

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
SEC Accession No. **0000950144-95-001246**

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FILER

CORRECTIONS CORPORATION OF AMERICA

CIK: **739404** | IRS No.: **621156308** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-13560** | Film No.: **95536290**
SIC: **8744** Facilities support management services

Business Address
102 WOODMONT BLVD STE
800
NASHVILLE TN 37205
6152923100

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: MARCH 31, 1995
OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSACTION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 0-15719

CORRECTIONS CORPORATION OF AMERICA

(Exact name of Registrant as specified in its charter)

DELAWARE 62-1156308

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

102 WOODMONT BLVD., SUITE 800
NASHVILLE, TENNESSEE 37205

(Address of principal executive offices) (Zip Code)

(615) 292-3100

(Registrant's telephone number, including area code)

NONE

(Former name, address and fiscal year if changed since last report.)

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 X No

14,707,965

(Outstanding shares of the issuer's common stock as of May 1, 1995.)

THERE IS NO EXHIBIT INDEX

Total number of sequentially numbered pages is 10.

CORRECTIONS CORPORATION OF AMERICA

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CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
 (in thousands)

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	March 31, 1995	December 31, 1994
	----- (Unaudited)	-----
ASSETS		

<S>	<C>	<C>
Current assets:		
Cash, cash equivalents and restricted cash	\$ 7,335	\$ 4,126
Accounts receivable, less allowance for doubtful accounts of \$61 in 1995 and \$181 in 1994	24,811	22,922
Prepaid expenses	784	1,026
Deferred taxes	2,522	3,132
Other	982	775
	-----	-----
Total current assets	36,434	31,981
Restricted investments	69	69
Other assets	9,856	9,430
Property and equipment, net	79,158	78,402
Investment in direct financing lease	10,032	10,118
	-----	-----
	\$ 135,549	\$ 130,000
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current liabilities:		
Accounts payable	\$ 4,384	\$ 6,217
Accrued salaries and wages	1,448	1,785
Accrued property taxes	707	1,335
Other accrued expenses	5,584	4,699
Current portion of long-term debt	5,730	3,853
	-----	-----
Total current liabilities	17,853	17,889

Long-term debt, net of current portion	43,978	46,492
Deferred taxes	3,682	3,627
Other long-term liabilities	2,722	3,670
	-----	-----
Total liabilities	68,235	71,678
	-----	-----
Stockholders' equity:		
Common stock	13,295	12,800
Additional paid-in capital	50,949	44,138
Retained earnings	3,736	1,692
Treasury stock, at cost	(666)	(308)
	-----	-----
Total stockholders' equity	67,314	58,322
	-----	-----
	\$ 135,549	\$ 130,000
	=====	=====

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CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share data)

<TABLE>
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	Three months ended March 31	
	1995	1994
	-----	-----
<S>	<C>	<C>
Revenues	\$ 34,606	\$ 27,404
Expenses:		
Operating	25,447	21,793
Depreciation and amortization	1,068	1,035
	-----	-----
	26,515	22,828
	-----	-----
Contribution from operations	8,091	4,576
Other expenses:		
General and administrative	2,872	2,116
Interest, net	808	911
	-----	-----
	3,680	3,027
	-----	-----
Income before income taxes	4,411	1,549
Income taxes	1,737	168
	-----	-----
Net income	2,674	1,381
Preferred stock dividends	-	106
	-----	-----
Net income allocable to common stockholders	\$ 2,674	\$ 1,275
	=====	=====
Net income per share:		
Primary	\$ 0.17	\$ 0.10
	=====	=====
Fully diluted	\$ 0.17	\$ 0.10
	=====	=====
Weighted average shares outstanding:		
Primary	15,618	12,475
	=====	=====
Fully diluted	16,115	12,762
	=====	=====

</TABLE>

CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

<TABLE>
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	Three months ended March 31	
	1995	1994
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	\$ 2,674	\$ 1,381
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,303	1,285
Deferred income taxes	975	-
Loss (gain) on disposal of property and equipment	(12)	6
Changes in assets and liabilities:		
Accounts receivable	(1,880)	(232)
Prepaid expenses	241	167
Other current assets	(207)	(78)
Accounts payable	(1,833)	556
Accrued expenses	(80)	477
Net cash provided by operating activities	1,181	3,562
Cash Flows from Investing Activities:		
Increase in restricted and escrow cash	(118)	(123)
Increase in other assets	(956)	(570)
Acquisition of property and equipment	(1,623)	(1,461)
Proceeds from disposals of property and equipment	21	-
Payments received on direct financing leases	77	69
Net cash used in investing activities	(2,599)	(2,085)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt	7,519	350
Payments on long-term debt	(1,456)	(1,511)
Payments of short-term obligations refinanced by long-term debt	(700)	-
Payment of international placement fees	(248)	-
Payments of dividends on preferred stock	-	(106)
Proceeds from exercise of stock options	24	51
Repurchase of stock warrants	(630)	-
Net cash provided by (used in) financing activities	4,509	(1,216)
Net increase in cash	3,091	261
CASH AND CASH EQUIVALENTS, beginning of period	3,802	5,992
CASH AND CASH EQUIVALENTS, end of period	\$ 6,893	\$ 6,253

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CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

<TABLE>
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	Three months ended March 31	
	----- 1995	----- 1994
	----- <C>	----- <C>
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Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 475	\$ 715
	=====	=====
Income taxes	\$ 657	\$ 39
	=====	=====
 Supplemental Schedule of Noncash Investing and Financing Activities:		
The Company acquired treasury stock and issued common stock through the exercise of stock options:		
Common stock	\$ (49)	\$ (20)
Additional paid-in capital	(310)	(75)
Retained earnings (deficit)	-	9
Treasury stock, at cost	359	86
	-----	-----
	\$ -	\$ -
	=====	=====
 Long term debt was converted into common stock:		
Other assets	\$ (86)	\$ -
Long-term debt	6,700	-
Common Stock	(444)	-
Additional paid-in capital	(6,170)	-
	-----	-----
	\$ -	\$ -
	=====	=====

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CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated balance sheet as of March 31, 1995, and the consolidated statements of operations and cash flows for the three month periods ended March 31, 1995 and 1994, have been prepared by the Company in accordance with the accounting policies described in its 1994 Annual Report and should be read in conjunction with the notes thereto.

In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial positions, results of operations and changes in cash flows at March 31, 1995 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The results of operations for the period ended March 31, 1995, are not necessarily indicative of the operating results for the full year.

2. LONG-TERM DEBT

In March 1995, the Company converted \$6,700,000 of convertible subordinated notes into 443,692 shares of common stock. The notes had been outstanding since 1989 and had earned 8.5% interest. The conversion prices ranged from \$14.33 to \$16.74 and included a provision which permitted the Company to require conversion after the stock had a market value of 150% of the conversion price for a specified period.

RESULTS OF OPERATIONS

REVENUES AND EXPENSES FROM FACILITY OPERATIONS

Revenues for the first quarter of 1995 increased 26% over the comparable period of 1994. Management revenues increased \$6,855,000 and transportation revenues increased \$347,000 in the first three months of 1995 as compared to the same period in 1994. The increase in management revenues was due to average occupancy increasing 3.5% along with compensated mandays increasing by 25%. The Company opened the Central Arizona Detention Facility in Florence, Arizona, in the fourth quarter of 1994 and also realized the full period effect of 1994 expansions to existing facilities. The 19% increase in transportation revenues was due to a marketing effort resulting in an expanded customer base and therefore increased compensated mileage.

Operating expenses for the first quarter of 1995 increased 17% over the comparable quarter in 1994. This increase was due to the increased compensated mandays and compensated mileage that the Company realized in 1995 as previously mentioned.

Depreciation and amortization remained relatively flat with only a 3% increase in the first quarter of 1995 as compared to the first quarter of 1994. While increasing in dollar amount depreciation and amortization actually decreased as a percentage of revenue. This is a result of

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the trend in new contracts moving towards the government financing and owning the fixed assets while contracting out the operations with the private sector.

OTHER EXPENSES

General and administrative expenses increased 36% for the first quarter of 1995 as compared to the comparable quarter of 1994. The increased expenses were incurred in order to manage the new beds being brought on line in 1995 and 1996. The Company is in the process of bringing 6,210 beds on line over the next eighteen months. As these facilities open then general and administrative cost will again decrease as a percentage of revenues.

Interest expense, net, decreased 11% from the first quarter of 1994 to the first quarter of 1995. This is due to the Company making regularly scheduled debt payments, the reduction of \$9,800,000 of debt in June 1994, with proceeds from an equity issuance and the conversion of \$6,700,000 convertible subordinated notes in March 1995.

Income taxes increased from \$167,000 in the first quarter of 1994 to \$1,737,000 in the first quarter of 1995. This increase is due to the Company's complete utilization of net operating loss carryforwards and therefore being subject to the full statutory tax rates.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's business is capital intensive. The Company's efforts to obtain contracts, construct additional facilities, and maintain its day-to-day operations have required the continued acquisition of funds through borrowings and equity offerings. Thus far the Company has financed these activities through the sale of capital stock, subordinated convertible notes and senior secured debt, through the issuance of taxable and tax-exempt bonds, by bank borrowings, and by assisting governmental agencies in the issuance of municipal bonds.

The Company has a working capital revolving credit facility with a bank which provides for borrowings of up to \$15,000,000. The facility requires interest payments to be made monthly and bears interest, at the election of the Company, of either the Bank's prime rate or LIBOR plus 2%, 9.0% and 8.13%, respectively at March 31, 1995. The facility consists of a working capital line, which includes letters of credit. As of March 31, 1995, There were no amounts borrowed against the facility but \$7,361,000 of letters of credit had been issued leaving the unused commitment at \$7,639,000.

Future expansion and the acquisition and construction of additional facilities may require further financing, the form of which will vary depending upon prevailing market and other conditions. The trend in growth opportunities has been a movement towards the government financing and owning the fixed assets while contracting out the operations with the private sector.

Management believes that cash flow from operations, borrowing capacity and access to alternative financing techniques are adequate to meet its future financial requirements.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Default Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

- a) 27 Financial Data Schedule (for SEC use only)
- b) A current report on Form 8-K dated January 12, 1995, reporting the acquisition of TransCor America, Inc., was filed during the quarter for which this quarterly report is filed.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORRECTIONS CORPORATION OF AMERICA
Registrant

May 9 , 1995

/s/ Darrell K. Massengale

Date

Darrell K. Massengale
Chief Financial Officer
Secretary, Treasurer
Principal Accounting Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CORRECTIONS CORPORATION OF AMERICA FOR THE THREE MONTHS ENDED MARCH 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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