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Brookdale Senior Living Inc.
Form 10-Q
May 08, 2018

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
^x 1934

For the quarterly period ended March 31, 2018

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 of incorporation or organization) (I.R.S. Employer Identification No.)

111 Westwood Place, Suite 400, 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act. "

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

As of May 4, 2018, 187,572,373 shares of the registrant's common stock, \$0.01 par value, were outstanding (excluding unvested restricted shares).

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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)

	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$335,412	\$222,647
Marketable securities	174,649	291,796
Cash and escrow deposits – restricted	32,393	37,189
Accounts receivable, net	125,473	128,961
Assets held for sale	88,505	106,435
Prepaid expenses and other current assets, net	135,639	114,844
Total current assets	892,071	901,872
Property, plant and equipment and leasehold intangibles, net	5,775,496	5,852,145
Cash and escrow deposits – restricted	27,756	22,710
Investment in unconsolidated ventures	77,839	129,794
Goodwill	154,131	505,783
Other intangible assets, net	60,659	67,977
Other assets, net	199,476	195,168
Total assets	\$7,187,428	\$7,675,449
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$535,470	\$495,413
Current portion of capital and financing lease obligations	69,536	107,088
Trade accounts payable	73,358	91,825
Accrued expenses	309,998	329,966
Refundable entrance fees and deferred revenue	72,954	68,358
Tenant security deposits	2,989	3,126
Total current liabilities	1,064,305	1,095,776
Long-term debt, less current portion	3,342,840	3,375,324
Capital and financing lease obligations, less current portion	1,187,549	1,164,466
Deferred liabilities	213,912	224,304
Deferred tax liability	85,776	70,644
Other liabilities	213,485	214,644
Total liabilities	6,107,867	6,145,158
Preferred stock, \$0.01 par value, 50,000,000 shares authorized at March 31, 2018 and December 31, 2017; no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 400,000,000 shares authorized at March 31, 2018 and December 31, 2017; 196,976,099 and 194,454,329 shares issued and 193,797,698 and 191,275,928 shares outstanding (including 6,230,895 and 4,770,097 unvested restricted shares), respectively	1,938	1,913
Additional paid-in-capital	4,132,747	4,126,549
Treasury stock, at cost; 3,178,401 shares at March 31, 2018 and December 31, 2017	(56,440)	(56,440)
Accumulated deficit	(2,998,201)	(2,541,294)

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Total Brookdale Senior Living Inc. stockholders' equity	1,080,044	1,530,728
Noncontrolling interest	(483)	(437)
Total equity	1,079,561	1,530,291
Total liabilities and equity	\$7,187,428	\$ 7,675,449

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 March 31,	
	2018	2017
Revenue		
Resident fees	\$906,266	\$1,016,927
Management fees	18,681	15,894
Reimbursed costs incurred on behalf of managed communities	262,287	183,945
Total revenue	1,187,234	1,216,766
Expense		
Facility operating expense (excluding depreciation and amortization of \$103,168 and \$114,879, respectively)	632,325	674,542
General and administrative expense (including non-cash stock-based compensation expense of \$8,406 and \$7,774, respectively)	76,710	65,560
Transaction costs	4,725	7,593
Facility lease expense	80,400	88,807
Depreciation and amortization	114,255	127,487
Goodwill and asset impairment	430,363	20,706
Costs incurred on behalf of managed communities	262,287	183,945
Total operating expense	1,601,065	