

Financial and strategic planning m2c

[Finance](#)



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eFranklin Healthcar Income ment for the year Revenue Patient Revenue
\$375, 000, 000. 00 Third Party Revenue \$750, 000, 000. 00 Grants and
Investments

\$375, 000, 000. 00

\$1, 500, 000, 000. 00

Less: Expenses

Marketing Expenses

\$25, 000. 00

Operating Expenses

\$500, 000. 00

Depreciation

\$500, 000. 00

\$1, 025, 000. 00

Net Profit

\$1, 498, 975, 000. 00

Franklin Healthcare

Income Statement for the year 2011

Revenue

Patient Revenue

\$375, 000, 000. 00

Third Party Revenue

\$750, 000, 000. 00

Grants and Investments

\$375, 000, 000. 00

\$1, 500, 000, 000. 00

Less: Expenses

Marketing Expenses

\$25, 000. 00

Operating Expenses

\$200, 000. 00

Depreciation

\$500, 000. 00

\$725, 000. 00

Net Profit

\$1, 499, 275, 000. 00

2. Franklin Healthcare is presenting a satisfying financial scenario. Its profits had increased from the previous year by almost 0. 02%. Its revenue stream remained steady in 2011 despite a decrease in the number of patients visiting the facility. Furthermore, its expenses in 2011 remained similar to that of 2010 with the exception of operating expenses. The decrease in operating expenses presents an optimistic view. Operating expenses reduced due to lay offs and restructuring of the operating expenses. Considering these factors it is evident that Franklin Healthcare is in a financially healthy state.

Since Franklin Healthcare is a non-profit making entity, Williams Foundations should not consider profit as the sole criteria of decision making. It should also consider the quality of services provided by the healthcare facility.

Moreover it should also scrutinize that whether the money it is contributing for the welfare of the people is actually benefitting the deserving people. Or is the management of the Franklin Healthcare is merely making up the statements and in reality the health status of the people had not improved in

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the area. In view of this, Williams Foundation should set up an independent audit of the financial statements of the Franklin Healthcare in order to ensure that its financial statements are portraying a true picture of the entity. Once when the Williams Foundation is satisfied with the credibility of the financial statements it should base its decision on the meticulous analyses of the financial statements.

Upon the analysis of the income statement it is evident that Franklin Healthcare is on the way of making profit. While its revenue remained steady, its expenses declined in 2011 as compared to 2010. Due to decrease in operating expenses the profit in 2011 rose by 0.02% as compared to the profit of 2010.

The reasons cited for the decrease in operating expenses are the lay offs and subsequent reorganization of operating expenses. Another reason for this decline can be the decrease in the number of patients visiting Franklin Healthcare in 2011. As in 2010 almost 500 patients came to the healthcare facility and in 2011 the number plunged to 400. In 2011 the healthcare facility is earning profits and at the same time reorganization of the operating expenses is a sign that the healthcare facility is seriously concerned about the efficient running of the organization.

If I base my analysis purely on the given information then I would recommend that Williams Foundation should continue giving its grants to Franklin Healthcare. This analyses could be refined even more if reasons for the decrease in the number of patients in 2011 as compared to 2010 are <https://assignbuster.com/financial-and-strategic-planning-m2c/>

scrutinized. If the number of patients reduced to do high service charges of healthcare facility then the Williams foundation should reconsider its grants as the healthcare facility had failed to serve its sole purpose of providing healthcare affordable services to the people. This could be a possibility because despite a decrease in the number of patients in 2011 as compared to 2010 the revenue from patients remained constant. This signifies that Franklin Healthcare is charging higher prices to the existing patients despite to keep the revenue same in 2011 as that of 2010. But if the number of patients had reduced because of the improvement in the standard of health of people then that is an indication that the facility is performing effectively and Williams Foundation should carry on with its grants to the healthcare facility.

Reference list

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