

DOVER MOTORSPORTS INC  
Form 10-Q  
August 02, 2016

**United States**  
**Securities and Exchange Commission**

Washington, D.C. 20549

**Form 10-Q**

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

**For the quarterly period ended June 30, 2016**

**Commission file number 1-11929**

**Dover Motorsports, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**51-0357525**  
(I.R.S. Employer Identification No.)

**1131 North DuPont Highway, Dover, Delaware 19901**

(Address of principal executive offices)

**(302) 883-6500**

(Registrant's telephone number, including area code)

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N/A

(Former name, former address and former 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  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.

Large accelerated filer  Accelerated filer  Non-accelerated filer  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 July 25, 2016, the number of shares of each class of the registrant's common stock outstanding is as follows:

Common Stock -	18,292,347 shares
Class A Common Stock -	18,510,975 shares

**Part I Financial Information****Item 1. Financial Statements**

**DOVER MOTORSPORTS, INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**AND COMPREHENSIVE INCOME**

**In Thousands, Except Per Share Amounts**

**(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Revenues:</b>				
Admissions	\$ 3,682	\$ 4,212	\$ 3,682	\$ 4,212
Event-related	4,542	4,681	4,681	4,691
Broadcasting	17,022	16,486	17,022	16,486
Other	7	1	7	1
	25,253	25,380	25,392	25,390
<b>Expenses:</b>				
Operating and marketing	13,847	13,629	15,053	14,738
General and administrative	1,820	1,811	3,774	3,751
Loss on disposal of long-lived assets				40
Depreciation	867	1,422	1,763	2,967
	16,534	16,862	20,590	21,496
Income from assets held for sale		606		1,033
Operating earnings	8,719	9,124	4,802	4,927
Interest expense, net	(66)	(86)	(125)	(233)
(Provision) benefit for contingent obligation	(70)	125	(56)	102
Other (expense) income	(8)		(8)	1
Earnings before income taxes	8,575	9,163	4,613	4,797
Income tax expense	(3,509)	(3,669)	(1,890)	(1,907)
Net earnings	5,066	5,494	2,723	2,890
Unrealized gain (loss) on available-for-sale securities, net of income taxes	5	(7)	10	4
Change in net actuarial loss and prior service cost, net of income taxes	18	19	35	38

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Comprehensive income	\$	5,089	\$	5,506	\$	2,768	\$	2,932
Net earnings per common share:								
Basic	\$	0.14	\$	0.15	\$	0.07	\$	0.08
Diluted	\$	0.14	\$	0.15	\$	0.07	\$	0.08

The Notes to the Consolidated Financial Statements are an integral part of these consolidated financial statements.

## DOVER MOTORSPORTS, INC.

## CONSOLIDATED BALANCE SHEETS

In Thousands, Except Share and Per Share Amounts

(Unaudited)

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash	\$ 1	\$ 1
Accounts receivable	1,565	173
Inventories	16	72
Prepaid expenses and other	977	1,136
Receivable from Dover Downs Gaming & Entertainment, Inc.		44
Prepaid income taxes		1
Deferred income taxes		79
Assets held for sale	26,000	26,000
Total current assets	28,559	27,506
Property and equipment, net	53,502	53,542
Other assets	914	851
Deferred income taxes		549
Total assets	\$ 82,975	\$ 82,448
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 647	\$ 137
Accrued liabilities	3,079	3,215
Payable to Dover Downs Gaming & Entertainment, Inc.	14	
Income taxes payable	1,405	
Deferred revenue	2,403	1,278
Total current liabilities	7,548	4,630
Revolving line of credit	1,500	5,900
Liability for pension benefits	3,668	3,790
Provision for contingent obligation	1,783	1,727
Deferred income taxes	13,703	14,408
Total liabilities	28,202	30,455
Commitments and contingencies (see Notes to the Consolidated Financial Statements)		
Stockholders equity:		
Preferred stock, \$0.10 par value; 1,000,000 shares authorized; shares issued and outstanding: none		
Common stock, \$0.10 par value; 75,000,000 shares authorized; shares issued and outstanding: 18,293,135 and 18,220,484, respectively		
	1,829	1,822
Class A common stock, \$0.10 par value; 55,000,000 shares authorized; shares issued and outstanding: 18,510,975 and 18,510,975, respectively		
	1,851	1,851
Additional paid-in capital	101,747	101,742
Accumulated deficit	(47,578)	(50,301)
Accumulated other comprehensive loss	(3,076)	(3,121)
Total stockholders equity	54,773	51,993
Total liabilities and stockholders equity	\$ 82,975	\$ 82,448

The Notes to the Consolidated Financial Statements are an integral part of these consolidated financial statements.

## DOVER MOTORSPORTS, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

In Thousands

(Unaudited)

	Six Months Ended June 30,	
	2016	2015
<b>Operating activities:</b>		
Net earnings	\$ 2,723	\$ 2,890
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	1,763	2,967
Amortization of credit facility fees	48	48
Stock-based compensation	171	196
Excess tax benefits from stock-based compensation	(27)	
Deferred income taxes	(80)	(772)
Provision (benefit) for contingent obligation	56	(102)
Income from assets held for sale		(1,033)
Changes in assets and liabilities:		
Accounts receivable	(1,392)	(1,160)
Inventories	56	(46)
Prepaid expenses and other	143	(132)
Accounts payable	459	348
Accrued liabilities	(136)	519
Payable to/receivable from Dover Downs Gaming & Entertainment, Inc.	58	
Income taxes payable/prepaid income taxes	1,405	2,006
Deferred revenue	1,125	2,759
Liability for pension benefits	(63)	(36)
Net cash provided by operating activities	6,309	8,452
<b>Investing activities:</b>		
Capital expenditures	(1,671)	(1,112)
Purchases of available-for-sale securities	(103)	(8)
Proceeds from available-for-sale securities	24	5
Non-refundable payments received related to assets held for sale		1,200
Net cash (used in) provided by investing activities	(1,750)	85
<b>Financing activities:</b>		
Borrowings from revolving line of credit	12,720	12,640
Repayments on revolving line of credit	(17,120)	(20,600)
Repurchase of common stock	(186)	(121)
Excess tax benefits from stock-based compensation	27	
Net cash used in financing activities	(4,559)	(8,081)
Net increase in cash		456
Cash, beginning of period	1	24
Cash, end of period	\$ 1	\$ 480
<b>Supplemental information:</b>		
Interest paid	\$ 199	\$ 255
Income tax payments	\$ 563	\$ 669
Change in accounts payable/accrued expenses for capital expenditures	\$ 51	\$