

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended December 31, 1993

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 No. 1-6639

CHARTER MEDICAL CORPORATION  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

58-1076937  
(I.R.S. Employer  
Identification No.)

577 Mulberry Street, Macon, Georgia 31298  
(Address of principal executive offices)  
(Zip Code)

(912) 742-1161  
(Registrant's telephone number, including area code)

See Table of Additional Registrants below.

Not Applicable

(Former name, former address and former fiscal year,  
if changed since last report)

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 filed all documents and  
reports required to be filed by Sections 12, 13 or 15(d) of the Securities  
Exchange Act of 1934 subsequent to the distribution of securities under a plan  
confirmed by a court. Yes  No

The number of shares of the Registrant's Common Stock outstanding as of  
January 31, 1994, was 26,741,280.

ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
Ambulatory Resources, Inc.	Georgia	58-1456102	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Atlanta MOB, Inc.	Georgia	58-1558215	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Beltway Community Hospital, Inc.	Texas	58-1324281	577 Mulberry Street Macon, GA 31298 (912) 742-1161
C.A.C.O. Services, Inc.	Ohio	58-1751511	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Barclay Hospital, Inc.	Illinois	58-1315760	4700 North Clarendon Avenue Chicago, IL 60640 (312) 728-7100
Charter By-The-Sea, Inc.	Georgia	58-1351301	2927 Demere Road St. Simons Island, GA 31522 (912) 638-1999
Charter Canyon Hospital, Inc.	Utah	58-1557925	175 West 7200 South Midvale, UT 84047 (801) 561-8181
Charter Colonial Institute, Inc.	Virginia	58-1492652	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Community Hospital of Des Moines, Inc.	Iowa	58-1523702	577 Mulberry Steet Macon, GA 31298 (912) 742-1161
Charter Community Hospital, Inc.	California	58-1398708	21530 South Pioneer Boulevard Hawaiian Gardens, CA 90716 (310) 860-0401
Charter Fairmount Institute, Inc.	Pennsylvania	58-1616921	561 Fairthorne Avenue Philadelphia, PA 19128 (215) 487-4000

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
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Charter Forest Hospital, Inc.	Louisiana	58-1508454	9320 Linwood Avenue Shreveport, LA 71106 (318) 688-3930
Charter Health Management of Texas, Inc.	Texas	58-2025056	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Albuquerque, Inc.	New Mexico	58-1479480	5901 Zuni Road, SE Albuquerque, NM 87108 (505) 265-8800
Charter Hospital of Aurora, Inc.	Colorado	58-1761037	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Austin, Inc.	Texas	58-1440665	8402 Cross Park Drive Austin, TX 78754 (512) 837-1800
Charter Hospital of Bradenton, Inc.	Florida	58-1640244	577 Mulberry Street Macon, Georgia 31298 (912) 742-1161
Charter Hospital of Charleston, Inc.	South Carolina	58-1761157	2777 Speissegger Drive Charleston, SC 29405-8299 (803) 747-5830
Charter Hospital of Charlottesville, Inc.	Virginia	58-1616917	2101 Arlington Boulevard Charlottesville, VA 22903-1593 (804) 977-1120
Charter Hospital of Columbia, Inc.	Missouri	61-1009977	200 Portland Street Columbia, MO 65201 (314) 876-8000
Charter Hospital of Columbus, Inc.	Ohio	58-1598899	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Corona, Inc.	California	95-2685883	2055 Kellogg Drive Corona, CA 91720 (714) 735-2910
Charter Hospital of Corpus Christi, Inc.	Texas	58-1513305	3126 Rodd Field Road Corpus Christi, TX 78414 (512) 993-8893

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
Charter Hospital of Dallas, Inc.	Texas	58-1513306	6800 Preston Road Plano, TX 75024 (214) 964-3939
Charter Hospital of Denver, Inc.	Colorado	58-1662413	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Ft. Collins, Inc.	Colorado	58-1768534	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Fountain Valley, Inc.	California	58-1747020	577 Mulberry Street Macon, GA 31298 (912) 742-1161

Charter Hospital of Grapevine, Inc.	Texas	58-1818492	2300 William D. Tate Ave. Grapevine, TX 76051 (817) 481-1900
Charter Hospital of Greensboro, Inc.	North Carolina	58-1335184	700 Walter Reed Drive Greensboro, NC 27403 (919) 852-4821
Charter Hospital of Jackson, Inc.	Mississippi	58-1616919	East Lakeland Drive Jackson, MS 39208 (601) 939-9030
Charter Hospital of Lake Charles, Inc.	Louisiana	62-1152811	4250 Fifth Avenue, South Lake Charles, LA 70605 (318) 474-6133
Charter Hospital of Laredo, Inc.	Texas	58-1491620	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Las Vegas, Inc.	Nevada	58-1321317	7000 West Spring Mountain Road Las Vegas, NV 89180 (702) 876-4357
Charter Hospital of Little Rock, Inc.	Arkansas	58-1747019	1601 Murphy Drive Maumelle, AR 72118 (501) 851-8700
Charter Hospital of Louisville, Inc.	Kentucky	58-1517503	1405 Browns Lane Louisville, KY 40207 (502) 896-0495

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
Charter Hospital of Miami, Inc.	Florida	61-1061599	11100 N.W. 27th Street Miami, FL 33172 (305) 591-3230
Charter Hospital of Milwaukee, Inc.	Wisconsin	58-1790135	11101 West Lincoln Avenue West Allis, WI 53227 (414) 327-3000
Charter Hospital of Mission Viejo, Inc.	California	58-1761156	23228 Madero Mission Viejo, CA 92691 (714) 830-4800
Charter Hospital of Mobile, Inc.	Alabama	58-1318870	251 Cox Street Mobile, AL 36604 (205) 432-4111
Charter Hospital of Northern New Jersey, Inc.	New Jersey	58-1852138	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Overland Park, Inc.	Kansas	58-1603154	8000 West 127th Street Overland Park, KS 66213 (913) 897-4999
Charter Hospital of Portland, Inc.	Oregon	58-1885554	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Redlands, Inc.	Georgia	58-0979827	577 Mulberry Street Macon, GA 31298 (912) 742-1161

Charter Hospital of Rockford, Inc.	Illinois	58-1754138	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Sacramento, Inc.	California	58-1857277	101 Cirby Hills Drive Roseville, CA 95678 (916) 969-4666
Charter Hospital of San Diego, Inc.	California	58-1669160	11878 Avenue of Industry San Diego, CA 92128 (619) 487-3200
Charter Hospital of Santa Teresa, Inc.	New Mexico	58-1584861	577 Mulberry Street Macon, GA 31298 (912) 742-1161

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
Charter Hospital of Savannah, Inc.	Georgia	58-1750583	1150 Cornell Avenue Savannah, GA 31416 (912) 354-3911
Charter Hospital of Sioux Falls, Inc.	South Dakota	58-1674278	2812 South Louise Avenue Sioux Falls, SD 57106 (605) 361-8111
Charter Hospital of St. Louis, Inc.	Missouri	58-1583760	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Tampa Bay, Inc.	Florida	58-1616916	4004 North Riverside Drive Tampa, FL 33603 (813) 238-8671
Charter Hospital of Toledo, Inc.	Ohio	58-1731068	1725 Timberline Road Maumee, Ohio 43537 (419) 891-9333
Charter Hospital of Torrance, Inc.	California	58-1402481	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Hospital of Wichita, Inc.	Kansas	58-1634296	8901 East Orme Wichita, KS 67207 (316) 686-5000
Charter Hospital of Winston-Salem, Inc.	North Carolina	56-1050502	3637 Old Vineyard Road Winston-Salem, NC 27104 (919) 768-7710
Charter Imaging, Inc.	Georgia	58-1527680	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Lake Hospital, Inc.	Georgia	58-1408670	3500 Riverside Drive Macon, GA 31209 (912) 474-6200
Charter Lakeside Hospital, Inc.	Tennessee	62-0892645	2911 Brunswick Road Memphis, TN 38134 (901) 377-4700
Charter Medical - California, Inc.	Georgia	58-1357345	577 Mulberry Street Macon, GA 31298 (912) 742-1161

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Charter Medical - Clayton County, Inc.	Georgia	58-1579404	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical - Cleveland, Inc.	Texas	58-1448733	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical - Dallas, Inc.	Texas	58-1379846	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical - Ft. Lauderdale, Inc.	Florida	58-1527678	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical - Fort Wayne, Inc.	Indiana	58-1524996	1720 Beacon Street Fort Wayne, IN 46805 (219) 423-3651
Charter Medical - Jacksonville, Inc.	Florida	58-1483015	3947 Salisbury Road Jacksonville, FL 32216 (904) 296-2447
Charter Medical - Lake County, Inc.	Indiana	58-1603160	101 West 61st Avenue State Road 51 Hobart, IN 46342 (219) 947-4464
Charter Medical - Long Beach, Inc.	California	58-1366604	6060 Paramount Boulevard Long Beach, CA 90805 (310) 220-1000
Charter Medical - Marion County, Inc.	Indiana	58-1674291	5602 Caito Drive Indianapolis, IN 46226 (317) 545-2111
Charter Medical - New York, Inc.	New York	58-1761153	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical - Southeast, Inc.	Florida	58-1483014	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical - St. Joseph County, Inc.	Indiana	58-1674287	6704 North Gumwood Drive Granger, IN 46530 (219) 272-9799

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Charter Medical - Tippecanoe County, Inc.	Indiana	58-1603158	3700 Rome Drive Lafayette, IN 47905 (317) 448-6999
Charter Medical - Vigo County, Inc.	Indiana	58-1674293	1400 Crossing Boulevard Terre Haute, IN 47802 (812) 299-4196
Charter Medical Cerritos, Inc.	California	58-1473063	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical Corporation of Raleigh, Inc.	North Carolina	58-1463919	400 Newton Road Raleigh, NC 27615 (919) 847-0008
Charter Medical Executive Corporation	Georgia	58-1538092	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical Information Services, Inc.	Georgia	58-1530236	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical International - Arabia, Inc.	Georgia	58-1357343	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical International, Inc.	Georgia	58-1249663	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical International, S.A., Inc.	Nevada	58-1605110	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical Management Company	Georgia	58-1195352	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical of Charlotte, Inc.	North Carolina	58-1462214	3621 Randolph Road Charlotte, NC 28211 (704) 365-5368
Charter Medical of East Tennessee, Inc.	Tennessee	58-1410348	577 Mulberry Street Macon, GA 31298 (912) 742-1161

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
Charter Medical of East Valley, Inc.	Arizona	58-1643158	2190 N. Grace Boulevard Chandler, AZ 85224 (602) 899-8989
Charter Medical of Ft. Worth, Inc.	Texas	58-1643151	6201 Overton Ridge Blvd. Fort Worth, TX 76132 (817) 292-6844
Charter Medical of North Phoenix, Inc.	Arizona	58-1643154	6015 W. Peoria Avenue Glendale, AZ 85311 (602) 878-7878
Charter Medical of Orange County, Inc.	Florida	58-1615673	577 Mulberry Street Macon, GA 31298 (912) 742-1161

Charter Medical of Richmond County, Inc.	Georgia	58-1615676	3100 Perimeter Parkway Augusta, GA 30909 (404) 868-6625
Charter Medical of Sacramento, Inc.	California	58-1366605	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Medical of Thousand Oaks, Inc.	California	58-1731069	150 Via Merida Thousand Oaks, CA 91361 (805) 495-3292
Charter MOB of Charlottesville, Inc.	Virginia	58-1761158	1023 Millmont Avenue Charlottesville, VA 22901 (804) 977-1120
Charter National Laboratory, Inc.	Tennessee	58-1860496	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter North Hospital, Inc.	Alaska	58-1474550	2530 DeBarr Road Anchorage, AK 99508-2996 (907) 258-7575
Charter Northside Hospital, Inc.	Georgia	58-1440656	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Oak Hospital, Inc.	California	58-1334120	1161 East Covina Boulevard Covina, CA 91724 (818) 966-1632

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
Charter of Alabama, Inc.	Alabama	63-0649546	577 Mulberry Street Macon, Georgia 31298 (912) 742-1161
Charter Palms Hospital, Inc.	Texas	58-1416537	1421 E. Jackson Avenue McAllen, TX 78502 (512) 631-5421
Charter Peachford Hospital, Inc.	Georgia	58-1086165	2151 Peachford Road Atlanta, GA 30338 (404) 455-3200
Charter Plains Hospital, Inc.	Texas	58-1462211	801 N. Quaker Avenue Lubbock, TX 79408 (806) 744-5505
Charter-Provo School, Inc.	Utah	58-1647690	4501 North University Ave. Provo, UT 84603 (801) 227-2000
Charter Psychiatric Hospitals, Inc.	Delaware	58-1852072	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Real, Inc.	Texas	58-1485897	8550 Huebner Road San Antonio, TX 78240 (512) 699-8585
Charter Regional Medical Center, Inc.	Texas	74-1299623	577 Mulberry Street Macon, Georgia 31298 (912) 742-1161



Charter Ridge Hospital, Inc.	Kentucky	58-1393063	3050 Rio Dosa Drive Lexington, KY 40509 (606) 269-2325
Charter Rivers Hospital, Inc.	South Carolina	58-1408623	2900 Sunset Boulevard West Columbia, SC 29171 (803) 796-9911
Charter Springs Hospital, Inc.	Florida	58-1517461	3130 S.W. 27th Avenue Ocala, FL 32678 (904) 237-7293
Charter Suburban Hospital, Inc.	California	58-1394959	577 Mulberry Street Macon, Georgia 31298 (912) 742-1161

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
Charter Suburban Hospital of Mesquite, Inc.	Texas	75-1161721	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Treatment Center of Michigan, Inc.	Michigan	58-2025057	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Charter Vista Hospital, Inc.	Arkansas	58-1449455	4253 Crossover Road Fayetteville, AR 72701 (501) 521-5731
Charter Westbrook Hospital, Inc.	Virginia	54-0858777	1500 Westbrook Avenue Richmond, VA 23227 (804) 266-9671
Charter Winds Hospital, Inc.	Georgia	58-1513304	240 Mitchell Bridge Road Athens, GA 30604 (404) 546-7277
Charter Woods Hospital, Inc.	Alabama	58-1330526	700 Cottonwood Road Dothan, AL 36302 (205) 794-4357
Charterton/LaGrange, Inc.	Kentucky	61-0882911	577 Mulberry Street Macon, GA 31298 (912) 742-1161
CCM, Inc.	Nevada	58-1662418	577 Mulberry Street Macon, GA 31298 (912) 742-1161
CMCA, Inc.	Georgia	58-1731354	577 Mulberry Street Macon, GA 31298 (912) 742-1161
CMCI, Inc.	Nevada	88-0224620	1061 East Flamingo Road Suite One Las Vegas, NV 89119 (702) 737-0282
CMFC, Inc.	Nevada	88-0215629	1061 East Flamingo Road Suite One Las Vegas, NV 89119 (702) 737-0282
CMHS, Inc.	Alabama	58-1569921	5800 Southland Drive

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
CMSF, Inc.	Florida	58-1324269	3550 Colonial Boulevard Fort Myers, FL 33906 (813) 939-0403
CPS Associates, Inc.	Virginia	58-1761039	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Desert Springs Hospital, Inc.	Nevada	88-0117696	577 Mulberry Street Macon, Georgia 31298 (912) 742-1161
Employee Assistance Services, Inc.	Georgia	58-1501282	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Florida Health Facilities, Inc.	Florida	58-1860493	21808 State Road 54 Lutz, Fl 33549 (813) 948-2441
Florida Residential Treatment Centers, Inc.	Florida	58-1705131	1950 Benoist Farms Road West Palm Beach, FL 33411 (407) 687-1511
Gwinnett Immediate Care Center, Inc.	Georgia	58-1456097	577 Mulberry Street Macon, GA 31298 (912) 742-1161
HCS, Inc.	Georgia	58-1527679	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Holcomb Bridge Immediate Care Center, Inc.	Georgia	58-1374463	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Hospital Investors, Inc.	Georgia	58-1182191	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Kentucky Institute for Stress and Addiction, Inc.	Kentucky	61-1006115	435 Berger Road Paducah, KY 42002-7609 (502) 444-0444
Mandarin Meadows, Inc.	Florida	58-1761155	577 Mulberry Street Macon, GA 31298 (912) 742-1161

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified	State or other jurisdiction of incorporation	I.R.S. Employer Identification	Address including zip code, and telephone number including area code, of registrant's principal
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in its charter	or organization	Number	executive offices
Metropolitan Hospital, Inc.	Georgia	58-1124268	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Middle Georgia Hospital, Inc.	Georgia	58-1121715	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Pacific-Charter Medical, Inc.	California	58-1336537	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Physicians & Surgeons Hospital, Inc.	Louisiana	72-0686492	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Richmond MOB, Inc.	Virginia	58-1761160	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Rivoli, Inc.	Georgia	58-1686160	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Shallowford Community Hospital, Inc.	Georgia	58-1175951	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Shallowford Providers, Inc.	Georgia	58-1900736	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Sistemas De Terapia Respiratoria, S.A., Inc.	Georgia	58-1181077	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Structured Healthcare Systems, Inc.	Georgia	58-1558212	577 Mulberry Street Macon, GA 31298 (912) 742-1161

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ADDITIONAL REGISTRANTS (1)

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Stuart Circle Hospital Corporation	Virginia	54-0855184	577 Mulberry Street Macon, GA 31298 (912) 742-1161
Western Behavioral Systems, Inc.	California	58-1662416	577 Mulberry Street Macon, GA 31298 (912) 742-1161

<FN>

(1) The Additional Registrants listed are wholly-owned subsidiaries of the Registrant and are guarantors of the Registrant's 7.5% Senior Subordinated Debentures due 2003. The Additional Registrants have been conditionally exempted, pursuant to Section 12(h) of the Securities Exchange Act of 1934, from filing reports under Section 13 of the Securities Exchange Act of 1934.

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FORM 10-Q

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES

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CHARTER MEDICAL CORPORATION  
 QUARTERLY REPORT UNDER SECTION 13 or 15 (d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934

PART I - FINANCIAL INFORMATION

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)  
 (In thousands)

ASSETS	December 31 1993	September 30 1993
Current Assets		
Cash and cash equivalents.....	\$ 59,250	\$ 86,002
Cash collateral account.....	392	5,426
Accounts receivable, net.....	117,963	119,638
Supplies.....	4,956	5,051
Other current assets.....	11,528	15,798
Total Current Assets.....	194,089	231,915

Property and Equipment

Land.....	93,775	95,886
Buildings and improvements.....	308,829	310,649
Equipment.....	67,846	67,421
	470,450	473,956
Accumulated depreciation.....	(36,769)	(30,098)
	433,681	443,858
Construction in progress.....	884	928
	434,565	444,786
Other Long-Term Assets.....	106,799	104,284
Reorganization Value in Excess of Amounts Allocable to Identifiable Assets, net.....	49,401	57,201

	<u>\$ 784,854</u>	<u>\$ 838,186</u>
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CHARTER MEDICAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except shares and per share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31 1993	September 30 1993
Current Liabilities		
Accounts payable.....	\$ 36,827	\$ 52,264
Accrued expenses and other current liabilities....	130,540	149,377
Current maturities of long-term debt and capital lease obligations.....	60,167	70,957
Total Current Liabilities.....	227,534	272,598
Long-Term Debt and Capital Lease Obligations.....	340,699	350,205
Deferred Income Taxes.....	31,232	38,789
Reserve for Unpaid Claims.....	99,608	99,675
Deferred Credits and Other Long-Term Liabilities....	18,553	19,621
Stockholders' Equity		
Common Stock, par value \$0.25 per share		
Authorized - 80,000,000 shares		
Issued and outstanding - 26,720,275 shares at December 31, 1993 and 25,001,042 shares at September 30, 1993.....	6,680	6,250
Other Stockholders' Equity		
Additional paid-in capital.....	239,381	237,581
Accumulated deficit.....	(63,289)	(59,423)
Unearned compensation under ESOP.....	(110,425)	(122,724)
Warrants outstanding.....	183	274

Cumulative foreign currency adjustments.....	(5,302)	(4,660)
Stockholders' Equity.....	67,228	57,298

Commitments and Contingencies

\$ 784,854	\$ 838,186
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The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these balance sheets.

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)  
(In thousands, except per share data)

	For the Quarter ended December 31	
	1993	1992
Net Revenue.....	\$208,817	\$226,390
Costs and Expenses		
Operating expenses.....	152,442	159,754
Bad debt expense.....	16,129	18,377
Depreciation and amortization.....	6,675	7,167
Amortization of reorganization value in excess of amounts allocable to identifi- able assets.....	7,800	10,750
Interest, net.....	8,367	18,984
ESOP expense.....	12,299	9,005
Stock option expense.....	6,195	2,261
	209,907	226,298
Income (Loss) from continuing operations before income taxes.....	(1,090)	92
Provision for income taxes.....	2,776	4,120
Loss from continuing operations.....	(3,866)	(4,028)
Loss from discontinued operations (net of income tax provision of \$2,945).....	--	(3,196)
Net Loss.....	\$ (3,866)	\$ (7,224)
Average Number of Common Shares		
Outstanding.....	25,166	24,828
Loss per common share:		
Loss from continuing operations.....	\$ (.15)	\$ (.16)
Loss from discontinued operations.....	--	(.13)
Net Loss.....	\$ (.15)	\$ (.29)

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)  
 (In thousands)

	Common Stock Shares	Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Other Stockholders' Equity		Cumulative Foreign Currency Adjustments
					Unearned Compensation Under ESOP	Warrants Outstanding	
Balance at September 30, 1993.....	25,001	\$6,250	\$237,581	\$(59,423)	\$(122,724)	\$ 274	\$(4,660)
Additions (Deductions):							
Net loss.....	--	--	--	(3,866)	--	--	--
ESOP expense.....	--	--	--	--	12,299	--	--
Stock option expense accrual....	--	--	6,195	--	--	--	--
Exercise of stock options.....	1,682	421	(14,096)	--	--	--	--
Exercise of warrants.....	37	9	277	--	--	(91)	--
Tax benefit related to exercise of stock options.....	--	--	9,424	--	--	--	--
Foreign currency translation loss.....	--	--	--	--	--	--	(642)
Balance at December 31, 1993.....	26,720	\$6,680	\$239,381	\$(63,289)	\$(110,425)	\$ 183	\$(5,302)

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of this statement.

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)  
 (In thousands)

	For the Quarter ended December 31	
	1993	1992
Cash Flows From Operating Activities		
Net loss.....	\$ (3,866)	\$(7,224)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss from discontinued operations.....	--	3,196
Depreciation and amortization.....	14,475	17,917
ESOP expense.....	12,299	9,005
Stock option expense.....	6,195	2,261
Non-cash interest expense.....	677	1,467
Cash flows from changes in assets and liabilities, net of effects from sales and acquisitions of businesses:		
Accounts receivable, net.....	1,679	(7,287)
Other assets.....	3,692	(472)
Accounts payable and other accrued liabilities.....	(28,107)	(32,612)
Reserve for unpaid claims.....	263	190
Income taxes payable.....	(14,392)	3,592
Other liabilities.....	(1,887)	8,349
Other.....	549	(303)
Total adjustments.....	(4,557)	5,303
Net cash used in operating activities....	(8,423)	(1,921)
Cash Flows From Investing Activities		
Capital expenditures.....	(2,651)	(2,736)
Acquisitions of businesses.....	(1,733)	--
(Increase) Decrease in assets restricted for settlement of unpaid claims.....	1,320	(1,222)



Proceeds from sale of assets.....	5,196	5,893
Cash flows from discontinued operations.....	--	8,247
Net cash provided by investing activities.....	2,132	10,182
Cash Flows From Financing Activities		
Proceeds from issuance of debt.....	--	17,200
Payments on debt and capital lease obligations....	(21,439)	(52,880)
Proceeds from exercise of stock options and warrants.....	734	--
Tax benefit related to the exercise of stock options.....	9,424	--
Income tax payments made on behalf of stock optionee.....	(14,214)	--
(Increase) Decrease in cash collateral account....	5,034	(17,139)
Net cash used in financing activities....	(20,461)	(52,819)
Net decrease in cash and cash equivalents.....	(26,752)	(44,558)
Cash and cash equivalents at beginning of period....	86,002	140,803
Cash and cash equivalents at end of period.....	\$ 59,250	\$ 96,245

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 1993  
(Unaudited)

NOTE A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments considered necessary for a fair presentation, have been included. These financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended September 30, 1993, included in the Company's Annual Report on Form 10-K.

NOTE B - Nature of Business

The Company's business is seasonal in nature, with a reduced demand for certain services generally occurring in the fourth fiscal quarter and around major holidays, such as Thanksgiving and Christmas. The Company's business is also subject to general economic conditions and other factors. Accordingly, the results of operations for the interim periods are not necessarily indicative of the results expected for the year.

NOTE C - Supplemental Cash Flow Information

Below is supplemental cash flow information related to the quarters ended December 31, 1993 and 1992:

For the Quarter ended  
December 31  
1993                      1992  
(In thousands)

Income taxes paid, net of refunds received.....      \$ 7,534                      \$ 310

Interest paid, net of amounts capitalized.....	4,707	19,536
Payments to ESOP.....	--	4,475

NOTE D - Long-Term Debt and Leases

Information with regard to the Company's long-term debt and capital lease obligations at December 31, 1993 and September 30, 1993 follows (in thousands):

	December 31 1993	September 30 1993
Financing under the Credit Agreement:		
Tranche A Facility (6.5% at December 31, 1993).....	\$ 73,505	\$ 93,871
Tranche B Facility (5.525% to 8.375% at December 31, 1993).....	67,619	67,619
Debentures due 2003 (net of discount of \$43,320 at December 31, 1993 and \$43,997 at September 30, 1993).....	156,680	156,003
8% to 16% Mortgage and other collateralized notes payable through 1998.....	21,044	21,502
Variable rate secured notes due through 2013 (3.25% to 3.55% at December 31, 1993).....	64,125	64,175
7.5% Swiss Bonds due currently.....	6,443	6,443
3.4% to 11.5% Capital lease obligations due through 2014.....	11,780	11,965
	401,196	421,578
Less amounts due within one year.....	60,167	70,957
Less debt service funds.....	330	416
	\$340,699	\$350,205

During October 1993, the Company made mandatory prepayments of approximately \$17.1 million to the Banks which represented 75% of net proceeds from asset sales and estimated excess cash at September 30, 1993. In December 1993, the Company also made mandatory prepayments of approximately \$3.3 million to the Banks which represented 75% of net proceeds from asset sales.

The Company made a mandatory payment of approximately \$3.1 million to the Banks in January 1994 which represented actual excess cash over estimated excess cash at September 30, 1993. Additionally, in January 1994 the Company made a voluntary prepayment to the Banks of \$30 million which reduced the amount due on March 31, 1994, to \$2.5 million and the amount due on September 30, 1994 to approximately \$18.3 million.

NOTE E - Contingencies

General and Professional Liability

The Company is self-insured for a substantial portion of general and professional liability risks. The reserves for self-insured general and professional liability losses, including loss adjustment expenses, are based on actuarial estimates using the Company's historical claims experience adjusted for current industry trends. The reserve for unpaid claims is adjusted as such claims mature, to reflect revised actuarial estimates based on actual experience. While management and its actuaries believe that the present reserve is reasonable, ultimate settlement of losses may vary from the amount provided.

Litigation

In addition to general and professional liability claims, the Company is subject to other claims, suits, surveys and investigations. This includes a federal investigation of certain business practices of a subsidiary of the Company that operates one psychiatric hospital. In the opinion of management, the ultimate resolution of such other pending legal proceedings will not have

a material adverse effect on the Company's financial position or results of operations.

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES  
December 31, 1993

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

Growth and Expansion Strategy

The Company announced January 12, 1994, that it plans to become a family of companies that finance, manage and deliver quality, cost-effective behavioral healthcare. These companies would be coordinated to provide an integrated, at-risk behavioral health delivery system that would be responsive to patients, clinicians, managed care companies, employers, insurance companies, and the new health plans and purchasing alliances anticipated in a reformed health care system.

Two new businesses would be formed to implement the strategy: a Technologies and Management Information Unit ("TMI Unit") and a clinical services unit named Group Practice Affiliates, Inc. ("GPA"). The strategy would also require the repositioning and expansion of the Company's current facility-based services.

The TMI Unit would expand the Company's expertise in managing the cost and quality of mental health care services along with the systems to document outcomes and clinical results. During the first quarter of fiscal 1994, the Company acquired Strategic Advantage, Inc., whose clinical outcome monitoring systems track patient progress and help ensure patients receive cost-effective and appropriate levels of service and medical attention.

The TMI Unit would also develop systems for maximizing the efficiency and effectiveness of the scheduling of patients and clinical and support personnel, and the use of materials, such as pharmaceuticals and supplies. The systems would also provide case management services including outcome measurement and protocol development, patient health status, longitudinal patient record keeping and clinical credentialing.

The Company plans for GPA to acquire, develop and manage behavioral group practices comprised of psychiatrists, psychologists and other mental health professionals. The Company will provide the marketing, management and financial resources necessary to expand and improve the economic vitality of selected group practices.

The Company's growth and expansion strategy will require reconfiguring and repositioning current hospital-based services to make them more flexible and independent of traditional settings. The Company plans to offer new clinical services and risk-bearing arrangements, form alliances with regional medical systems and enter approximately 30 new geographic markets. The implementation of the Company's new growth and expansion strategy will occur over the next three years.

Results of Operations

Discontinued Operations

The results of operations of the general hospitals sold on September 30, 1993 have been reported as discontinued operations in the Company's financial statements. Included in these amounts are net interest expenses related to debt specifically identifiable as debt of the general hospitals. For the first quarter of fiscal 1993, the core general hospitals had net revenue of approximately \$88.4 million and a net loss of approximately \$3.4 million.

Management of the Company believes the sale of the general hospitals has allowed the Company to concentrate its efforts on behavioral healthcare systems. Additionally, the sale of the general hospitals allowed the Company to reduce its long-term debt by approximately \$308.5 million. As a result of this debt pay off, mandatory and voluntary prepayments and scheduled payments in fiscal 1993, net interest expense for the quarter ended December 31, 1993 decreased 56% as compared to the first quarter of fiscal 1993.

Psychiatric Hospital Operations

Selected statistics for the 75 psychiatric hospitals in operation at December 31, 1993, by quarter for fiscal 1994 and fiscal 1993 follow:

	Fiscal 1994	Fiscal 1993	% Change
Licensed beds at:			
December 31.....	6,985	6,999	--
March 31.....		7,049	
June 30.....		7,037	
September 30.....		6,977	
Net revenue (in thousands):			
Quarter:			
First.....	\$198,129	\$ 212,683	(7)%
Second.....		217,954	
Third.....		218,568	
Fourth.....		194,637	
Year.....		\$ 843,842	
Patient days:			
Quarter:			
First.....	320,664	339,194	(5)
Second.....		353,709	
Third.....		342,424	
Fourth.....		323,530	
Year.....		1,358,857	
Equivalent patient days:			
Quarter:			
First.....	349,947	362,822	(4)
Second.....		379,228	
Third.....		371,887	
Fourth.....		351,431	
Year.....		1,465,368	
	Fiscal 1994	Fiscal 1993	% Change
Net revenue per equivalent patient day:			
Quarter:			
First.....	\$566	\$586	(3)%
Second.....		575	
Third.....		588	
Fourth.....		554	
Year.....		576	
Admissions:			
Quarter:			
First.....	21,875	19,624	11
Second.....		22,380	
Third.....		21,702	
Fourth.....		22,361	
Year.....		86,067	
Average length of stay:			
Quarter:			
First.....	14.5	16.9	(14)
Second.....		15.7	
Third.....		16.0	
Fourth.....		14.4	

The Company's patient days for the first quarter of fiscal 1994 decreased 5% as compared to the same period of fiscal 1993 despite an 11% increase in admissions. The decrease in patient days is due primarily to a 14% decrease in the average length of stay per patient caused primarily by utilization criteria imposed by third party payors regarding inpatient treatment.

The Company's decrease in net revenue and net revenue per equivalent patient day is due primarily to a shift in payor mix toward more Medicare, Medicaid and other cost-based business. The Company's revenue generated from outpatient visits continues to increase. For the quarter ended December 31, 1993, gross outpatient revenue increased 33% to \$29.1 million from \$21.9 million for the first quarter of fiscal 1993. Net outpatient revenue for the same period increased 22% to \$16.6 million.

Consolidated Operating Expenses - The Company experienced a 5% decrease in operating expenses for the first quarter of fiscal 1994, as compared to the first quarter of fiscal 1993, primarily due to reductions in salaries and benefits and other purchased services.

Bad debt expenses for the quarter ended December 31, 1993 decreased 12% from the same period of the previous fiscal year. Bad debt expenses as a percentage of net revenue decreased to 7.7% in the first quarter of fiscal 1994 from 8.1% in the first quarter of fiscal 1993.

Stock option expense for the first quarter of fiscal 1994 increased over the same period of the previous year due to additional vesting, the increased

market price of the Company's common stock and a one-time charge of \$3.9 million related to the exercise of certain options by a former employee and director. During December 1993, the former employee and director exercised approximately 2.2 million options to purchase shares of the Company's common stock and surrendered approximately 570,000 of such optioned shares as consideration for the payment of required withholding taxes. As a result, the Company was required to make withholding tax payments on behalf of the former employee of approximately \$14.2 million which was charged against additional paid-in capital. This charge was offset by a tax benefit recorded in additional paid-in capital of approximately \$9.4 million related to additional stock option expense deductible for income tax purposes.

#### Liquidity and Sources of Capital

During October 1993, the Company made mandatory prepayments of approximately \$17.1 million to the Banks which represented 75% of net proceeds from asset sales and estimated excess cash at September 30, 1993. In December 1993, the Company also made mandatory prepayments of approximately \$3.3 million to the Banks which represented 75% of net proceeds from asset sales.

The Company made a mandatory payment of approximately \$3.1 million to the Banks in January 1994 which represented actual excess cash over estimated excess cash at September 30, 1993. Additionally, in January 1994 the Company made a voluntary prepayment to the Banks of \$30 million which reduced the amount due on March 31, 1994, to \$2.5 million and the amount due on September 30, 1994 to approximately \$18.3 million. As of January 31, 1994, the Company had an available commitment of \$50 million under the Credit Agreement.

During the first quarter of fiscal 1994, the Company incurred approximately \$2.7 million in capital expenditures primarily for routine capital replacement. The Company also incurred expenditures of approximately \$1.7 million for the acquisition of a business related to the implementation of the Company's new growth and expansion strategy. The capital outlays were financed from cash provided by operations. The Company anticipates that capital expenditures for fiscal 1994 relating to existing hospitals will be approximately \$15 million and will be financed from cash provided by operations.

The number of days net patient revenue in net patient accounts receivable was 60 days at December 31, 1993 and 61 days at September 30, 1993.

FORM 10-Q

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 6. - Exhibits and Reports on Form 8-K

(a) Report on Form 8-K

There were no Current Reports on Form 8-K filed by the Registrant with the Securities and Exchange Commission during the quarter ended December 31, 1993.

FORM 10-Q

CHARTER MEDICAL CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHARTER MEDICAL CORPORATION  
(Registrant)

Date: February 11, 1994

/s/ Lawrence W. Drinkard  
Lawrence W. Drinkard  
Executive Vice President - Finance  
(Chief Financial Officer)

Date: February 11, 1994

/s/ John R. Day  
John R. Day  
Vice President and Controller  
(Principal Accounting Officer)