

U S PHYSICAL THERAPY INC /NV

Form 10-Q

August 08, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED June 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 1-11151

U.S. PHYSICAL THERAPY, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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NEVADA
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

76-0364866
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

1300 WEST SAM HOUSTON PARKWAY SOUTH, SUITE 300,
HOUSTON, TEXAS

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

77042

(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (713) 297-7000

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.

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

As of August 8, 2013, the number of shares outstanding (issued less treasury stock) of the registrant's common stock, par value \$.01 per share, was: 12,106,424.

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	June 30, 2013 (unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,287	\$ 11,671
Patient accounts receivable, less allowance for doubtful accounts of \$1,469 and \$1,595, respectively	27,564	25,973
Accounts receivable - other, less allowance for doubtful accounts of \$412 and \$514, respectively	1,700	1,703
Other current assets	1,878	5,975
Total current assets	41,429	45,322
Fixed assets:		
Furniture and equipment	37,941	36,316
Leasehold improvements	21,404	20,858
	59,345	57,174
Less accumulated depreciation and amortization	45,588	44,158
	13,757	13,016
Goodwill	112,248	100,188
Other intangible assets, net	14,029	12,146
Other assets	967	1,042
	\$ 182,430	\$ 171,714
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade	\$ 1,275	\$ 1,732
Accrued expenses	15,298	14,116
Current portion of notes payable	800	459
Total current liabilities	17,373	16,307
Notes payable	400	175
Revolving line of credit	15,750	17,400
Deferred rent	972	894
Other long-term liabilities	706	2,279
Total liabilities	35,201	37,055
Commitments and contingencies		
Shareholders' equity:		
U. S. Physical Therapy, Inc. shareholders' equity:		
Preferred stock, \$.01 par value, 500,000 shares authorized, no shares issued and outstanding		
Common stock, \$.01 par value, 20,000,000 shares authorized, 14,319,911 and 14,129,651 shares issued, respectively	143	141
Additional paid-in capital	38,571	37,489

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Retained earnings	117,538	111,321
Treasury stock at cost, 2,214,737 shares	(31,628)	(31,628)
Total U. S. Physical Therapy, Inc. shareholders equity	124,624	117,323
Noncontrolling interests	22,605	17,336
Total equity	147,229	134,659
	\$ 182,430	\$ 171,714

See notes to consolidated financial statements.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net patient revenues	\$ 65,295	\$ 62,052	\$ 126,800	\$ 122,551
Other revenues	1,929	1,907	3,522	3,990
Net revenues	67,224	63,959	130,322	126,541
Clinic operating costs:				
Salaries and related costs	35,813	32,671	70,228	65,470
Rent, clinic supplies, contract labor and other	12,904	12,992	25,822	25,476
Provision for doubtful accounts	1,193	1,280	2,282	2,397
Closure costs	8	22	26	71
Total clinic operating costs	49,918	46,965	98,358	93,414
Gross margin	17,306	16,994	31,964	33,127
Corporate office costs	6,622	6,396	13,129	12,658
Operating income	10,684	10,598	18,835	20,469
Interest and other income, net	1	1	3	3
Interest expense	(130)	(145)	(265)	(307)
Income before taxes	10,555	10,454	18,573	20,165
Provision for income taxes	3,181	3,140	5,590	6,039
Net income including noncontrolling interests	7,374	7,314	12,983	14,126
Less: net income attributable to noncontrolling interests	(2,460)	(2,465)	(4,348)	(4,799)
Net income attributable to common shareholders	\$ 4,914	\$ 4,849	\$ 8,635	\$ 9,327
Earnings per share attributable to common shareholders:				
Basic	\$ 0.41	\$ 0.41	\$ 0.72	\$ 0.79
Diluted	\$ 0.41	\$ 0.41	\$ 0.72	\$ 0.79
Shares used in computation:				
Basic	12,089	11,781	12,022	11,754
Diluted	12,110	11,903	12,044	11,872
Dividends declared per common share	\$ 0.10	\$ 0.09	\$ 0.20	\$ 0.18

See notes to consolidated financial statements.

Table of Contents**U. S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(IN THOUSANDS)****(unaudited)**

	Six Months Ended June 30,	
	2013	2012
OPERATING ACTIVITIES		
Net income including noncontrolling interests	\$ 12,983	\$ 14,126
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	2,730	2,646
Provision for doubtful accounts	2,282	2,397
Equity-based awards compensation expense	1,370	1,043
Loss on sale or abandonment of assets, net	84	83
Deferred income tax	(796)	1,046
Other	33	
Changes in operating assets and liabilities:		
Increase in patient accounts receivable	(2,542)	(1,613)
Decrease (increase) in accounts receivable - other	4	(400)
Decrease in other assets	3,867	301
Increase (decrease) in accounts payable and accrued expenses	682	(693)
Increase in other liabilities	19	31
Net cash provided by operating activities	20,716	