

PENN NATIONAL GAMING INC  
Form 10-K/A  
August 08, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 10-K/A**

(Amendment No. 1)

(Mark One)

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

For the fiscal year ended December 31, 2012

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 0-24206

## Penn National Gaming, Inc.

(Exact name of registrant as specified in its charter)

**Pennsylvania**

(State or other jurisdiction of  
incorporation or organization)

**23-2234473**

(I.R.S. Employer  
Identification No.)

**825 Berkshire Blvd., Suite 200**

**Wyomissing, Pennsylvania**

(Address of principal executive offices)

**19610**

(Zip Code)

Registrant's telephone number, including area code: **(610) 373-2400**

Securities registered pursuant to Section 12(b) of the Act:

**Title of each class**

None

**Name of each exchange on which registered**

None

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, par value \$.01 per share**

**Series B Preferred Stock, par value \$.01 per share**

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports 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

## Edgar Filing: PENN NATIONAL GAMING INC - Form 10-K/A

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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   
(Do not check if a 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 June 30, 2012, the aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately \$2.9 billion. Such aggregate market value was computed by reference to the closing price of the common stock as reported on the NASDAQ Global Select Market on June 30, 2012. For purposes of making this calculation only, the registrant has defined affiliates as including all directors, executive officers and beneficial owners of more than ten percent of the common stock of the Company.

The number of shares of the registrant's common stock outstanding as of February 14, 2013 was 77,715,792.

### DOCUMENTS INCORPORATED BY REFERENCE

None.

Table of Contents

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>PART II</u></b>	
<u>ITEM 8.</u>	<u>Financial statements and supplementary data</u> 4
<u>ITEM 9.</u>	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u> 41
<u>ITEM 9A.</u>	<u>Controls and Procedures</u> 41
<u>ITEM 9B.</u>	<u>Other Information</u> 44
<b><u>PART IV</u></b>	
<u>ITEM 15.</u>	<u>Exhibits, Financial Statement Schedules</u> 44

Table of Contents

**EXPLANATORY NOTE**

The Registrant is filing this Amendment No. 1 on Form 10K/A ( Form 10K/A ) to its Annual Report on Form 10-K for the year ended December 31, 2012 ( Form 10-K ) to correct a typographical error in our audit opinion on pages 67 and 113 on our Form 10-K which had inadvertently omitted the reference to the consolidated statement of comprehensive income.

As required by Rule 12b-15, the Registrant's principal executive officer and principal financial officer are providing currently dated certifications on Exhibits 31.3, 31.4, 32.3 and 32.4. Accordingly, the Registrant hereby amends Item 15 in the Form 10-K to add such reports as Exhibits.

Except as described above, this Form 10-K/A does not amend, update or change any other items or disclosures in the Form 10-K, including any of the financial information disclosed in Parts II and IV of the Form 10-K, and does not purport to reflect any information or events subsequent to the filing thereof. As such, this Form 10-K/A speaks only as of the date the Form 10-K was filed, and the Company has not undertaken herein to amend, supplement or update any information contained in the Form 10-K to give effect to any subsequent events. Accordingly, this Form 10-K/A should be read in conjunction with the Form 10-K.

Table of Contents

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**Report of Independent Registered Public Accounting Firm**

Board of Directors

Penn National Gaming, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Penn National Gaming, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Penn National Gaming, Inc. and Subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Penn National Gaming, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2013 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania

February 22, 2013



Table of Contents**Penn National Gaming, Inc. and Subsidiaries****Consolidated Balance Sheets****(in thousands, except share and per share data)**

	December 31,	
	2012	2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 260,467	\$ 238,440
Receivables, net of allowance for doubtful accounts of \$3,901 and \$4,115 at December 31, 2012 and December 31, 2011, respectively	53,720	55,455
Insurance receivable		1,072
Prepaid expenses	94,620	39,801
Deferred income taxes	39,793	32,306
Other current assets	38,540	48,715
Total current assets	487,140	415,789
<b>Property and equipment, net</b>	<b>2,730,797</b>	<b>2,277,200</b>
<b>Other assets</b>		
Investment in and advances to unconsolidated affiliates	204,506	174,116
Goodwill	1,380,689	1,180,359
Other intangible assets	706,477	421,593
Debt issuance costs, net of accumulated amortization of \$11,462 and \$4,860 at December 31, 2012 and December 31, 2011, respectively	35,999	33,310
Other assets	98,449	103,979
Total other assets	2,426,120	1,913,357
<b>Total assets</b>	<b>\$ 5,644,057</b>	<b>\$ 4,606,346</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt	\$ 81,497	\$ 44,559
Accounts payable	38,268	39,582
Accrued expenses	133,316	113,699
Accrued interest	21,872	17,947
Accrued salaries and wages	96,426	85,285
Gaming, pari-mutuel, property, and other taxes	55,610	49,559
Income taxes		5,696
Insurance financing	3,856	16,363
Other current liabilities	68,774	53,650
Total current liabilities	499,619	426,340
<b>Long-term liabilities</b>		
Long-term debt, net of current maturities	2,649,073	1,998,606
Deferred income taxes	216,357	167,576
Noncurrent tax liabilities	20,393	33,872
Other noncurrent liabilities	7,686	8,321
Total long-term liabilities	2,893,509	2,208,375
<b>Shareholders' equity</b>		
Preferred stock (\$.01 par value, 1,000,000 shares authorized, 12,275 shares issued and outstanding at December 31, 2012 and 2011)		
Common stock (\$.01 par value, 200,000,000 shares authorized, 77,446,601 and 76,213,126 shares issued at December 31, 2012 and December 31, 2011, respectively)	769	756
Additional paid-in capital	1,451,965	1,385,355
Retained earnings	795,173	583,202
Accumulated other comprehensive income	3,022	2,318

Edgar Filing: PENN NATIONAL GAMING INC - Form 10-K/A

Total shareholders' equity		2,250,929		1,971,631
<b>Total liabilities and shareholders' equity</b>	\$	5,644,057	\$	4,606,346

See accompanying notes to the consolidated financial statements.

Table of Contents

**Penn National Gaming, Inc. and Subsidiaries**

**Consolidated Statements of Operations**

(in thousands, except per share data)

<b>Year ended December 31,</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>			
Gaming	\$ 2,590,533	\$ 2,468,630	\$ 2,242,515
Food, beverage and other	438,837	400,258	334,808
Management service fee	14,835	15,185	15,190
<b>Revenues</b>	<b>3,044,205</b>	<b>2,884,073</b>	<b>2,592,513</b>