

NATIONAL HEALTHCARE CORP
Form 10-Q
November 05, 2013

**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 September 30, 2013

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]

14,063,556 shares of common stock of the registrant were outstanding as of November 1, 2013.

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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		Nine Months Ended	
	September 30		September 30	
	2013	2012	2013	2012
		<i>(as adjusted)</i>		<i>(as adjusted)</i>
Revenues:				
Net patient revenues	\$ 182,966	\$ 175,361	\$ 539,797	\$ 525,211
Other revenues	12,806	13,946	42,364	41,814
Net operating revenues	195,772	189,307	582,161	567,025
Cost and Expenses:				
Salaries, wages and benefits	113,739	106,844	330,160	318,028
Other operating	45,752	48,519	148,891	149,271
Facility rent	9,889	9,813	29,627	29,507
Depreciation and amortization	7,045	7,402	20,973	22,168
Interest	82	119	248	345
Total costs and expenses	176,507	172,697	529,899	519,319
Income Before Non-Operating Income	19,265	16,610	52,262	47,706
Non-Operating Income	11,171	6,771	24,421	18,546
Income Before Income Taxes	30,436	23,381	76,683	66,252
Income Tax Provision	(10,559)	(6,185)	(28,659)	(22,847)
Net Income	19,877	17,196	48,024	43,405

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Dividends to Preferred Stockholders	(2,167)	(2,167)	(6,503)	(6,503)
Net Income Available to Common Stockholders	\$ 17,710	\$ 15,029	\$ 41,521	\$ 36,902
Earnings Per Common Share:				
Basic	\$ 1.28	\$ 1.08	\$ 3.00	\$ 2.67
Diluted	\$ 1.19	\$ 1.04	\$ 2.88	\$ 2.62
Weighted Average Common Shares Outstanding:				
Basic	13,820,449	13,852,403	13,832,706	13,846,022
Diluted	16,686,915	16,605,285	16,701,491	16,578,535
Dividends Declared Per Common Share	\$ 0.32	\$ 0.30	\$ 0.94	\$ 0.90

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		Nine Months Ended	
	September 30		September 30	
	2013	2012 <i>(as adjusted)</i>	2013	2012 <i>(as adjusted)</i>
Net Income	\$ 19,877	\$ 17,196	\$ 48,024	\$ 43,405
Other Comprehensive Income (Loss):				
Unrealized gains (losses) on investments in marketable securities	(5,629)	1,170	(3,471)	15,177
Reclassification adjustment for realized (gains) losses on sale of securities	911	53	527	(934)
Income tax (expense) benefit related to items of other comprehensive income (loss)	1,889	(465)	993	(5,524)
Other comprehensive income (loss), net of tax	(2,829)	758	(1,951)	8,719
Comprehensive Income	\$ 17,048	\$ 17,954	\$ 46,073	\$ 52,124

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***(unaudited - in thousands)*

	September 30, 2013	December 31, 2012 <i>(as adjusted)</i>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 88,410	\$ 66,701
Restricted cash and cash equivalents	12,149	11,563
Marketable securities	108,199	107,250
Restricted marketable securities	141,861	135,207
Accounts receivable, less allowance for doubtful accounts of \$4,156 and \$3,166, respectively	79,827	76,959
Inventories	7,078	6,660
Prepaid expenses and other assets	2,016	1,132
Notes receivable	376	5,840
Federal income tax receivable	-	5,933
Total current assets	439,916	417,245
Property and Equipment:		
Property and equipment, at cost	725,732	675,455
Accumulated depreciation and amortization	(270,818)	(254,548)
Net property and equipment	454,914	420,907
Other Assets:		
Deposits	280	143
Goodwill	17,600	17,600
Notes receivable	13,054	15,949
Deferred income taxes	14,083	12,817
Investments in limited liability companies	36,125	