

MONARCH CASINO & RESORT INC

Form 10-Q

August 08, 2014

[Table of Contents](#)

**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, 2014**

**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 No. 0-22088**

## MONARCH CASINO & RESORT, INC.

(Exact name of registrant as specified in its charter)

**Nevada**

(State or Other Jurisdiction of  
Incorporation or Organization)

**88-0300760**

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

**3800 S. Virginia St.**

**Reno, Nevada**

(Address of Principal Executive Offices)

**89502**

(ZIP Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Registrant's telephone number, including area code: **(775) 335-4600**

---

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 x No o**

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 x No o**

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 definitions of large accelerated filer, accelerated filer, non-accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Edgar Filing: MONARCH CASINO & RESORT INC - Form 10-Q

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

**Common stock, \$0.01 par value**  
Class

**16,798,207 shares**  
Outstanding at August 1, 2014

---

Table of Contents

**TABLE OF CONTENTS**

	<b>Page Number</b>
<b><u>Item</u></b>	
<b><u>PART I - FINANCIAL INFORMATION</u></b>	
<b><u>Item 1. Financial Statements</u></b>	
<u>Condensed Consolidated Statements of Income for the three and six months ended June 30, 2014 and 2013 (unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets at June 30, 2014 (unaudited) and December 31, 2013</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2014 and 2013 (unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	19
<u>Item 4. Controls and Procedures</u>	19
<b><u>PART II - OTHER INFORMATION</u></b>	
<u>Item 1. Legal Proceedings</u>	19
<u>Item 1A. Risk Factors</u>	19
<u>Item 6. Exhibits</u>	20
<u>Signatures</u>	21

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****MONARCH CASINO & RESORT, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(In thousands, except per share data)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
<b>Revenues</b>				
Casino	\$ 36,264	\$ 39,792	\$ 72,298	\$ 76,787
Food and beverage	13,205	12,494	25,470	24,385
Hotel	6,031	6,369	10,675	11,680
Other	2,455	2,315	4,934	4,645
Gross revenues	57,955	60,970	113,377	117,497
Less promotional allowances	(10,152)	(11,319)	(20,066)	(22,241)
Net revenues	47,803	49,651	93,311	95,256
<b>Operating expenses</b>				
Casino	15,117	14,923	30,139	29,429
Food and beverage	5,543	4,995	10,514	9,839
Hotel	1,700	1,729	3,084	3,133
Other	912	813	1,787	1,565
Selling, general and administrative	13,180	12,643	26,411	24,914
Depreciation and amortization	4,630	4,380	9,324	9,023
Loss on disposition of assets	249		249	
Colorado ballot initiative costs	1,004		1,004	
Total operating expenses	42,335	39,483	82,512	77,903
Income from operations	5,468	10,168	10,799	17,353
<b>Other expenses</b>				
Interest expense	(274)	(516)	(561)	(1,082)
Total other expenses	(274)	(516)	(561)	(1,082)
Income before income taxes	5,194	9,652	10,238	16,271
Provision for income taxes	(2,170)	(3,532)	(3,938)	(5,889)
Net income	\$ 3,024	\$ 6,120	\$ 6,300	\$ 10,382
<b>Earnings per share of common stock</b>				
Net income				
Basic	\$ 0.18	\$ 0.38		