LINCOLN EDUCATIONAL SERVICES CORP
Form 10-Q
August 05, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

or

o 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 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 (Address of principal executive offices)	07052 (Zip Code)

(973) 736-9340
(Registrant's telephone number, including area code)

No change
(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 ý No o

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 o No o

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

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

As of August 3, 2009, there were 26,847,065 shares of the registrant’s common stock outstanding.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES

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FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$12,638	$ 15,234
Restricted cash	368	383
Accounts receivable, less allowance of $18,902 and $13,914 at June 30, 2009 and December 31, 2008, respectively	28,188	22,857
Inventories	3,661	3,374
Deferred income taxes, net	7,222	5,627
Due from federal programs	-	828
Prepaid income taxes	3,628	-
Prepaid expenses and other current assets	7,496	2,958
Total current assets	63,201	51,261
PROPERTY, EQUIPMENT AND FACILITIES - At cost, net of accumulated depreciation and amortization of $89,737 and $83,345 at June 30, 2009 and December 31, 2008, respectively	141,037	108,567
OTHER ASSETS:		
Noncurrent accounts receivable, less allowance of $955 and $824 at June 30, 2009 and December 31, 2008, respectively	3,822	3,326
Deferred finance charges	429	632
Deferred income taxes, net	8,380	7,080
Goodwill	111,926	91,460
Other assets, net	9,768	5,716
Total other assets	134,325	108,214
TOTAL	$338,563	$ 268,042

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, 2009	December 31, 2008
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and lease obligations	$5,502	$ 130
Unearned tuition	40,740	38,806
Accounts payable	15,720	12,349
Accrued expenses	21,026	16,239
Advanced payments from federal funds	75	-
Income taxes payable	-	3,263
Other short-term liabilities	637	314
Total current liabilities	83,700	71,101
NONCURRENT LIABILITIES:		
Long-term debt and lease obligations, net of current portion	37,101	10,044
Pension plan liabilities, net	4,196	4,335
Accrued rent	6,172	5,972
Other long-term liabilities	1,960	1,641
Total liabilities	133,129	93,093
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, no par value - 10,000,000 shares authorized, no shares issued and outstanding at June 30, 2009 and December 31, 2008	-	-
Common stock, no par value - authorized 100,000,000 shares at June 30, 2009 and December 31, 2008, issued and outstanding 27,445,064 shares at June 30, 2009 and 26,088,261 shares at December 31, 2008	136,701	120,597
Additional paid-in capital	16,008	15,119
Deferred compensation	(3,377)	(3,619)
Treasury stock at cost - 615,000 shares at June 30, 2009 and December 31, 2008	(6,584)	(6,584)
Retained earnings	68,469	55,219
Accumulated other comprehensive loss	(5,783)	(5,783)
Total stockholders' equity	205,434	174,949
TOTAL	$338,563	$ 268,042

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
REVENUES	$128,110	$85,056	$246,709	$169,103
COSTS AND EXPENSES:				
Educational services and facilities	51,120	35,927	99,418	72,555
Selling, general and administrative	63,573	46,440	123,187	92,573
(Gain) loss on sale of assets	(12)	3	(14)	40
Total costs & expenses	114,681	82,370	222,591	165,168
OPERATING INCOME	13,429	2,686	24,118	3,935
OTHER:				
Interest income	7	18	9	63
Interest expense	(1,098)	(582)	(2,103)	(1,086)
Other income	8	-	17	-
INCOME BEFORE INCOME TAXES	12,346	2,122	22,041	2,912
PROVISION FOR INCOME TAXES	4,920	881	8,791	1,187
NET INCOME	$7,426	$1,241	$13,250	$1,725
Basic				
Net income per share	$0.28	$0.05	$0.51	$0.07
Diluted				
Net income per share	$0.27	$0.05	$0.49	$0.07
Weighted average number of common shares outstanding:				
Basic	26,477	25,341	26,093	25,500
Diluted	27,217	26,059	26,834	26,154

See notes to unaudited condensed consolidated financial statements.

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LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deferred Compensation	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
BALANCE - January 1, 2009	26,088,261	$120,597	$15,119	$ (3,619)	$(6,584)	$55,219	$ (5,783)	$174,949
Net income	-	-	-	-	-	13,250	-	13,250
Stock-based compensation expense								
Restricted stock	19,288	-	320	242	-	-	-	562
Stock options	-	-	502	-	-	-	-	502
Tax benefit of options exercised	-	-	122	-	-	-	-	122
Sale of common stock, net of expenses	1,150,000	14,932	-	-	-	-	-	14,932
Net share settlement for equity-based compensation	(5,013)	-	(55)	-	-	-	-	(55)
Exercise of stock options	192,528	1,172	-	-	-	-	-	1,172
BALANCE - June 30, 2009	27,445,064	$136,701	$16,008	$ (3,377)	$(6,584)	$68,469	$ (5,783)	$205,434

See notes to unaudited condensed consolidated financial statements.

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LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$13,250	$1,725
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,374	8,936
Amortization of deferred finance charges	99	97
Deferred income taxes	(1,643)	(1,221)
(Gain) loss on disposition of assets	(14)	40
Provision for doubtful accounts	15,890	9,569
Write-off of trade name	280	-
Stock-based compensation expense	1,064	1,171
Tax benefit associated with exercise of stock options	(122)	(5)
Deferred rent	194	271
(Increase) decrease in assets, net of acquisitions:		
Accounts receivable	(19,113)	(9,372)
Inventories	(144)	(256)
Prepaid expenses and current assets	(82)	203
Due from federal programs	903	5,935
Other assets	(236)	255
Increase (decrease) in liabilities, net of acquisitions:		
Accounts payable	(2,434)	402
Other liabilities	(113)	(903)
Income taxes payable/prepaid	(6,769)	(3,225)
Accrued expenses	1,601	569
Unearned tuition	(4,153)	(5,834)
Total adjustments	(3,418)	6,632
Net cash provided by operating activities	9,832	8,357
CASH FLOWS FROM INVESTING ACTIVITIES:		
Restricted cash	377	-
Capital expenditures	(5,828)	(12,560)
Proceeds from sale of property and equipment	90	-
Acquisitions, net of cash acquired	(27,552)	-
Net cash used in investing activities	(32,913)	(12,560)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	44,000	23,000
Payments on borrowings	(39,000)	(7,000)
Proceeds from exercise of stock options	1,172	67
Tax benefit associated with exercise of stock options	122	5
Net share settlement for equity-based compensation	(55)	-
Principal payments under capital lease obligations	(686)	(105)
Purchase of treasury stock	-	(6,375)

Proceeds from issuance of common stock, net of issuance costs	14,932	-
Net cash provided by financing activities	20,485	9,592
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,596)	5,389
CASH AND CASH EQUIVALENTS—Beginning of period	15,234	3,502
CASH AND CASH EQUIVALENTS—End of period	$12,638	$8,891

See notes to unaudited condensed consolidated financial statements.

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LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)
(Continued)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$2,025	$941
Income taxes	$17,786	$6,023
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fixed assets acquired in noncash transactions	$656	$1,440

See notes to unaudited condensed consolidated financial statements.

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LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In thousands, except share and per share amounts and unless otherwise stated)
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activities – Lincoln Educational Services Corporation and subsidiaries (the "Company") is a diversified provider of career-oriented post-secondary education. The Company offers recent high school graduates and working adults degree and diploma programs in five principal areas of study: automotive technology, health sciences, skilled trades, business and information technology and hospitality services. The Company currently has 43 schools in 17 states across the United States.

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission and in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Certain information and footnote disclosures normally included in annual financial statements have been omitted or condensed pursuant to such regulations. These statements, should be read in conjunction with the December 31, 2008 consolidated financial statements of the Company, and reflect all adjustments, consisting solely of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations, and cash flows for such periods. The results of operations for the three months and six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2009.

The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated.

Use of Estimates in the Preparation of Financial Statements – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. On an ongoing basis, the Company evaluates the estimates and assumptions, including those related to revenue recognition, bad debts, fixed assets, goodwill and other intangible assets, stock-based compensation, income taxes, benefit plans and certain accruals. Actual results could differ from those estimates.

Stock Based Compensation – The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123R, “Share Based Payment.” The accompanying condensed consolidated statements of operations include compensation expense of approximately $0.5 million and $0.6 million for the three months ended June 30, 2009 and 2008, respectively, and $1.1 million and $1.2 million for the six months ended June 30, 2009 and 2008, respectively. The Company uses the Black-Scholes valuation model and utilizes straight-line amortization of compensation expense over the requisite service period of the grant. The Company makes an estimate of expected forfeitures at the time options are granted.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162,” (“SFAS No. 168”). SFAS No. 168 provides for the FASB Accounting Standards Codification (the “Codification”) to become the single official source of authoritative, nongovernmental U.S. GAAP. The Codification did not change GAAP but reorganizes the literature. SFAS No. 168 is effective for interim and annual periods ending after September 15, 2009. The adoption of this standard will have no effect on the Company's consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140" ("SFAS No. 166") and SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS No. 167"). SFAS No. 166 will require more information about transfers of financial assets, eliminates the qualifying special purpose entity (QSPE) concept, changes the requirements for derecognizing financial assets and requires additional disclosures. SFAS No. 167 amends FASB Interpretation No. 46(R), "Consolidation of Variable Interest Entities" regarding certain guidance for determining whether an entity is a variable interest entity and modifies the methods allowed for determining the primary beneficiary of a variable interest entity. In addition, SFAS No. 167 requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and enhanced disclosures related to an enterprise's involvement in a variable interest entity. SFAS No. 166 and SFAS No. 167 are effective for balance sheets beginning on or after January 1, 2010. The adoption of these standards is not expected to have an effect on the Company's consolidated financial statements.

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In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS No. 165"). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 is effective for interim or annual financial periods ending after June 15, 2009. The adoption of this standard had no effect on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles," ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS No. 162 was effective for the Company as of November 15, 2008. The adoption of this standard had no effect on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities," ("SFAS No. 161"), an amendment to FASB Statement No. 133. SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 was effective for the Company as of January 1, 2009. The adoption of the provisions of SFAS No. 161 had no effect on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R establishes revised principles and requirements for how the Company will recognize and measure assets and liabilities acquired in a business combination. SFAS 141R requires, among other things, transaction costs incurred in a business combination to be expensed, establishes a new measurement date for valuing acquirer shares issued in consideration for a business combination, and includes the recognition of contingent consideration and pre-acquisition gain and loss contingencies. SFAS No. 141R was effective for business combinations completed on or after January 1, 2009. For the six months ended June 30, 2009, the Company incurred approximately $1.3 million of expenses related to the adoption of SFAS No. 141R.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin ("ARB") No. 51" ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 was effective for the Company as of January 1, 2009. The adoption of the provision of SFAS No. 160 had no effect on the Company's consolidated financial statements.

3. WEIGHTED AVERAGE COMMON SHARES

The weighted average number of common shares used to compute basic and diluted income per share for the three and six months ended June 30, 2009 and 2008, respectively, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Basic shares outstanding	26,476,957	25,340,562	26,092,785	25,500,263
Dilutive effect of stock options	739,912	718,502	741,710	653,908

Diluted shares outstanding	27,216,869	26,059,064	26,834,495	26,154,171

For the three months ended June 30, 2009 and 2008, options to acquire 202,500 and 813,208 shares, respectively, and for the six months ended June 30, 2009 and 2008, options to acquire 229,000 and 555,208 shares, respectively, were excluded from the above table as the effect of their inclusion on reported earnings per share would have been antidilutive.

4. BUSINESS ACQUISITIONS

On January 20, 2009, the Company completed the acquisition of six of the seven schools comprising Baran Institute of Technology, Inc. ("BAR"), for approximately $24.9 million in cash, net of cash acquired, subject to further customary post closing adjustments. BAR consists of seven schools serving approximately 1,900 students as of June 30, 2009 and offers associate and diploma programs in the fields of automotive, skilled trades, health sciences and culinary arts. On April 20, 2009, the Company acquired the seventh BAR school, Clemens College ("Clemens"), for $2.7 million, in cash, net of cash acquired. In connection with these acquisitions, the Company incurred approximately $1.3 million of expenses for the six months ended June 30, 2009 related to the acquisitions that were incurred in 2009, pursuant to SFAS No. 141R.

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On December 1, 2008, the Company acquired all of the rights, title and interest in the assets of Briarwood College ("BRI") for approximately $10.6 million, net of cash acquired. BRI is regionally accredited by the New England Association of Schools and Colleges, and currently offers two bachelor's degree programs to approximately 130 students as of June 30, 2009 from Connecticut and surrounding states.

The consolidated financial statements include the results of operations from the respective acquisition dates. The purchase price allocation for BRI was finalized on June 30, 2009. With respect to BAR and Clemens acquisitions, the purchase prices have been preliminarily allocated to identifiable net assets with the excess of the purchase price over the estimated fair value of the net assets acquired recorded as goodwill. The allocation may be revised when the Company receives final information including appraisals, valuations, settlement of purchase price and other analyses related to certain intangible assets.

The following table summarizes the estimated fair value of assets acquired and liabilities related to acquisitions:

	BAR January 20, 2009 and Clemens April 20, 2009	BRI December 1, 2008
Restricted cash	$ 362	$ -
Current assets, excluding cash acquired (1)	7,947	195
Property, equipment and facilities	36,739	1,265
Goodwill	19,189	10,022
Identified intangibles:		
Student contracts	2,138	460
Trade name	510	-
Accreditation	1,040	960
Curriculum	710	-
Non-compete	1,980	-
Other long-term assets	3,612	21
Current liabilities assumed	(19,225)	(1,539)
Long-term liabilities assumed	(27,450)	(816)
Cost of acquisition, net of cash acquired	$ 27,552	$ 10,568

(1) Current assets, excluding cash acquired for BAR includes reported amounts due from the seller in accordance with the stock purchase agreement.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company accounts for its goodwill and intangible assets in accordance with SFAS No. 141R and SFAS No. 142, "Goodwill and Other Intangible Assets." The Company reviews intangible assets for impairment when indicators of impairment exist. Annually, or more frequently, if necessary, the Company evaluates goodwill for impairment, with any resulting impairment reflected as an operating expense.

Changes in the carrying amount of goodwill from December 31, 2008 through June 30, 2009 are as follows (in thousands):

Goodwill balance as of December 31, 2008	$91,460
Goodwill adjustments (1)	1,277
Goodwill acquired pursuant to business acquisition-BAR	19,189
Goodwill balance as of June 30, 2009	$111,926

(1) Goodwill adjustments relate to the settlement of the final purchase price and an assessment of the intangible allocations of BRI.

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Intangible assets, which are included in other assets in the accompanying condensed consolidated balance sheets, consist of the following:

		At June 30, 2009			At December 31, 2008		
	Weighted Average Amortization Period (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Student contracts	2	$4,813	$ 2,999	$1,814	$2,563	$ 2,230	$333
Trade name	Indefinite	990	-	990	1,270	-	1,270
Trade name	6	509	40	469	-	-	-
Accreditation	Indefinite	2,307	-	2,307	1,307	-	1,307
Curriculum	10	1,410	340	1,070	2,000	289	1,711
Non-compete	3	2,181	428	1,753	201	105	96
Total		$12,210	$ 3,807	$8,403	$7,341	$ 2,624	$4,717

The change in student contracts, trade name, accreditation, curriculum and non-compete assets was due to the acquisition of six of the BAR schools on January 20, 2009, Clemens on April 20, 2009 and the finalization of the purchase price of BRI. In addition, during the second quarter of 2009, the Company wrote-off the value of the trade name of Florida Culinary Institute in West Palm Beach, Florida due to rebranding.

Amortization of intangible assets was approximately $0.8 million and $27 thousand for the three months ended June 30, 2009 and 2008, respectively, and $1.2 million and $58 thousand for the six months ended June 30, 2009 and 2008, respectively.

The following table summarizes the estimated future amortization expense:

Year Ending December 31,	
2009	$ 1,291
2010	1,915
2011	909
2012	258
2013	207
Thereafter	526
	$ 5,106

6. LONG-TERM DEBT AND LEASE OBLIGATIONS

Long-term debt and lease obligations consist of the following:

	June 30, 2009	December 31, 2008
Credit agreement (a)	$ 5,000	$ -
Finance obligation (b)	9,672	9,672

Notes payable (with rates ranging from 6.8% to 7.8%)	187	-
Capital lease-property (c)	27,311	-
Capital leases-equipment (with a rate of 8.5%)	433	502
	42,603	10,174
Less current maturities	(5,502)	(130)

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