

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

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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2007

or

**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 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):

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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 August 7, 2007, there were 25,504,966 shares of the registrant's common stock outstanding.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES

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FOR THE QUARTER ENDING JUNE 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)

	June 30, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,697	\$ 6,461
Restricted cash	1,458	920
Accounts receivable, less allowance of \$11,685 and \$11,456 at June 30, 2007 and December 31, 2006, respectively	19,844	20,473
Inventories	2,052	2,438
Deferred income taxes	4,720	4,827
Prepaid expenses and other current assets	3,117	3,049
Prepaid income taxes	7,865	-
Total current assets	44,753	38,168
PROPERTY, EQUIPMENT AND FACILITIES - At cost, net of accumulated depreciation and amortization of \$76,582 and \$72,870 at June 30, 2007 and December 31, 2006, respectively		
	98,091	94,368
OTHER ASSETS:		
Deferred finance charges	924	1,019
Pension plan assets, net	1,129	1,107
Deferred income taxes, net	3,794	2,688
Goodwill	82,860	84,995
Noncurrent accounts receivable, less allowance of \$117 and \$84 at June 30, 2007 and December 31, 2006, respectively	1,053	723
Other assets, net	3,202	3,148
Total other assets	92,962	93,680
TOTAL	\$ 235,806	\$ 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)

	June 30, 2007	December 31, 2006
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and lease obligations	\$ 94	\$ 91
Unearned tuition	25,316	33,150
Accounts payable	13,833	12,118
Accrued expenses	9,666	10,335
Advance payments of federal funds	297	557
Income taxes payable	-	2,860
Total current liabilities	49,206	59,111
NONCURRENT LIABILITIES:		
Long-term debt and lease obligations, net of current portion	31,222	9,769
Other long-term liabilities	5,969	5,553
Total liabilities	86,397	74,433
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, no par value - 10,000,000 shares authorized, no shares issued and outstanding at June 30, 2007 and December 31, 2006	-	-
Common stock, no par value - authorized 100,000,000 shares at June 30, 2007 and December 31, 2006, issued and outstanding 25,495,536 shares at June 30, 2007 and 25,450,695 shares at December 31, 2006	120,293	120,182
Additional paid-in capital	8,809	7,695
Deferred compensation	(648)	(467)
Retained earnings	23,366	26,784
Accumulated other comprehensive loss	(2,411)	(2,411)
Total stockholders' equity	149,409	151,783
TOTAL	\$ 235,806	\$ 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)

	Three Months Ended June	Six Months Ended June
	30,	30,
	2007	