DOVER MOTORSPORTS INC
Form 10-Q
August 09, 2013

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, 2013

Commission file number 1-11929

Dover Motorsports, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**51-0357525**
(State or Other Jurisdiction of Incorporation)	(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)

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 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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of July 31, 2013, the number of shares of each class of the registrant s common stock outstanding is as follows:

Common Stock -	18,390,831 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,	
	2013	2012	2013	2012
Revenues:				
Admissions	$ 4,864	$ 5,323	$ 4,864	$ 5,323
Event-related	4,531	3,962	4,640	4,081
Broadcasting	15,066	14,434	15,066	14,434
Other	4		11	7
	24,465	23,719	24,581	23,845
Expenses:				
Operating and marketing	13,123	12,528	14,177	13,628
General and administrative	1,839	1,765	3,750	3,735
Depreciation	824	830	1,649	1,667
	15,786	15,123	19,576	19,030
Operating earnings	8,679	8,596	5,005	4,815
Interest expense, net	(275)	(372)	(550)	(773)
Provision for contingent obligation	(19)	249	3	289
Other income	6	4	145	4
Earnings before income taxes	8,391	8,477	4,603	4,335
Income tax expense	3,488	3,459	1,979	1,940
Net earnings	4,903	5,018	2,624	2,395
Unrealized (loss) gain on available-for-sale securities, net of income taxes	(6)	(7)	11	16
Change in net actuarial loss and prior service cost, net of income taxes	14	12	28	24
Comprehensive income	$ 4,911	$ 5,023	$ 2,663	$ 2,435
Net earnings per common share:				
Basic	$ 0.13	$ 0.14	$ 0.07	$ 0.06
Diluted	$ 0.13	$ 0.14	$ 0.07	$ 0.06

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, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	$ 16	$ 15
Accounts receivable	12,430	224
Inventories	183	124
Prepaid expenses and other	1,138	1,222
Receivable from Dover Downs Gaming & Entertainment, Inc.	57	
Deferred income taxes	83	78
Total current assets	13,907	1,663
Property and equipment, net	91,454	92,896
Other assets	826	738
Deferred income taxes	464	490
Total assets	$ 106,651	$ 95,787
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 284	$ 145
Accrued liabilities	3,918	2,903
Income taxes payable	377	132
Deferred revenue	4,976	2,719
Total current liabilities	9,555	5,899
Revolving line of credit	23,180	19,700
Liability for pension benefits	2,988	3,065
Other liabilities	1,931	1,934
Deferred income taxes	18,309	17,096
Total liabilities	55,963	47,694
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: 18,401,952 and 18,362,798, respectively	1,840	1,836
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	102,094	102,166
Accumulated deficit	(52,632)	(55,256)
Accumulated other comprehensive loss	(2,465)	(2,504)
Total stockholders equity	50,688	48,093
Total liabilities and stockholders equity	$ 106,651	$ 95,787

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,	
	2013	**2012**
Operating activities:		
Net earnings	$ 2,624	$ 2,395
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation	1,649	1,667
Amortization of credit facility fees	121	112
Stock-based compensation	166	169
Deferred income taxes	1,024	1,451
Provision for contingent obligation	(3)	(289)
Gain on sale of property and equipment	(138)	
Changes in assets and liabilities:		
Accounts receivable	(12,206)	(11,038)
Inventories	(59)	(19)
Prepaid expenses and other	(103)	9
Receivable from/payable to Dover Downs Gaming & Entertainment, Inc.	(57)	13
Accounts payable	139	354
Accrued liabilities	1,015	90
Income taxes payable/prepaid income taxes	429	(151)
Deferred revenue	2,257	2,796
Other liabilities	(30)	(60)
Net cash used in operating activities	(3,172)	(2,501)
Investing activities:		
Capital expenditures	(207)	(220)
Proceeds from sale of property and equipment	138	
Purchases of available-for-sale securities	(38)	
Proceeds from sale of available-for-sale securities	34	
Net cash used in investing activities	(73)	(220)
Financing activities:		
Borrowings from revolving line of credit	14,180	9,080
Repayments on revolving line of credit	(10,700)	(6,340)
Repurchase of common stock	(234)	(27)
Net cash provided by financing activities	3,246	2,713
Net increase (decrease) in cash	1	(8)
Cash, beginning of period	15	15
Cash, end of period	$ 16	$ 7
Supplemental information:		
Interest paid	$ 444	$ 675
Income tax payments	$ 574	$ 642

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

DOVER MOTORSPORTS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 Basis of Presentation

References in this document to we, us and our mean Dover Motorsports, Inc. and/or its wholly owned subsidiaries, as appropriate.

The accompanying consolidated financial statements have been prepared in compliance with Rule 10-01 of Regulation S-X and U.S. generally accepted accounting principles, and accordingly do not include all of the information and disclosures required for audited financial statements. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our latest Annual Report on Form 10-K filed on March 8, 2013. In the opinion of management, these consolidated financial statements include all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the results of operations, financial position and cash flows for the interim periods presented. Operating results for the three and six-month periods ended June 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013 due to the seasonal nature of our business.

NOTE 2 Business Operations

Dover Motorsports, Inc. is a public holding company that is a leading marketer and promoter of motorsports entertainment in the United States. Through our subsidiaries, we own and operate Dover International Speedway® in Dover, Delaware and Nashville Superspeedway® near Nashville, Tennessee. Our Dover facility is scheduled to promote the following six events during 2013, all of which will be under the auspices of the premier sanctioning body in motorsports - the National Association for Stock Car Auto Racing (NASCAR):

- 2 NASCAR Sprint Cup Series events;
- 2 NASCAR Nationwide Series events;
- 1 NASCAR Camping World Truck Series event; and
- 1 NASCAR K&N Pro Series East event.

On July 20-22, 2012, the inaugural Firefly Music Festival (Firefly) was held on our property in Dover, DE for which we received a fee for the use of our property and a portion of the concession sales. The three day event was promoted by Red Frog Events LLC and featured more than 40 musical acts. The Firefly event returned on June 21-23, 2013 and featured more than 70 musical acts. The Firefly event is scheduled to return on June 20-22, 2014.

Nashville Superspeedway no longer promotes NASCAR events and did not seek sanction agreements from NASCAR for 2013. We continue to use the track for motorsports race team testing and are currently evaluating all of our options for the facility. In 2011 we recorded a $2,250,000 provision for contingent obligation reflecting the present value of the estimated portion of the Wilson County bonds debt service that may not be covered by the projected sales and incremental property taxes from the facility (see NOTE 9 Commitments and Contingencies for further discussion). Due to changing interest rates, the provision for contingent obligation increased (decreased) by $19,000 and ($3,000), and ($249,000) and ($289,000), net, in the three and six-month periods ended June 30, 2013 and 2012, respectively, and is $1,931,000 at June 30, 2013.

NOTE 3 Summary of Significant Accounting Policies

Basis of consolidation and presentation The accompanying consolidated financial statements include the accounts of Dover Motorsports, Inc. and our wholly owned subsidiaries. Intercompany transactions and balances have been eliminated.

Investments Investments, which consist of mutual funds, are classified as available-for-sale and reported at fair-value in other assets in our consolidated balance sheets. Changes in fair value are reported in other comprehensive income (loss). See NOTE 5 Pension Plans, NOTE 6 Stockholders Equity and NOTE 7 Fair Value Measurements for further discussion.

Property and equipment Property and equipment is stated at cost. Depreciation is provided for financial reporting purposes using the straight-line method. Accumulated depreciation was $46,995,000 and $45,352,000 as of June 30, 2013 and December 31, 2012, respectively.

Impairment of long-lived assets Long-lived assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Generally, fair value is determined using valuation techniques such as the comparable sales approach. Historically the impairment assessment for track facilities has also considered the cost approach valuation technique, which gives specific consideration to the value of the land plus contributory value to the improvements.

Income taxes Deferred income taxes are provided on all differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements based upon enacted statutory tax rates in effect at the balance sheet date. We record a valuation allowance to reduce our deferred tax assets when uncertainty regarding their realizability exists. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. We recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that has a greater than 50% likelihood of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. As of June 30, 2013, our valuation allowance on state net operating loss carry-forwards net of federal income taxes was $10,153,000, which decreased by $2,012,000 in the first six months of 2013. These state net operating losses are related to our Midwest facilities that have not produced taxable income. Valuation allowances fully reserve the state net operating loss carryforwards, net of federal tax benefit.

We file income tax returns with the Internal Revenue Service and the states in which we conduct business. We have identified the U.S. federal and state of Delaware as our major tax jurisdictions. As of June 30, 2013, tax years after 2008 remain open to examination for federal and Delaware income tax purposes

Revenue recognition We classify our revenues as admissions, event-related, broadcasting and other. Admissions revenue includes ticket sales for all of our events. Event-related revenue includes amounts received from sponsorship fees; luxury suite rentals; hospitality tent rentals and catering; concessions and souvenir sales and vendor commissions for the right to sell concessions and souvenirs at our facilities; sales of programs; track rentals and other event-related revenues. Additionally, event related revenue includes amounts received for the use of our property and a portion of the concession sales from the Firefly Music Festival. Broadcasting revenue includes rights fees obtained for television and radio broadcasts of events held at our speedways and any ancillary media rights fees.

Revenues pertaining to specific events are deferred until the event is held. Concession and souvenir revenues are recorded at the time of sale. Revenues and related expenses from barter transactions in which we provide advertising or other goods or services in exchange for sponsorships of motorsports events are recorded at fair value. Barter transactions accounted for $246,000 and $222,000 of total revenues for the three and six-month periods ended June 30, 2013 and 2012, respectively.

Under the terms of our sanction agreements, NASCAR retains 10% of the gross broadcast rights fees allocated to each NASCAR-sanctioned event as a component of its sanction fee. The remaining 90% is recorded as revenue. The event promoter is required to pay 25% of the gross broadcast rights fees to the event as part of the awards to the competitors, which we record as operating expenses.

Expense recognition Certain direct expenses pertaining to specific events, including prize and point fund monies and sanction fees paid to various sanctioning bodies, including NASCAR, marketing and other expenses associated with the promotion of our racing events are deferred until the event is held, at which point they are expensed.

The cost of non-event related advertising, promotion and marketing programs is expensed as incurred. Advertising expenses were $660,000 and $572,000 for the three and six-month periods ended June 30, 2013 or 2012, respectively.

Net earnings per common share Nonvested share-based payment awards that include rights to dividends or dividend equivalents, whether paid or unpaid, are considered participating securities, and the two-class method of computing basic and diluted net earnings per common share (EPS) is applied for all periods presented. The following table sets forth the computation of EPS (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net earnings per common share basic:				
Net earnings	$ 4,903	$ 5,018	$ 2,624	$ 2,395
Allocation to nonvested restricted stock awards	79	80	42	38
Net earnings available to common stockholders	$ 4,824	$ 4,938	$ 2,582	$ 2,357
Weighted-average shares outstanding	36,373	36,300	36,385	36,299
Net earnings per common share basic	$ 0.13	$ 0.14	$ 0.07	$ 0.06
Net earnings per common share diluted:				
Net earnings	$ 4,903	$ 5,018	$ 2,624	$ 2,395
Allocation to nonvested restricted stock awards	79	80	42	38
Net earnings available to common stockholders	$ 4,824	$ 4,938	$ 2,582	$ 2,357
Weighted-average shares outstanding	36,373	36,300	36,385	36,299
Dilutive stock options				
Weighted-average shares and dilutive shares outstanding	36,373	36,300	36,385	36,299
Net earnings per common share diluted	$ 0.13	$ 0.14	$ 0.07	$ 0.06

There were no options outstanding during the three or six-month periods ended June 30, 2013 or 2012.

Accounting for stock-based compensation We recorded total stock-based compensation expense for our restricted stock awards of $68,000 and $166,000, and $78,000 and $169,000 as general and administrative expenses for the three and six-month periods ended June 30, 2013 and 2012, respectively. We recorded income tax benefit (expense) of $27,000 and $5,000, and $32,000 and ($63,000) for the three and six-month periods ended June 30, 2013 and 2012, respectively, related to our restricted stock awards.

Use of estimates The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, disclosures about contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and

assumptions are based on our best estimates and judgment. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which we believe to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity markets and declines in consumer spending have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

NOTE 4 Long-Term Debt

On April 29, 2013, Dover Motorsports, Inc. and its wholly owned subsidiaries Dover International Speedway, Inc. and Nashville Speedway, USA, Inc., as co-borrowers, modified our secured credit agreement with our bank group. The credit facility was modified to: extend the maturity date to July 31, 2017; reduce the maximum borrowing limit to $50,000,000 as of April 29, 2013, to $42,500,000 as of December 31, 2013 and to $35,000,000 as of December 31, 2014 and through the date of maturity; modify the maximum funded debt to earnings before interest, taxes, depreciation and amortization (leverage ratio); replace the interest expense coverage ratio with a fixed charge coverage ratio; permit stock repurchases and the payment of dividends; and provide that we may elect to enter into a negative pledge with the bank group in exchange for the release of the security interest in the collateral securing the agreement. Material adverse changes in our results of operations could impact our ability to maintain financial ratios necessary to satisfy these requirements. In addition, the credit agreement includes a material adverse change clause and provides the lenders with a first lien on all of our assets. The credit facility also provides that if we default under any other loan agreement, that would be a default under this facility. At June 30, 2013, there was $23,180,000 outstanding under the credit facility at an interest rate of 1.95%. The credit facility provides for seasonal funding needs, capital improvements, letter of credit requirements and other general corporate purposes. Interest is based upon LIBOR plus a margin that varies between 125 and 175 basis points depending on the leverage ratio (175 basis points at June 30, 2013). In the event we elect to enter into the negative pledge, interest will be based upon LIBOR plus a margin that varies between 150 and 200 basis points depending on the leverage ratio. At June 30, 2013, we were in compliance with the terms of the credit facility. After consideration of stand-by letters of credit outstanding, the remaining maximum borrowings available pursuant to the credit facility were $6,891,000 at June 30, 2013. We expect to be in compliance with the financial covenants, and all other covenants, for all measurement periods during the next twelve months.

NOTE 5 Pension Plans

We maintain a non-contributory tax qualified defined benefit pension plan that has been frozen since July 2011. All of our full time employees were eligible to participate in the qualified plan. Benefits provided by our qualified pension plan were based on years of service and employees remuneration over their employment period. Pension costs are funded in accordance with the provisions of the Internal Revenue Code. We also maintain a non-qualified, non-contributory defined benefit pension plan, the excess plan, for certain employees that has been frozen since July 2011. This excess plan provided benefits that would otherwise be provided under the qualified pension plan but for maximum benefit and compensation limits applicable under federal tax law. The cost associated with the excess plan is determined using the same actuarial methods and assumptions as those used for our qualified pension plan. The assets for the excess plan aggregate $706,000 and $680,000 as of June 30, 2013 and December 31, 2012, respectively, and are recorded in other assets in our consolidated balance sheets (see NOTE 7 Fair Value Measurements).

On June 15, 2011, we decided to freeze participation and benefit accruals under our pension plans, primarily to reduce some of the impact on earnings and volatility in cash flows that can accompany the maintenance of a defined benefit plan. The freeze was effective July 31, 2011. Compensation earned by employees up to July 31, 2011 is used for purposes of calculating benefits under our pension plan with no future benefit accruals after this date. Participants as of July 31, 2011 continue to earn vesting credit with respect to their frozen accrued benefits as they continue to work.

Effective December 1, 2012, we created a new non-elective, non-qualified supplemental executive retirement plan (SERP) in connection with the freezing of our pension plan. Its purpose is to provide deferred compensation to certain highly compensated employees that approximates the value of benefits lost by the freezing of the pension plan which are not offset by our enhanced matching contributions in our 401(k) plan. The SERP is a discretionary defined contribution plan and contributions made to the SERP in any given year are not guaranteed and will be at the sole discretion of our Compensation and Stock Incentive Committee. In the three and six-month period ended June 30, 2013, we recorded an expense of $15,000 and $30,000, respectively, related to the SERP and contributed $0 and $55,000, respectively, to the plan. The liability for pension benefits was $35,000 and $60,000 as of June 30, 2013 and December 31, 2012, respectively.

The components of net periodic pension cost for our defined benefit pension plans are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Interest cost	$ 113,000	$ 113,000	$ 226,000	$ 227,000
Expected return on plan assets	(137,000)	(127,000)	(275,000)	(254,000)
Recognized net actuarial loss	23,000	20,000	47,000	40,000
Net amortization				
	$ (1,000)	$ 6,000	$ (2,000)	$ 13,000

We contributed $45,000 and $101,000 to our defined benefit pension plans during the three and six-month periods ended June 30, 2012. We do not expect to make any contributions to our defined benefit pension plans in 2013.

We also maintain a defined contribution 401(k) plan that permits participation by substantially all employees. Our matching contributions to the 401(k) plan were $27,000 and $48,000, and $30,000 and $56,000 in the three and six-month periods ended June 30, 2013 and 2012, respectively.

NOTE 6 Stockholders Equity

Changes in the components of stockholders equity are as follows (in thousands):

	Common Stock	Class A Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss
Balance at December 31, 2012	$ 1,836	$ 1,851	$ 102,166	$ (55,256)	$ (2,504)
Net earnings				2,624	
Issuance of restricted stock awards, net of forfeitures	15		(15)		
Stock-based compensation			166		
Repurchase and retirement of common stock	(11)		(223)		
Unrealized gain on available-for-sale securities, net of income tax expense of $7					11
Change in net actuarial loss and prior service cost, net of income tax expense of $19					28
Balance at June 30, 2013	$ 1,840	$ 1,851	$ 102,094	$ (52,632)	$ (2,465)

As of June 30, 2013 and December 31, 2012, accumulated other comprehensive loss, net of income taxes, consists of the following:

	June 30, 2013	December 31, 2012
Net actuarial loss and prior service cost not yet recognized in net periodic benefit cost, net of income tax benefit of $1,713,000 and $1,732,000, respectively	$ (2,495,000)	$ (2,523,000)
Accumulated unrealized gain on available-for-sale securities, net of income tax expense of $22,000 and $15,000, respectively	30,000	19,000
Accumulated other comprehensive loss	$ (2,465,000)	$ (2,504,000)

Our previous debt agreement with our bank group allowed us to pay dividends and repurchase shares of our common stock, for an aggregate amount of not more than $2,500,000 in any fiscal year. The April 29, 2013 amendment to our credit facility removes the $2,500,000 restriction.

On July 28, 2004, our Board of Directors authorized the repurchase of up to 2,000,000 shares of our outstanding common stock. The purchases may be made in the open market or in privately negotiated transactions as conditions warrant. The repurchase authorization has no expiration date, does not obligate us to acquire any specific number of shares and may be suspended at any time. During the six months ended June 30, 2013, we purchased and retired 79,896 shares of our outstanding common stock at an average purchase price of $2.11 per share, not including nominal brokerage commissions. No purchases of our equity securities were made pursuant to this authorization during the six months ended June 30, 2012. At June 30, 2013, we had remaining repurchase authority of 1,554,711 shares.

We have a stock incentive plan which provides for the grant of up to 1,500,000 shares of common stock to our officers and key employees through stock options and/or awards valued in whole or in part by reference to our common stock, such as nonvested restricted stock awards. Under the plan, nonvested restricted stock vests an aggregate of twenty percent each year beginning on the second anniversary date of the grant. The aggregate market value of the nonvested restricted stock at the date of issuance is being amortized on a straight-line basis over the six-year period. As of June 30, 2013, there were 381,774 shares available for granting options or stock awards.

During the six months ended June 30, 2013 and 2012, we purchased and retired 33,950 and 23,779 shares of our outstanding common stock at an average purchase price of $1.80 and $1.16 per share, respectively. These purchases were made from employees in connection with the vesting of restricted stock awards under our 2004 Stock Incentive Plan and were not pursuant to the aforementioned repurchase authorization. Since the vesting of a restricted stock award is a taxable event to our employees for which income tax withholding is required, the plan allows employees to surrender to us some of the shares that would otherwise have vested in satisfaction of their tax liability. The surrender of these shares is treated by us as a purchase of the shares.

NOTE 7 Fair Value Measurements

Our financial instruments are classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table summarizes the valuation of our financial instrument pricing levels as of June 30, 2013 and December 31, 2012:

	Total	Level 1	Level 2	Level 3
June 30, 2013				
Available-for-sale securities	$ 706,000	$ 706,000	$	$

December 31, 2012				
Available-for-sale securities	$ 680,000	$ 680,000	$	$

Our investments in available-for-sale securities consist of mutual funds. These investments are included in other assets on our consolidated balance sheets.

The carrying amounts of other financial instruments reported in our consolidated balance sheets for current assets and current liabilities approximate their fair values because of the short maturity of these instruments.

At June 30, 2013 and December 31, 2012, there was $23,180,000 and $19,700,000, respectively, outstanding under our revolving credit agreement. The borrowings under our revolving credit agreement bear interest at the variable rate described in NOTE 4 Long-Term Debt and therefore we believe approximate fair value. We consider the inputs utilized to determine the fair value of borrowings under our revolving credit agreement to be Level 2 inputs.

NOTE 8 Related Party Transactions

During the three and six-month periods ended June 30, 2013 and 2012, Dover Downs Gaming & Entertainment, Inc. (Gaming), a company related through common ownership, allocated costs of $493,000 and $920,000, and $512,000 and $933,000, respectively, to us for certain administrative and operating services, including leased space. We allocated certain administrative and operating service costs of $41,000 and $135,000, and $46,000 and $129,000, respectively, to Gaming for the three and six-month periods ended June 30, 2013 and 2012. The allocations were based on an analysis of each company s share of the costs. In connection with our 2013 and 2012 NASCAR event weekends at Dover International Speedway, Gaming provided certain services, primarily catering, for which we were invoiced $393,000 and $376,000, respectively. Additionally, we invoiced Gaming $152,000 for both the three and six-month periods ended June 30, 2013, and $143,000 and $239,000, respectively, for the three and six-month periods ended June 30, 2012 for a skybox suite, tickets, display space and other services to the events. As of June 30, 2013, our consolidated balance sheets included a $57,000 receivable from Gaming for the aforementioned items. We settled this item in July 2013. The net costs incurred by each company for these services are not necessarily indicative of the costs that would have been incurred if the companies had been unrelated entities and/or had otherwise independently managed these functions; however, management believes that these costs are reasonable.

Prior to the spin-off of Gaming from our company in 2002, both companies shared certain real property in Dover, Delaware. At the time of the spin-off, some of this real property was transferred to Gaming to ensure that the real property holdings of each company was aligned with its past uses and future business needs. During its harness racing season, Gaming has historically used the 5/8-mile harness racing track that is located on our property and is on the inside of our one-mile motorsports superspeedway. In order to continue this historic use, we granted a perpetual easement to the harness track to Gaming at the time of the spin-off. This perpetual easement allows Gaming to have exclusive use of the harness track during the period beginning November 1 of each year and ending April 30 of the following year, together with set up and tear down rights for the two weeks before and after such period. The easement requires that Gaming maintain the harness track but does not require the payment of any rent.

Various easements and agreements relative to access, utilities and parking have also been entered into between us and Gaming relative to our respective Dover, Delaware facilities. We pay rent to Gaming for the lease of our principal executive office space. Gaming also allows us to use its indoor grandstands in connection with our two annual motorsports weekends. This occasional grandstand use is not material to us and Gaming does not assess rent for it; Gaming may also discontinue our use at its discretion.

Henry B. Tippie, Chairman of our Board of Directors, controls in excess of fifty percent of our voting power. Mr. Tippie s voting control emanates from his direct and indirect holdings of common stock and Class A common stock and from his status as trustee of the RMT Trust, our largest stockholder. This means that Mr. Tippie has the ability to determine the outcome of the election of directors and to determine the outcome of many significant corporate transactions, many of which only require the approval of a majority of our voting power.

Patrick J. Bagley, Denis McGlynn, Jeffrey W. Rollins, R. Randall Rollins, Richard K. Struthers and Henry B. Tippie are all Directors of Dover Motorsports, Inc. and Gaming. Denis McGlynn is the President and Chief Executive Officer of both companies, Klaus M. Belohoubek is the Senior Vice President General Counsel and Secretary of both companies and Timothy R. Horne is the Senior Vice President Finance and Chief Financial Officer of both companies. Mr. Tippie controls in excess of fifty percent of the voting power of Gaming.

NOTE 9 Commitments and Contingencies

In September 1999, the Sports Authority of the County of Wilson (Tennessee) issued $25,900,000 in Variable Rate Tax Exempt Infrastructure Revenue Bonds, Series 1999, to acquire, construct and develop certain public infrastructure improvements which benefit the operation of Nashville Superspeedway, of which $19,600,000 was outstanding at June 30, 2013. Annual principal payments range from $800,000 in September 2013 to $1,600,000 in 2029 and are payable solely from sales taxes and incremental property taxes generated from the facility. These bonds are direct obligations of the Sports Authority and therefore have historically not been required to be recorded on our consolidated balance sheet. If the sales taxes and incremental property taxes (applicable taxes) are

insufficient for the payment of principal and interest on the bonds, we would become responsible for the difference. In the event we were unable to make the payments, they would be made pursuant to a $19,929,000 irrevocable direct-pay letter of credit issued by our bank group. We are exposed to fluctuations in interest rates for these bonds.

As of June 30, 2013 and December 31, 2012, $2,715,000 and $1,758,000, respectively, was available in the sales and incremental property tax fund maintained by the Sports Authority to pay the remaining principal and interest due under the bonds. During 2012, we paid $957,000 into the sales and incremental property tax fund and $733,000 was deducted from the fund for principal and interest payments. If we fail to maintain the letter of credit that secures the bonds or we allow an uncured event of default to exist under our reimbursement agreement relative to the letter of credit, the bonds would be immediately redeemable.

Nashville Superspeedway no longer promotes NASCAR events and did not seek sanction agreements from NASCAR for 2013. Since the facility no longer generates sales taxes from NASCAR sanctioned events, we estimated that a portion of the debt service may not be covered by applicable taxes. As a result, we recorded a $2,250,000 provision for contingent obligation in 2011 reflecting the present value of the estimated portion of the Wilson County bonds debt service that may not be covered by applicable taxes from the facility. Due to changing interest rates, the provision for contingent obligation increased (decreased) by $19,000 and ($3,000), and ($249,000) and ($289,000), net, in the three and six-month periods ended June 30, 2013 and 2012, respectively, and is $1,931,000 at June 30, 2013. An increase in interest rates would result in an increase in the portion of debt service not covered by applicable taxes and therefore an increase in our liability.

We are also a party to ordinary routine litigation incidental to our business. Management does not believe that the resolution of any of these matters is likely to have a material adverse effect on our results of operations, financial position or cash flows.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is based upon and should be read together with the consolidated financial statements and notes thereto included elsewhere in this document.

We classify our revenues as admissions, event-related, broadcasting and other. Admissions includes ticket sales for all of our events. Event-related revenue includes amounts received from sponsorship fees; luxury suite rentals; hospitality tent rentals and catering; concessions and souvenir sales and vendor commissions for the right to sell concessions and souvenirs at our facilities; sales of programs; track rentals and other event-related revenues. Broadcasting revenue includes rights fees obtained for television and radio broadcasts of events held at our speedway and any ancillary media rights fees.

Revenues pertaining to specific events are deferred until the event is held. Concession revenue from concession stand sales and sales of souvenirs are recorded at the time of sale. Revenues and related expenses from barter transactions in which we provide advertising or other goods or services in exchange for sponsorships of motorsports events are recorded at fair value. Barter transactions accounted for $246,000 and $222,000 of total revenues for the three and six-month periods ended June 30, 2013 and 2012, respectively.

Expenses that are not directly related to a specific event are recorded as incurred. Expenses that specifically relate to an event are deferred until the event is held, at which time they are expensed. These expenses include prize and point fund monies and sanction fees paid to various

sanctioning bodies, including NASCAR, marketing and other expenses associated with the promotion of our racing events.

Results of Operations

Three Months Ended June 30, 2013 vs. Three Months Ended June 30, 2012

Admissions revenue was $4,864,000 in the second quarter of 2013 as compared to $5,323,000 in the second quarter of 2012. The $459,000 decrease was related to lower admissions revenue at our spring NASCAR event weekend at Dover International Speedway from lower attendance.

Event-related revenue was $4,531,000 in the second quarter of 2013 as compared to $3,962,000 in the second quarter of 2012. The $569,000 increase was primarily related to revenues from the three-day Firefly Music Festival which was held on our property in June 2013. The festival was held in the third quarter of 2012. We received a fee for the use of our property and a portion of the concession sales for this event.

Broadcasting revenue increased to $15,066,000 in the second quarter of 2013 as compared to $14,434,000 in the second quarter of 2012 due to contractual increases in NASCAR s broadcasting rights agreement.

Operating and marketing expenses were $13,123,000 in the second quarter of 2013 as compared to $12,528,000 in the second quarter of 2012. The increase was related to higher expenses for our spring NASCAR event weekend, primarily increased purse and sanction fees and advertising and promotion expenses, as well as from costs related to the Firefly Music Festival.

General and administrative expenses increased slightly to $1,839,000 in the second quarter of 2013 as compared to $1,765,000 in the second quarter of 2012.

Depreciation expense remained consistent at $824,000 in the second quarter of 2013 as compared to $830,000 in the second quarter of 2012.

Net interest expense was $275,000 in the second quarter of 2013 as compared to $372,000 in the second quarter of 2012. The decrease was due primarily to lower average borrowings as well as a lower average interest rate.

Our effective income tax rates for the second quarters of 2013 and 2012 were 41.6% and 40.8%, respectively.

Six Months Ended June 30, 2013 vs. Six Months Ended June 30, 2012

Admissions revenue was $4,864,000 in the first six months of 2013 as compared to $5,323,000 in the first six months of 2012. The $459,000 decrease was related to lower admissions revenue at our spring NASCAR event weekend at Dover International Speedway from lower attendance.

Event-related revenue was $4,640,000 in the first six months of 2013 as compared to $4,081,000 in the first six months of 2012. The $559,000 increase was primarily related to revenues from the three-day Firefly Music Festival which was held on our property in June 2013. The festival was held in the third quarter of 2012. We received a fee for the use of our property and a portion of the concession sales for this event.

Broadcasting revenue increased to $15,066,000 in the first six months of 2013 as compared to $14,434,000 in the first six months of 2012 due to contractual increases in NASCAR s broadcasting rights agreement.

Operating and marketing expenses were $14,177,000 in the first six months of 2013 as compared to $13,628,000 in the first six months of 2012. The increase was related to higher expenses for our spring NASCAR event weekend, primarily increased purse and sanction fees and advertising and promotion expenses, as well as from costs related to the Firefly Music Festival.

General and administrative expenses remained consistent at $3,750,000 in the first six months of 2013 as compared to $3,735,000 in the first six months of 2012.

Depreciation expense remained consistent at $1,649,000 in the first six months of 2013 as compared to $1,667,000 in the first six months of 2012.

Net interest expense was $550,000 in the first six months of 2013 as compared to $773,000 in the first six months of 2012. The decrease was due primarily to lower average borrowings as well as a lower average interest rate.

Our effective income tax rates for the first six months of 2013 and 2012 were 43.0% and 44.8%, respectively.

Liquidity and Capital Resources

Our operations and cash flows from operating activities are seasonal in nature with all of our motorsports events occurring during the second and third quarters this year.

Net cash used in operating activities was $3,172,000 for the first six months of 2013 as compared to $2,501,000 for the first six months of 2012. The increase in cash used in 2013 was primarily due to lower receipts from advance ticket sales and the timing of receipts for corporate sponsorships. Partially offsetting these was the increase in earnings before income taxes.

Net cash used in investing activities was $73,000 for the first six months of 2013 as compared to $220,000 for the first six months of 2012. Capital expenditures of $207,000 in the first six months of 2013 related to capital improvements and equipment purchases at our Dover facility. Net cash used in the first six months of 2012 related solely to capital improvements at our Dover facility. We sold portable grandstand seating that we no longer used in 2013 that resulted in proceeds and a gain of $138,000.

Net cash provided by financing activities was $3,246,000 for the first six months of 2013 as compared to $2,713,000 for the first six months of 2012. We had net borrowings on our outstanding line of credit of $3,480,000 in the first six months of 2013 as compared to $2,740,000 in the first six months of 2012.

On April 29, 2013, Dover Motorsports, Inc. and its wholly owned subsidiaries Dover International Speedway, Inc. and Nashville Speedway, USA, Inc., as co-borrowers, modified our secured credit agreement with our bank group. The credit facility was modified to: extend the maturity date to July 31, 2017; reduce the maximum borrowing limit to $50,000,000 as of April 29, 2013, to $42,500,000 as of December 31, 2013 and to $35,000,000 as of December 31, 2014 and through the date of maturity; modify the maximum funded debt to earnings before interest, taxes, depreciation and amortization (leverage ratio); replace the interest expense coverage ratio with a fixed charge coverage ratio; permit stock repurchases and the payment of dividends; and provide that we may elect to enter into a negative pledge with the bank group in exchange for the release of the security interest in the collateral securing the agreement. Material adverse changes in our results of operations could impact our ability to maintain financial ratios necessary to satisfy these requirements. In addition, the credit agreement includes a material adverse change clause and provides the lenders with a first lien on all of our assets. The credit facility also provides that if we default under any other loan agreement, that would be a default under this facility. At June 30, 2013, there was $23,180,000 outstanding under the credit facility at an interest rate of 1.95%. The credit facility provides for seasonal funding needs, capital improvements, letter of credit requirements and other general corporate purposes. Interest is based upon LIBOR plus a margin that varies between 125 and 175 basis points depending on the leverage ratio (175 basis points at June 30, 2013). In the event we elect to enter into the negative pledge, interest will be based upon LIBOR plus a margin that varies between 150 and 200 basis points depending on the leverage ratio. At June 30, 2013, we were in compliance with the terms of the credit facility. After consideration of stand-by letters of credit outstanding, the remaining maximum borrowings available pursuant to the credit facility were $6,891,000 at June 30, 2013. We expect to be in compliance with the financial covenants, and all other covenants, for all measurement periods during the next twelve months.

Nashville Superspeedway no longer promotes NASCAR events and did not seek sanction agreements from NASCAR for 2013. We continue to use the track for motorsports race team testing and are currently evaluating all of our options for the facility. Since the facility no longer generates sales taxes from NASCAR sanctioned events, we estimated that a portion of the debt service may not be covered by applicable taxes. As a result, we recorded a $2,250,000 provision for contingent obligation in 2011 reflecting the present value of the estimated portion of the Wilson County bonds debt service that may not be covered by applicable taxes from the facility (see NOTE 9 Commitments and Contingencies for further discussion). Due to changing interest rates, the provision for contingent obligation increased (decreased) by $19,000 and ($3,000), and ($249,000) and ($289,000), net, in the three and six-month periods ended June 30, 2013 and 2012, respectively, and is $1,931,000 at June 30, 2013.

We promoted six racing events in 2012 and are scheduled to promote six events in 2013, all of which will be sanctioned by NASCAR and held at our Dover International Speedway facility.

Broadcasting revenues continue to be a significant long-term revenue source for our business. Management believes this long-term contracted revenue helps stabilize our financial strength, earnings and cash flows. Also, NASCAR ratings can impact attendance at our events and sponsorship opportunities. A substantial portion of our profits in recent years has resulted from television revenues received from NASCAR contracts with various television networks, which is expected to continue for the foreseeable future. The current eight-year television broadcasting agreement with various television networks was negotiated and contracted by NASCAR (as will new contracts). Our share of these television broadcast revenues are contracted, and purse and sanction fees are negotiated, with NASCAR on an annual basis for each NASCAR-sanctioned racing event scheduled to be held by us in the upcoming year. Under these annual agreements, we are obligated to conduct events in the manner stipulated under the terms and conditions of the respective sanctioning agreements.

NASCAR recently announced it has reached a ten-year (which includes two additional contract years and various races from that announced in 2012), multi-platform agreement with FOX Sports Media Group (FOX) for the broadcasting and digital rights to 16 NASCAR Sprint Cup Series races, 14 Nationwide Series races and the entire Camping World Truck Series (along with practice and qualifying) beginning in 2015 through 2024. For the first time, the new agreement includes TV Everywhere rights that allow live-streaming of all FOX races, before and after race coverage, in-progress and finished race highlights, and replays of FOX-televised races to a Fox Sports-affiliated website beginning in 2013. The new agreement also allows re-telecast of races on a FOX network and via video-on-demand for 24 hours and other ancillary programming, including a nightly NASCAR news and information show and weekend at-track shows. NASCAR and FOX Deportes, the number one US Latino sports network, have teamed up to provide our sport s most expansive Spanish-language broadcast offering ever with coverage of 15 NASCAR Sprint Cup Series races starting in 2013.

On July 23, 2013, NASCAR announced it has reached a ten-year comprehensive agreement with NBC Sports Group granting NBCUniversal (NBC) exclusive rights to the final 20 NASCAR Sprint Cup Series races, final 19 NASCAR Nationwide Series events, select NASCAR Regional & Touring Series events and other live content beginning in 2015. Further, NBC has been granted Spanish-language rights, certain video-on-demand rights and exclusive TV Everywhere rights for its NASCAR Sprint Cup Series and NASCAR Nationwide Series events.

We expect that our net cash flows from operating activities and funds available from our credit facility will be sufficient to provide for our working capital needs, capital spending requirements, stock repurchases, as well as any cash dividends our Board of Directors may declare at least through the next twelve months and also provide for our long-term liquidity. Based on current business conditions, we expect to spend approximately $100,000 on capital expenditures for the remainder of 2013.

Contractual Obligations

At June 30, 2013, we had the following contractual obligations and other commercial commitments:

		Payments Due by Period				
	Total	**2013**	**2014 2015**	**2016 2017**		**Thereafter**
Revolving line of credit	$ 23,180,000	$	$	$ 23,180,000	$	
Estimated interest payments on revolving line of credit(a)	1,846,000	226,000	904,000	716,000		
Contingent obligation(b)	1,931,000					1,931,000

Operating leases	37,000	10,000	26,000	1,000	
Total contractual cash obligations	$ 26,994,000	$ 236,000	$ 930,000	$ 23,897,000	$ 1,931,000

(a) The future interest payments on our revolving credit agreement were estimated using the current outstanding principal as of June 30, 2013 and current interest rates.

(b) In September 1999, the Sports Authority of the County of Wilson (Tennessee) issued $25,900,000 in Variable Rate Tax Exempt Infrastructure Revenue Bonds, Series 1999, to acquire, construct and develop certain public infrastructure improvements which benefit the operation of Nashville Superspeedway, of which $19,600,000 was outstanding at June 30, 2013. Annual principal payments range from $800,000 in September 2013 to $1,600,000 in 2029 and are payable solely from sales taxes and incremental property taxes generated from the

facility. These bonds are direct obligations of the Sports Authority and therefore have historically not been required to be recorded on our consolidated balance sheet. If the applicable taxes are insufficient for the payment of principal and interest on the bonds, we would become responsible for the difference. We are exposed to fluctuations in interest rates for these bonds. In the event we were unable to make the payments, they would be made pursuant to a $19,929,000 irrevocable direct-pay letter of credit issued by our bank group.

As of June 30, 2013 and December 31, 2012, $2,715,000 and $1,758,000, respectively, was available in the sales and incremental property tax fund maintained by the Sports Authority to pay the remaining principal and interest due under the bonds. During 2012, we paid $957,000 into the sales and incremental property tax fund and $733,000 was deducted from the fund for principal and interest payments. If we fail to maintain the letter of credit that secures the bonds or we allow an uncured event of default to exist under our reimbursement agreement relative to the letter of credit, the bonds would be immediately redeemable.

Nashville Superspeedway no longer promotes NASCAR events and did not seek sanction agreements from NASCAR for 2013. We continue to use the track for motorsports race team testing and are currently evaluating all of our options for the facility. Since the facility no longer generates sales taxes from NASCAR sanctioned events, we estimated that a portion of the debt service may not be covered by applicable taxes. As a result, we recorded a $2,250,000 provision for contingent obligation in 2011 reflecting the present value of the estimated portion of the Wilson County bonds debt service that may not be covered by applicable taxes from the facility (see NOTE 9 Commitments and Contingencies for further discussion). Due to changing interest rates, the provision for contingent obligation increased (decreased) by $19,000 and ($3,000), and ($249,000) and ($289,000), net, in the three and six-month periods ended June 30, 2013 and 2012, respectively, and is $1,931,000 at June 30, 2013.

Related Party Transactions

See NOTE 8 Related Party Transactions of the consolidated financial statements included elsewhere in this document.

Critical Accounting Policies

The accounting policies described below are those we consider critical in preparing our consolidated financial statements. These policies include significant estimates made by management using information available at the time the estimates are made. As described below, these estimates could change materially if different information or assumptions were used.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. As of June 30, 2013, our valuation allowance on state net operating loss carry-forwards net of federal income taxes was $10,153,000, which decreased by $2,012,000 in the first six months of 2013. These state net operating losses are related to

our Midwest facilities that have not produced taxable income. Valuation allowances fully reserve the state net operating loss carryforwards, net of federal tax benefit. We have considered ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. In the event we were to determine that we would be able to realize all or a portion of these deferred tax assets, an adjustment to the valuation allowance would increase earnings in the period such determination was made. Likewise, should we determine that we would not be able to realize all or a portion of our remaining deferred tax assets in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination was made.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for financial reporting purposes using the straight-line method over estimated useful lives ranging from 3 to 10 years for furniture, fixtures and equipment and up to 40 years for facilities. These estimates require assumptions that are believed to be reasonable. We perform reviews for impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Over the past six years, we recorded several impairment charges relating to our Midwest tracks to reduce the carrying value of the tracks to their then estimated fair value. Fair value was based on either independent third party appraisals or pending/completed sales transactions.

Determining fair value involves the use of estimates and assumptions. We employ estimates and assumptions that we believe to be reasonable but that are inherently uncertain and subject to change. In certain cases, industry events beyond our control have to be factored into our fair value analysis. Our initial impairment charge in 2006 was to all three Midwest tracks and resulted from a reduction in projected future cash flows based on new broadcast agreements with NASCAR. An additional impairment charge in 2008 resulted from (i) the decline in economic conditions and its impact on our projected operations, (ii) a lower than anticipated allocation of contractual revenue from NASCAR, and (iii) an agreement of sale for one of our Midwest tracks at a selling price lower than its carrying value. Additional impairment charges were taken in 2009, 2010 and 2011 and were primarily the result of the expiration in 2009 of an agreement of sale for one track that had previously formed the basis for the track s carrying value, the cessation of operations at another track announced in 2010 and the cessation of operations at the third track announced in 2011. Following these charges, the carrying value of the remaining assets has been reduced primarily to land value.

We no longer conduct motorsports events at either of the remaining properties of our former Midwest tracks. We continue to own land with an appraised fair value of approximately $630,000 near one of our former facilities and have exited from the various property leases under which we previously operated. The appraised fair value of the remaining facility primarily consists of its land value of approximately $30,300,000 for approximately 1,400 acres.

Fair value for land is determined using valuation techniques such as the comparable sales approach. The primary economic assumptions used in the valuation techniques include: (i) land value which is estimated by comparable transactions; and (ii) that the highest and best use for the land is potential real estate development such as industrial warehouse or light manufacturing development. We review the fair value of the land on a regular basis and it is possible that the assumptions used to value the land can change in the future and this could have a significant effect on the outcome of future valuations.

Accrued Pension Cost

On June 15, 2011, we decided to freeze participation and benefit accruals under our pension plans. The freeze was effective July 31, 2011. The benefits provided by our defined-benefit pension plans are based on years of service and employee s remuneration through July 31, 2011. Accrued pension costs are developed using actuarial principles and assumptions which consider a number of factors, including estimates for the discount rate and expected long-term rate of return on assets. Changes in these estimates would impact the amounts that we record in our consolidated financial statements.

Recent Accounting Pronouncements

There have been no new accounting pronouncements made effective during the three months ended June 30, 2013, or that are not yet effective, that have significance, or potential significance, to our consolidated financial statements.

Factors That May Affect Operating Results; Forward-Looking Statements

This report and the documents incorporated by reference may contain forward-looking statements. In Item 1A of this report, we disclose the important factors that could cause our actual results to differ from our expectations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that relevant, material information is made known to the officers who certify our financial reports and to other members of senior management and the Board of Directors.

Based on their evaluation as of June 30, 2013, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fiscal quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

We are a party to ordinary routine litigation incidental to our business. Management does not believe that the resolution of any of these matters is likely to have a material adverse effect on our results of operations, financial condition or cash flows.

Item 1A. Risk Factors

In addition to historical information, this report includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, relating to our financial condition, profitability, liquidity, resources, business outlook, possible acquisitions, market forces, corporate strategies, consumer preferences, contractual commitments, legal matters, capital requirements and other matters. Documents incorporated by reference into this report may also contain forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. To comply with the terms of the safe harbor, we note that a variety of factors could cause our actual results and experience to differ substantially from the anticipated results or other expectations expressed in our forward-looking statements. When words and expressions such as: believes, expects, anticipates, estimates, plans, intends, objectives, aims, projects, forecasts, possible, seeks, may, could, should, might, likely or similar words or expressions are used, as well a our view, there can be no assurance or there is no way to anticipate with certainty, forward-looking statements may be involved.

In the section that follows below, in cautionary statements made elsewhere in this report, and in other filings we have made with the SEC, we list important factors that could cause our actual results to differ from our expectations. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors described below and other factors set forth in or incorporated by reference in this report.

These factors and cautionary statements apply to all future forward-looking statements we make. Many of these factors are beyond our ability to control or predict. Do not put undue reliance on forward-looking statements or project any future results based on such statements or on present or prior earnings levels.

Additional information concerning these, or other factors, which could cause the actual results to differ materially from those in our forward-looking statements is contained from time to time in our other SEC filings. Copies of those filings are available from us and/or the SEC.

Our Relationships With And The Success Of NASCAR Is Vital To Our Success In Motorsports

Our continued success in motorsports is dependent upon the success of NASCAR and our ability to secure favorable contracts with and maintain a good working relationship with them. NASCAR regularly issues and awards sanctioned events and their issuance depends, in large part, on maintaining good working relationships with NASCAR. Our NASCAR events are sanctioned on an annual basis with no contractual obligation to renew. By awarding a sanctioned event or a series of sanctioned events, NASCAR does not warrant, nor are they responsible for, the financial success of any sanctioned event. Our success is directly tied to our ability to negotiate favorable terms to our sanction agreements, including the amount of the sanction fee and purse, and our ability to continue to derive economic benefits from such agreements, such as our share of live broadcast revenues.

Our ability to obtain additional sanctioned events in the future and to negotiate favorable terms to our sanction agreements and the success of NASCAR in attracting drivers and teams, signing series sponsors and negotiating favorable television and/or radio broadcast rights is dependent on many factors which are largely outside of our control. As our success depends on the terms of our sanction agreements and the success of each event or series that we are promoting, a material change in the terms of a sanction agreement or a material adverse effect on NASCAR, such as the loss or defection of top drivers, the loss of significant series sponsors, or the failure to obtain favorable broadcast coverage or to properly advertise the event or series could result in a reduction in our revenues from live broadcast coverage, admissions, luxury suite rentals, sponsorships, hospitality, concessions and merchandise, which could have a material adverse effect on our business, financial condition and results of operations.

Changes To Media Rights Revenues Could Adversely Affect Us

Broadcast revenues that are paid to us by NASCAR represent the largest component of our revenues and earnings and any adverse changes to such revenues could adversely impact our results. NASCAR s broadcast agreements, which expire in 2014, have yielded us significant cash flow. Recently, NASCAR announced it has reached a ten-year extension of its broadcast rights with FOX Sports Media Group (FOX). This agreement extends through the 2024 NASCAR season and allows FOX to retain the television rights to various NASCAR Sprint Cup Series races, various NASCAR Nationwide Series events and the entire NASCAR Camping World Truck Series season. On July 23, 2013, NASCAR announced it has reached a ten-year agreement with NBC Sports Group granting exclusive rights to various NASCAR Sprint Cup Series races, various NASCAR Nationwide Series events, select NASCAR Regional & Touring Series events and other live content beginning in 2015. Any material changes in the broadcast industry that could lead to differences in historical practices or decreases in the term and/or financial value of

future broadcast agreements could have a material adverse affect on our revenues and financial results.

We Rely On Sponsorship Contracts To Generate Revenues

We receive a portion of our annual revenues from sponsorship agreements, including the sponsorship of our various events and venue, such as title, official product and promotional partner sponsorships, billboards, signage and skyboxes. We are continuously in negotiations with existing sponsors and actively seeking new sponsors as there is significant competition for sponsorships. Some of our events may not secure a title sponsor every year, may not secure a sufficient number of sponsorships on favorable terms, or may not secure sponsorships sufficiently enough in advance of an event for maximum impact. Loss of our existing title sponsors or other major sponsorship agreements or failure to secure sponsorship agreements in the future on favorable terms could have a material adverse effect on our business, financial condition and results of operations.

Our Motorsports Events Face Intense Competition For Attendance, Television Viewership And Sponsorship

We compete with other auto speedways for the patronage of motor racing spectators as well as for sponsorships. Moreover, racing events sanctioned by different organizations are often held on the same dates at different tracks. The quality of the competition, type of racing event, caliber of the event, sight lines, ticket pricing, location and customer conveniences, among other things, distinguish the motorsports facilities. In addition, all of our events compete with other sports and recreational events scheduled on the same dates. As a result, our revenues and operations are affected not only by our ability to compete in the motorsports promotion market, but also by the availability of alternative spectator sports events, forms of entertainment, changing consumer preferences and opportunities for corporations to acquire sponsorships.

General Market And Economic Conditions, Including Consumer And Corporate Spending, Could Negatively Affect Our Financial Results

Our financial results depend significantly upon a number of factors relating to discretionary consumer and corporate spending, including economic conditions affecting disposable consumer income and corporate budgets. The combination of high unemployment, high fuel prices, escalating health care costs, tight credit markets, difficult residential real estate and mortgage markets, stock market volatility, changes in (together with political uncertainty concerning) governmental policies relative to spending, taxation and regulation, among other factors, have led to low levels of consumer confidence. These economic factors have dampened, and may continue to dampen, consumer and corporate spending, including adversely impacting disposable income and recreational and entertainment spending, resulting in a negative impact on our motorsports and non-motorsports activities. We are unable to quantify the effect of these economic factors, but we believe that reduced consumer and corporate spending has, and we believe will continue to, negatively impact admissions, sponsorship, advertising and hospitality spending, concession and souvenir sales demand, luxury suite, and other event related revenue, with related effects on our revenues, profitability and cash flows. High fuel prices could also significantly impact our future results.

These factors can impact both attendance at our events and advertising and marketing dollars available from the motorsports industry s principal sponsors and potential sponsors. Economic and other lifestyle conditions such as illiquid consumer and business credit markets adversely affect consumer and corporate spending thereby impacting our growth, revenue and profitability. Unavailability of credit on favorable terms or increases in interest rates can adversely impact our operations, growth, development and capital spending plans.

We cannot determine when or whether economic conditions will improve. Other factors that can affect consumer and corporate spending include hurricanes, flooding, earthquakes and other natural disasters, elevated terrorism alerts, terrorist attacks, military actions, air travel concerns, and geopolitical events, as well as various industry and other business conditions. Such factors or incidents, even if not directly impacting us, can disrupt or otherwise adversely impact the financial results, spending sentiment and interest of our present or potential customers. There can be no assurance that consumer and corporate spending will not be further adversely impacted by current or unforeseen economic or geopolitical conditions, thereby possibly having a material adverse impact on our future operating results and growth.

The Sales Tax And Property Tax Revenues To Service The Revenue Bonds For Infrastructure Improvements At Nashville May Be Inadequate

In September 1999, the Sports Authority of the County of Wilson (Tennessee) issued $25,900,000 in revenue bonds to build local infrastructure improvements which benefit the operation of Nashville Superspeedway, of which $19,600,000 was outstanding on June 30, 2013. Debt service on the bonds is payable solely from sales taxes and incremental property taxes generated from the facility. As of June 30, 2013 and December 31, 2012, $2,715,000 and $1,758,000, respectively, was available in the sales and incremental property tax fund maintained by the Sports Authority to pay the remaining principal and interest due under the bonds. During 2012, we paid $957,000 into the

sales and incremental property tax fund and $733,000 was deducted from the fund for principal and interest payments. These bonds are direct obligations of the Sports Authority and therefore have historically not been required to be recorded on our consolidated balance sheet. In the event the sales taxes and incremental property taxes (applicable taxes) are insufficient to cover the payment of principal and interest on the bonds, we would become responsible for the difference. We are exposed to fluctuations in interest rates for these bonds. In the event we were unable to make the payments, they would be made under a $19,929,000 irrevocable direct-pay letter of credit issued by our bank group. We would be responsible to reimburse the banks for any drawings made under the letter of credit. Such an event could have a material adverse effect on our business, financial condition and results of operations and compliance with debt covenants.

Nashville Superspeedway no longer promotes NASCAR events and did not seek sanction agreements from NASCAR for 2013. Since the facility no longer generates sales taxes from NASCAR sanctioned events, we estimated that a portion of the debt service may not be covered by applicable taxes. As a result, we recorded a $2,250,000 provision for contingent obligation in 2011 reflecting the present value of the estimated portion of the Wilson County bonds debt service that may not be covered by applicable taxes from the facility. Due to changing interest rates, the provision for contingent obligation increased (decreased) by $19,000 and ($3,000), and ($249,000) and ($289,000), net, in the three and six-month periods ended June 30, 2013 and 2012, respectively, and is $1,931,000 at June 30, 2013. An increase in interest rates would result in an increase in the portion of debt service not covered by applicable taxes and therefore an increase in our liability.

We Have A Significant Amount Of Indebtedness

As of June 30, 2013, we had total outstanding long-term debt of $23,180,000 under our credit facility. This is in addition to the Nashville Bonds described above. This indebtedness and any future increases in our outstanding borrowings could:

- make it more difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and industry conditions or a downturn in our business;
- increase our costs or create difficulties in refinancing or replacing our outstanding obligations;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, dividends and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- subject us to the risks that interest rates and our interest expense will increase.

In addition, our credit facility is secured by substantially all of our assets and contains financial ratios that we are required to meet and other restrictive covenants that, among other things, limit or restrict our ability to borrow additional funds, make acquisitions, create liens on our properties and make investments. The credit agreement allows us to repurchase shares of our common stock in the open market and/or pay dividends with respect to our common stock.

Our ability to meet these financial ratios and covenants can be affected by events beyond our control, and there can be no assurance that we will be able to meet them. If there were an event of default under our credit facility, the lenders could elect to declare all amounts outstanding to be immediately due and payable. If we were unable to repay these amounts, the lenders could proceed against the collateral granted to them to

secure the indebtedness.

On April 29, 2013, we modified our secured credit agreement with our bank group. The credit facility was modified to: extend the maturity date to July 31, 2017; reduce the maximum borrowing limit to $50,000,000 as of April 29, 2013, to $42,500,000 as of December 31, 2013 and to $35,000,000 as of December 31, 2014 and through the date of maturity; modify the leverage ratio; replace the interest expense coverage ratio with a fixed charge coverage ratio; permit stock repurchases and the payment of dividends; and provide that we may elect to enter into a negative pledge with the bank group in exchange for the release of the security interest in the collateral securing the agreement. Additionally, interest prior to the modification was based upon LIBOR plus a margin that varied between 200 and 325

basis points depending on the leverage ratio. Interest subsequent to the modification will be based upon LIBOR plus a margin that varies between 125 and 175 basis points depending on the leverage ratio. In the event we elect to enter into the negative pledge, interest will be based upon LIBOR plus a margin that varies between 150 and 200 basis points depending on the leverage ratio.

The Seasonality Of Our Motorsports Events Increases The Variability Of Quarterly Earnings

Our business has been, and is expected to remain, seasonal given that it depends on our outdoor event weekends. We derive substantially all of our motorsports revenues from admissions, event-related and broadcasting revenue attributable to our NASCAR-sanctioned events at Dover, Delaware which were held in June and September. Total revenues from these events were approximately 99% and 90% of total revenues for 2012 and 2011, respectively. As a result, quarterly earnings will vary.

Substantially All Of Our Motorsports Revenue is Attributable to One Location

Substantially all of our motorsports revenue comes from Dover International Speedway in Dover, Delaware. Any prolonged disruption of operations at this facility due to damage or destruction, inclement weather, natural disaster, work stoppages or other reasons could adversely affect our financial condition and results of operations. We maintain property and business interruption insurance to protect against certain types of disruption, but there can be no assurance that the proceeds of such insurance would be adequate to repair or rebuild our facilities or to otherwise compensate us for lost profits.

Our Insurance May Not Be Adequate To Cover Catastrophic Incidents

We maintain insurance policies that provide coverage within limits that are sufficient, in the opinion of management, to protect us from material financial loss incurred in the ordinary course of business. We also purchase special event insurance for motorsports events to protect against race-related liability. However, there can be no assurance that this insurance will be adequate at all times and in all circumstances. If we are held liable for damages beyond the scope of our insurance coverage, including punitive damages, our business, financial condition and results of operations could be materially and adversely affected.

In addition, sanctioning bodies could impose more stringent rules and regulations for safety, security and operational activities. Such regulations have included, for example, the installation of new retaining walls at our facilities, which have increased our capital expenditures, and increased security procedures which have increased our operational expenses.

Bad Weather Can Have An Adverse Financial Impact On Our Motorsports Events

We sponsor and promote outdoor motorsports events. Weather conditions, or even the forecast of poor weather, can affect sales of tickets, concessions and merchandise at these events. Although we sell many tickets well in advance of the outdoor events and these tickets are issued on a non-refundable basis, poor weather may adversely affect additional ticket sales and concessions and merchandise sales, which could have an adverse effect on our business, financial condition and results of operations.

We do not currently maintain weather-related insurance for major events. Due to the importance of clear visibility and safe driving conditions to motorsports racing events, outdoor racing events may be significantly affected by weather patterns and seasonal weather changes. Any unanticipated weather changes could impact our ability to stage events. This could have a material adverse effect on our business, financial condition and results of operations.

Postponement And/Or Cancellation Of Major Motorsports Events Could Adversely Affect Us

If one of our events is postponed because of weather or other reasons such as, for example, the general postponement of all major sporting events in this country following the September 11, 2001 terrorism attacks, we could incur increased expenses associated with conducting the rescheduled event, as well as possible decreased revenues from tickets, concessions and merchandise at the rescheduled event. If an event is cancelled, we could incur the expenses associated with preparing to conduct the event as well as lose the revenues, including live broadcast revenues associated with the event.

If a cancelled event is part of a NASCAR series, we could experience a reduction in the amount of money received from television revenues for all of our NASCAR-sanctioned events in the series that experienced the cancellation. This would occur if, as a result of the cancellation, and without regard to whether the cancelled event was scheduled for one of our facilities, NASCAR experienced a reduction in broadcast revenues greater than the amount scheduled to be paid to the promoter of the cancelled event.

Due To Our Concentrated Stock Ownership, Stockholders May Have No Effective Voice In Our Management

We have elected to be treated as a controlled corporation as defined by New York Stock Exchange (NYSE) Rule 303A. We are a controlled corporation because a single person, Henry B. Tippie, the Chairman of our Board of Directors, controls in excess of fifty percent of our voting power. This means that he has the ability to determine the outcome of the election of directors at our annual meetings and to determine the outcome of many significant corporate transactions, many of which only require the approval of a majority of our voting power. Such a concentration of voting power could also have the effect of delaying or preventing a third party from acquiring us at a premium. In addition, as a controlled corporation, we are not required to comply with certain NYSE rules.

We May Not Be Able To Maintain Our Listing With The NYSE

Our Common Stock is traded on the NYSE under the symbol DVD. We are required to maintain market capitalization of more than $50,000,000 (measured over a 30 day trading period) or stockholders equity of more than $50,000,000 in order to remain in compliance with NYSE continued listing standards. On November 4, 2011, we were notified by the NYSE that we are below criteria for these continued listing standards because, as of November 1, 2011, our 30 trading-day average market capitalization was $42.3 million and our stockholders equity as of September 30, 2011 was $40.9 million.

We had 45 days from receipt of that notice to submit a plan to the NYSE and demonstrate our ability to achieve compliance with continued listing standards within 18 months. The plan we submitted was accepted by the NYSE. As a result, our common stock continued to be listed on the NYSE, subject to quarterly reviews by the NYSE s Listing and Compliance Committee.

On May 6, 2013, we announced that the NYSE notified us that we have regained compliance with the NYSE s continued listing standards. The confirmation of reinstatement is the result of our performance against a plan submitted to the NYSE and our compliance with the Exchange s minimum market capitalization standard. Based on the closing price of the Company s shares as of May 3, 2013, average global market capitalization for the last 30 trading-day period was approximately $75 million.

Non-compliance with NYSE continued listing standards or delisting from the NYSE could negatively impact us, including, without limitation, our relationships with stockholders, businesses and lenders, our access to debt and equity financing, and our ability to attract and retain personnel by means of equity compensation. This, in turn, could materially and adversely affect our business, financial condition and results of operations. Securities traded in the over-the-counter market generally have significantly less liquidity than securities traded on a national securities exchange, through factors such as a reduction in the number of investors that will consider investing in the securities, the number of market makers in the securities, reduction in securities analyst and news media coverage and lower market prices than might otherwise be obtained.

Our Success Depends On The Availability And Performance Of Key Personnel

Our continued success depends upon the availability and performance of our senior management team which possesses unique and extensive industry knowledge and experience. Our inability to retain and attract key employees in the future, could have a negative effect on our operations and business plans.

We Are Subject To Changing Governmental Regulations And Legal Standards That Could Increase Our Expenses

Our motorsports facilities are on large expanses of property which we own. Laws and regulations governing the use and development of real estate may delay or complicate any improvements we choose to make and/or increase the costs of any improvements or our costs of operating.

If it is determined that damage to persons or property or contamination of the environment has been caused or exacerbated by the operation or conduct of our business or by pollutants, substances, contaminants or wastes used, generated or disposed of by us, or if pollutants, substances, contaminants or wastes are found on property currently or previously owned or operated by us, we may be held liable for such damage and may be required to pay the cost of investigation and/or remediation of such contamination or any related damage.

State and local laws relating to the protection of the environment also can include noise abatement laws that may be applicable to our racing events. In addition certain laws and regulations, including the Americans with Disabilities Act and the Occupational Safety and Health Act are constantly evolving. Changes in the provisions or application of federal, state or local environmental, land use or other laws, regulations or requirements to our facilities or operations, or the discovery of previously unknown conditions, could require us to make additional material expenditures to remediate or attain compliance.

Regulations governing the use and development of real estate may prevent us from acquiring or developing prime locations for motorsports entertainment facilities, substantially delay or complicate the process of improving existing facilities, and/or increase the costs of any of such activities.

We undertake no obligation to publicly update or revise any forward-looking statements as a result of future developments, events or conditions. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ significantly from those forecast in any forward-looking statements. Given these risks and uncertainties, stockholders should not overly rely or attach undue weight to our forward-looking statements as an indication of our actual future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On July 28, 2004, our Board of Directors authorized the repurchase of up to 2,000,000 shares of our outstanding common stock. The purchases may be made in the open market or in privately negotiated transactions as conditions warrant. The repurchase authorization has no expiration date, does not obligate us to acquire any specific number of shares and may be suspended at any time. During the second quarter of 2013, we purchased and retired 79,896 shares of our outstanding common stock at an average purchase price of $2.11 per share, not including nominal brokerage commissions, and we had remaining repurchase authority of 1,554,711 shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. **Exhibits**

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Sec. 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Sec. 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101 The following materials from the Dover Motorsports, Inc. quarterly report on Form 10-Q for the quarter ended June 30, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Earnings and Comprehensive Income for the three and six-month period ended June 30, 2013 and 2012; (ii) Consolidated Balance Sheets as of June 30, 2013 and December 31, 2012; (iii) Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012; and (iv) Notes to the Consolidated Financial Statements.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATED: August 9, 2013

Dover Motorsports, Inc.
Registrant

/s/ Denis McGlynn
Denis McGlynn
President, Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Timothy R. Horne
Timothy R. Horne
Senior Vice President-Finance and Chief Financial Officer
(Principal Financial and Accounting Officer)