciation and amortization	7,900	6,956
Interest	290	84
Total costs and expenses	193,543	178,382
Income Before Non-Operating Income	16,988	15,996
Non-Operating Income	4,572	6,618
Income Before Income Taxes	21,560	22,614
Income Tax Provision	(8,331)	(8,809)
Net Income	13,229	13,805
Dividends to Preferred Stockholders	(2,168)	(2,168)
Net Income Available to Common Stockholders	\$ 11,061	\$ 11,637
Earnings Per Common Share:		

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Basic	\$	0.80	\$	0.84
Diluted	\$	0.78	\$	0.82
Weighted Average Common Shares Outstanding:				
Basic		13,843,190		13,861,584
Diluted		14,170,453		14,111,752
Dividends Declared Per Common Share	\$	0.32	\$	0.30

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION**Interim Condensed Consolidated Statements of Comprehensive Income***(unaudited – in thousands)*

	Three Months Ended	
	2014	2013
Net Income	\$ 13,229	\$ 13,805
Other Comprehensive Income:		
Unrealized gains on investments in marketable securities	9,598	15,764
Reclassification adjustment for realized gains on sale of securities	(136)	(230)
Income tax expense related to items of other comprehensive income	(3,650)	(6,090)
Other comprehensive income, net of tax	5,812	9,444
Comprehensive Income	\$ 19,041	\$ 23,249

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION**Interim Condensed Consolidated Balance Sheets***(in thousands)*

	March 31, 2014 <i>unaudited</i>	December 31, 2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 84,137	\$ 81,705
Restricted cash and cash equivalents	17,163	13,929
Marketable securities	113,461	105,009
Restricted marketable securities	140,078	142,003
Accounts receivable, less allowance for doubtful accounts of \$5,431 and \$4,972, respectively	86,949	85,511
Inventories	7,260	7,146
Prepaid expenses	2,977	1,208
Notes receivable	285	417
Total current assets	452,310	436,928
Property and Equipment:		
Property and equipment, at cost	782,980	734,682
Accumulated depreciation and amortization	(285,779)	(277,884)
Net property and equipment	497,201	456,798
Other Assets:		
Deposits and other assets	1,858	1,153
Goodwill	17,600	17,600
Notes receivable	15,828	14,961
Deferred income taxes	16,451	14,531
Investments in limited liability companies	36,056	38,754
Total other assets	87,793	86,999
Total assets	\$ 1,037,304	\$ 980,725

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION

Interim Condensed Consolidated Balance Sheets (continued)

(in thousands, except share and per share amounts)

	March 31, 2014 <i>unaudited</i>	December 31, 2013
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 17,973	\$ 13,050
Capital lease obligations, current portion	2,953	-
Accrued payroll	40,679	63,462
Amounts due to third party payors	22,508	21,619
Accrued risk reserves	112,304	110,557
Deferred income taxes	24,859	21,157
Other current liabilities	20,160	13,784
Dividends payable	6,784	6,730
Total current liabilities	248,220	250,359
Long-term debt	10,000	10,000
Capital lease obligations, less current portion	35,841	-
Refundable entrance fees	11,187	10,720
Obligation to provide future services	3,689	3,689
Other noncurrent liabilities	15,171	14,525
Deferred revenue	5,695	3,320
Stockholders' Equity:		
Series A Convertible Preferred Stock; \$.01 par value; 25,000,000 shares authorized; 10,837,500 and 10,837,665 shares, respectively, issued and outstanding; stated at liquidation value of \$15.75 per share	170,507	170,510
Common stock, \$.01 par value; 30,000,000 shares authorized; 14,219,773 and 14,078,028 shares, respectively, issued and outstanding	142	141
Capital in excess of par value	160,128	153,060
Retained earnings	324,727	318,216
Accumulated other comprehensive income	51,997	46,185
Total stockholders' equity	707,501	688,112
Total liabilities and stockholders' equity	\$ 1,037,304	\$ 980,725