

CAPITAL SENIOR LIVING CORP  
Form 10-Q  
May 04, 2012  
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**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 March 31, 2012

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: 1-13445

**Capital Senior Living Corporation**

(Exact Name of Registrant as Specified in its Charter)

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**Delaware**  
(State or Other Jurisdiction of

**75-2678809**  
(I.R.S. Employer

**Incorporation or Organization)**

**Identification No.)**

**14160 Dallas Parkway, Suite 300, Dallas, Texas**  
(Address of Principal Executive Offices)

**75254**  
(Zip Code)

**(972) 770-5600**

**(Registrant's Telephone Number, Including Area Code)**

**NONE**

**(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 submitted electronically and posted on its corporate Web site, if any, every

Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

As of April 30, 2012, the Registrant had 28,157,854 outstanding shares of its Common Stock, \$0.01 par value, per share.

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(in thousands)

	March 31, 2012 (unaudited)	December 31, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 17,714	\$ 22,283
Restricted cash	9,111	9,102
Accounts receivable, net	4,195	4,526
Accounts receivable from affiliates	611	708
Federal and state income taxes receivable	4,934	5,438
Deferred taxes	1,533	1,479
Property tax and insurance deposits	8,982	11,395
Prepaid expenses and other	5,822	6,068
<b>Total current assets</b>	<b>52,902</b>	<b>60,999</b>
Property and equipment, net	413,775	365,459
Deferred taxes	5,949	5,782
Investments in unconsolidated joint ventures	1,050	1,070
Other assets, net	32,811	29,016
<b>Total assets</b>	<b>\$ 506,487</b>	<b>\$ 462,326</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,656	\$ 2,297
Accounts payable to affiliates	133	314
Accrued expenses	17,524	19,086
Current portion of notes payable	8,634	8,196
Current portion of deferred income	9,020	8,740
Current portion of capital lease obligations	44	50
Customer deposits	1,502	1,530
<b>Total current liabilities</b>	<b>38,513</b>	<b>40,213</b>
Deferred income	25,148	26,175
Capital lease obligations, net of current portion	22	31
Other long-term liabilities	1,792	1,826
Notes payable, net of current portion	270,837	224,940
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.01 par value:		
Authorized shares 15,000; no shares issued or outstanding		
Common stock, \$.01 par value:		
Authorized shares 65,000; issued and outstanding	285	280

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shares 28,158 and 27,699 in 2012 and 2011, respectively

Additional paid-in capital	136,187	135,301
Retained earnings	34,637	34,494
Treasury stock, at cost 350 shares	(934)	(934)
Total shareholders' equity	170,175	169,141
Total liabilities and shareholders' equity	\$ 506,487	\$ 462,326

See accompanying notes to unaudited consolidated financial statements.

**Table of Contents****CAPITAL SENIOR LIVING CORPORATION****CONSOLIDATED STATEMENTS OF INCOME****CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME****(unaudited, in thousands, except per share data)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>		
Resident and health care revenue	\$ 70,998	\$ 56,899
Affiliated management services revenue	154	434
Community reimbursement revenue	1,068	2,491
<b>Total revenues</b>	<b>72,220</b>	<b>59,824</b>
<b>Expenses:</b>		
Operating expenses (exclusive of facility lease expense and depreciation and amortization expense shown below)	42,486	34,055
General and administrative expenses	3,777	2,850
Facility lease expense	13,495	11,431
Stock-based compensation expense	645	258
Depreciation and amortization expense	6,706	3,558
Community reimbursement expense	1,068	2,491
<b>Total expenses</b>	<b>68,177</b>	<b>54,643</b>
Income from operations	4,043	5,181
<b>Other income (expense):</b>		
Interest income	26	14
Interest expense	(3,544)	(2,717)
Gain on disposition of assets, net	2	
Equity in losses of unconsolidated joint ventures, net	(137)	(188)
Income before provision for income taxes	390	2,290
Provision for income taxes	(247)	(992)
<b>Net income</b>	<b>\$ 143</b>	<b>\$ 1,298</b>
<b>Per share data:</b>		
Basic net income per share	\$ 0.01	\$ 0.05
Diluted net income per share	\$ 0.01	\$ 0.05
Weighted average shares outstanding basic	27,262	26,884
Weighted average shares outstanding diluted	27,314	26,993
<b>Comprehensive income</b>	<b>\$ 143</b>	<b>\$ 1,298</b>

See accompanying notes to unaudited consolidated financial statements.



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**CAPITAL SENIOR LIVING CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited, in thousands)

	Three Months Ended March 31,	
	2012	2011
<b>Operating Activities</b>		
Net income	\$ 143	\$ 1,298
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,706	3,558
Amortization of deferred financing charges	106	83
Amortization of deferred lease costs and lease intangibles	91	551
Deferred income	(747)	(218)
Deferred income taxes	(221)	668
Gain on disposition of assets, net	(2)	
Equity in losses of unconsolidated joint ventures, net	137	188
Provision for bad debts	189	8
Stock based compensation expense	645	258
Changes in operating assets and liabilities:		
Accounts receivable	142	(527)
Accounts receivable from affiliates	97	309
Property tax and insurance deposits	2,413	1,535
Prepaid expenses and other	246	1,132
Other assets	345	(2,228)
Accounts payable	(822)	(680)
Accrued expenses	(1,562)	(1,742)
Federal and state income taxes receivable	504	(192)
Customer deposits	(28)	(33)
<b>Net cash provided by operating activities</b>	<b>8,382</b>	<b>3,968</b>
<b>Investing Activities</b>		
Capital expenditures	(2,272)	(1,418)
Cash paid for acquisitions	(56,395)	
Proceeds from disposition of assets	19	
Contributions to joint ventures	(132)	(463)
Distributions from joint ventures	15	64
<b>Net cash used in investing activities</b>	<b>(58,765)</b>	<b>(1,817)</b>
<b>Financing Activities</b>		
Proceeds from notes payable	48,571	
Repayments of notes payable	(2,236)	(2,019)
Increase in restricted cash	(9)	(2,573)
Cash payments for capital lease obligations	(15)	(35)
Cash proceeds from the issuance of common stock	16	855
Excess tax benefits on stock options exercised	230	314
Deferred financing charges paid	(743)	
<b>Net cash provided by (used in) financing activities</b>	<b>45,814</b>	<b>(3,458)</b>