

TRUMP ENTERTAINMENT RESORTS, INC.
Form 10-Q
May 12, 2010

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: March 31, 2010

OR

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

For the transition period from _____ to _____.

TRUMP ENTERTAINMENT RESORTS, INC.
TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.
TRUMP ENTERTAINMENT RESORTS FUNDING, INC.

(Exact name of registrant as specified in its charter)

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Delaware	1-13794	13-3818402
Delaware	33-90786	13-3818407
Delaware (State or other jurisdiction of incorporation or organization)	33-90786-01 (Commission File Number)	13-3818405 (I.R.S. Employer Identification No.)

15 South Pennsylvania Avenue

Atlantic City, New Jersey 08401

(609) 449-5866

(Address, including zip code, and telephone number, including area code, of principal executive offices)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrants (1) have 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) have 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 each 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.

Trump Entertainment Resorts, Inc.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>
Trump Entertainment Resorts Holdings, L.P.	

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>
Trump Entertainment Resorts Funding, Inc.	

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Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller Reporting Company
Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrants have filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of May 12, 2010, there were 31,270,345 shares of common stock and 900 shares of class B common stock of Trump Entertainment Resorts, Inc. outstanding. As of May 12, 2010, there were 100 shares of common stock of Trump Entertainment Resorts Funding, Inc. outstanding.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

TRUMP ENTERTAINMENT RESORTS, INC.

DEBTOR IN POSSESSION

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(dollars in thousands, except share and per share data)

	March 31, 2010	December 31, 2009
Current assets:		
Cash and cash equivalents	\$ 60,582	\$ 66,084
Accounts receivable, net	30,068	31,890
Accounts receivable, other	4,915	5,136
Property taxes receivable	4,403	3,981
Inventories	4,794	5,033
Deferred income taxes	2,293	2,293
Prepaid expenses and other current assets	12,810	17,431
Total current assets	119,865	131,848
Net property and equipment	1,123,980	1,134,027
Other assets:		
Trademarks	32,712	32,712
Intangible assets, net	2,149	2,401
Property taxes receivable	8,904	12,585
Other assets, net	84,135	83,196
Total other assets	127,900	130,894
Total assets	\$ 1,371,745	\$ 1,396,769
Current liabilities:		
Current maturities of long-term debt	\$ 648	\$ 661
Accounts payable	32,405	28,887
Accrued payroll and related expenses	27,606	22,358
Income taxes payable	8,348	8,348
Accrued interest payable	11,847	11,310
Self-insurance reserves	17,666	17,290
Other current liabilities	29,848	30,903
Total current liabilities	128,368	119,757
Liabilities subject to compromise	1,889,406	1,890,608
Long-term debt, net of current maturities	6,424	6,570
Deferred income taxes	47,523	47,523
Other long-term liabilities	23,788	23,989

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(Deficit) equity:		
Preferred stock, \$1 par value; 1,000,000 shares authorized, no shares issued and outstanding		
Common stock, \$.001 par value; 75,000,000 shares authorized, 31,270,345 shares issued and outstanding	31	31
Class B Common stock, \$0.001 par value; 1,000 shares authorized, 900 shares issued and outstanding		
Additional paid-in capital	467,834	467,787
Accumulated deficit	(1,024,312)	(999,857)
Noncontrolling interest in subsidiaries	(167,317)	(159,639)
Total deficit	(723,764)	(691,678)
Total liabilities and deficit	\$ 1,371,745	\$ 1,396,769

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS, INC.**DEBTOR IN POSSESSION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited)

(dollars in thousands, except share and per share data)

	Three Months Ended March 31,	
	2010	2009
Revenues:		
Gaming	\$ 170,786	\$ 207,677
Rooms	19,731	19,576
Food and beverage	20,079	22,323
Other	7,765	7,959
	218,361	257,535
Less promotional allowances	(49,924)	(65,276)
Net revenues	168,437	192,259
Costs and expenses:		
Gaming	91,093	104,234
Rooms	4,392	3,792
Food and beverage	10,611	10,562
General and administrative	59,996	62,041
Corporate and other	3,796	4,557
Corporate - related party	519	635
Depreciation and amortization	11,536	14,472
Reorganization expense and related costs	7,831	18,812
	189,774	219,105
Loss from operations	(21,337)	(26,846)
Non-operating income (expense):		
Interest income	298	542
Interest expense	(10,929)	(39,259)
	(10,631)	(38,717)
Loss before income taxes	(31,968)	(65,563)
Income tax provision		
Net loss	(31,968)	(65,563)
Less: Net loss attributable to the noncontrolling interest	7,513	15,408
Net loss attributable to Trump Entertainment Resorts, Inc.	\$ (24,455)	\$ (50,155)
Earnings per share:		
Net loss per share attributable to Trump Entertainment Resorts, Inc. common shareholders - basic and diluted	\$ (0.78)	\$ (1.58)

Weighted average shares outstanding - basic and diluted	31,270,345	31,717,098
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See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS, INC.

DEBTOR IN POSSESSION

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS DEFICIT

(unaudited)

(in thousands, except share data)

	Trump Entertainment Resorts, Inc. Shareholders							Total Deficit
	Shares	Common Stock	Class B Shares	Class B Common Stock	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	
Balance, December 31, 2009	31,270,345	\$ 31	900	\$	\$ 467,787	\$ (999,857)	\$ (159,639)	\$ (691,678)
Stock-based compensation expense					47		15	62
Partnership distributions							(180)	(180)
Net loss						(24,455)	(7,513)	(31,968)
Balance, March 31, 2010	31,270,345	\$ 31	900	\$	\$ 467,834	\$ (1,024,312)	\$ (167,317)	\$ (723,764)

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS, INC.**DEBTOR IN POSSESSION****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

(dollars in thousands)

	Three Months Ended March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (31,968)	\$ (65,563)
Adjustments to reconcile net loss to net cash flows (used in) provided by operating activities:		
Deferred income taxes		
Depreciation and amortization	11,536	14,472
Accretion of interest income related to property tax settlement	(175)	(214)
Provisions for losses on receivables	2,768	3,072
Stock-based compensation expense	62	421
Valuation allowance - CRDA investments	695	835
Amortization of deferred financing costs		470
Non-cash reorganization expense		14,432
Changes in operating assets and liabilities:		
Increase in receivables	(725)	(6,706)
Decrease in inventories	239	791
Decrease in property taxes receivable	3,434	3,362
Decrease in prepaid expenses and other current assets	4,621	3,611
Decrease (increase) in other assets	589	(2,510)
Increase in accounts payable, accrued expenses and other current liabilities	8,191	7,675
Increase in accrued interest payable	537	28,399
Decrease in other long-term liabilities	(201)	(171)
Net cash flows (used in) provided by operating activities	(397)	2,376
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(1,482)	(14,357)
Purchases of CRDA investments, net	(2,234)	(2,694)
Decrease in restricted cash		200
Net cash flows used in investing activities	(3,716)	(16,851)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of term loan	(1,230)	(1,232)
Repayments of other long-term debt	(159)	(37)
Net cash flows used in financing activities	(1,389)	(1,269)
Net decrease in cash and cash equivalents	(5,502)	(15,744)
Cash and cash equivalents at beginning of period	66,084	86,183
Cash and cash equivalents at end of period	\$ 60,582	\$ 70,439

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	\$ 10,392	\$ 10,395
Cash paid for income taxes		
Decrease in accounts payable for accrued purchases of property and equipment	(256)	(8,881)

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.

DEBTOR IN POSSESSION

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(dollars in thousands)

	March 31, 2010	December 31, 2009
Current assets:		
Cash and cash equivalents	\$ 60,582	\$ 66,084
Accounts receivable, net	30,068	31,890
Accounts receivable, other	4,915	5,136
Property taxes receivable	4,403	3,981
Inventories	4,794	5,033
Deferred income taxes	1,337	1,337
Prepaid expenses and other current assets	12,810	17,431
Total current assets	118,909	130,892
Net property and equipment	1,123,980	1,134,027
Other assets:		
Trademarks	32,712	32,712
Intangible assets, net	2,149	2,401
Property taxes receivable	8,904	12,585
Other assets, net	84,135	83,196
Total other assets	127,900	130,894
Total assets	\$ 1,370,789	\$ 1,395,813
Current liabilities:		
Current maturities of long-term debt	\$ 648	\$ 661
Accounts payable	32,405	28,887
Accrued payroll and related expenses	27,606	22,358
Income taxes payable	8,348	8,348
Accrued interest payable	11,847	11,310
Self-insurance reserves	17,666	17,290
Other current liabilities	29,848	30,903
Total current liabilities	128,368	119,757
Liabilities subject to compromise	1,889,406	1,890,608
Long-term debt, net of current maturities	6,424	6,570
Deferred income taxes	13,538	13,538
Other long-term liabilities	23,788	23,989
Partners deficit		
Partners capital	605,196	605,314
Accumulated deficit	(1,295,931)	(1,263,963)
Total partners deficit	(690,735)	(658,649)

Total liabilities and partners deficit	\$ 1,370,789	\$ 1,395,813
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See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.**DEBTOR IN POSSESSION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited)

(dollars in thousands)

	Three Months Ended March 31,	
	2010	2009
Revenues:		
Gaming	\$ 170,786	\$ 207,677
Rooms	19,731	19,576
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	218,361	257,535
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Costs and expenses:		
Gaming	91,093	104,234
Rooms	4,392	3,792
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General and administrative	59,996	62,041
Corporate and other	3,796	4,557
Corporate-related party	519	635
Depreciation and amortization	11,536	14,472
Reorganization expense and related costs	7,831	18,812
	189,774	219,105
Loss from operations	(21,337)	(26,846)
Non-operating income (expense):		
Interest income	298	538
Interest expense	(10,929)	(39,259)
	(10,631)	(38,721)
Loss before income taxes	(31,968)	(65,567)
Income tax provision		
Net loss	\$ (31,968)	\$ (65,567)

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.

DEBTOR IN POSSESSION

CONSOLIDATED STATEMENTS OF PARTNERS DEFICIT

(unaudited)

(dollars in thousands)

	Partners Capital	Accumulated Deficit	Total Partners Deficit
Balance, December 31, 2009	\$ 605,314	\$ (1,263,963)	\$ (658,649)
Stock-based compensation expense	62		62
Partnership distributions	(180)		(180)
Net loss		(31,968)	(31,968)
Balance, March 31, 2010	\$ 605,196	\$ (1,295,931)	\$ (690,735)

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.

DEBTOR IN POSSESSION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(dollars in thousands)

	Three Months Ended March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (31,968)	\$ (65,567)
Adjustments to reconcile net loss to net cash flows (used in) provided by operating activities:		
Deferred income taxes		
Depreciation and amortization	11,536	14,472
Accretion of interest income related to property tax settlement	(175)	(214)
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Increase in accrued interest payable	537	28,399
Decrease in other long-term liabilities	(201)	(171)
Net cash flows (used in) provided by operating activities	(397)	2,372
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(1,482)	(14,357)
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Net cash flows used in investing activities	(3,716)	(16,851)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of term loan	(1,230)	(1,232)
Repayments of other long-term debt	(159)	(37)
Net cash flows used in financing activities	(1,389)	(1,269)
Net decrease in cash and cash equivalents	(5,502)	(15,748)
Cash and cash equivalents at beginning of period	66,084	85,206
Cash and cash equivalents at end of period	\$ 60,582	\$ 69,458

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	\$ 10,392	\$ 10,395
Cash paid for income taxes		
Decrease in accounts payable for accrued purchases of property and equipment	(256)	(8,881)

See accompanying notes to condensed consolidated financial statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(dollars in thousands, except share and per share data)

(1) General

Organization

The accompanying consolidated financial statements include those of Trump Entertainment Resorts, Inc. (*TER*), a Delaware corporation, its majority-owned subsidiary, Trump Entertainment Resorts Holdings, L.P. (*TER Holdings*), a Delaware limited partnership, and their respective subsidiaries. Except where otherwise noted, the words *we*, *us*, *our* and similar terms, as well as *Company*, refer to *TER* and all of its subsidiaries. Through *TER Holdings* a