

## Progress Summary

May 2x03

You have chosen the following Cost Cutting measures and the loan option to solve the cash flow situation at Elijah Heart Center.

Cost Cutting Measures	Loan Option	
<b>Reducing Agency Staff</b>	<b>Option 1</b>	
	<b>Changing the Skill Mix</b>	
	Amount	\$1,500,000
	Interest Rate	9.45%
	Monthly Installment	\$131,490
	Term (Months)	12
	Prepayment Limitation	0

The following are the optimal Cost Cutting measures and loan option to solve the cash flow situation at Elijah Heart Center.

Cost Cutting Measures	Loan Option	
<b>Reducing Agency Staff</b>	<b>Option 1</b>	
	<b>Changing the Skill Mix</b>	
	Amount	\$1,500,000
	Interest Rate	9.45%
	Monthly Installment	\$131,490
	Term (Months)	12
	Prepayment Limitation	0

## Progress Summary

August 2x03

You have chosen the following equipment acquisition strategy for revamping EHC's equipment inventory.

<b>Equipment</b>	<b>Strategy</b>
High-Speed CT Scanner	Refurbished Equipment Loan
X-Ray Machine	Capital Lease
Ultrasound System	Operating Lease

The following is the optimal equipment acquisition strategy for revamping EHC's equipment inventory.

<b>Equipment</b>	<b>Strategy</b>
High-Speed CT Scanner	Refurbished Equipment Loan
X-Ray Machine	Capital Lease
Ultrasound System	Operating Lease

## Progress Summary

March 2x04

You have chosen the following option for funding the EHC expansion plan.

<b>Funding Option</b>
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HUD 242 Loan Insurance Program
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The following is the optimal funding option for the EHC expansion plan.

<b>Funding Option</b>
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HUD 242 Loan Insurance Program
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# Summary

Good cash flow is essential to every organization, including hospitals, where consistent quality of patient care is very important. A better cash flow can also help improve your borrowing power, which will help in a steady income level.

In this simulation, you improved the cash-flow situation of EHC, by managing the working capital situation. You introduced cost-cutting strategies and decided on an appropriate loan strategy to manage this problem. However, it was equally important to balance this with strategic investments.

You proceeded to decide on the most cost-effective equipment acquisition strategy, in order to revamp the existing equipment inventory at the hospital. While doing this, you analyzed the impact of your decisions on cash flow statement and the balance sheet of EHC.

Acquiring additional funding for EHC was one of the riskiest aspects in this simulation. It required careful thought and thorough analysis. You also chose the best funding option for the expansion plan at EHC.

These activities are necessary in every industry, to maintain business health and competitiveness. Hence, it is very important to understand these financial accounting concepts for implementing these strategies to achieve effective business outcomes.

