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

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 31, 2014**

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**Grand Canyon Education, Inc.**

(Exact name of registrant as specified in its charter)

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**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.)

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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 April 30, 2014, Grand Canyon Education, Inc. (the “University”) reported its results for the first quarter of 2014. The press release dated April 30, 2014 is furnished as Exhibit 99.1 to this report.

**Item 9.01. Consolidated Financial Statements and Exhibits.**

99.1 Press Release dated April 30, 2014

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: April 30, 2014

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 April 30, 2014

**FOR IMMEDIATE RELEASE****Investor Relations Contact:**

Dan Bachus  
Chief Financial Officer  
Grand Canyon Education, Inc.  
602-639-6648  
[Dan.bachus@gcu.edu](mailto:Dan.bachus@gcu.edu)

**Media Contact:**

Bob Romantic  
Grand Canyon Education, Inc.  
602-639-7611  
[Bob.romantic@gcu.edu](mailto:Bob.romantic@gcu.edu)

**GRAND CANYON EDUCATION, INC. REPORTS  
FIRST QUARTER 2014 RESULTS**

**ARIZONA, April 30, 2014**—**Grand Canyon Education, Inc.** (NASDAQ: LOPE), a regionally accredited provider of postsecondary education services focused on offering graduate and undergraduate degree programs in its core disciplines of education, healthcare, business and liberal arts, today announced financial results for the quarter ended March 31, 2014.

(more)

## Grand Canyon Education, Inc. Reports First Quarter 2014 Results

For the three months ended March 31, 2014:

- Net revenue increased 17.9% to \$167.4 million for the first quarter of 2014, compared to \$142.0 million for the first quarter of 2013.
- At March 31, 2014, our enrollment was 61,601, an increase of 15.0% from our enrollment of 53,559 at March 31, 2013. Ground enrollment increased 32.3% to 9,657 from enrollment of 7,301 at March 31, 2013. Online enrollment increased 12.3% to 51,944 from enrollment of 46,258 at March 31, 2013.
- Operating income for the first quarter of 2014 was \$43.4 million, an increase of 29.2% as compared to \$33.6 million for the same period in 2013. The operating margin for the first quarter of 2014 was 25.9%, compared to 23.7% for the same period in 2013.
- Adjusted EBITDA increased 28.7% to \$53.7 million for the first quarter of 2014, compared to \$41.7 million for the same period in 2013.
- The tax rate in the first quarter of 2014 was 38.9% compared to 40.4% in the first quarter of 2013. The low effective tax rate in the first quarter of 2014 was primarily due to the phase-in of market sourcing for apportionment of Arizona sales and to a lesser extent state tax rate changes that both phase-in beginning the first quarter of 2014.
- Net income increased 25.5% to \$26.3 million for the first quarter of 2014, compared to \$20.9 million for the same period in 2013.
- Diluted net income per share was \$0.56 for the first quarter of 2014, compared to \$0.46 for the same period in 2013.

### Balance Sheet and Cash Flow

The University financed its operating activities and capital expenditures during the three months ended March 31, 2014 and 2013 primarily through cash provided by operating activities. Our unrestricted cash and cash equivalents and investments were \$196.6 million and \$164.2 million at March 31, 2014 and December 31, 2013, respectively. Our restricted cash and cash equivalents at March 31, 2014 and December 31, 2013 were \$50.8 million and \$64.4 million, respectively.

The University generated \$53.7 million in cash from operating activities for the three months ended March 31, 2014 compared to \$31.7 million for the three months ended March 31, 2013. The increase in cash generated from operating activities between the three months ended March 31, 2013 and the three months ended March 31, 2014 is primarily due to increased net income and the timing of income tax related payments and student deposits.

Net cash used in investing activities was \$76.3 million and \$10.8 million for the three months ended March 31, 2014 and 2013, respectively. Our cash used in investing activities was primarily related to the purchase of short-term investments and capital expenditures. Purchases of short-term investments net of proceeds of these investments was \$49.0 million and \$23.8 million during the three months ended March 31, 2014 and 2013, respectively. Capital expenditures were \$27.2 million and \$14.7 million for the three months ended March 31, 2014 and 2013, respectively. In 2014, capital expenditures primarily consisted of ground campus building projects such as the construction of an additional classroom building, additional residence halls that will accommodate another 1,600 students, and the expansion of our arena to support activities for our growing traditional student enrollment as well as purchases of computer equipment, other internal use software projects and furniture and equipment to support our increasing employee headcount. In 2013, capital expenditures primarily consisted of ground campus building projects such as the construction costs of two additional dormitories and an expansion of our food services and library to support our traditional student enrollment as well as purchases of computer equipment, other internal use software projects and furniture and equipment to support our increasing employee headcount. In addition, during the first three months of 2013 we spent \$1.4 million to purchase and refurbish an administration building. Investing activities were reduced in the first three months of 2013 by proceeds in the amount of \$29.2 million received on a note receivable. In the first half of 2014, we expect to complete construction on the new classroom building, two additional residence halls, and a second parking garage. In the second half of 2014 we will start construction on an additional classroom building that will be dedicated to our new Engineering and Information Technology programs, three additional residence halls that will accommodate another 1,800 students and at least one additional parking garage. In addition, in the Summer of 2014 we will begin construction of our Mesa, Arizona campus. The University currently has plans to spend approximately \$170 million in the next two years in infrastructure and construction costs for the Mesa, Arizona campus which we believe will bring this new campus to a capacity of 5,000 students. We anticipate capital expenditures in 2014 and 2015 for the projects described above as well as for technology enhancements and equipment for our growing employee base will be \$175 million and \$185 million, respectively.

Net cash provided by financing activities was \$5.9 million and \$1.7 million for the three months ended March 31, 2014 and 2013, respectively. During the three months of 2014 proceeds from the exercise of stock options of \$5.4 million and excess tax benefits from share-based compensation of \$6.4 million were partially offset by \$4.2 million used to purchase treasury stock in accordance with the University's share repurchase program and principal payments on notes payable and capital leases totaled \$1.7 million. During the three months of 2013 proceeds from the exercise of stock options of \$5.9 million and excess tax benefits from share-based compensation of \$3.5 million were partially offset by \$6.0 million used to purchase treasury stock in accordance with the University's share repurchase program and principal payments on notes payable and capital leases totaled \$1.7 million.

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## Grand Canyon Education, Inc. Reports First Quarter 2014 Results

### 2014 Outlook by Quarter

|                        |  |
|------------------------|--|
| <b>Q2 2014:</b>        | Net revenue of \$155.5 million; Target Operating Margin 22.7%; Diluted EPS of \$0.44 using 47.5 million diluted shares; student counts of 56,500 |
| <b>Q3 2014:</b>        | Net revenue of \$167.7 million; Target Operating Margin 24.7%; Diluted EPS of \$0.52 using 47.8 million diluted shares; student counts of 67,000 |
| <b>Q4 2014:</b>        | Net revenue of \$181.6 million; Target Operating Margin 27.8%; Diluted EPS of \$0.63 using 48.0 million diluted shares; student counts of 66,700 |
| <b>Full Year 2014:</b> | Net revenue of \$672.2 million; Target Operating Margin 25.4%; Diluted EPS of \$2.15 using 47.6 million diluted shares                           |

### 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: projections, predictions, expectations, estimates, and forecasts as to our business, financial and operating 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 a program review scheduled to be conducted by the Department of Education of our compliance with Title IV program and other reporting requirements, and possible fines or other administrative sanctions 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, including pending rulemaking by the Department of Education; potential damage to our reputation or other adverse effects as a result of negative publicity in the media, in the industry or in connection with governmental reports or investigations or otherwise, affecting us or other companies in the for-profit postsecondary education sector; our ability to properly manage risks and challenges associated with potential acquisitions of, or investments in, new businesses, acquisitions of new properties, or the expansion of our campus to new locations; our ability to hire and train new, and develop and train existing, faculty and employees; 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; the extent to which obligations under our loan agreement, including the need to comply with restrictive and financial covenants and to pay principal and interest payments, limits our ability to conduct our operations or seek new business opportunities; 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.

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## Grand Canyon Education, Inc. Reports First Quarter 2014 Results

### Conference Call

Grand Canyon Education, Inc. will discuss its first quarter 2014 results and 2014 outlook during a conference call scheduled for today, April 30, 2014 at 4:30 p.m. Eastern time (ET). To participate in the live call, investors should dial 877-577-1769 (domestic and Canada) or 706-679-7806 (international), passcode 24934428 at 4:25 p.m. (ET). The Webcast will be available on the Grand Canyon Education, Inc. Web site at [www.gcu.edu](http://www.gcu.edu).

A replay of the call will be available approximately two hours following the conclusion of the call, at 855-859-2056 (domestic) or 404-537-3406 (international), passcode 24934428. It will also be archived at [www.gcu.edu](http://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 postsecondary education services focused on offering graduate and undergraduate degree programs in its core disciplines of education, healthcare, business, and liberal arts. In addition to its online programs, it offers programs on ground at its approximately 160 acre traditional campus in Phoenix, Arizona and onsite at facilities we lease and at facilities owned by third party employers. Approximately 61,600 students were enrolled as of March 31, 2014. 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](http://www.gcu.edu).

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**GRAND CANYON EDUCATION, INC.**  
**Consolidated Income Statements**  
**(Unaudited)**

|  | <b>Three Months Ended</b> |                  |
|--|---------------------------|------------------|
|  | <b>March 31,</b>          |                  |
|  | <b>2014</b>               | <b>2013</b>      |
| <b>(In thousands, except per share data)</b>   |                           |                  |
| <b>Net revenue</b>   | \$167,432                 | \$142,030        |
| <b>Costs and expenses:</b>   |                           |                  |
| Instructional costs and services   | 70,678                    | 59,997           |
| Admissions advisory and related, including \$805 and \$753 to related parties for the three months ended March 31, 2014 and 2013, respectively | 26,261                    | 22,993           |
| Advertising  | 16,712                    | 15,929           |
| Marketing and promotional  | 1,791                     | 1,435            |
| General and administrative   | 8,554                     | 8,051            |
| <b>Total costs and expenses</b>  | <b>123,996</b>            | <b>108,405</b>   |
| <b>Operating income</b>  | <b>43,436</b>             | <b>33,625</b>    |
| Interest expense   | (523)                     | (668)            |
| Interest and other income  | 137                       | 2,195            |
| <b>Income before income taxes</b>  | <b>43,050</b>             | <b>35,152</b>    |
| Income tax expense   | 16,762                    | 14,207           |
| <b>Net income</b>  | <b>\$ 26,288</b>          | <b>\$ 20,945</b> |
| <b>Earnings per share:</b>   |                           |                  |
| <b>Basic income per share</b>  | <b>\$ 0.58</b>            | <b>\$ 0.47</b>   |
| <b>Diluted income per share</b>  | <b>\$ 0.56</b>            | <b>\$ 0.46</b>   |
| <b>Basic weighted average shares outstanding</b>   | <b>45,205</b>             | <b>44,242</b>    |
| <b>Diluted weighted average shares outstanding</b>   | <b>46,841</b>             | <b>45,449</b>    |

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) the amortization of prepaid royalty payments recorded in conjunction with a settlement of a dispute with our former owner; (ii) contributions to Arizona school tuition organizations in lieu of the payment of state income taxes, which we typically make in the fourth quarter of a fiscal year; (iii) share-based compensation and (iv) one-time, unusual charges or gains, such as litigation and regulatory reserves, impairment charges and asset write-offs, exit or lease termination costs or the gain recognized on the settlement of a third party note receivable. We present Adjusted EBITDA because we consider it to be an important supplemental measure of our operating performance. We also make certain compensation decisions based, in part, on our operating performance, as measured by Adjusted EBITDA, and our loan agreement requires us to comply with covenants that include performance metrics substantially similar to Adjusted EBITDA. 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. Royalty expenses paid to our former owner, contributions made to Arizona school tuition organizations in lieu of the payment of state income taxes, share-based compensation, one time unusual charges or gains such as estimated litigation and regulatory reserves, exit costs, contract and lease termination fees, and the gain recognized on the settlement of notes receivable are not considered reflective of our core performance.

We believe Adjusted EBITDA allows us to compare our current operating results with corresponding historical periods and with the operational performance of other companies in our industry because it does not give effect to potential differences caused by variations in capital structures (affecting relative interest expense, including the impact of write-offs of deferred financing costs when companies refinance their indebtedness), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the book amortization of intangibles (affecting relative amortization expense), and other items that we do not consider reflective of underlying operating performance. We also present Adjusted EBITDA because we believe it is frequently used by securities analysts, investors, and other interested parties as a measure of performance.

In evaluating Adjusted EBITDA, investors should be aware that in the future we may incur expenses similar to the adjustments described above. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by expenses that are unusual, non-routine, or non-recurring. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for net income, operating income, or any other performance measure derived in accordance with and reported under GAAP or as an alternative to cash flow from operating activities or as a measure of our liquidity. Some of these limitations are that it does not reflect:

- cash expenditures for capital expenditures or contractual commitments;
- changes in, or cash requirement for, our working capital requirements;
- interest expense, or the cash required to replace assets that are being depreciated or amortized; and
- the impact on our reported results of earnings or charges resulting from the items for which we make adjustments to our EBITDA, as described above and set forth in the table below.

In addition, other companies, including other companies in our industry, may calculate these measures differently than we do, limiting the usefulness of Adjusted EBITDA as a comparative measure. Because of these limitations, Adjusted EBITDA should not be considered as a substitute for net income, operating income, or any other performance measure derived in accordance with GAAP, or as an alternative to cash flow from operating activities or as a measure of our liquidity. We compensate for these limitations by relying primarily on our GAAP results and only use Adjusted EBITDA as a supplemental performance measure.

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

|   | Three Months Ended<br>March 31, |                  |
|---|---------------------------------|------------------|
|   | 2014                            | 2013             |
|   | (Unaudited, in thousands)       |                  |
| Net income  | \$ 26,288                       | \$ 20,945        |
| Plus: interest expense net of interest income               | 386                             | 660              |
| Plus: income tax expense                                    | 16,762                          | 14,207           |
| Plus: depreciation and amortization                         | 6,855                           | 5,877            |
| EBITDA  | <u>50,291</u>                   | <u>41,689</u>    |
| Plus: royalty to former owner                               | 74                              | 74               |
| Plus: prepaid royalty impairment and fixed asset write-offs | 1,087                           | —                |
| Plus: estimated litigation and regulatory reserves          | 27                              | (46)             |
| Less: gain on proceeds received from note receivable        | —                               | (2,187)          |
| Plus: share-based compensation                              | 2,204                           | 2,170            |
| Adjusted EBITDA   | <u>\$ 53,683</u>                | <u>\$ 41,700</u> |

## Grand Canyon Education, Inc. Reports First Quarter 2014 Results

GRAND CANYON EDUCATION, INC.  
Consolidated Balance Sheets

| <u>(In thousands, except par value)</u>   | <u>March 31,<br/>2014<br/>(Unaudited)</u> | <u>December 31,<br/>2013</u> |
|---|---|------------------------------|
| <b>ASSETS:</b>  |   |                              |
| <b>Current assets</b>   |   |                              |
| Cash and cash equivalents   | \$ 39,129                                 | \$ 55,824                    |
| Restricted cash and cash equivalents  | 50,834                                    | 64,368                       |
| Investments   | 157,466                                   | 108,420                      |
| Accounts receivable, net  | 7,384                                     | 7,217                        |
| Income taxes receivable   | —   | 3,599                        |
| Deferred income taxes   | 5,247                                     | 5,159                        |
| Other current assets  | 17,879                                    | 19,116                       |
| <b>Total current assets</b>   | <b>277,939</b>                            | <b>263,703</b>               |
| Property and equipment, net   | 365,499                                   | 339,596                      |
| Prepaid royalties   | 3,873                                     | 4,641                        |
| Goodwill  | 2,941                                     | 2,941                        |
| Other assets  | 5,000                                     | 5,219                        |
| <b>Total assets</b>   | <b>\$ 655,252</b>                         | <b>\$ 616,100</b>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>  |   |                              |
| <b>Current liabilities</b>  |   |                              |
| Accounts payable  | \$ 27,967                                 | \$ 24,231                    |
| Accrued compensation and benefits   | 14,947                                    | 20,093                       |
| Accrued liabilities   | 13,235                                    | 14,554                       |
| Income taxes payable  | 5,037                                     | 7                            |
| Student deposits  | 54,211                                    | 66,772                       |
| Deferred revenue  | 46,700                                    | 32,816                       |
| Due to related parties  | 516                                       | 454                          |
| Current portion of capital lease obligations  | 90  | 89                           |
| Current portion of notes payable  | 6,609                                     | 6,607                        |
| <b>Total current liabilities</b>  | <b>169,312</b>                            | <b>165,623</b>               |
| Capital lease obligations, less current portion   | 475                                       | 497                          |
| Other noncurrent liabilities  | 6,551                                     | 6,811                        |
| Deferred income taxes, noncurrent   | 13,179                                    | 11,832                       |
| Notes payable, less current portion   | 84,840                                    | 86,493                       |
| <b>Total liabilities</b>  | <b>274,357</b>                            | <b>271,256</b>               |
| Commitments and contingencies   |   |                              |
| <b>Stockholders' equity</b>   |   |                              |
| Preferred stock, \$0.01 par value, 10,000 shares authorized; 0 shares issued and outstanding at March 31, 2014 and December 31, 2013  | —   | —                            |
| Common stock, \$0.01 par value, 100,000 shares authorized; 49,582 and 48,890 shares issued and 46,638 and 46,045 shares outstanding at March 31, 2014 and December 31, 2013, respectively | 496                                       | 489                          |
| Treasury stock, at cost, 2,944 and 2,845 shares of common stock at March 31, 2014 and December 31, 2013, respectively   | (52,675)                                  | (48,432)                     |
| Additional paid-in capital  | 146,945                                   | 132,904                      |
| Accumulated other comprehensive income  | 316                                       | 358                          |
| Retained earnings   | 285,813                                   | 259,525                      |
| <b>Total stockholders' equity</b>   | <b>380,895</b>                            | <b>344,844</b>               |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 655,252</b>                         | <b>\$ 616,100</b>            |

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

| <b>(In thousands)</b>   | <b>Three Months Ended</b> |                   |
|---|---------------------------|-------------------|
|   | <b>March 31,</b>          |                   |
|   | <b>2014</b>               | <b>2013</b>       |
| <b>Cash flows provided by operating activities:</b>                               |                           |                   |
| Net income  | \$ 26,288                 | \$ 20,945         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                           |                   |
| Share-based compensation  | 2,204                     | 2,170             |
| Excess tax benefits from share-based compensation                                 | (6,419)                   | (3,499)           |
| Provision for bad debts   | 3,795                     | 4,941             |
| Depreciation and amortization   | 6,929                     | 5,951             |
| Gain on proceeds received from note receivable                                    | —                         | (2,187)           |
| Deferred income taxes   | 1,150                     | 1,739             |
| Prepaid royalty impairment  | 966                       | —                 |
| Other   | 121                       | —                 |
| Changes in assets and liabilities:  |                           |                   |
| Restricted cash and cash equivalents  | 13,534                    | 6,284             |
| Accounts receivable   | (3,962)                   | (4,641)           |
| Prepaid expenses and other  | 957                       | (2,069)           |
| Due to/from related parties   | 62                        | (94)              |
| Accounts payable  | (1,702)                   | 2,112             |
| Accrued liabilities and employee related liabilities                              | (6,419)                   | (5,531)           |
| Income taxes receivable/payable   | 15,104                    | 1,904             |
| Deferred rent   | (260)                     | (193)             |
| Deferred revenue  | 13,884                    | 10,349            |
| Student deposits  | (12,561)                  | (6,468)           |
| <b>Net cash provided by operating activities</b>                                  | <b>53,671</b>             | <b>31,713</b>     |
| <b>Cash flows used in investing activities:</b>                                   |                           |                   |
| Capital expenditures  | (27,214)                  | (14,704)          |
| Purchase of land and building related to offsite development                      | —                         | (1,438)           |
| Purchases of investments  | (62,711)                  | (23,810)          |
| Proceeds from sale or maturity of investments                                     | 13,665                    | —                 |
| Proceeds received from note receivable  | —                         | 29,187            |
| <b>Net cash used in investing activities</b>                                      | <b>(76,260)</b>           | <b>(10,765)</b>   |
| <b>Cash flows provided by financing activities:</b>                               |                           |                   |
| Principal payments on notes payable and capital lease obligations                 | (1,672)                   | (1,672)           |
| Repurchase of common shares including shares withheld in lieu of income taxes     | (4,243)                   | (6,006)           |
| Excess tax benefits from share-based compensation                                 | 6,419                     | 3,499             |
| Net proceeds from exercise of stock options                                       | 5,390                     | 5,859             |
| <b>Net cash provided by financing activities</b>                                  | <b>5,894</b>              | <b>1,680</b>      |
| <b>Net (decrease) increase in cash and cash equivalents</b>                       | <b>(16,695)</b>           | <b>22,628</b>     |
| <b>Cash and cash equivalents, beginning of period</b>                             | <b>55,824</b>             | <b>105,111</b>    |
| <b>Cash and cash equivalents, end of period</b>                                   | <b>\$ 39,129</b>          | <b>\$ 127,739</b> |
| <b>Supplemental disclosure of cash flow information</b>                           |                           |                   |
| Cash paid for interest  | \$ 535                    | \$ 573            |
| Cash paid for income taxes  | \$ 372                    | \$ 10,566         |
| Cash received for income tax refunds  | \$ 2                      | \$ 2              |
| <b>Supplemental disclosure of non-cash investing and financing activities</b>     |                           |                   |
| Purchases of property and equipment included in accounts payable                  | \$ 5,438                  | \$ 4,067          |
| Tax benefit of Spirit warrant intangible  | \$ 65                     | \$ 67             |
| Shortfall tax expense from share-based compensation                               | \$ 9                      | \$ 74             |

## Grand Canyon Education, Inc. Reports First Quarter 2014 Results

The following is a summary of our student enrollment at March 31, 2014 and 2013 by degree type and by instructional delivery method:

|                                 | 2014 <sup>(1)</sup> |               | 2013 <sup>(1)</sup> |               |
|---------------------------------|---------------------|---------------|---------------------|---------------|
|                                 | # of Students       | % of Total    | # of Students       | % of Total    |
| Graduate degrees <sup>(2)</sup> | 23,770              | 38.6%         | 20,217              | 37.7%         |
| Undergraduate degree            | 37,831              | 61.4%         | 33,342              | 62.3%         |
| <b>Total</b>                    | <b>61,601</b>       | <b>100.0%</b> | <b>53,559</b>       | <b>100.0%</b> |

  

|                       | 2014 <sup>(1)</sup> |               | 2013 <sup>(1)</sup> |               |
|-----------------------|---------------------|---------------|---------------------|---------------|
|                       | # of Students       | % of Total    | # of Students       | % of Total    |
| Online <sup>(3)</sup> | 51,944              | 84.3%         | 46,258              | 86.4%         |
| Ground <sup>(4)</sup> | 9,657               | 15.7%         | 7,301               | 13.6%         |
| <b>Total</b>          | <b>61,601</b>       | <b>100.0%</b> | <b>53,559</b>       | <b>100.0%</b> |

(1) Enrollment at March 31, 2014 and 2013 represents individual students who attended a course during the last two months of the calendar quarter. Included in enrollment at March 31, 2014 and 2013 are students pursuing non-degree certificates of 801 and 567, respectively. The March 31, 2013 amount also included 236 high school dual credit students. We are no longer including these students in our enrollment.

(2) Includes 4,619 and 3,329 students pursuing doctoral degrees at March 31, 2014 and 2013, respectively.

(3) As of March 31, 2014 and 2013, 44.0% and 42.2%, respectively, of our online and professional studies students were pursuing graduate degrees.

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