

FIVE STAR QUALITY CARE INC

Form 10-Q

April 16, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2013

or

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

Commission File Number 001-16817

FIVE STAR QUALITY CARE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

04-3516029

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(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

400 Centre Street, Newton, Massachusetts 02458

(Address of Principal Executive Offices) (Zip Code)

(Registrant's Telephone Number, Including Area Code): **617-796-8387**

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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 defined in Rule 12b-2 of the Exchange Act). Yes No

Number of registrant's shares of common stock, \$.01 par value, outstanding as of April 14, 2014: 48,613,442.

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As used herein the terms “we”, “us” or “our” mean Five Star Quality Care, Inc. and its consolidated subsidiaries unless the context otherwise requires.

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FIVE STAR QUALITY CARE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

(unaudited)

	September 30, 2013	December 31, 2012 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,580	\$ 24,638
Accounts receivable, net of allowance of \$4,308 and \$2,792 at September 30, 2013 and December 31, 2012, respectively	38,226	39,205
Due from related persons	6,884	6,881
Investments in available for sale securities, of which \$5,100 and \$3,684 are restricted at September 30, 2013 and December 31, 2012, respectively	19,042	12,920
Restricted cash	8,913	6,548
Prepaid expenses and other current assets	34,534	38,318
Assets of discontinued operations	21,499	30,100
Total current assets	148,678	158,610
Property and equipment, net	331,108	337,494
Equity investment in Affiliates Insurance Company	5,781	5,629
Restricted cash	8,184	12,166
Restricted investments in available for sale securities	11,597	10,580
Goodwill and other intangible assets	26,829	27,708
Other long term assets	40,548	40,382
	\$ 572,725	\$ 592,569
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Revolving credit facility, secured, principally by real estate	\$ 10,000	\$
Revolving credit facility, secured, principally by accounts receivable		
Convertible senior notes		24,872
Accounts payable	30,743	38,035
Accrued expenses	26,780	28,010
Accrued compensation and benefits	39,302	35,302
Due to related persons	21,227	19,484
Mortgage notes payable	1,142	1,092
Accrued real estate taxes	14,058	10,723
Security deposit liability	8,493	9,057

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Other current liabilities	15,675	14,775
Liabilities of discontinued operations, of which \$0 and \$7,547 relate to mortgage notes payable at September 30, 2013 and December 31, 2012, respectively	9,232	16,977
Total current liabilities	176,652	198,327
Long term liabilities:		
Mortgage notes payable	36,758	37,621
Continuing care contracts	1,635	1,708
Accrued self-insurance obligations	35,148	34,647
Other long term liabilities	5,583	6,712
Total long term liabilities	79,124	80,688
Commitments and contingencies		
Shareholders' equity:		
Common stock, par value \$.01; 75,000,000 shares authorized, 48,271,522 and 48,234,022 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively	482	482
Additional paid in capital	354,956	354,164
Accumulated deficit	(41,715)	(44,455)
Accumulated other comprehensive income	3,226	3,363
Total shareholders' equity	316,949	313,554
	\$ 572,725	\$ 592,569

See accompanying notes.

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FIVE STAR QUALITY CARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

Three months ended September 30,		Nine months ended September 30,
2013	2012	2013
	(Restated)	