

Balance Sheets

(\$ in thousands, except share data)

	As of December 31,	
	2007	2008
ASSETS:		
Current assets		
Cash and cash equivalents	\$ 18,930	\$ 35,152
Restricted cash and cash equivalents	4,280	2,197
Accounts receivable, net of allowance for doubtful accounts of \$12,158 and \$6,356 at December 31, 2007 and 2008	7,114	9,442
Due from related parties	6,001	—
Income taxes receivable	—	1,576
Deferred income taxes	4,640	2,603
Other current assets	1,349	2,629
Total current assets	<u>42,314</u>	<u>53,599</u>
Property and equipment, net	33,849	41,399
Restricted cash and investments	3,298	3,403
Prepaid royalties	317	8,043
Goodwill	2,941	2,941
Deferred income taxes	2,806	7,404
Deposit with former owner	3,000	—
Other assets	43	201
Total assets	<u>\$ 88,568</u>	<u>\$ 116,990</u>
LIABILITIES, PREFERRED STOCK AND STOCKHOLDERS' (DEFICIT) EQUITY:		
Current liabilities		
Accounts payable	\$ 3,434	\$ 5,770
Accrued liabilities	6,893	9,674
Income taxes payable	241	172
Deferred revenue and student deposits	10,369	14,262
Royalty payable to former owner	7,428	—
Due to related parties	1,005	1,197
Line of credit	6,000	—
Current portion of capital lease obligations	1,150	1,125
Current portion of notes payable	646	357
Total current liabilities	<u>37,166</u>	<u>32,557</u>
Capital lease obligations, less current portion	28,078	29,384
Notes payable, less current portion and other	1,762	1,459
Total liabilities	<u>67,006</u>	<u>63,400</u>
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value:		
Authorized — 9,700 and 0 shares at December 31, 2007 and 2008, respectively		
Issued and outstanding — 5,953 and 0 shares at December 31, 2007 and 2008, respectively	18,610	—
Series B 12% convertible preferred stock, \$0.01 par value:		
Authorized — 2,200 and 0 shares at December 31, 2007 and 2008, respectively		
Issued and outstanding — 0 shares at December 31, 2007 and 2008	—	—
Series C convertible preferred stock, \$0.01 par value:		
Authorized — 3,900 and 0 shares at December 31, 2007 and 2008, respectively		
Issued and outstanding — 3,829 and 0 shares at December 31, 2007 and 2008, respectively	13,338	—
Stockholders' (deficit) equity		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at December 31, 2007 and 2008	—	—
Common stock, \$0.01 par value, 100,000,000 shares authorized; 19,036,050 and 45,465,160 shares issued and outstanding at December 31, 2007 and 2008, respectively	190	455
Additional paid-in capital	7,719	64,808
Accumulated other comprehensive income	79	16
Accumulated deficit	(18,374)	(11,689)
Total stockholders' (deficit) equity	<u>(10,386)</u>	<u>53,590</u>
Total liabilities, preferred stock and stockholders' (deficit) equity	<u>\$ 88,568</u>	<u>\$ 116,990</u>

The accompanying notes are an integral part of these financial statements.