

K12 INC  
Form 10-Q  
October 27, 2015  
Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from            to

Commission File Number: 001-33883

**K12 Inc.**

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(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**95-4774688**  
(IRS Employer  
Identification No.)

**2300 Corporate Park Drive**  
**Herndon, VA**  
(Address of principal executive offices)

**20171**  
(Zip Code)

**(703) 483-7000**

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

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

As of October 21, 2015 the Registrant had 38,939,704 shares of common stock, \$0.0001 par value per share outstanding.

Table of Contents

**K12 Inc.**

**Form 10-Q**

**For the Quarterly Period Ended September 30, 2015**

**Index**

	<b>Page Number</b>
<b><u>PART I.</u></b>	
<b><u>Financial Information</u></b>	
<u>Item 1.</u>	3
<u>Item 2.</u>	23
<u>Item 3.</u>	30
<u>Item 4.</u>	30
<b><u>PART II.</u></b>	
<b><u>Other Information</u></b>	
<u>Item 1.</u>	31
<u>Item 1A.</u>	31
<u>Item 2.</u>	31
<u>Item 3.</u>	31
<u>Item 4.</u>	31
<u>Item 5.</u>	31
<u>Item 6.</u>	32
<b><u>Signatures</u></b>	

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited).****K12 INC.****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2015	June 30, 2015
	(In thousands, except share and per share data)	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 150,864	\$ 195,852
Accounts receivable, net of allowance of \$9,552 and \$9,657 at September 30, 2015 and June 30, 2015, respectively	260,755	188,246
Inventories, net	16,714	29,571
Deferred tax asset	3,005	8,989
Prepaid expenses	29,458	11,428
Other current assets	27,538	24,877
<b>Total current assets</b>	<b>488,334</b>	<b>458,963</b>
Property and equipment, net	31,654	34,407
Capitalized software, net	65,741	62,683
Capitalized curriculum development costs, net	58,151	58,696
Intangible assets, net	20,580	21,195
Goodwill	66,160	66,160
Deposits and other assets	6,791	6,495
<b>Total assets</b>	<b>\$ 737,411</b>	<b>\$ 708,599</b>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of capital lease obligations	\$ 15,474	\$ 16,635
Accounts payable	42,308	29,819
Accrued liabilities	10,724	12,486
Accrued compensation and benefits	16,828	26,790
Deferred revenue	64,317	24,927
<b>Total current liabilities</b>	<b>149,651</b>	<b>110,657</b>
Capital lease obligations, net of current portion	11,830	13,022
Deferred rent, net of current portion	7,439	7,692
Deferred tax liability	26,741	22,456
Other long-term liabilities	8,109	8,233
<b>Total liabilities</b>	<b>203,770</b>	<b>162,060</b>
<b>Commitments and contingencies</b>		
<b>Redeemable noncontrolling interest</b>	<b>9,601</b>	<b>9,601</b>
<b>Stockholders equity</b>		
Common stock, par value \$0.0001; 100,000,000 shares authorized; 42,451,114 and 41,837,894 shares issued and 38,948,516 and 38,335,296 shares outstanding at September 30, 2015 and June 30, 2015, respectively	4	4
Additional paid-in capital	663,202	663,461

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Accumulated other comprehensive loss	(911)	(1,065)
Accumulated deficit	(63,255)	(50,462)
Treasury stock of 3,502,598 shares at cost at September 30, 2015 and June 30, 2015	(75,000)	(75,000)
<b>Total stockholders equity</b>	524,040	536,938
<b>Total liabilities, redeemable noncontrolling interest and equity</b>	\$ 737,411	\$ 708,599

See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.

Table of Contents

## K12 INC.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,	
	2015	2014
	(In thousands, except share and per share data)	
<b>Revenues</b>	\$ 221,230	\$ 236,712
<b>Cost and expenses</b>		
Instructional costs and services	139,003	146,842
Selling, administrative, and other operating expenses	99,270	99,546
Product development expenses	3,413	3,482
<b>Total costs and expenses</b>	241,686	249,870
<b>Loss from operations</b>	(20,456)	(13,158)
<b>Interest (expense) income, net</b>	(305)	31
<b>Loss before income tax benefit and noncontrolling interest</b>	(20,761)	(13,127)
<b>Income tax benefit</b>	8,097	6,538
<b>Net loss</b>	(12,664)	(6,589)
<b>Adjust net income attributable to noncontrolling interest</b>	(129)	(187)
<b>Net loss attributable to common stockholders</b>	\$ (12,793)	\$ (6,776)
<b>Net loss attributable to common stockholders per share</b>		
Basic and Diluted	\$ (0.34)	\$ (0.18)
<b>Weighted average shares used in computing per share amounts:</b>		
Basic and Diluted	37,433,493	37,695,681

Item 5. Interest In Securities Of The Issuer

Item 5 to Schedule 13D is amended, in pertinent part, as follows:

(a) The aggregate number of Securities to which this Schedule 13D relates is 6,092,705 shares, representing 8.43% of the approximately 72,253,069 Class A Common shares outstanding as reported in the Issuer's most recently filed Form 10-Q for the quarterly period ended March 31, 2015. This Amendment to Schedule 13D is being filed to reflect an increase in the percent of the outstanding shares beneficially owned by the Reporting Persons who previously reported its ownership percentage based on both classes of shares outstanding of the Issuer in its Initial Schedule 13D filed on April 6, 2015. The Reporting Persons beneficially own those Securities as follows:

Name	Shares of Common	% of Class of Common
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GAMCO	3,817,087	5.28%
Gabelli Funds	1,364,896	1.89%
GSI	3,670	0.01%
Foundation	5,176	0.01%
Teton Advisors	900,124	1.25%
GBL	1,752	0.00%

Mario Gabelli is deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons. GSI is deemed to have beneficial ownership of the Securities owned beneficially by G.research. GBL and GGCP are deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons other than Mario Gabelli and the Foundation.

(b) Each of the Reporting Persons and Covered Persons has the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of the Securities reported for it, either for its own benefit or for the benefit of its investment clients or its partners, as the case may be, except that (i) GAMCO does not have the authority to vote 339,375 of its reported shares, (ii) Gabelli Funds has sole dispositive and voting power with respect to the shares of the Issuer held by the Funds so long as the aggregate voting interest of all joint filers does not exceed 25% of their total voting interest in the Issuer and, in that event, the Proxy Voting Committee of each Fund shall respectively vote that Fund's shares, (iii) at any time, the Proxy Voting Committee of each such Fund may take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations, and (iv) the power of Mario Gabelli, GBL, and GGCP is indirect with respect to Securities beneficially owned directly by other Reporting Persons.

(c) Information with respect to all transactions in the Securities which were effected during the past sixty days or since the most recent filing on Schedule 13D, whichever is less, by each of the Reporting Persons and Covered Persons is set forth on Schedule II annexed hereto and incorporated herein by reference.

(e) Not applicable.

10

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Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: May 12, 2015

GGCP, INC.  
MARIO J. GABELLI  
GABELLI FOUNDATION, INC.

By: /s/ Douglas R. Jamieson

Douglas R. Jamieson  
Attorney-in-Fact

TETON ADVISORS, INC.

By: /s/ David Goldman

David Goldman  
General Counsel – Teton Advisors, Inc.

GAMCO ASSET MANAGEMENT INC.  
GAMCO INVESTORS, INC.  
GABELLI SECURITIES, INC.  
GABELLI FUNDS, LLC

By: /s/ Douglas R. Jamieson

Douglas R. Jamieson  
President & Chief Operating Officer – GAMCO  
Investors, Inc.

President – GAMCO Asset Management Inc.  
President – Gabelli Securities, Inc.

President & Chief Operating Officer of the sole member of  
Gabelli Funds, LLC



SCHEDULE I

Information with Respect to Executive Officers and Directors of the Undersigned  
Schedule I to Schedule 13D is amended, in pertinent part, as follows:

The following sets forth as to each of the executive officers and directors of the undersigned: his name; his business address; his present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted. Unless otherwise specified, the principal employer of each such individual is GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli Securities, Inc., G.research, Inc., Teton Advisors, Inc., or GAMCO Investors, Inc., the business address of each of which is One Corporate Center, Rye, New York 10580, and each such individual identified below is a citizen of the United States. To the knowledge of the undersigned, during the last five years, no such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), and no such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities law or finding any violation with respect to such laws except as reported in Item 2(d) and (e) of this Schedule 13D.

GAMCO Investors,  
Inc.  
Directors:

Edwin L. Artzt Former Chairman and Chief Executive Officer  
Procter & Gamble Company  
900 Adams Crossing  
Cincinnati, OH 45202

Raymond C. Avansino Chairman & Chief Executive Officer  
E.L. Wiegand Foundation  
165 West Liberty Street  
Reno, NV 89501

Richard L. Bready Former Chairman and Chief Executive Officer  
Nortek, Inc.  
50 Kennedy Plaza  
Providence, RI 02903

Marc Gabelli Chairman of The LGL Group, Inc.  
2525 Shader Road  
Orlando, FL 32804

Mario J. Gabelli Chief Executive Officer of GGCP, Inc.,  
and Chairman & Chief Executive  
Officer of GAMCO Investors, Inc.;  
Director/Trustee of all registered  
investment companies advised by  
Gabelli Funds, LLC.

Elisa M. Wilson Director  
c/o GAMCO Investors, Inc.  
One Corporate Center  
Rye, NY 10580

Eugene R. McGrath Former Chairman and Chief Executive  
Officer  
Consolidated Edison, Inc.  
4 Irving Place  
New York, NY 10003

President & Chief Executive Officer

Robert S. Prather	Heartland Media, LLC 1843 West Wesley Road Atlanta, GA 30327
Officers:	
Mario J. Gabelli	Chairman and Chief Executive Officer
Douglas R. Jamieson	President and Chief Operating Officer
Henry G. Van der Eb	Senior Vice President Senior Vice President
Bruce N. Alpert	Senior Vice President
Agnes Mullady	Executive Vice President and Chief Financial Officer
Robert S. Zuccaro	
Kevin Handwerker	Executive Vice President, General Counsel and Secretary
GAMCO Asset Management Inc. Directors:	
Douglas R. Jamieson	
Regina M. Pitaro	
William S. Selby	
Officers:	
Mario J. Gabelli	Chief Executive Officer and Chief Investment Officer – Value Portfolios
Douglas R. Jamieson	President, Chief Operating Officer and Managing Director
Robert S. Zuccaro	Chief Financial Officer
David Goldman	General Counsel, Secretary & Chief Compliance Officer
Gabelli Funds, LLC Officers:	
Mario J. Gabelli	Chief Investment Officer – Value Portfolios
Bruce N. Alpert	

	Executive Vice President and Chief Operating Officer
Mullady Agnes	President and Chief Operating Officer – Open End Fund Division
Zuccaro Robert S.	Chief Financial Officer
Goldman David	General Counsel
Gabelli Securities, Inc. Directors:	
Robert W. Blake	President of W. R. Blake & Sons, Inc. 196-20 Northern Boulevard Flushing, NY 11358
Douglas G. DeVivo	Co-Chairman of the Board and DeVivo Asset Management Company LLC P.O. Box 2048 Menlo Park, CA 94027
Gabelli Marc J.	Co-Chairman of the Board
Jamieson Douglas R.	President
Lee Daniel R.	Chief Executive Officer Full House Resorts, Inc. 4670 South Ford Apache Road, Suite 190 Las Vegas, NV 89147
Mattison, Jr. William C.	
F. Sodano Salvatore	Vice Chairman
Officers:	
Douglas R. Jamieson	See above
Robert S. Zuccaro	Chief Financial Officer
Diane M. LaPointe	Controller
Kevin Handwerker	Secretary
David M. Goldman	Assistant Secretary



GGCP, Inc.  
Directors:

Mario J. Gabelli Chief Executive  
Officer of GGCP,  
Inc., and  
Chairman &  
Chief Executive  
Officer of  
GAMCO  
Investors, Inc.;  
Director/Trustee  
of all registered  
investment  
companies  
advised by  
Gabelli Funds,  
LLC.

Marc J. Gabelli Chairman of The  
LGL Group, Inc.  
2525 Shader  
Road  
Orlando, FL  
32804

Matthew R. Gabelli Vice President –  
Trading  
G.research, Inc.  
One Corporate  
Center  
Rye, NY 10580

Michael Gabelli President & COO  
Gabelli &  
Partners, LLC  
One Corporate  
Center  
Rye, NY 10580

Charles C. Baum Secretary &  
Treasurer  
United Holdings  
Co., Inc.  
2545 Wilkens  
Avenue  
Baltimore, MD  
21223



Fredric V. Salerno Chairman;  
Former Vice  
Chairman and  
Chief Financial  
Officer  
Verizon  
Communications

Officers:

Mario J. Gabelli	Chief Executive Officer and Chief Investment Officer
Marc J. Gabelli	President Vice President,
Silvio A. Berni	Assistant Secretary and Controller

GGCP Holdings LLC

Members:

GGCP, Inc.	Manager and Member
Mario J. Gabelli	Member

Teton Advisors, Inc.

Directors:

Howard F. Ward

Nicholas F. Chairman of the Board  
Galluccio

Vincent J. Chief Executive Officer and  
Amabile President

John Tesoro

Officers:

Howard F. Ward

See above

Nicholas F.  
Galluccio

See above

Robert S. Zuccaro Chief Financial Officer

David Goldman General Counsel

Tiffany Hayden Secretary

SCHEDULE II  
 INFORMATION WITH RESPECT TO  
 TRANSACTIONS EFFECTED DURING THE  
 PAST SIXTY DAYS OR  
 SINCE THE MOST RECENT FILING ON  
 SCHEDULE 13D (1)

SHARES PURCHASED  
 AVERAGE  
 DATE SOLD(-) PRICE(2)

COMMON STOCK-EW SCRIPPS COMPANY

GABELLI SECURITIES, INC.

5/08/15 1,600 23.1931

GAMCO ASSET MANAGEMENT INC.

5/11/15 17,888 23.6591

5/11/15 1,564- 23.6559

5/08/15 24,274 23.6385

5/08/15 10,384 23.5614

5/07/15 2,624 23.6800

5/07/15 3,000 23.8112

5/06/15 27,712 23.6854

5/06/15 4,824 23.9076

5/05/15 310- 23.7402

5/04/15 600 23.6800

5/01/15 12,939- \*DO

5/01/15 2,588- \*DO

5/01/15 2,000 23.2876

5/01/15 965 23.3200

4/30/15 2,000 23.2316

4/30/15 2,983 23.4811

4/30/15 32,302 23.6677

4/30/15 8,200 23.3084

4/30/15 1,800 23.2490

4/29/15 20,020 23.9332

4/29/15 1,983 23.9917

4/28/15 20,800 24.0219

4/28/15 2,724 24.0555

4/27/15 24,300 23.8283

4/24/15 21,100 23.3729

4/23/15 10,000 23.4614

4/23/15 1,492- 23.4506

4/23/15 2,483 23.5236

4/23/15 5,169 23.5174

4/23/15 309- 23.4202

4/23/15	36,502	23.3546
4/23/15	1,400	23.3400
4/23/15	6,489	23.3394
4/23/15	309	23.4202
4/17/15	483	23.2540
4/16/15	7,000	23.4730
4/16/15	12,000	23.4602
4/16/15	748	23.4563
4/16/15	1,700	23.5003
4/15/15	860	22.9500
4/15/15	128-	23.3700
4/08/15	235-	23.3800
4/08/15	828	23.4098

GABELLI FUNDS, LLC.

GABELLI SMALL CAP GROWTH FUND

4/23/15	3,300	23.4614
4/15/15	16,400	23.0450

GABELLI ASSET FUND

4/30/15	10,000	23.3999
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GAMCO ALL CAP VALUE

5/04/15	3,000	24.2400
5/04/15	1,200	24.0727
5/01/15	3,200	23.2538

GABELLI ABC FUND

5/08/15	10,000	23.3573
5/06/15	9,900	23.8800

(1) UNLESS OTHERWISE INDICATED, ALL TRANSACTIONS WERE EFFECTED ON THE NYSE.

(2) PRICE EXCLUDES COMMISSION.

(\*) RESULTS IN CHANGE OF DISPOSITIVE POWER AND BENEFICIAL OWNERSHIP.