

Brookdale Senior Living Inc.  
Form 10-Q  
November 04, 2009

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2009

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: 001-32641

BROOKDALE SENIOR LIVING INC.  
(Exact name of registrant as specified in its charter)

Delaware 20-3068069  
(State or other jurisdiction (I.R.S. Employer Identification No.)  
of incorporation or organization)

111 Westwood Place, Suite 200, Brentwood,  
Tennessee 37027  
(Address of principal executive offices) (Zip Code)

(615) 221-2250  
(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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

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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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

£ (Do not check if a 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

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As of October 30, 2009, 118,620,006 shares of the registrant's common stock, \$0.01 par value, were outstanding (excluding unvested restricted shares).

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FOR THE QUARTER ENDED SEPTEMBER 30, 2009

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

BROOKDALE SENIOR LIVING INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except stock amounts)

	September 30, 2009	December 31, 2008
Assets	(Unaudited)	
Current assets		
Cash and cash equivalents	\$ 159,313	\$ 53,973
Cash and escrow deposits — restricted	104,434	86,723
Accounts receivable, net	81,583	91,646
Deferred tax asset	14,677	14,677
Prepaid expenses and other current assets, net	46,195	33,766
Total current assets	406,202	280,785
Property, plant and equipment and leasehold intangibles, net	3,620,469	3,697,834
Cash and escrow deposits — restricted	66,971	29,988
Investment in unconsolidated ventures	22,180	28,420
Goodwill	109,967	109,967
Other intangible assets, net	206,438	231,589
Other assets, net	69,455	70,675
Total assets	\$ 4,501,682	\$ 4,449,258
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 155,397	\$ 158,476
Current portion of line of credit		4,453
Trade accounts payable	42,541	29,105
Accrued expenses	184,873	170,366
Refundable entrance fees and deferred revenue	256,061	253,647
Tenant security deposits	14,920	29,965
Total current liabilities	653,792	646,012
Long-term debt, less current portion	2,304,168	2,235,000
Line of credit, less current portion		155,000
Deferred entrance fee revenue	81,221	76,410
Deferred liabilities	145,998	135,947
Deferred tax liability	159,389	178,647
Other liabilities	55,460	61,641
Total liabilities	3,400,028	3,488,657
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized at September 30, 2009 and December 31, 2008; no shares issued and outstanding	—	—

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Common stock, \$0.01 par value, 200,000,000 shares authorized at September 30, 2009 and December 31, 2008; 124,386,194 and 106,467,764 shares issued and 123,174,893 and 105,256,463 shares outstanding (including 4,556,436 and 3,542,801 unvested restricted shares), respectively	1,232	1,053
Additional paid-in-capital	1,876,783	1,690,851
Treasury stock, at cost; 1,211,301 shares at September 30, 2009 and December 31, 2008	(29,187 )	(29,187 )
Accumulated deficit	(746,176 )	(700,720 )
Accumulated other comprehensive loss	(998 )	(1,396 )
Total stockholders' equity	1,101,654	960,601
Total liabilities and stockholders' equity	\$4,501,682	\$4,449,258

See accompanying notes to condensed consolidated financial statements.

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BROOKDALE SENIOR LIVING INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
<b>Revenue</b>				
Resident fees	\$503,856	\$480,750	\$1,499,544	\$1,435,522
Management fees	1,987	1,527	5,002	5,604
Total revenue	505,843	482,277	1,504,546	1,441,126
<b>Expense</b>				
Facility operating expense (excluding depreciation and amortization of \$45,851, \$45,670, \$137,102 and \$143,765, respectively)	328,939	322,601	963,637	934,186
General and administrative expense (including non-cash stock-based compensation expense of \$7,869, \$6,737, \$21,549 and \$23,368, respectively)	34,720	32,948	100,148	109,633
Hurricane and named tropical storms expense		3,613		3,613
Facility lease expense	68,036	67,017	204,211	202,028
Depreciation and amortization	66,983	67,066	202,378	207,882
Total operating expense	498,678	493,245	1,470,374	1,457,342
Income (loss) from operations	7,165	(10,968 )	34,172	(16,216 )
Interest income	623	1,383	1,771	6,169
Interest expense				
Debt	(30,574 )	(37,599 )	(96,845 )	(110,894 )
Amortization of deferred financing costs	(2,167 )	(3,004 )	(7,099 )	(6,940 )
Change in fair value of derivatives and amortization	(2,478 )	(8,454 )	1,137	(17,344 )
Loss on extinguishment of debt	(1,178 )		(2,918 )	(3,052 )
Equity in earnings (loss) of unconsolidated ventures	42	358	1,218	(750 )
Other non-operating (expense) income	(52 )	69	4,172	(424 )
Loss before income taxes	(28,619 )	(58,215 )	(64,392 )	(149,451 )
Benefit for income taxes	7,329	22,338	18,936	54,996
Net loss	\$(21,290 )	\$(35,877 )	\$(45,456 )	\$(94,455 )
Basic and diluted loss per share	\$(0.18 )	\$(0.36 )	\$(0.42 )	\$(0.93 )
Weighted average shares used in computing basic and diluted loss per share	118,455	101,398	108,807	101,748
Dividends declared per share	\$	\$0.25	\$	\$0.75

See accompanying notes to condensed consolidated financial statements.



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BROOKDALE SENIOR LIVING INC.  
CONDENSED CONSOLIDATED STATEMENT OF EQUITY  
(Unaudited, in thousands)

Common Stock							Accumulated Other Comprehensive	
	Shares	Amount	Additional Paid-In- Capital	Treasury Stock	Accumulated Deficit	Loss	Total	
Balances at January 1, 2009	105,256	\$ 1,053	\$ 1,690,851	\$ (29,187)	\$ (700,720 )	\$ (1,396 )	\$ 960,601	
Compensation expense related to restricted stock and restricted stock unit grants			21,549				21,549	
Net loss					(45,456 )		(45,456 )	
Issuance of common stock under Associate Stock Purchase Plan	92	1	742					