

Campus Crest Communities, Inc.  
Form 10-Q  
September 29, 2015

**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  
<sup>x</sup>ACT OF 1934**

**For the quarterly period ended June 30, 2015**

**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: 001-34872**

**CAMPUS CREST COMMUNITIES, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**27-2481988**  
(I.R.S.  
Employer  
Identification  
No.)

Edgar Filing: Campus Crest Communities, Inc. - Form 10-Q

**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

Edgar Filing: Campus Crest Communities, Inc. - Form 10-Q

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

Class	Outstanding at September 28, 2015
Common Stock, \$0.01 par value per share	64,756,541 shares

**CAMPUS CREST COMMUNITIES, INC.**

**FORM 10-Q**

**TABLE OF CONTENTS**

	<b>Page</b>
	<b>No.</b>
<b><u>Part I. Financial Information</u></b>	
<u>Item 1. Financial Statements (unaudited)</u>	
<u>Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014</u>	3
<u>Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2015 and 2014</u>	4
<u>Consolidated Statement of Changes in Equity for the six months ended June 30, 2015</u>	6
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014</u>	7
<u>Notes to Consolidated Financial Statements</u>	9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	44
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	61
<u>Item 4. Controls and Procedures</u>	62
<b><u>Part II. Other Information</u></b>	
<u>Item 1. Legal Proceedings</u>	62
<u>Item 1A. Risk Factors</u>	62
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	64
<u>Item 3. Defaults Upon Senior Securities</u>	64
<u>Item 4. Mine Safety Disclosures</u>	64
<u>Item 5. Other Information</u>	64
<u>Item 6. Exhibits</u>	65
<b><u>SIGNATURES</u></b>	66

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

	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
Investment in real estate, net:		
Student housing properties (\$32,875 related to VIE as of December 31, 2014)	\$ 1,553,782	\$ 935,962
Accumulated depreciation ((\$318) related to VIE as of December 31, 2014)	(150,912 )	(128,121 )
Land and property held for sale	15,019	37,163
Land held for investment	7,413	7,413
Investment in real estate, net	1,425,302	852,417
Investment in unconsolidated entities	87,730	259,740
Cash and cash equivalents (\$670 related to VIE as of December 31, 2014)	15,679	15,240
Restricted cash	17,411	5,429
Student receivables, net of allowance for doubtful accounts of \$2,223 and \$459, respectively (\$36, net of allowance of \$9 related to VIE as of December 31, 2014)	2,070	1,587
Cost and earnings in excess of construction billings	-	3,887
Intangible assets, net	9,315	-
Other assets (\$236 related to VIE as of December 31, 2014)	32,823	35,742
<b>Total assets</b>	<b>\$ 1,590,330</b>	<b>\$ 1,174,042</b>

**LIABILITIES AND EQUITY****Liabilities:**

Mortgage and construction loans (\$21,170 related to VIE as of December 31, 2014)	\$ 600,750	\$ 300,673
Line of credit and other debt	367,680	317,746
Accounts payable and accrued expenses (\$534 related to VIE as of December 31, 2014)	28,621	53,816
Construction billings in excess of cost and earnings	-	481
Other liabilities (\$607 related to VIE as of December 31, 2014)	35,025	22,092
<b>Total liabilities</b>	<b>1,032,076</b>	<b>694,808</b>

**Equity:**

Edgar Filing: Campus Crest Communities, Inc. - Form 10-Q

Preferred stock, \$0.01 par value, 50,000,000 shares authorized: 8.00% Series A Cumulative Redeemable Preferred Stock (liquidation preference \$25.00 per share), 6,100,000 shares issued and outstanding at June 30, 2015 and December 31, 2014	61	61
Common stock, \$0.01 par value, 500,000,000 and 500,000,000 shares authorized, 64,776,220 and 64,742,713 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	648	648
Additional common and preferred paid-in capital	781,280	773,998
Accumulated deficit and distributions	(301,776 )	(301,566 )
Accumulated other comprehensive loss	(3,090 )	(2,616 )
Total Campus Crest Communities, Inc. stockholders' equity	477,123	470,525
Noncontrolling interests	81,131	8,709
Total equity	558,254	479,234
Total liabilities and equity	\$1,590,330	\$ 1,174,042

See accompanying notes to consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues:				
Student housing rental	\$ 43,722	\$ 23,637	\$ 82,512	\$ 47,272
Student housing services	1,745	1,026	3,055	1,999
Property management services	212	327	441	430
Total revenues	45,679	24,990	86,008	49,701
Operating expenses:				
Student housing operations	19,943	10,747	37,147	21,360
General and administrative	10,423	3,649	18,461	7,155
Severance	62	-	570	-
Write-off of other assets	597	-	1,366	-
Transaction costs	1,640	1,460	3,132	2,045
Ground leases	120	120	240	237
Depreciation and amortization	27,861	7,253	47,617	14,233
Total operating expenses	60,646	23,229	108,533	45,030
Equity in earnings (losses) of unconsolidated entities	790	(891 )	(1,359 )	(572 )
Operating (loss) income	(14,177 )	870	(23,884 )	4,099
Nonoperating income (expense):				
Interest expense, net	(9,270 )	(2,950 )	(17,058 )	(6,326 )
Gain on purchase of Copper Beech	6,393	-	28,035	-
Gain on sale of land and unconsolidated entities	-	-	7,748	-
Other (expense) income	4	104	(51 )	170
Total nonoperating (expense) income, net	(2,873 )	(2,846 )	18,674	(6,156 )
Net loss before income tax benefit	(17,050 )	(1,976 )	(5,210 )	(2,057 )
Income tax benefit	-	210	-	400
Loss from continuing operations	(17,050 )	(1,766 )	(5,210 )	(1,657 )
Income (loss) from discontinued operations	-	1,374	(1,157 )	2,313
Net (loss) income	(17,050 )	(392 )	(6,367 )	656
Net (loss) income attributable to noncontrolling interests	(4,000 )	12	(6,157 )	(3 )
Dividends on preferred stock	3,050	3,050	6,100	6,100
Net loss attributable to common stockholders	\$(16,100 )	\$(3,454 )	\$(6,310 )	\$(5,441 )

Per share data - basic and diluted

Edgar Filing: Campus Crest Communities, Inc. - Form 10-Q

Loss from continuing operations attributable to common stockholders	\$ (0.25 )	\$ (0.07 )	\$ (0.08 )	\$ (0.12 )
Income (loss) from discontinued operations attributable to common shareholders	-	0.02	(0.02)	0.04
Net loss per share attributable to common stockholders	\$ (0.25 )	\$ (0.05 )	\$ (0.10 )	\$ (0.08 )
Weighted-average common shares outstanding:				
Basic and diluted	64,741	64,681	64,737	64,588

**CAMPUS CREST COMMUNITIES, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**AND COMPREHENSIVE INCOME (LOSS) (CONTINUED)**

**(In thousands, except per share data)**

**(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2015	2014	2015	2014
Consolidated statements of comprehensive income (loss):				
Net (loss) income	\$(17,050 )	\$(392 )	\$(6,367 )	\$656
Foreign currency translation	98	1,216	(553 )	224
Comprehensive (loss) income	(16,952 )	824	(6,920 )	880
Net (loss) income attributable to noncontrolling interests	(4,000 )	12	(6,157 )	(3 )
Foreign currency translation attributable to noncontrolling interest	14	9	(79 )	1
Dividends on preferred stock	3,050	3,050	6,100	6,100
Comprehensive loss attributable to common stockholders	\$(16,016 )	\$(2,247 )	\$(6,784 )	\$(5,218 )

See accompanying notes to consolidated financial statements.

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

	Series A Cumulative Redeemable Preferred Stock	Common Stock	Additional Preferred Paid-in Capital	Accumulated Deficit and Distributions	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2014	\$ 61	\$ 648	\$ 773,998	\$(301,566 )	\$(2,616 )	\$ 470,525	\$ 8,709	\$ 479,234
Amortization of restricted stock awards	-	-	1,629	-	-	1,629	-	1,629
Foreign currency translation	-	-	-	-	(474 )	(474 )	(79 )	(553 )
Non-controlling interest in Copper Beech at Ames	-	-	5,653	-	-	5,653		