

Campus Crest Communities, Inc.
Form 10-Q
August 07, 2012

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
p ACT OF 1934**

For the quarterly period ended June 30, 2012

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: 001-34872

CAMPUS CREST COMMUNITIES, INC.

(Exact name of registrant as specified in its charter)

Maryland 27-2481988
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

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2100 Rexford Road, Suite 414, Charlotte, NC 28211
(Address of principal executive offices) (Zip Code)

(704) 496-2500

(Registrant's telephone number, including area code)

N/A

(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 Smaller reporting company
(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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Class	Outstanding at August 6, 2012
Common Stock, \$0.01 par value per share	38,559,945 shares

CAMPUS CREST COMMUNITIES INC.

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****CAMPUS CREST COMMUNITIES, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except per share data)****(Unaudited)**

	June 30, 2012	December 31, 2011
Assets		
Investment in real estate, net:		
Student housing properties	\$ 515,362	\$ 512,227
Accumulated depreciation	(86,485)	(76,164)
Development in process	98,478	45,278
Investment in real estate, net	527,355	481,341
Investment in unconsolidated entities	23,093	21,052
Cash and cash equivalents	22,201	10,735
Restricted cash	3,644	2,495
Student receivables, net of allowance for doubtful accounts of \$1,187 and \$246, respectively	998	1,259
Cost and earnings in excess of construction billings	16,274	10,556
Other assets, net	10,642	12,819
Total assets	\$ 604,207	\$ 540,257
Liabilities and Equity		
Liabilities:		
Mortgage and construction notes payable	\$ 198,876	\$ 186,914
Line of credit and other debt	82,975	82,052
Accounts payable and accrued expenses	38,579	30,650
Construction billings in excess of cost and earnings	179	165
Other liabilities	8,765	9,341
Total liabilities	329,374	309,122
Commitments and contingencies		
Equity:		
Preferred stock, \$0.01 par value, 10,000 shares authorized:		

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8.00% Series A Cumulative Redeemable Preferred Stock (liquidation preference \$25.00 per share), 2,300 and 0 shares issued and outstanding in 2012 and 2011, respectively	23	-
Common stock, \$0.01 par value, 90,000 shares authorized, 31,085 and 30,710 shares issued and outstanding in 2012 and 2011, respectively	311	307
Additional common and preferred paid-in capital	304,257	248,599
Accumulated deficit and distributions	(33,666)	(21,410)
Accumulated other comprehensive loss	(267)	(387)
Total stockholders' equity	270,658	227,109
Noncontrolling interests	4,175	4,026
Total equity	274,833	231,135
Total liabilities and equity	\$ 604,207	\$ 540,257

See accompanying notes to condensed consolidated financial statements.

CAMPUS CREST COMMUNITIES, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(LOSS)****(In thousands, except per share data)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Revenues:				
Student housing rental	\$ 17,854	\$ 13,019	\$ 35,712	\$ 26,171
Student housing services	732	538	1,495	976
Development, construction and management services	16,803	11,333	31,059	21,617
Total revenues	35,389	24,890	68,266	48,764
Operating expenses:				
Student housing operations	8,930	6,325	17,508	12,765
Development, construction and management services	15,427	10,611	28,885	19,836
General and administrative	2,219	1,722	4,545	3,670
Ground leases	56	52	108	104
Depreciation and amortization	5,874	5,209	11,730	10,366
Total operating expenses	32,506	23,919	62,776	46,741
Equity in earnings (loss) of unconsolidated entities	102	(284)	198	(526)
Operating income (loss)	2,985	687	5,688	1,497
Nonoperating income (expense):				
Interest expense	(2,201)	(1,360)	(5,774)	(2,735)
Change in fair value of interest rate derivatives	(55)	141	(104)	337
Other income (expense)	(76)	(2)	(74)	44
Total nonoperating income (expense)	(2,332)	(1,221)	(5,952)	(2,354)
Net income (loss) before income tax expense	653	(534)	(264)	(857)
Income tax expense	(193)	(107)	(256)	(258)
Net income (loss)	460	(641)	(520)	(1,115)
Net (income) loss attributable to noncontrolling interests	14	3	23	5
Dividends on preferred stock	(1,150)	-	(1,814)	-
Net income (loss) attributable to common stockholders	\$ (676)	\$ (638)	\$ (2,311)	\$ (1,110)
Net income (loss) per share attributable to common stockholders, basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.07)	\$ (0.04)
Weighted-average common shares outstanding, basic and diluted	31,084	30,721	31,004	30,712
Distributions per common share	\$ 0.16	\$ 0.16	\$ 0.32	\$ 0.32

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Condensed consolidated statements of comprehensive income
(loss):

Net income (loss)	\$ 460	\$ (641) \$(520) \$ (1,115)
Change in fair value of interest rate derivatives	100	(215) 121	(220)
Comprehensive income (loss)	560	(856) (399) (1,335)
Comprehensive (income) loss attributable to noncontrolling interests	13	3	22	5	
Dividends on preferred stock	(1,150) -	(1,814) -	
Comprehensive income (loss) attributable to common stockholders	\$(577) \$ (853) \$(2,191) \$ (1,330)

See accompanying notes to condensed consolidated financial statements.

CAMPUS CREST COMMUNITIES, INC.**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****(In thousands)****(Unaudited)**

	Campus Crest Communities, Inc. Stockholders							
	Series A Cumulative Redeemable Preferred Stock	Common Stock	Additional Common and Preferred Paid-in Capital	Accumulated Deficit and Distributions	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity	
Balance at December 31, 2011	\$-	\$ 307	\$ 248,599	\$(21,410)	\$ (387)	\$ 4,026	\$ 231,135	
Issuance of preferred stock	23	-	54,870	-	-	-	54,893	
Issuance of restricted stock	-	4	(4)	-	-	-	-	
Amortization of restricted stock awards and operating partnership units	-	-	792	-	-	312	1,104	
Dividends on preferred stock	-	-	-	(1,814)	-	-	(1,814)	
Dividends on common stock	-	-	-	(9,945)	-	-	(9,945)	
Dividends to noncontrolling interests	-	-	-	-	-	(141)	(141)	
Net income (loss)	-	-	-	(497)	-	(23)	(520)	
Other comprehensive income (loss)	-	-	-	-	120	1	121	
Balance at June 30, 2012	\$23	\$ 311	\$ 304,257	\$(33,666)	\$ (267)	\$ 4,175	\$ 274,833	

See accompanying notes to condensed consolidated financial statements.

CAMPUS CREST COMMUNITIES, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)****(Unaudited)**

	Six Months Ended	
	June 30, 2012	June 30, 2011
Operating activities:		
Net income (loss)	\$(520)	\$ (1,115)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,730	10,366
Amortization of deferred financing costs	1,869	558
Provision for bad debts	934	555
Change in non-cash portion of fair value of unhedged derivatives	-	(337)
Equity in (earnings) loss of unconsolidated entities	114	635
Distribution of accumulated earnings from unconsolidated entities	237	-
Compensation expense related to share based payments	430	125
Changes in operating assets and liabilities:		
Restricted cash	(1,149)	1,479
Student receivables	(673)	(264)
Construction billings	(5,612)	(4,737)
Accounts payable and accrued expenses	4,722	4,220
Other	(493)	(86)
Net cash provided by (used in) operating activities	11,589	11,399
Investing activities:		
Investments in development in process	(53,771)	(40,259)
Investments in student housing properties	(3,110)	(756)
Investments in unconsolidated entities	(1,971)	(3,115)
Distributions from unconsolidated entities	2,604	5,082
Purchase of corporate furniture, fixtures and equipment	(450)	(28)
Net cash provided by (used in) investing activities	(56,698)	(39,076)
Financing activities:		
Proceeds from mortgage notes payable	61,153	11,724
Repayments of mortgage notes payable	(49,191)	-
Proceeds from line of credit and other debt	31,000	&nb