

TRUMP HOTELS & CASINO RESORTS INC
Form 10-Q
August 14, 2002
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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2002

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 1-13794

TRUMP HOTELS & CASINO RESORTS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

13-3818402
(I.R.S. Employer
Identification No.)

1000 Boardwalk
Atlantic City, New Jersey 08401
(609) 449-6515

(Address, Including Zip Code and Telephone Number, Including
Area Code, of Registrant's Principal Executive Offices)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report).
Commission file number 33-90786

TRUMP HOTELS & CASINO RESORTS HOLDINGS, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

13-3818407
(I.R.S. Employer
Identification No.)

1000 Boardwalk
Atlantic City, New Jersey 08401
(609) 449-6515

(Address, Including Zip Code and Telephone Number, Including
Area Code, of Registrant's Principal Executive Offices)

Not Applicable

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

Commission file number 33-90786

TRUMP HOTELS & CASINO RESORTS FUNDING, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

13-3818405

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

1000 Boardwalk

Atlantic City, New Jersey 08401

(609) 449-6515

(Address, Including Zip Code and Telephone Number, Including
Area Code, of Registrant's Principal Executive Offices)

Not Applicable

(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 registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No

The number of outstanding shares of Common Stock, par value \$.01 per share, of Trump Hotels & Casino Resorts, Inc. as of August 14, 2002 was 22,010,027.

The number of outstanding shares of Class B Common Stock, par value \$.01 per share, of Trump Hotels & Casino Resorts, Inc. as of August 14, 2002 was 1,000.

The number of outstanding shares of Common Stock, par value \$.01 per share, of Trump Hotels & Casino Resorts Funding, Inc. as of August 14, 2002 was 100. Trump Hotels & Casino Resorts Funding, Inc. meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and is therefore filing this form with reduced disclosure information.

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**TRUMP HOTELS & CASINO RESORTS, INC.,
TRUMP HOTELS & CASINO RESORTS HOLDINGS, L.P.
AND
TRUMP HOTELS & CASINO RESORTS FUNDING, INC.**

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	December 31, 2001	June 30, 2002
	<u> </u>	<u> </u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 119,173	\$ 119,967
Receivables, net	47,328	45,190
Inventories	11,658	11,529
Prepaid expenses and other current assets	9,120	16,550
	<u> </u>	<u> </u>
Total Current Assets	187,279	193,236
INVESTMENT IN BUFFINGTON HARBOR, L.L.C.	33,889	32,712
INVESTMENT IN TRUMP S CASTLE PIK NOTES	105,940	114,692
PROPERTY AND EQUIPMENT, NET	1,797,487	1,784,849
DEFERRED BOND AND LOAN ISSUANCE COSTS, NET	21,129	18,060
OTHER ASSETS (Note 3)	73,727	74,762
	<u> </u>	<u> </u>
Total Assets	\$ 2,219,451	\$ 2,218,311
	<u> </u>	<u> </u>
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 20,218	\$ 19,775
Accounts payable and accrued expenses	144,042	150,172
Due to affiliates, net	17	244
Accrued interest payable	38,580	30,012
	<u> </u>	<u> </u>
Total Current Liabilities	202,857	200,203
LONG-TERM DEBT, net of current maturities	1,881,636	1,895,217
OTHER LONG-TERM LIABILITIES	33,191	28,145
	<u> </u>	<u> </u>
Total Liabilities	2,117,684	2,123,565
	<u> </u>	<u> </u>
MINORITY INTEREST	12,304	9,800
STOCKHOLDERS EQUITY:		
Common Stock, \$.01 par value, 75,000,000 shares authorized, 24,206,756 issued; 22,010,027 outstanding	242	242
Class B Common Stock, \$.01 par value, 1,000 shares authorized, issued and outstanding		
Additional Paid in Capital	455,645	455,645
Accumulated Deficit	(345,850)	(350,192)
Accumulated Other Comprehensive Loss	(374)	(549)
Less treasury stock at cost, 2,196,729 shares	(20,200)	(20,200)
	<u> </u>	<u> </u>

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Total Stockholders' Equity	89,463	84,946
Total Liabilities and Stockholders' Equity	\$ 2,219,451	\$ 2,218,311

The accompanying notes are an integral part of these condensed consolidated balance sheets

Table of Contents**TRUMP HOTELS & CASINO RESORTS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001 AND 2002****(unaudited)****(dollars in thousands, except share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2002	2001	2002
REVENUES:				
Gaming	\$ 309,168	\$ 318,948	\$ 602,146	\$ 630,386
Rooms	20,871	20,931	38,937	39,766
Food and Beverage	32,404	32,198	63,388	62,532
Other	9,399	10,843	16,991	19,559
	<u>371,842</u>	<u>382,920</u>	<u>721,462</u>	<u>752,243</u>
Gross Revenues	371,842	382,920	721,462	752,243
Less Promotional allowances (Note 4)	70,489	69,523	138,615	137,671
	<u>301,353</u>	<u>313,397</u>	<u>582,847</u>	<u>614,572</u>
Net Revenues	301,353	313,397	582,847	614,572
COSTS AND EXPENSES:				
Gaming (Note 4)	155,198	150,495	307,451	299,043
Rooms	8,017	8,426	15,359	16,088
Food and Beverage	11,289	12,044	21,165	22,684
General and Administrative	66,020	65,514	131,797	130,107
Depreciation and Amortization	18,645	20,399	37,520	39,817
Debt Renegotiation Costs (Note 5)		949		3,064
	<u>259,169</u>	<u>257,827</u>	<u>513,292</u>	<u>510,803</u>
Income from operations	42,184	55,570	69,555	103,769
NON-OPERATING INCOME AND (EXPENSES):				
Interest income	1,017	612	2,099	1,093
Interest expense	(54,934)	(55,239)	(109,287)	(110,454)
Other non-operating income (expense)	296	39	426	(54)
	<u>(53,621)</u>	<u>(54,588)</u>	<u>(106,762)</u>	<u>(109,415)</u>
Income (Loss) before equity in loss of Buffington Harbor, L.L.C., and minority interest	(11,437)	982	(37,207)	(5,646)
Equity in loss of Buffington Harbor, L.L.C.	(800)	(598)	(1,598)	(1,200)
Minority Interest	4,475	(140)	14,191	2,504
	<u>(7,762)</u>	<u>244</u>	<u>(24,614)</u>	<u>(4,342)</u>
NET INCOME (LOSS)	\$ (7,762)	\$ 244	\$ (24,614)	\$ (4,342)
Basic and diluted earnings (loss) per share	\$ (0.35)	0.01	\$ (1.12)	\$ (0.20)
Weighted average number of shares outstanding basic	22,010,027	22,010,027	22,010,027	22,010,027

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Weighted average number of shares outstanding diluted	22,010,027	22,061,762	22,010,027	22,010,027
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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TRUMP HOTELS & CASINO RESORTS, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2002(unaudited)
(dollars in thousands)

	Common Stock Amount	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders Equity
Balance, December 31, 2001	\$ 242	\$ 455,645	\$ (345,850)	\$ (374)	\$ (20,200)	\$ 89,463
Net Loss			(4,342)			(4,342)
Change in value of interest rate swap				(175)		(175)
Total comprehensive loss						(4,517)
Balance, June 30, 2002	\$ 242	\$ 455,645	\$ (350,192)	\$ (549)	\$ (20,200)	\$ 84,946

At December 31, 2001 and June 30, 2002, there were 22,010,027 shares of Common Stock outstanding and 1,000 shares of Class B Common Stock outstanding.

The accompanying notes are an integral part of this condensed consolidated financial statement.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2001 AND 2002
(unaudited)
(dollars in thousands)

	<u>2001</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (24,614)	\$ (4,342)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Issuance of debt in exchange for accrued interest	8,392	8,604
Non-cash increase in Trump's Castle PIK Notes	(7,654)	(8,752)
Equity in loss of Buffington Harbor, L.L.C.	1,598	1,200
Depreciation and amortization	37,520	39,817
Minority interest in net loss	(14,191)	(2,504)
Accretion of discounts on mortgage notes	3,153	3,605
Amortization of deferred loan costs	2,944	3,227
Provision for losses on receivables	4,079	4,293
Valuation allowance of CRDA investments and amortization of Indiana gaming costs	3,585	2,774
Gain on disposition of property	(423)	
Decrease (increase) in receivables	3,582	(2,155)
Decrease in inventories	474	129
Increase in other current assets	(5,163)	(6,495)
Increase in due to affiliates	1,623	227
(Increase) decrease in other assets	(668)	3,966
Increase in accounts payable and accrued expenses	13,171	5,518
Increase (decrease) in accrued interest payable	19	(8,568)
Decrease in other long-term liabilities	(115)	(4,769)
	<u>27,312</u>	<u>35,775</u>
Net cash flows provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment, net	(6,807)	(15,725)
Investment in Buffington Harbor, L.L.C.	(1,358)	(23)
Purchase of CRDA investments	(6,575)	(6,831)
Advances to 29 Palms Tribe		(2,908)
	<u>(14,740)</u>	<u>(25,487)</u>
Net cash flows used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from additional borrowings	27,500	2,898
Payment of long-term debt	(27,746)	(12,392)
Loan costs from additional borrowing	(1,835)	
	<u>(2,081)</u>	<u>(9,494)</u>
Net cash flows used in financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,491	794
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	95,429	119,173
	<u>\$ 105,920</u>	<u>\$ 119,967</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
CASH INTEREST PAID	\$ 102,673	\$ 112,649

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	<u> </u>	<u> </u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Purchase of property and equipment under capital lease obligations	\$ 18,049	\$ 10,248
	<u> </u>	<u> </u>
Accumulated Other Comprehensive Loss	\$	\$ (175)
	<u> </u>	<u> </u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**TRUMP HOTELS & CASINO RESORTS HOLDINGS, L.P.****CONDENSED CONSOLIDATED BALANCE SHEETS**
(dollars in thousands)

	December 31, 2001	June 30, 2002
		(unaudited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 119,169	\$ 119,963
Receivables, net	47,328	45,190
Inventories	11,658	11,529
Prepaid expenses and other current assets	9,120	16,550
	187,275	193,232
Total Current Assets	187,275	193,232
INVESTMENT IN BUFFINGTON HARBOR, L.L.C.	33,889	32,712
INVESTMENT IN TRUMP S CASTLE PIK NOTES	105,940	114,692
PROPERTY AND EQUIPMENT, NET	1,797,487	1,784,849
DEFERRED BOND AND LOAN ISSUANCE COSTS, NET	21,129	18,060
OTHER ASSETS (Note 3)	73,727	74,762
	2,219,447	2,218,307
Total Assets	\$ 2,219,447	\$ 2,218,307
LIABILITIES AND PARTNERS CAPITAL		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 20,218	\$ 19,775
Accounts payable and accrued expenses	144,042	150,172
Due to affiliates, net	17	244
Accrued interest payable	38,580	30,012
	202,857	200,203
Total Current Liabilities	202,857	200,203
LONG-TERM DEBT, net of current maturities	1,881,636	1,895,217
OTHER LONG-TERM LIABILITIES	33,191	28,145
	2,117,684	2,123,565
Total Liabilities	2,117,684	2,123,565
PARTNERS CAPITAL:		
Partners capital	652,503	652,503
Accumulated deficit	(530,166)	(537,012)
Accumulated other comprehensive loss	(374)	(549)
Less stock of THCR	(20,200)	(20,200)
	101,763	94,742
Total Partners Capital	101,763	94,742
Total Liabilities and Partners Capital	\$ 2,219,447	\$ 2,218,307

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Table of Contents**TRUMP HOTELS & CASINO RESORTS HOLDINGS, L.P.**

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001 AND 2002
(unaudited)
(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
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Food and Beverage	32,404	32,198	63,388	62,532
Other	9,399	10,843	16,991	19,559
Gross Revenues	371,842	382,920	721,462	752,243
Less Promotional allowances (Note 4)	70,489			