

Statements of Cash Flows

<i>(\$ in thousands)</i>	Year Ended December 31,		
	2006	2007	2008
Cash flows provided by operating activities:			
Net income	\$ 598	\$ 1,526	\$ 6,685
Adjustments to reconcile net income to net cash provided by operating activities:			
Share-based compensation	—	—	4,991
Excess tax benefits from share-based compensation	—	—	(21)
Provision for bad debts	4,664	6,257	8,465
Depreciation and amortization	2,396	3,300	5,095
Deferred income taxes	(2,148)	(1,656)	(245)
Other	—	19	(106)
Changes in assets and liabilities:			
Accounts receivable	(5,974)	(8,573)	(10,793)
Prepaid expenses and other assets	(451)	(442)	(751)
Due to/from related parties	202	(107)	468
Accounts payable	1,663	253	927
Accrued liabilities	(646)	3,802	3,596
Income taxes payable	2,280	(2,294)	(1,624)
Deferred revenue and student deposits	1,538	4,236	3,893
Prepaid royalties to former owner	—	—	(5,920)
Royalty payable to former owner	2,678	3,782	(7,428)
Deposit with former owner	—	(3,000)	3,000
Net cash provided by operating activities	6,800	7,103	10,232
Cash flows provided by (used in) investing activities:			
Capital expenditures	(2,387)	(7,406)	(8,374)
Change in restricted cash and cash equivalents	(791)	(1,454)	2,083
Purchases of investments	—	—	(2,627)
Proceeds from sale or maturity of investments	9,045	(149)	2,570
Net cash provided by (used in) investing activities	5,867	(9,009)	(6,348)
Cash flows provided by (used in) financing activities:			
Principal payments on notes payable and capital lease obligations	(1,179)	(1,230)	(1,357)
Repayment on line of credit	—	—	(6,000)
Proceeds from line of credit and other debt obligations	—	6,000	—
Repurchase of Institute Warrant	—	—	(6,000)
Repayment of Institute Note Payable	—	—	(1,250)
Net proceeds from issuance of preferred stock	—	4,684	—
Proceeds from related party payable on preferred stock	4,200	—	5,725
Redemptions of preferred stock	(4,200)	—	—
Dividends on preferred stock	(497)	(153)	—
Net proceeds from issuance of common stock	—	—	128,756
Payment of special distribution	—	—	(108,675)
Proceeds from exercise of warrant	—	—	526
Net proceeds from exercise of stock options	—	—	592
Excess tax benefits from share-based compensation	—	—	21
Net cash provided by (used in) financing activities	(1,676)	9,301	12,338
Net increase in cash and cash equivalents	10,991	7,395	16,222
Cash and cash equivalents, beginning of year	544	11,535	18,930
Cash and cash equivalents, end of year	\$ 11,535	\$ 18,930	\$ 35,152