

FIVE STAR QUALITY CARE INC

Form 10-Q

November 10, 2008

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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, 2008

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

(State or Other Jurisdiction of Incorporation or
Organization)

04-3516029

(IRS Employer Identification No.)

400 Centre Street, Newton, Massachusetts 02458

(Address of Principal Executive Offices) (Zip Code)

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617-796-8387

(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 is a large accelerated filer, an accelerated filer, or 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

Smaller reporting company

(Do not check if a 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, \$0.01 par value outstanding as of November 6, 2008: 31,847,004.

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As used herein the terms "we", "us", "our" and "Five Star" include Five Star Quality Care, Inc. and its consolidated subsidiaries unless otherwise expressly stated or the context otherwise requires.

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FIVE STAR QUALITY CARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands, except share data)

(unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 39,972	\$ 30,999
Accounts receivable, net of allowance of \$5,998 and \$4,836 at September 30, 2008 and December 31, 2007, respectively	58,035	58,803
Prepaid expenses	6,644	9,041
Investment securities:		
Investments in trading securities		61,800
Investments in available for sale securities	7,141	7,455
Restricted cash	4,104	3,655
Restricted investments	2,472	3,946
Other current assets	11,036	7,140
Assets of discontinued operations	2,020	3,178
Total current assets	131,424	186,017
Property and equipment, net	152,047	131,705
Investments in trading securities	68,751	
Restricted cash	3,184	2,568
Restricted investments	6,869	10,375
Goodwill and other intangible assets	22,505	21,877
Other long term assets	4,740	7,912
	\$ 389,520	\$ 360,454
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 19,285	\$ 19,135
Accrued expenses	18,135	15,222
Accrued compensation and benefits	42,587	30,103
Due to Senior Housing Properties Trust	14,690	11,242
Mortgage notes payable	146	200
Accrued real estate taxes	11,225	7,352
Security deposit liability	12,695	13,361
Other current liabilities	8,314	7,229
Liabilities of discontinued operations	415	219

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Total current liabilities	127,492	104,063
Long term liabilities:		
Mortgage notes payable	12,479	15,810
Convertible senior notes	126,500	126,500
Continuing care contracts	2,816	3,159
Other long term liabilities	34,029	24,100
Total long term liabilities	175,824	169,569
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, par value \$0.01; 1,000,000 shares authorized, none issued		
Common stock, par value \$0.01; 50,000,000 shares authorized, 31,847,004 and 31,818,144 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively	318	318
Additional paid-in capital		