

LINCOLN EDUCATIONAL SERVICES CORP
Form 10-Q
November 09, 2007

**U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2007

or

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

Commission File Number 000-51371

LINCOLN EDUCATIONAL SERVICES CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of incorporation or
organization)

57-1150621
(IRS Employer Identification No.)

**200 Executive Drive, Suite 340
West Orange, NJ 07052**
(Address of principal executive offices)

(973) 736-9340
(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 **T** No **F**

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):

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Large accelerated filer

Accelerated filer

Non-accelerated filer

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

As of November 7, 2007, there were 25,881,383 shares of the registrant's common stock outstanding.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES

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FOR THE QUARTER ENDING SEPTEMBER 30, 2007

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Item 1. FINANCIAL STATEMENTS

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)
(Unaudited)

	September 30, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,537	\$ 6,461
Restricted cash	1,532	920
Accounts receivable, less allowance of \$12,328 and \$11,456 at September 30, 2007 and December 31, 2006, respectively	20,353	20,473
Inventories	2,694	2,438
Deferred income taxes	4,879	4,827
Due from federal programs	73	-
Prepaid expenses and other current assets	3,088	3,049
Prepaid income taxes	5,669	-
Total current assets	41,825	38,168
PROPERTY, EQUIPMENT AND FACILITIES - At cost, net of accumulated depreciation and amortization of \$79,078 and \$72,870 at September 30, 2007 and December 31, 2006, respectively	101,061	94,368
OTHER ASSETS:		
Deferred finance charges	876	1,019
Pension plan assets, net	1,139	1,107
Deferred income taxes, net	5,052	2,688
Goodwill	82,860	84,995
Noncurrent accounts receivable, less allowance of \$161 and \$84 at September 30, 2007 and December 31, 2006, respectively	1,451	723
Other assets, net	3,085	3,148
Total other assets	94,463	93,680
TOTAL	\$ 237,349	\$ 226,216

See notes to unaudited condensed consolidated financial statements.

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LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

(Unaudited)

(Continued)

	September 30, 2007	December 31, 2006
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and lease obligations	\$ 206	\$ 91
Unearned tuition	34,605	33,150
Accounts payable	14,543	12,118
Accrued expenses	12,223	10,335
Advance payments of federal programs	-	557
Income taxes payable	-	2,860
Other short-term liabilities	1,711	-
Total current liabilities	63,288	59,111
NONCURRENT LIABILITIES:		
Long-term debt and lease obligations, net of current portion	15,222	9,769
Other long-term liabilities	6,874	5,553
Total liabilities	85,384	74,433
COMMITMENTS AND CONTINGENCIES (Note 12)		
STOCKHOLDERS' EQUITY:		
Preferred stock, no par value - 10,000,000 shares authorized, no shares issued and outstanding at September 30, 2007 and December 31, 2006	-	-
Common stock, no par value - authorized 100,000,000 shares at September 30, 2007 and December 31, 2006, issued and outstanding 25,506,566 shares at September 30, 2007 and 25,450,695 shares at December 31, 2006	120,327	120,182
Additional paid-in capital	9,206	7,695
Deferred compensation	(561)	(467)
Retained earnings	25,404	26,784
Accumulated other comprehensive loss	(2,411)	(2,411)
Total stockholders' equity	151,965	151,783
TOTAL	\$ 237,349	\$ 226,216

See notes to unaudited condensed consolidated financial statements.

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LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)