

CORINTHIAN COLLEGES INC
Form 10-Q
May 12, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED March 31, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-25283

CORINTHIAN COLLEGES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

33-0717312
(I.R.S. Employer
Identification No.)

6 Hutton Centre Drive, Suite 400, Santa Ana, California

(Address of principal executive offices)

92707

(Zip Code)

(714) 427-3000

(Registrant's telephone number, including area code)

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 submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes No

At May 7, 2014, there were 87,643,297 shares of Common Stock of the Registrant outstanding.

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CORINTHIAN COLLEGES, INC. AND SUBSIDIARIES

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EXPLANATORY NOTE

During the first quarter of fiscal 2014, Corinthian Colleges, Inc. (the Company) decided to divest four Everest schools located in Brighton, MA; North Aurora, IL; Miami, FL and Kendall, FL which are available for sale (the Sale Schools). The Company will continue to operate and invest in these campuses until they are sold. The campuses are available for immediate sale in their present condition, and the Company expects to complete the sales or close the campuses if no acceptable buyer can be found by the first quarter of fiscal 2015. The Company recorded a \$2.2 million impairment charge of long-lived assets related to the Sale Schools during the first quarter of fiscal 2014.

During fiscal year 2013, the Company completed the teach-out of its Arlington, VA; Decatur, GA Milwaukee, WI; Hialeah, FL; London, Ontario (Canada) and Thunder Bay, Ontario (Canada) campuses.

Additionally, in fiscal year 2013, the Company completed the sale of the four Everest schools located in San Francisco, CA; San Jose, CA; Hayward, CA and Los Angeles, CA (the CA Sale Schools) (See Note 10 - Business Acquisitions and Dispositions for further details). The CA Sale Schools were put into discontinued operations in fiscal year 2012.

During fiscal year 2012, the Company announced that the two WyoTech schools located in Sacramento, CA and Daytona Beach, FL were available for sale. As of June 30, 2013, the campuses were not sold. As a result of the lack of acceptable offers, the Company decided to continue operations in Daytona Beach, FL and the Company taught-out the Sacramento, CA campus.

The Company had no significant continuing involvement with locations after the respective sale or teach-outs were completed. The results of operations for the sale or teach-out schools are reflected within discontinued operations in the Company's Condensed Consolidated Statements of Operations for all periods presented, unless otherwise stated. Daytona Beach, FL results are reflected within continuing operations in the Company's Condensed Consolidated Statements of Operations for all periods presented, unless otherwise stated.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****CORINTHIAN COLLEGES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)**

(In thousands)

	March 31, 2014	June 30, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 28,033	\$ 46,596
Accounts receivable, net of allowance for doubtful accounts of \$14,021 and \$19,002 at March 31, 2014 and June 30, 2013, respectively	66,913	76,170
Student notes receivable, net of allowance for doubtful accounts of \$5,136 and \$7,979 at March 31, 2014 and June 30, 2013, respectively	22,328	23,971
Deferred income taxes	5,191	28,961
Prepaid expenses and other current assets	73,869	109,650
Assets held for sale	175	3,256
Total current assets	196,509	288,604
PROPERTY AND EQUIPMENT, net	221,031	226,996
OTHER ASSETS:		
Goodwill	205,593	205,593
Other intangibles, net	180,133	180,800
Student notes receivable, net of allowance for doubtful accounts of \$13,825 and \$22,282 at March 31, 2014 and June 30, 2013, respectively	71,163	67,000
Deposits and other assets	86,936	54,732
Deferred income taxes	4,772	5,020
TOTAL ASSETS	\$ 966,137	\$ 1,028,745
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 57,953	\$ 25,239
Accrued expenses	117,091	113,741
Prepaid tuition	95,979	104,396
Current portion of capital lease obligations	225	803
Current portion of long-term debt	88,094	4,101
Liabilities held for sale	2,933	2,966
Total current liabilities	362,275	251,246
LONG-TERM CAPITAL LEASE OBLIGATIONS, net of current portion	10,698	11,389
LONG-TERM DEBT, net of current portion	1,790	122,792
DEFERRED INCOME TAXES	56,169	16,036
OTHER LONG-TERM LIABILITIES	54,324	56,440
COMMITMENTS AND CONTINGENCIES (Note 9)		

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STOCKHOLDERS EQUITY:

Common Stock, \$0.0001 par value:

Common Stock, 120,000 shares authorized: 93,817 shares issued and 87,643 shares
outstanding at March 31, 2014 and 92,357 shares issued and 86,183 shares outstanding at
June 30, 2013

	9	9
Additional paid-in capital	263,395	258,830
Treasury stock	(56,368)	(56,368)
Retained earnings	271,738	366,098
Accumulated other comprehensive income	2,107	2,273
Total stockholders equity	480,881	570,842
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 966,137	\$ 1,028,745

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CORINTHIAN COLLEGES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2014	2013	2014	2013
NET REVENUES	\$ 349,751	\$ 395,885	\$ 1,084,614	