
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 4, 2010

Grand Canyon Education, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-34211

(Commission File Number)

20-3356009

(IRS Employer Identification No.)

**3300 W. Camelback Road
Phoenix, Arizona**

(Address of principal executive offices)

85017

(Zip Code)

Registrant's telephone number, including area code: **(602) 639-7500**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On May 4, 2010, Grand Canyon Education, Inc. (the “Company”) reported its results for the first quarter of 2010. The press release dated May 4, 2010 is furnished as Exhibit 99.1 to this report.

Item 9.01. Financial Statements and Exhibits.

99.1 Press Release dated May 4, 2010

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.

GRAND CANYON EDUCATION, INC.

Date: May 4, 2010

By: /s/ Daniel E. Bachus
Daniel E. Bachus
Chief Financial Officer
(Principal Financial and Principal Accounting Officer)

EXHIBIT INDEX

| Exhibit No. | Description |
|----------------|---------------------------------|
| 99.1 | Press Release dated May 4, 2010 |

FOR IMMEDIATE RELEASE**Investor Relations Contact:**

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**GRAND CANYON EDUCATION, INC. REPORTS
FIRST QUARTER 2010 RESULTS**

**Grand Canyon Education's First Quarter Net Revenue up 61.1 Percent; Enrollment up 36.8 Percent;
Operating Income up 117.5 Percent; Net Income up 126.2 Percent**

ARIZONA, May 4, 2010—Grand Canyon Education, Inc. (NASDAQ: LOPE), a regionally accredited provider of online and campus-based post-secondary education services, today announced financial results for the quarter ended March 31, 2010.

"We are pleased with our solid financial results for the first quarter. We believe the financial results reflect our commitment to continuous improvement in the areas of curriculum development, instructional strategies and innovative education delivery," said Brian Mueller, Chief Executive Officer of Grand Canyon Education, Inc. "We are excited about the future as we continue to match the needs of the changing economy to relevant programs that both traditional and non-traditional students continue to seek out and benefit from."

(more)

Grand Canyon Education, Inc. Reports First Quarter 2010 Results

For the three months ended March 31, 2010:

- Net revenues increased 61.1% to \$89.3 million for the first quarter of 2010, compared to \$55.5 million for the first quarter of 2009.
- At March 31, 2010 our enrollment was approximately 38,900, an increase of 36.8% from our enrollment of approximately 28,400 at March 31, 2009.
- Operating income for the first quarter of 2010 was \$19.6 million, an increase of 117.5% as compared to \$9.0 million for the same period in 2009. The operating margin for the first quarter 2010 was 21.9%, compared to 16.2% for the same period in 2009.
- Adjusted EBITDA increased 105.0% to \$23.4 million for the first quarter of 2010, compared to \$11.4 million for the same period in 2009.
- The tax rate in the first quarter of 2010 was 40.6% compared to 40.0% in the first quarter of 2009.
- Net income increased 126.2% to \$11.5 million for the first quarter of 2010, compared to \$5.1 million for the same period in 2009.
- Diluted net income per share was \$0.25 for the first quarter of 2010, compared to \$0.11 for the same period in 2009.

Balance Sheet and Cash Flow

As of March 31, 2010, the Company had unrestricted cash, cash equivalents and marketable securities of \$97.9 million compared to \$63.1 million as of December 31, 2009 and restricted cash, cash equivalents and investments at March 31, 2010 and December 31, 2009 of \$6.2 million and \$3.2 million, respectively. The Company generated \$49.1 million in cash from operating activities in the first quarter of 2010 compared to \$36.6 million in the same period of 2009. Cash used in investing activities was \$14.0 million and \$3.3 million for the quarters ended March 31, 2010 and 2009, respectively. In 2010, cash used in investing activities primarily consisted of purchases of computer equipment, and software costs to complete our transition from Datatel to CampusVue and Great Plains, other internal use software projects, furniture and equipment to support our increasing employee base and headcount and ground campus building projects such as a new dorm and recreational center to support our increasing traditional ground student enrollment. In 2009, capital expenditures primarily consisted of computer equipment, leasehold improvements, and office furniture and fixtures to support our increasing employee headcounts. Cash provided by financing activities was \$0.3 million in first quarter 2010 as compared to cash used in financing activities of \$0.1 million for the quarter ended March 31, 2009.

(more)

Grand Canyon Education, Inc. Reports First Quarter 2009 Results

Second Quarter 2010 Outlook

For the second quarter ending June 30, 2010, enrollment is expected to grow by between 32% and 36%, to between 36,500 and 37,500 students at June 30, 2010 from 27,600 at June 30, 2009, and net revenues by between 47% and 49% to between \$92.5 million and \$94.0 million from \$62.9 million in the second quarter of 2009. Diluted earnings per share is expected to be between \$0.23 and \$0.24 per share.

2010 Annual Outlook

For fiscal year 2010 we expect net revenues to be between \$397 million and \$405 million for the year ended December 31, 2010, and enrollment to be between 47,000 and 49,000 at December 31, 2010. The annual tax rate is anticipated to be approximately 40.6%. Diluted earnings per share is expected to be between \$1.21 and \$1.27 per share.

Forward-Looking Statements

This news release contains “forward-looking statements” which include information relating to future events, future financial performance, strategies expectations, competitive environment, regulation, and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new programs; expectations that regulatory developments or other matters will not have a material adverse effect on our financial position, results of operations, or liquidity; statements concerning projections, predictions, expectations, estimates, or forecasts as to our business, financial and operational results, and future economic performance; and statements of management’s goals and objectives and other similar expressions concerning matters that are not historical facts. Words such as “may,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to: our failure to comply with the extensive regulatory framework applicable to our industry, including Title IV of the Higher Education Act and the regulations thereunder, state laws and regulatory requirements, and accrediting commission requirements; the results of the ongoing investigation by the Department of Education’s Office of Inspector General and the pending qui tam action regarding the manner in which we have compensated our enrollment personnel, and possible remedial actions or other liability resulting therefrom; the ability of our students to obtain federal Title IV funds, state financial aid, and private financing; risks associated with changes in applicable federal and state laws and regulations and accrediting commission standards; our ability to hire and train new, and develop and train existing, enrollment counselors; the pace of growth of our enrollment; our ability to convert prospective students to enrolled students and to retain active students; our success in updating and expanding the content of existing programs and developing new programs in a cost-effective manner or on a timely basis; industry competition, including competition for qualified executives and other personnel; risks associated with the competitive environment for marketing our programs; failure on our part to keep up with advances in technology that could enhance the online experience for our students; our ability to manage future growth effectively; general adverse economic conditions or other developments that affect job prospects in our core disciplines; and other factors discussed in reports on file with the Securities and Exchange Commission.

Forward-looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

(more)

Grand Canyon Education, Inc. Reports First Quarter 2010 Results

Conference Call

Grand Canyon Education, Inc. will discuss its first quarter 2010 results and 2010 outlook during a conference call scheduled for today, May 4, 2010 at 5:00 p.m. Eastern time (ET). To participate in the live call, investors should dial 877-815-5362 (domestic and Canada) or 706-679-7806 (international), passcode 67084793 at 4:50 p.m. (ET). The Webcast will be available on the Grand Canyon Education, Inc. Web site at www.gcu.edu.

A replay of the call will be available approximately two hours following the conclusion of the call through May 3, 2011, at 800-642-1687 (domestic) or 706-645-9291 (international), passcode 67084793. It will also be archived at www.gcu.edu in the [investor relations](#) section for 60 days.

About Grand Canyon Education, Inc.

Grand Canyon Education, Inc. is a regionally accredited provider of online postsecondary education services focused on offering graduate and undergraduate degree programs in its core disciplines of education, business, and healthcare. In addition to its online programs, it offers programs at its traditional campus in Phoenix, Arizona and onsite at the facilities of employers. Approximately 38,900 students were enrolled as of March 31, 2010. For more information about Grand Canyon Education, Inc., please visit <http://www.gcu.edu>.

* Grand Canyon Education, Inc. is regionally accredited by The Higher Learning Commission of the North Central Association of Colleges and Schools (NCA), <http://www.ncahlc.org>. Grand Canyon University, 3300 W. Camelback Road, Phoenix, AZ 85017, www.gcu.edu.

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Grand Canyon Education, Inc. Reports First Quarter 2010 Results

GRAND CANYON EDUCATION, INC.
Income Statements
(Unaudited)

| (In thousands, except per share data) | Three Months Ended March 31, | |
|---|---------------------------------|-----------------|
| | 2010 | 2009 |
| Net revenue | \$ 89,326 | \$ 55,459 |
| Costs and expenses: | | |
| Instructional costs and services | 31,812 | 17,968 |
| Selling and promotional, including \$2,347 and \$1,516 to related parties for March 31, 2010 and 2009, respectively | 26,876 | 19,575 |
| General and administrative | 10,878 | 8,833 |
| Exit costs | 89 | — |
| Royalty to former owner | 74 | 74 |
| Total costs and expenses | <u>69,729</u> | <u>46,450</u> |
| Operating income | <u>19,597</u> | <u>9,009</u> |
| Interest expense | (344) | (667) |
| Interest income | 61 | 109 |
| Income before income taxes | <u>19,314</u> | <u>8,451</u> |
| Income tax expense | 7,834 | 3,376 |
| Net income | <u>\$ 11,480</u> | <u>\$ 5,075</u> |
| Earnings per share: | | |
| Basic income per share | <u>\$ 0.25</u> | <u>\$ 0.11</u> |
| Diluted income per share | <u>\$ 0.25</u> | <u>\$ 0.11</u> |
| Basic weighted average shares outstanding | <u>45,674</u> | <u>45,474</u> |
| Diluted weighted average shares outstanding | <u>46,325</u> | <u>45,821</u> |

GRAND CANYON EDUCATION, INC.

Adjusted EBITDA

Adjusted EBITDA is defined as net income plus interest expense net of interest income, plus income tax expense, and plus depreciation and amortization (EBITDA), as adjusted for (i) royalty payments incurred pursuant to an agreement with our former owner that has been terminated as of April 15, 2008; (ii) contributions made to Arizona school tuition organizations in lieu of the payment of state income taxes; (iii) estimated litigation loss; (iv) exit costs; (v) and share-based compensation. All of the adjustments made in our calculation of Adjusted EBITDA are adjustments to items that management does not consider to be reflective of our core operating performance. Management considers our core operating performance to be that which can be affected by our managers in any particular period through their management of the resources that affect our underlying revenue and profit generating operations during that period. Although we believe that equity-plan related compensation will be a key element of our employee relations and long-term incentives, we intend to exclude it as an expense when evaluating our core operating performance in any particular period. Accordingly, we have included share-based compensation expenses, along with royalty expenses to our former owner, and any other expenses and income that we do not consider reflective of our core operating performance, as an adjustment when calculating Adjusted EBITDA.

Our management uses Adjusted EBITDA:

- in developing our internal budgets and strategic plan;
- as a measurement of operating performance;
- as a factor in evaluating the performance of our management for compensation purposes; and
- in presentations to the members of our board of directors to enable our board to have the same measurement basis of operating performance as are used by management to compare our current operating results with corresponding prior periods and with the results of other companies in our industry.

Adjusted EBITDA is not a recognized measurement under U.S. generally accepted accounting principles, or GAAP, and when analyzing our operating performance, investors should use Adjusted EBITDA in addition to, and not as an alternative for, net income, operating income, or any other performance measure presented in accordance with GAAP, or as an alternative to cash flow from operating activities or as a measure of our liquidity.

The following table provides a reconciliation of net income to Adjusted EBITDA, which is a non-GAAP measure for the periods indicated:

| (In thousands) | Three Months Ended | |
|---|--------------------|-----------|
| | March 31, | |
| | 2010 | 2009 |
| | (Unaudited) | |
| Net income | \$ 11,480 | \$ 5,075 |
| Plus: interest expense net of interest income | 283 | 558 |
| Plus: income tax expense | 7,834 | 3,376 |
| Plus: depreciation and amortization | 2,587 | 1,558 |
| EBITDA | 22,184 | 10,567 |
| Plus: royalty to former owner | 74 | 74 |
| Plus: exit costs | 89 | — |
| Plus: share-based compensation | 1,037 | 764 |
| Adjusted EBITDA | \$ 23,384 | \$ 11,405 |

Grand Canyon Education, Inc. Reports First Quarter 2010 Results

GRAND CANYON EDUCATION, INC.
Balance Sheets

| (In thousands, except share data) | March 31, 2010 (Unaudited) | December 31, 2009 |
|--|----------------------------------|----------------------|
| ASSETS: | | |
| Current assets | | |
| Cash and cash equivalents | \$ 97,883 | \$ 62,571 |
| Restricted cash, cash equivalents and investments (of which \$170 is unrestricted at December 31, 2009) | 6,203 | 3,403 |
| Accounts receivable, net of allowance for doubtful accounts of \$7,848 and \$7,553 at March 31, 2010 and December 31, 2009, respectively | 13,890 | 13,802 |
| Deferred income taxes | 7,146 | 6,685 |
| Other current assets | 4,269 | 3,785 |
| Total current assets | 129,391 | 90,246 |
| Property and equipment, net | 75,127 | 67,370 |
| Investments | — | 360 |
| Prepaid royalties | 7,128 | 7,311 |
| Goodwill | 2,941 | 2,941 |
| Deferred income taxes | 5,633 | 5,956 |
| Other assets | 1,749 | 554 |
| Total assets | \$ 221,969 | \$ 174,738 |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| Current liabilities | | |
| Accounts payable | \$ 9,317 | \$ 8,762 |
| Accrued liabilities | 23,127 | 18,103 |
| Accrued estimated litigation loss | 5,200 | 5,200 |
| Accrued exit costs | 353 | 832 |
| Income taxes payable | 8,253 | 2,261 |
| Deferred revenue and student deposits | 45,283 | 23,204 |
| Due to related parties | 2,574 | 1,174 |
| Current portion of capital lease obligations | 725 | 751 |
| Current portion of notes payable | 2,121 | 2,105 |
| Total current liabilities | 96,953 | 62,392 |
| Capital lease obligations, less current portion | 692 | 868 |
| Notes payable, less current portion and other | 25,188 | 25,450 |
| Total liabilities | 122,833 | 88,710 |
| Commitments and contingencies | | |
| Stockholders' equity | | |
| Preferred stock, \$0.01 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2010 and December 31, 2009 | — | — |
| Common stock, \$0.01 par value, 100,000,000 shares authorized; 45,702,415 and 45,657,946 shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively | 457 | 457 |
| Additional paid-in capital | 71,898 | 70,100 |
| Accumulated other comprehensive loss | (314) | (144) |
| Accumulated earnings | 27,095 | 15,615 |
| Total stockholders' equity | 99,136 | 86,028 |
| Total liabilities and stockholders' equity | \$ 221,969 | \$ 174,738 |

Grand Canyon Education, Inc. Reports First Quarter 2010 Results

GRAND CANYON EDUCATION, INC.
Statements of Cash Flows
(Unaudited)

| (In thousands) | Three Months Ended March 31, | |
|---|------------------------------|------------------|
| | 2010 | 2009 Restated |
| Cash flows provided by operating activities: | | |
| Net income | \$ 11,480 | \$ 5,075 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Share-based compensation | 1,037 | 764 |
| Excess tax benefits from share-based compensation | (492) | (9) |
| Amortization of debt issuance costs | 16 | — |
| Provision for bad debts | 4,774 | 3,295 |
| Depreciation and amortization | 2,661 | 1,632 |
| Exit costs | (479) | — |
| Deferred income taxes | (27) | (79) |
| Other | (39) | (14) |
| Changes in assets and liabilities: | | |
| Accounts receivable | (4,862) | (4,362) |
| Prepaid expenses and other | (1,655) | 185 |
| Due to/from related parties | 1,400 | 1,210 |
| Accounts payable | 1,912 | 2,435 |
| Accrued liabilities | 5,024 | 1,920 |
| Income taxes payable | 6,251 | 3,381 |
| Deferred revenue and student deposits | 22,079 | 21,142 |
| Net cash provided by operating activities | 49,080 | 36,575 |
| Cash flows used in investing activities: | | |
| Capital expenditures | (11,591) | (4,500) |
| Change in restricted cash and cash equivalents | (2,931) | 1,187 |
| Purchases of investments | — | (11) |
| Proceeds from sale or maturity of investments | 487 | — |
| Net cash used in investing activities | (14,035) | (3,324) |
| Cash flows provided by (used in) financing activities: | | |
| Principal payments on notes payable and capital lease obligations | (727) | (384) |
| Excess tax benefits from share-based compensation | 492 | 9 |
| Net proceeds from exercise of stock options | 502 | 247 |
| Net cash provided by (used in) financing activities | 267 | (128) |
| Net increase in cash and cash equivalents | 35,312 | 33,123 |
| Cash and cash equivalents, beginning of period | 62,571 | 35,152 |
| Cash and cash equivalents, end of period | \$ 97,883 | \$ 68,275 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | \$ 195 | \$ 673 |
| Cash paid for income taxes | \$ 1,598 | \$ 138 |
| Supplemental disclosure of non-cash investing and financing activities | | |
| Purchase of equipment through capital lease obligations | \$ — | \$ 2,116 |
| Purchases of property and equipment included in accounts payable | \$ (1,357) | \$ 658 |
| Tax benefit of Spirit warrant intangible | \$ 259 | \$ 4,107 |

Grand Canyon Education, Inc. Reports First Quarter 2010 Results

The following is a summary of our student enrollment at March 31, 2010 and March 31, 2009 (which included less than 200 students pursuing non-degree certificates) by degree type and by instructional delivery method:

| | March 31, 2010 | | March 31, 2009 | |
|----------------------|----------------|------------|----------------|------------|
| | # of Students | % of Total | # of Students | % of Total |
| Graduate degrees (1) | 16,213 | 41.7% | 14,128 | 49.8% |
| Undergraduate degree | 22,641 | 58.3% | 14,265 | 50.2% |
| Total | 38,854 | 100.0% | 28,393 | 100.0% |

| | March 31, 2010 | | March 31, 2009 | |
|------------|----------------|------------|----------------|------------|
| | # of Students | % of Total | # of Students | % of Total |
| Online (2) | 35,796 | 92.1% | 25,758 | 90.7% |
| Ground (3) | 3,058 | 7.9% | 2,635 | 9.3% |
| Total | 38,854 | 100.0% | 28,393 | 100.0% |

(1) Includes 615 and 162 students pursuing doctoral degrees at March 31, 2010 and 2009, respectively.

(2) As of March 31, 2010 and 2009, 43.4% and 52.2%, respectively, of our Online students are pursuing graduate degrees.

(3) Includes both our traditional on-campus students, as well as our professional studies students.