

LIFE TIME FITNESS, INC.
Form 10-Q
April 29, 2014

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 1934

For the quarterly period ended March 31, 2014

or

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

Commission File Number: 001-32230

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

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)

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 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.

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Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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

The number of shares outstanding of the registrant's common stock as of April 18, 2014 was 40,870,982 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)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$12,540	\$8,334
Accounts receivable, net	12,114	8,298
Center operating supplies and inventories	33,495	32,778
Prepaid expenses and other current assets	32,330	25,802
Deferred membership origination costs	9,549	9,945
Deferred income taxes	3,644	6,881
Income tax receivable	—	6,698
Total current assets	103,672	98,736
Property and equipment, net	2,147,753	2,105,077
Restricted cash	1,137	850
Deferred membership origination costs	4,980	5,210
Goodwill	59,195	49,195
Intangible assets, net	34,783	29,299
Other assets	42,370	42,684
Total assets	\$2,393,890	\$2,331,051
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$27,095	\$24,505
Accounts payable	29,082	28,645
Construction accounts payable	39,116	47,342
Accrued expenses	73,117	67,435
Deferred revenue	45,198	35,032
Total current liabilities	213,608	202,959
Long-term debt, net of current portion	902,023	824,093
Deferred rent liability	33,070	28,933
Deferred income taxes	97,423	100,504
Deferred revenue	5,013	5,246
Other liabilities	21,278	21,287
Total liabilities	1,272,415	1,183,022
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Undesignated preferred stock, 10,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.02 par value, 75,000,000 shares authorized; 41,277,944 and 42,115,549 shares issued and outstanding, respectively	826	843
Additional paid-in capital	347,964	402,147
Retained earnings	778,969	750,654

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Accumulated other comprehensive loss	(6,284) (5,615)
Total shareholders' equity	1,121,475	1,148,029	
Total liabilities and shareholders' equity	\$2,393,890	\$2,331,051	

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 March 31,	
	2014	2013
Revenue:		
Membership dues	\$196,815	\$186,374
Enrollment fees	3,123	3,396
In-center revenue	98,405	91,971
Total center revenue	298,343	281,741
Other revenue	13,612	9,006
Total revenue	311,955	290,747
Operating expenses:		
Center operations	183,118	169,962
Advertising and marketing	12,339	10,959
General and administrative	15,864	15,356
Other operating	14,422	12,834
Depreciation and amortization	32,138	29,262
Total operating expenses	257,881	238,373
Income from operations	54,074	52,374
Other income (expense):		
Interest expense, net of interest income	(7,851) (6,129
Equity in earnings of affiliate	297	346
Total other expense	(7,554) (5,783
Income before income taxes	46,520	46,591
Provision for income taxes	18,205	18,490
Net income	\$28,315	\$28,101
Basic earnings per common share	\$	