

# Financial data analysis

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Financial Data Analysis Daphnee Johnson HCS 577 March 18, 2013 Sharon Gomes-Sanders Financial Data Analysis After reviewing the balance sheet for Patton-Fuller Hospital for 2008 and 2009, there are significant differences that are noticeable. The retained earnings (or "Net Worth" or "Unrestricted Fund Balance") drastically decreased from 2008 to 2009 (Apollo Group, 2006). The dollar amount decrease is -209, 471, this makes a decrease of over 65%. Long-term debt increase to more than 116% from 2008 to 2009 as well (Apollo Group, 2006). This is a massively huge increase.

Total current liabilities also increase as a whole by 184. 09% (Apollo Group, 2006). Major differences are also noted on the statement of revenue and expenses. The operating income decreased by 98% from 2008 to 2009 (Apollo Group, 2006). Net income also decreased between these years by the same percentage. Non-operating income decreased by 77% as well. The total revenue and expenses all seem within normal range, but the operating income, non-operating income, and net income all have decreased and drastically (Apollo Group, 2006). The total revenue increased by 10% that is \$41, 668. The expenses increased by \$25, 869 or 5. 1%. These all seem like reasonable slight increases (Apollo Group, 2006). Many factors can contribute to why there are so many fluctuations and changes between 2008 and 2009. This information usually can be found in the organization's annual report. Upon reviewing the Patton-Fuller Community Hospital's annual report, I could deduct some possible explanations for the drastic change in numbers from 2008 to 2009 (Apollo Group, 2006). One possible explanations is, "Utilities and other costs - contracted maintenance, some professional fees, and computer and other usage fees - do not fluctuate" (Apollo Group, 2006,

p. ). This would be an accurate reason the revenue seems so different. Another factor that made Patton-Fuller Community Hospital's numbers change so drastically between the two years is the passing of the hospital's benefactor, Abigail Baderman (Apollo Group, 2006). This occurred in 2008, but in 2009 in accordance to her will, the hospital received a money donation from her estate. This \$1, 000, 000 donation is noted as an unrestricted donation (Apollo Group, 2006). This unrestricted donation is recorded on the Interim Statement of Income in December 2009 (Apollo Group, 2006). Declines in the stock market and real estate markets resulted in a sharp drop in the return on investment income. This caused PFCH to reassess the value of its investments and, on their auditors' advice, to write down those assets (Apollo Group, 2006, p. 3). Another reason the number were so drastically different was because every December Patton-Fuller Community Hospital conducts an annual inventory (Apollo Group, 2006). When the hospital conducted its inventory their expenses for their supplies were way underestimated by about a million dollars (Apollo Group, 2006).

So this had to be added on as a cost to December's statement. This underestimate of supply expenses made January to November's reports not correct, so December had to report the actual figures (Apollo Group, 2006). Therefore, December looked like it was a crazy month for the hospital. " Following the favorable settlement of some managed care contract disputes, net patient revenue increased by 9% over the previous year, with an average 6% increase in expenses. However, the new arrangement allowed slower payment by the managed care companies, and Patient Accounts Receivable have risen sharply" (Apollo Group, 2006, p. ). The Board at

Patton-Fuller wanted to take advantage of a heavy discount on new equipment so they moved some money around to purchase the discounted equipment (Apollo Group, 2006). This was possible by using cash and releasing restricted assets, and borrowing as necessary (Apollo Group, 2006). “ Declines in the stock market and real estate markets resulted in a sharp drop in the return on investment income. This caused PFCH to reassess the value of its investments and, on their auditors’ advice, to write down those assets (Apollo Group, 2006, p. 3). In conclusion, there were some drastic difference between the ears 2008 and 2009 on both the statement of revenue and expenses as well as the balance sheet. However, all of these significant changes, whether they are positive or negative changes can all be accounted for by various factors. Some of the factors included a generous donation of a million dollars, favorable settlements of managed care contract disputes, investments in new, discounted equipment, and the underestimation of the supply expenses. References Apollo Group. (2006). Patton-Fuller Community Hospital [Multimedia]. Retrieved from Apollo Group, HCS577 - Financial Management inHealthCare website.