

LIFE TIME FITNESS, INC.  
Form 10-Q  
July 26, 2013

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

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FORM 10-Q

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

For the quarterly period ended June 30, 2013

or

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

Commission File Number: 001-32230

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Life Time Fitness, Inc.  
(Exact name of registrant as specified in its charter)

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Minnesota  
(State or other jurisdiction of incorporation or  
organization)

41-1689746  
(I.R.S. Employer Identification No.)

2902 Corporate Place  
Chanhassen, Minnesota  
(Address of principal executive offices)

55317  
(Zip Code)

952-947-0000  
(Registrant's telephone number, including area code)

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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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

The number of shares outstanding of the registrant's common stock as of July 19, 2013 was 42,854,121 common shares.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

LIFE TIME FITNESS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share data)  
(Unaudited)

	June 30, 2013	December 31, 2012
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$13,126	\$16,499
Accounts receivable, net	8,151	9,272
Center operating supplies and inventories	30,195	27,240
Prepaid expenses and other current assets	28,881	26,826
Deferred membership origination costs	11,438	11,664
Deferred income taxes	2,912	8,813
Income tax receivable	1,813	—
Total current assets	96,516	100,314
PROPERTY AND EQUIPMENT, net	1,952,894	1,858,666
RESTRICTED CASH	447	2,087
DEFERRED MEMBERSHIP ORIGINATION COSTS	6,740	6,820
GOODWILL	40,198	37,176
OTHER ASSETS	66,134	67,111
<b>TOTAL ASSETS</b>	<b>\$2,162,929</b>	<b>\$2,072,174</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$12,288	\$12,603
Accounts payable	24,243	32,140
Construction accounts payable	40,163	25,208
Accrued expenses	64,191	63,333
Deferred revenue	42,555	34,753
Total current liabilities	183,440	168,037
LONG-TERM DEBT, net of current portion	723,133	691,867
DEFERRED RENT LIABILITY	23,810	22,490
DEFERRED INCOME TAXES	91,204	95,509
DEFERRED REVENUE	6,783	6,840
OTHER LIABILITIES	20,830	14,514
Total liabilities	1,049,200	999,257
<b>COMMITMENTS AND CONTINGENCIES (Note 6)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Undesignated preferred stock, 10,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.02 par value, 75,000,000 shares authorized; 42,864,878 and 43,149,434 shares issued and outstanding, respectively	858	864
Additional paid-in capital	427,761	447,912
Retained earnings	690,230	628,942
Accumulated other comprehensive loss	(5,120)	(4,801)

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Total shareholders' equity	1,113,729	1,072,917
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$2,162,929</b>	<b>\$2,072,174</b>

See notes to unaudited consolidated financial statements.

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LIFE TIME FITNESS, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	2012	2013	2012
<b>REVENUE:</b>				
Membership dues	\$194,816	\$184,895	\$381,190	\$360,365
Enrollment fees	3,573	3,929	6,969	7,883
In-center revenue	97,275	90,118	189,246	174,734
Total center revenue	295,664	278,942	577,405	542,982
Other revenue	12,444	9,362	21,450	13,769
Total revenue	308,108	288,304	598,855	556,751
<b>OPERATING EXPENSES:</b>				
Center operations	176,798	166,554	346,760	327,269
Advertising and marketing	9,629	9,689	20,588	20,045
General and administrative	15,713	13,856	31,069	27,559