

4.6 Consider this balance sheet:

Green Valley Nursing Home, Inc.
Balance Sheet
December 31, 2011

Assets

Current Assets:

Cash	\$ 105,737
Investments	200,000
Net patient accounts receivable	215,600
Supplies	87,655
Total current assets	<u>\$ 608,992</u>

Property and equipment	\$2,250,000
Less accumulated depreciation	356,000
Net property and equipment	<u>\$1,894,000</u>
Total assets	<u>\$2,502,992</u>

Liabilities and Shareholders' Equity

Current Liabilities:

Accounts payable	\$ 72,250
Accrued expenses	192,900
Notes payable	180,000
Total current liabilities	<u>\$ 445,150</u>

Long-term debt	<u>\$1,700,000</u>
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Shareholders' Equity:

Common stock, \$10 par value	\$ 100,000
Retained earnings	257,842
Total shareholders' equity	<u>\$ 357,842</u>

Total liabilities and shareholders' equity	<u>\$2,502,992</u>
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- How does this balance sheet differ from the ones presented in Exhibit 4.1 and Problem 4.5? *Answer is investments*
- What is Green Valley's net working capital for 2011?
- What is Green Valley's debt ratio? How does it compare with the debt ratios for Sunnyvale and BestCare?