

CAREER EDUCATION CORP
Form 10-Q
November 07, 2006

UNITED STATES 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 SEPTEMBER 30, 2006

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 Number: 0-23245

CAREER EDUCATION CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

2895 Greenspoint Parkway, Suite 600, Hoffman Estates, Illinois 60169
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(847) 781-3600**

36-3932190
(I.R.S. Employer
Identification No.)

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.

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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

Number of shares of registrant's common stock, par value \$0.01, outstanding as of November 6, 2006: **94,774,003**

CAREER EDUCATION CORPORATION

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

CAREER EDUCATION CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	September 30, 2006	December 31, 2005
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 116,157	\$ 132,308
Investments	328,328	272,093
Total cash and cash equivalents and investments	444,485	404,401
Receivables:		
Students, net of allowance for doubtful accounts of \$37,902 and \$44,839 as of September 30, 2006, and December 31, 2005, respectively	76,076	76,447
Other, net	8,494	5,015
Prepaid expenses	39,141	37,412
Inventories	13,839	14,090
Deferred income tax assets	10,122	10,122
Other current assets	19,021	31,067
Total current assets	611,178	578,554
PROPERTY AND EQUIPMENT, net	400,431	411,144
GOODWILL	349,459	443,584
INTANGIBLE ASSETS, net	34,559	35,286
OTHER ASSETS	31,844	37,537
TOTAL ASSETS	\$ 1,427,471	\$ 1,506,105
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 572	\$ 627
Accounts payable	30,544	28,627
Accrued expenses:		
Payroll and related benefits	30,653	39,471
Income taxes	2,618	23,509
Other	75,652	82,513
Deferred tuition revenue	177,419	152,007
Total current liabilities	317,458	326,754
LONG-TERM LIABILITIES:		
Long-term debt, net of current maturities	13,737	16,358
Deferred rent obligations	97,453	89,680
Deferred income tax liabilities	31,212	31,212
Other	5,769	5,854
Total long-term liabilities		