

FIVE STAR QUALITY CARE INC

Form 10-Q

December 17, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO 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

Commission File Number 001-16817

FIVE STAR QUALITY CARE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland 04-3516029  
(State of Incorporation) (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

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

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 December 12, 2014: 48,661,042.

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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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## Part I. Financial Information

## Item 1. Condensed Consolidated Financial Statements

## FIVE STAR QUALITY CARE, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

(unaudited)

|  | March 31,<br>2014 | December 31,<br>2013 |
|--|-------------------|----------------------|
| <b>ASSETS</b>  |                   |                      |
| Current assets:  |                   |                      |
| Cash and cash equivalents  | \$ 21,285         | \$ 23,628            |
| Accounts receivable, net of allowance of \$5,081 and \$4,281 at March 31, 2014 and December 31, 2013, respectively                                 | 37,566            | 36,940               |
| Due from related persons   | 6,091             | 11,659               |
| Investments in available for sale securities, of which \$7,739 and \$4,690 are restricted as of March 31, 2014 and December 31, 2013, respectively | 22,441            | 19,150               |
| Restricted cash  | 3,827             | 9,003                |
| Prepaid and other current assets   | 36,576            | 33,799               |
| Assets of discontinued operations  | 5,707             | 16,705               |
| Total current assets   | 133,493           | 150,884              |
| Property and equipment, net  | 339,222           | 340,276              |
| Equity investment in an investee   | 5,835             | 5,913                |
| Restricted cash  | 3,668             | 9,795                |
| Restricted investments in available for sale securities  | 14,167            | 11,905               |
| Goodwill and other intangible assets   | 26,114            | 26,407               |
| Other long term assets   | 47,865            | 45,003               |
|  | \$ 570,364        | \$ 590,183           |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                   |                      |
| Current liabilities:   |                   |                      |
| Revolving credit facility, secured, principally by real estate   | \$ 15,000         | \$ 35,000            |
| Accounts payable and accrued expenses  | 74,737            | 69,343               |
| Accrued compensation and benefits  | 38,274            | 31,888               |
| Due to related persons   | 19,801            | 20,587               |
| Mortgage notes payable   | 1,177             | 1,159                |
| Accrued real estate taxes  | 8,790             | 9,934                |
| Security deposits and current portion of continuing care contracts   | 7,443             | 8,025                |
| Other current liabilities  | 22,312            | 18,607               |
| Liabilities of discontinued operations   | 1,627             | 3,985                |
| Total current liabilities  | 189,161           |                      |