DOVER MOTORSPORTS INC
Form 10-Q
November 06, 2017

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 September 30, 2017

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

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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 October 27, 2017, the number of shares of each class of the registrant s common stock outstanding is as follows:

Common Stock -	18,302,485 shares
Class A Common Stock -	18,509,975 shares

Part I Financial Information

Item 1. Financial Statements

DOVER MOTORSPORTS, INC.

CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

AND COMPREHENSIVE (LOSS) INCOME

In Thousands, Except Per Share Amounts

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Admissions	$ 425	$ 82	$ 3,871	$ 3,764
Event-related	995	285	5,739	5,098
Broadcasting	1,319		18,824	16,890
Other	1	2	3	9
	2,740	369	28,437	25,761
Expenses:				
Operating and marketing	3,485	1,387	18,639	16,440
General and administrative	1,770	1,799	5,561	5,573
Costs to remove long-lived assets			286	
Depreciation	863	828	2,507	2,591
	6,118	4,014	26,993	24,604
Operating (loss) earnings	(3,378)	(3,645)	1,444	1,157
Interest expense, net	(34)	(41)	(150)	(166)
Benefit (provision) for contingent obligation	11	(17)	(41)	(73)
Other income	5	24	51	16
(Loss) earnings before income taxes	(3,396)	(3,679)	1,304	934
Income tax benefit (expense)	1,381	1,512	(521)	(378)
Net (loss) earnings	(2,015)	(2,167)	783	556
Unrealized gain on available-for- sale securities, net of income taxes	11	5	17	15
Change in net actuarial loss and prior service cost, net of income taxes	17	20	67	55
Comprehensive (loss) income	$ (1,987)	$ (2,142)	$ 867	$ 626
Net (loss) earnings per common share:				
Basic	$ (0.06)	$ (0.06)	$ 0.02	$ 0.02

Diluted	$ (0.06)	$ (0.06)	$ 0.02	$ 0.02

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)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	$ 146	$ 1
Accounts receivable	2,420	419
Inventories	16	17
Prepaid expenses and other	4,352	1,104
Receivable from Dover Downs Gaming & Entertainment, Inc.	27	
Prepaid income taxes	982	
Assets held for sale	2,555	2,555
Total current assets	10,498	4,096
Property and equipment, net	51,968	52,723
Nashville Superspeedway facility	23,445	23,445
Other assets	1,065	1,022
Total assets	$ 86,976	$ 81,286
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 129	$ 347
Accrued liabilities	3,176	2,858
Payable to Dover Downs Gaming & Entertainment, Inc.		7
Income taxes payable		218
Deferred revenue	4,702	1,355
Total current liabilities	8,007	4,785
Revolving line of credit	5,880	3,840
Liability for pension benefits	3,765	4,143
Provision for contingent obligation	1,843	1,802
Deferred income taxes	12,778	12,911
Total liabilities	32,273	27,481
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: 18,302,485 and 18,276,360, respectively	1,830	1,828
Class A common stock, $0.10 par value; 55,000,000 shares authorized; shares issued and outstanding: 18,509,975 and 18,509,975, respectively	1,851	1,851
Additional paid-in capital	101,887	101,858
Accumulated deficit	(47,557)	(48,340)
Accumulated other comprehensive loss	(3,308)	(3,392)
Total stockholders equity	54,703	53,805
Total liabilities and stockholders equity	$ 86,976	$ 81,286

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)

	Nine Months Ended September 30,	
	2017	**2016**
Operating activities:		
Net earnings	$ 783	$ 556
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	2,507	2,591
Amortization of credit facility fees	48	71
Stock-based compensation	305	233
Excess tax benefits from stock-based compensation		(27)
Deferred income taxes	(272)	(328)
Provision for contingent obligation	41	73
Changes in assets and liabilities:		
Accounts receivable	(2,001)	(348)
Inventories	1	56
Prepaid expenses and other	(3,302)	(4,567)
Receivable from/payable to Dover Downs Gaming & Entertainment, Inc.	(34)	88
Prepaid income taxes/income taxes payable	(1,119)	(1,594)
Accounts payable	(191)	(82)
Accrued liabilities	318	(411)
Deferred revenue	3,347	4,036
Liability for pension benefits	(265)	(48)
Net cash provided by operating activities	166	299
Investing activities:		
Capital expenditures	(1,779)	(1,923)
Purchases of available-for-sale securities	(142)	(267)
Proceeds from available-for-sale securities	134	185
Net cash used in investing activities	(1,787)	(2,005)
Financing activities:		
Borrowings from revolving line of credit	20,660	22,500
Repayments on revolving line of credit	(18,620)	(20,340)
Repurchase of common stock	(274)	(189)
Excess tax benefits from stock-based compensation		27
Credit facility fees		(78)
Net cash provided by financing activities	1,766	1,920
Net increase in cash	145	214
Cash, beginning of period	1	1
Cash, end of period	$ 146	$ 215
Supplemental information:		
Interest paid	$ 278	$ 279
Income tax payments	$ 1,912	$ 2,299
Change in accounts payable and accrued liabilities for capital expenditures	$ (27)	$ 519

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 1, 2017. 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 nine-month periods ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017 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. As of the date of this filing, our Dover facility promoted the following six events during 2017, all of which were under the auspices of the premier sanctioning body in motorsports - the National Association for Stock Car Auto Racing (NASCAR):

- 2 NASCAR Cup Series events (June and October);
- 2 NASCAR XFINITY Series events (June and September);
- 1 NASCAR Camping World Truck Series event (June); and
- 1 NASCAR K&N Pro Series East event (September).

A NASCAR Camping World Truck series event, a NASCAR XFINITY Series event, and a NASCAR Cup Series event were held at Dover International Speedway during the second quarter of 2017 and 2016. Our fall NASCAR event weekends, which consist of a K&N Pro Series East event, an XFINITY Series event, and a Monster Energy Cup Series event were held on September 29 October 1 in 2017 and September 30 October 2 in 2016.

We have hosted the Firefly Music Festival (Firefly) on our property in Dover, Delaware for six consecutive years. The inaugural three day festival with 40 musical acts was held in July 2012 and the 2017 event was held on June 15-18, 2017 with over 140 musical acts. In September 2014, Red Frog Events LLC formed RFGV Festivals LLC - a joint venture with Goldenvoice that promotes Firefly. Goldenvoice is owned by AEG Live, one of the world s largest presenters of live music and entertainment events. We entered into an amended agreement with RFGV Festivals granting them two 5 year options to extend our facility rental agreement through 2032 (from its original expiration date of 2022) in exchange for a rental commitment to secure our property for up to two festivals per year. Rent is at differing rates depending on how many events are actually held. In addition to the facility rental fee, we also receive a percentage of the concession sales we manage at the events.

Nashville Superspeedway no longer promotes motorsports events and has not entered into sanction agreements with NASCAR since 2011. We lease the facility on a short term basis to third parties from time to time. On August 25, 2016, we entered into an agreement to sell our Nashville facility to an entity owned by Panattoni Development Company for $27.5 million in cash and the assumption by the buyer of obligations of ours under certain Variable Rate Tax Exempt Infrastructure Revenue Bonds. On July 21, 2017, we extended the agreement for thirty (30) days to allow the parties to finalize new agreements relative to a restructured transaction involving the sale of a portion of

the property and an option for an additional portion of the property. On August 17, 2017, we entered into a new agreement relative to the sale of approximately 153 acres at a purchase price of $35,000 per acre. Closing under this agreement is scheduled to occur towards the end of our fourth quarter, subject to extension if certain milestones have been met (which could delay closing until 2018). Earnest money in the amount of $750,000 that was previously deposited will be applied against the purchase price under the agreement or refunded to the purchaser if certain conditions to closing are not met. We also awarded to the purchaser a three year option for approximately 87 additional acres at a purchase price of $55,000 per acre. We will continue with our effort to sell the remaining Nashville Superspeedway property. As of December 31, 2016, all of the assets of Nashville Superspeedway were previously reported as assets held for sale in our consolidated balance sheets. While management remains committed to selling the Nashville property, with the exception of the 153 acres discussed above, we no longer believe it is probable that the remaining property will be sold within the next twelve months. As such, we reclassified $23,445,000 to long term assets and 153 acres of the total Nashville Superspeedway property were reported as assets held for sale in our consolidated balance sheets at September 30, 2017. In addition, the December 31, 2016 consolidated balance sheet was retrospectively adjusted to conform to the current-period presentation.

NOTE 3 Summary of Significant Accounting Policies

Property and equipment Property and equipment is stated at cost. Depreciation is provided using the straight-line method over the asset s estimated useful life. Accumulated depreciation was $59,063,000 and $57,114,000 as of September 30, 2017 and December 31, 2016, respectively.

In the fourth quarter of 2016, we began removing certain grandstand seating that had been taken out of service and written off in 2015. We incurred costs of $286,000 in the first quarter of 2017 to remove the seating which is included in costs to remove long-lived assets in our consolidated statements of earnings. As of March 31, 2017, these assets had been removed and no further costs have been incurred.

In the first quarter of 2016, we began a renovation project of certain track related assets that was completed in the first quarter of 2017. As a result, we adjusted the service lives of those assets to properly reflect their shortened estimated useful life. We recorded depreciation expense of $25,000 and $184,000, respectively, in the three and nine-month periods ended September 30, 2016 related to these assets and these assets were fully depreciated as of December 31, 2016.

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 vendor commissions for the right to sell concessions and souvenirs at our facilities; sales of programs; track rentals; broadcasting rights other than domestic television broadcasting revenue 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 we manage from the Firefly Music Festival. Broadcasting revenue includes rights fees obtained for domestic television broadcasts of events held at our speedway.

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 sponsorship packages in exchange for goods or services are recorded at fair value. Barter transactions accounted for $0 and $239,000, and $0 and $222,000 of total revenues for the three and nine-month periods ended September 30, 2017 and 2016, respectively.

Under the terms of our sanction agreements with NASCAR, we receive a portion of the broadcast revenue NASCAR negotiates with various television networks. 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 The cost of non-event related advertising, promotion and marketing programs is expensed as incurred. Certain direct expenses pertaining to specific events, including prize and point fund monies and sanction fees paid to NASCAR, a majority of our marketing expenses and other expenses associated with the promotion of our racing events are deferred until the event is held, at which point they are expensed. Advertising expenses were $132,000 and $724,000, and $11,000 and $643,000 for the three and nine-month periods ended September 30, 2017 and 2016, respectively.

Net (loss) 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 (loss) 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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net (loss) earnings per common share basic and diluted:				
Net (loss) earnings	$ (2,015)	$ (2,167)	$ 783	$ 556
Allocation to nonvested restricted stock awards			12	9
Net (loss) earnings available to common stockholders	$ (2,015)	$ (2,167)	$ 771	$ 547
Weighted-average shares outstanding basic and diluted	36,282	36,216	36,299	36,238
Net (loss) earnings per common share basic and diluted	$ (0.06)	$ (0.06)	$ 0.02	$ 0.02

There were no options outstanding and we paid no dividends during the three and nine-month periods ended September 30, 2017 or 2016.

Accounting for stock-based compensation We recorded total stock-based compensation expense for our restricted stock awards of $60,000 and $305,000, and $62,000 and $233,000 as general and administrative expenses for the three and nine-month periods ended September 30, 2017 and 2016, respectively. We recorded income tax benefits of $24,000 and $143,000, and $25,000 and $95,000 for the three and nine-month periods ended September 30, 2017 and 2016, respectively, related to vesting of our restricted stock awards.

Recent accounting pronouncements In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes nearly all existing revenue recognition guidance under accounting principles generally accepted in the United States of America. The FASB has recently issued several amendments to the standard, including clarification on accounting for and identifying performance obligations. The standard can be applied using the full retrospective method or retrospectively with the cumulative effect initially applying the guidance recognized at the date of initial application. We anticipate adopting the ASU using the retrospective with cumulative effect method. The new standard requires a

company to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We will adopt this standard effective January 1, 2018. We are currently in the process of reviewing all of our sponsorship agreements, sanctioning agreements and other contracts, and analyzing the impact of this ASU on our results of operations. At this time, we are unable to determine the impact of the new standard, if any, on our consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)*. ASU 2017-07 provides guidance on the presentation of the service cost component and the other components of net period pension cost in the consolidated statements of (loss) earnings. The standard is effective for annual and interim reporting periods beginning after December 15, 2017 and requires retrospective adoption. The ASU is not expected to have a material impact on our consolidated financial statements.

Reclassifications Certain amounts in the prior year financial statements have been reclassified to conform to the current-year presentation. The impact of the reclassifications made to prior year amounts are not material and did not affect net (loss) earnings.

NOTE 4 Long-Term Debt

At September 30, 2017, Dover Motorsports, Inc. and its wholly owned subsidiaries Dover International Speedway, Inc. and Nashville Speedway, USA, Inc., as co-borrowers had a $35,000,000 credit agreement with a bank group. The credit facility expires on July 31, 2020. Interest is based upon LIBOR plus a margin that varies between 125 and 175 basis points depending on the leverage ratio (150 basis points at September 30, 2017). The credit facility contains certain covenants including maximum funded debt to earnings before interest, taxes, depreciation and amortization (leverage ratio) and a minimum fixed charge coverage ratio. 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. The credit facility also provides that if we default under any other loan agreement, that would be a default under this facility. At September 30, 2017, there was $5,880,000 outstanding under the credit facility at an interest rate of 2.73%. The credit facility provides for seasonal funding needs, capital improvements, letter of credit requirements and other general corporate purposes. At September 30, 2017, 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 $13,462,000 at September 30, 2017. 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. 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. 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 $1,020,000 and $932,000 as of September 30, 2017 and December 31, 2016, respectively, and are recorded in other assets in our consolidated balance sheets (see NOTE 7 Fair Value Measurements).

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Interest cost	$ 126,000	$ 117,000	$ 344,000	$ 346,000
Expected return on plan assets	(159,000)	(155,000)	(486,000)	(466,000)
Recognized net actuarial loss	29,000	33,000	113,000	92,000
	$ (4,000)	$ (5,000)	$ (29,000)	$ (28,000)

We contributed $150,000 and $200,000, and $0 and $75,000 to our defined benefit pension plans during the three and nine-month periods ended September 30, 2017 and 2016, respectively. We contributed an additional $16,000 to our defined benefit pension plans in October 2017. We do not expect to make any further contributions to our defined benefit pension plans during the remainder of 2017.

We also maintain a non-elective, non-qualified supplemental executive retirement plan (SERP) which provides 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 nine-month periods ended September 30, 2017 and 2016, we recorded expenses of $20,000 and $60,000, and $20,000 and $60,000, respectively, related to the SERP. During the three and nine-month periods ended September 30, 2017 and 2016, we contributed $0 and $96,000, and $0 and $81,000 to the plan, respectively. The liability for SERP pension benefits was $61,000 and $97,000 as of September 30, 2017 and December 31, 2016, respectively.

We maintain a defined contribution 401(k) plan that permits participation by substantially all employees. Our matching contributions to the 401(k) plan were $34,000 and $96,000, and $33,000 and $100,000 in the three and nine-month periods ended September 30, 2017 and 2016, 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, 2016	$ 1,828	$ 1,851	$ 101,858	$ (48,340)	$ (3,392)
Net earnings				783	
Issuance of restricted stock awards, net of forfeitures	15		(15)		
Stock-based compensation			305		
Repurchase and retirement of common stock	(13)		(261)		
Unrealized gain on available-for-sale securities, net of income tax expense of $12					17
Change in net actuarial loss and prior service cost, net of income tax expense of $46					67
Balance at September 30, 2017	$ 1,830	$ 1,851	$ 101,887	$ (47,557)	$ (3,308)

As of September 30, 2017 and December 31, 2016, accumulated other comprehensive loss, net of income taxes, consists of the following:

	September 30, 2017	December 31, 2016
Net actuarial loss and prior service cost not yet recognized in net periodic benefit cost, net of income tax benefit of $2,316,000 and $2,362,000, respectively	$ (3,376,000)	$ (3,443,000)
Accumulated unrealized gain on available-for-sale securities, net of income tax expense of $49,000 and $37,000, respectively	68,000	51,000
Accumulated other comprehensive loss	$ (3,308,000)	$ (3,392,000)

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 first nine months of 2017 and

2016, we purchased and retired 78,696 and 37,813 shares of our outstanding common stock at an average purchase price of $2.10 and $2.22 per share, respectively, not including nominal brokerage commissions. At September 30, 2017, we had remaining repurchase authority of 1,061,622 shares.

We have a stock incentive plan, adopted in 2014, which provides for the grant of up to 2,000,000 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. We granted 151,000 and 153,000 stock awards under this plan during the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017, there were 1,572,059 shares available for granting options or stock awards.

During the nine months ended September 30, 2017 and 2016, we purchased and retired 46,179 and 44,311 shares of our outstanding common stock at an average purchase price of $2.27 and $2.33 per share, respectively. These purchases were made from employees in connection with the vesting of restricted stock awards under our 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 September 30, 2017 and December 31, 2016:

	Total	Level 1	Level 2	Level 3
September 30, 2017				
Available-for-sale securities	$ 1,020,000	$ 1,020,000	$	$
December 31, 2016				
Available-for-sale securities	$ 932,000	$ 932,000	$	$

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 September 30, 2017 and December 31, 2016, there was $5,880,000 and $3,840,000, 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.

NOTE 8 Related Party Transactions

During the three and nine-month periods ended September 30, 2017 and 2016, Dover Downs Gaming & Entertainment, Inc. (Gaming), a company related through common ownership, allocated costs of $457,000 and $1,426,000, and $487,000 and $1,482,000, respectively, to us for certain administrative and operating services, including leased space. We allocated certain administrative and operating service costs of $24,000 and $164,000, and $24,000 and $135,000, respectively, to Gaming for the three and nine-month periods ended September 30, 2017 and 2016. The allocations were based on an analysis of each company s share of the costs. In connection with our 2017 and 2016 NASCAR event weekends at Dover International Speedway, Gaming provided certain services, primarily catering, for which we were invoiced $14,000 and $474,000, and $71,000 and $497,000 during the three and nine-month periods ended September 30, 2017 and 2016, respectively. Additionally, we invoiced Gaming $56,000 and $163,000, and $25,000 and $116,000 during the three and nine-month periods ended September 30, 2017 and 2016, respectively, for tickets, our commission for suite catering and other services to the NASCAR events. As of September 30, 2017 and December 31, 2016, respectively, our consolidated balance sheets included a $27,000 receivable from and $7,000 payable to Gaming for the aforementioned items. These items were settled in October and January of 2017, respectively. 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, Timothy R. Horne, 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 Nashville Superspeedway, of which $15,400,000 was outstanding at September 30, 2017. Annual principal payments range from $1,000,000 in September 2018 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 $15,658,000 irrevocable direct-pay letter of credit issued by our bank group. We are exposed to fluctuations in interest rates for these bonds.

As of September 30, 2017 and December 31, 2016, $1,566,000 and $1,761,000, 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 the first nine months of 2017, we paid $967,000 into the sales and incremental property tax fund and $1,162,000 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 motorsports events and has not entered into sanction agreements with NASCAR since 2011. We lease the facility on a short term basis to third parties from time to time. In 2011 we recorded a $2,250,000 provision for contingent obligation reflecting the present value of the estimated portion of the revenue bonds debt service that may not be covered by the projected sales and incremental property taxes from the facility. Due to changing interest rates, the provision for contingent obligation (decreased) increased by ($11,000) and $41,000, and $17,000 and $73,000 in the three and nine-month periods ended September 30, 2017 and 2016, respectively, and is $1,843,000 at September 30, 2017. 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.

Results of Operations

Three Months Ended September 30, 2017 vs. Three Months Ended September 30, 2016

Our fall NASCAR event weekend, which consists of a K&N Pro Series East event, an XFINITY Series event, and a Monster Energy Cup Series event was held on September 29 October 1 in 2017 and September 30 October 2 in 2016. Revenues and operating and marketing expenses were higher for the three months ended September 30, 2017 as the NASCAR XFINITY Series event was held in the third quarter of 2017 and the fourth quarter of 2016.

General and administrative expenses remained consistent at $1,770,000 in the third quarter of 2017 as compared to $1,799,000 in the third quarter of 2016.

Depreciation expense increased slightly to $863,000 in the third quarter of 2017 from $828,000 in the third quarter of 2016.

Net interest expense decreased slightly to $34,000 in the third quarter of 2017 as compared to $41,000 in the third quarter of 2016 from lower average outstanding borrowings partially offset by slightly higher interest rates.

Our effective income tax rates for the third quarter of 2017 and 2016 were 40.7% and 41.1%, respectively.

Nine Months Ended September 30, 2017 vs. Nine Months Ended September 30, 2016

We promoted five NASCAR racing events at our Dover International Speedway facility during the first nine months of 2017 as compared to four NASCAR racing events during the first nine months of 2016. The NASCAR XFINITY Series event which was held in the third quarter of 2017 was held in the fourth quarter of 2016.

Admissions revenue was $3,871,000 in the first nine months of 2017 as compared to $3,764,000 in the first nine months of 2016. The increase was primarily due to the timing of the NASCAR XFINITY Series event, partially offset by lower attendance at our 2017 spring NASCAR event weekend at Dover International Speedway.

Event-related revenue was $5,739,000 in the first nine months of 2017 as compared to $5,098,000 in the first nine months of 2016. The increase was primarily due to the timing of the NASCAR XFINITY Series event, partially offset by lower revenues from the 2017 Firefly Music Festival.

Broadcasting revenue increased to $18,824,000 in the first nine months of 2017 as compared to $16,890,000 in the first nine months of 2016 due to contractual increases in NASCAR s broadcasting rights agreement and the timing of the NASCAR XFINITY Series event.

Operating and marketing expenses were $18,639,000 in the first nine months of 2017 as compared to $16,440,000 in the first nine months of 2016. The increase was primarily related to the timing of the NASCAR XFINITY Series event and higher purse and sanction fees for our spring NASCAR event weekend, partially offset by lower employee costs.

General and administrative expenses remained consistent at $5,561,000 in the first nine months of 2017 as compared to $5,573,000 in the first nine months of 2016.

Costs to remove long-lived assets related to costs associated with the removal and disposal of grandstand seating at our Dover facility. As of March 31, 2017, these assets had been removed and no further costs were incurred.

Depreciation expense decreased to $2,507,000 in the first nine months of 2017 as compared to $2,591,000 in the first nine months of 2016. The higher expense in the first nine months of 2016 was due primarily to depreciation of $184,000 recorded as a result of shortening the service lives of certain track related assets that were part of a renovation project that began in 2016. These assets were fully depreciated as of December 31, 2016.

Net interest expense was $150,000 in the first nine months of 2017 as compared to $166,000 in the first nine months of 2016 from lower average outstanding borrowings partially offset by slightly higher interest rates.

Our effective income tax rates for the first nine months of 2017 and 2016 were 40.0% and 40.5%, respectively.

Liquidity and Capital Resources

Our operations and cash flows from operating activities are seasonal in nature.

Net cash provided by operating activities was $166,000 for the first nine months of 2017 as compared to $299,000 for the first nine months of 2016.

Net cash used in investing activities was $1,787,000 for the first nine months of 2017 as compared to $2,005,000 for the first nine months of 2016. Capital expenditures of $1,779,000 in the first nine months of 2017 related primarily to the installation of SAFER barriers, equipment purchases, and improvements at our Dover facility. Capital expenditures of $1,923,000 in the first nine months of 2016 related primarily to the installation of additional SAFER barriers, installation of fiber optic cable, equipment purchases, and improvements at our Dover facility.

Net cash provided by financing activities was $1,766,000 for the first nine months of 2017 as compared to $1,920,000 for the first nine months of 2016. We had net borrowings from our outstanding line of credit of $2,040,000 in the first nine months of 2017 as compared to $2,160,000 in the first nine months of 2016. During the first nine months of 2017 and 2016, respectively, we purchased and retired 46,179 and 44,311 shares of our outstanding common stock for $105,000 and $103,000 from employees in connection with the vesting of restricted stock awards under our stock incentive plan. Additionally, we purchased and retired 78,696 and 37,813 shares of our outstanding common stock for $169,000 and $86,000 from the open market during the first nine months of 2017 and 2016, respectively.

At September 30, 2017, Dover Motorsports, Inc. and its wholly owned subsidiaries Dover International Speedway, Inc. and Nashville Speedway, USA, Inc., as co-borrowers had a $35,000,000 credit agreement with a bank group. The credit facility expires on July 31, 2020. Interest is based upon LIBOR plus a margin that varies between 125 and 175 basis points depending on the leverage ratio (150 basis points at September 30, 2017). The credit facility contains certain covenants including maximum funded debt to earnings before interest, taxes, depreciation and amortization (leverage ratio) and a minimum fixed charge coverage ratio. 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. The credit facility also provides that if we default

under any other loan agreement, that would be a default under this facility. At September 30, 2017, there was $5,880,000 outstanding under the credit facility at an interest rate of 2.73%. The credit facility provides for seasonal funding needs, capital improvements, letter of credit requirements and other general corporate purposes. At September 30, 2017, 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 $13,462,000 at September 30, 2017. 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 motorsports events and has not entered into sanction agreements with NASCAR since 2011. We lease the facility on a short term basis to third parties from time to time. On August 25, 2016, we entered into an agreement to sell our Nashville facility to an entity owned by Panattoni Development Company for $27.5 million in cash and the assumption by the buyer of obligations of ours under certain Variable Rate Tax Exempt Infrastructure Revenue Bonds. On July 21, 2017, we extended the agreement for thirty (30) days to allow the parties to finalize new agreements relative to a restructured transaction involving the sale of a portion of the property and an option for an additional portion of the property. On August 17, 2017, we entered into an agreement relative to the sale of approximately 153 acres at a purchase price of $35,000 per acre. Closing under this agreement is scheduled to occur towards the end of our fourth quarter, subject to extension if certain milestones have been met (which could delay closing until 2018). Earnest money in the amount of $750,000 that was previously deposited will be applied against the purchase price under the agreement or refunded to the purchaser if certain conditions to closing are not met. We also awarded to the purchaser a three year option for approximately 87 additional acres at a purchase price of $55,000 per acre. We will continue with our efforts to sell the remaining Nashville Superspeedway property. As of December 31, 2016, all of the assets of Nashville Superspeedway were previously reported as assets held for sale in our consolidated balance sheets. While management remains committed to selling the Nashville property, with the exception of the 153 acres discussed above, we no longer believe it is probable that the remaining property will be sold within the next twelve months. As such, we reclassified $23,445,000 to long term assets and 153 acres of the total Nashville Superspeedway property were reported as assets held for sale in our consolidated balance sheets at September 30, 2017. In addition, the December 31, 2016 consolidated balance sheet was retrospectively adjusted to conform to the current-period presentation.

As of the date of this filing, we promoted six racing events in 2017 (five national series events and one regional series event), all of which were sanctioned by NASCAR and held at our Dover International Speedway facility. We have entered into five year sanction agreements with NASCAR for each of the five national series events for 2016-2020. NASCAR s regional series events are sanctioned on an annual basis.

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 under its agreements with various television networks, which is expected to continue for the foreseeable future. Our share of these television broadcast revenues and purse and sanction fees are fixed under our NASCAR sanction agreements through the year 2020. We are obligated to conduct events in the manner stipulated under the terms and conditions of these sanctioning agreements.

NASCAR is operating under a ten-year, multi-platform agreement with FOX Sports Media Group (FOX) for the broadcasting and digital rights to 16 NASCAR Cup Series races, 14 XFINITY Series races and the entire Camping World Truck Series (along with practice and qualifying) from 2015 through 2024. The 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 which began in 2013. The 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 Cup Series races which started in 2013.

NASCAR also operates under a ten-year comprehensive agreement with NBC Sports Group granting NBCUniversal (NBC) exclusive rights to 20 NASCAR Cup Series races, 19 NASCAR XFINITY Series events,

select NASCAR Regional & Touring Series events and other live content which began in 2015. Further, NBC has been granted Spanish-language rights, certain video-on-demand rights and exclusive TV Everywhere rights for its NASCAR Cup Series and NASCAR XFINITY Series events.

Looking forward, our sanction agreements with NASCAR contain annual increases of between 3 and 4 percent in media rights fees for each sanctioned event conducted, and provide a specific percentage of media rights fees to be paid to competitors. The sanction agreements also provide for annual increases in sanction fees and non-media rights related prize and point fund monies (to be paid to competitors) of between 4 and 4.5 percent annually over the term of the agreements.

We have hosted the Firefly Music Festival (Firefly) on our property in Dover, Delaware for six consecutive years. The inaugural three day festival with 40 musical acts was held in July 2012 and the 2017 event was held on June 15-18, 2017 with over 140 musical acts. In September 2014, Red Frog Events LLC formed RFGV Festivals LLC - a joint venture with Goldenvoice that promotes Firefly. Goldenvoice is owned by AEG Live, one of the world s largest presenters of live music and entertainment events. We entered into an amended agreement with RFGV Festivals granting them two 5 year options to extend our facility rental agreement through 2032 (from its original expiration date of 2022) in exchange for a rental commitment to secure our property for up to two festivals per year. Rent is at differing rates depending on how many events are actually held. In addition to the facility rental fee, we also receive a percentage of the concession sales we manage at the 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. On October 25, 2017, our Board of Directors declared an annual cash dividend on both classes of common stock of $.08 per share to be paid on December 10, 2017. Based on current business conditions, we expect to spend approximately $150,000 on capital expenditures during the remainder of 2017. Additionally, we contributed $16,000 to our defined benefit pension plans in October 2017. We do not expect to make any further contributions to our defined benefit pension plans during the remainder of 2017.

Contractual Obligations

At September 30, 2017, we had the following contractual obligations and other commercial commitments:

			Payments Due by Period			
	Total	**2017**	**2018 2019**	**2020 2021**		**Thereafter**
Revolving line of credit	$ 5,880,000	$	$	$ 5,880,000	$	
Estimated interest payments on revolving line of credit(a)	456,000	40,000	322,000	94,000		
Contingent obligation(b)	1,843,000					1,843,000
Defined benefit pension plan contributions	16,000	16,000				
Total contractual cash obligations	$ 8,195,000	$ 56,000	$ 322,000	$ 5,974,000	$	1,843,000

(a) The future interest payments on our revolving credit agreement were estimated using the current outstanding principal as of September 30, 2017 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 Nashville Superspeedway, of which $15,400,000 was outstanding at September 30, 2017. Annual principal payments range from $1,000,000 in September 2018 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. In the event we were unable to make the payments, they would be made pursuant to a $15,658,000 irrevocable direct-pay letter of credit issued by our bank group. We are exposed to fluctuations in interest rates for these bonds.

As of September 30, 2017 and December 31, 2016, $1,566,000 and $1,761,000, 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 the first nine months of 2017, we paid $967,000 into the sales and incremental property tax fund and $1,162,000 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 motorsports events and has not entered into sanction agreements with NASCAR since 2011. We lease the facility on a short term basis to third parties from time to time. In 2011 we recorded a $2,250,000 provision for contingent obligation reflecting the present value of the estimated portion of the revenue bonds debt service that may not be covered by the projected sales and incremental property taxes from the facility. Due to changing interest rates, the provision for contingent obligation (decreased) increased by ($11,000) and $41,000, and $17,000 and $73,000 in the three and nine-month periods ended September 30, 2017 and 2016, respectively, and is $1,843,000 at September 30, 2017. See NOTE 9 Commitments and Contingencies of the consolidated financial statements included elsewhere in this document for further discussion.

Related Party Transactions

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

Critical Accounting Policies

For a summary of our critical accounting policies and the means by which we develop estimates thereon, see Part II - Item 7. Management s Discussion And Analysis Of Financial Condition And Results Of Operations in our 2016 Annual Report on Form 10-K. There have been no material changes to our critical accounting policies from those included in our 2016 Annual Report on Form 10-K.

Recent Accounting Pronouncements

See NOTE 3 Summary of Significant Accounting Policies to our consolidated financial statements included elsewhere in this document for a full description of recent accounting pronouncements that affect us.

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 September 30, 2017, 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 September 30, 2017 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. 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 a decline in the attendance at (or the popularity of) NASCAR events, 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 have yielded us significant cash flow. In 2013, NASCAR announced it 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 16 NASCAR Cup Series races, 14 NASCAR XFINITY Series events and the entire NASCAR Camping World Truck Series season. Additionally in 2013, NASCAR announced it reached a ten-year agreement with NBC Sports Group granting exclusive rights through 2024 to 20 NASCAR Cup Series races, 19 NASCAR XFINITY Series events, select NASCAR Regional & Touring Series events and other live content which began in 2015. Material changes in the broadcast industry or the financial value of broadcast agreements, material changes in the ratings for NASCAR events or in the NASCAR race schedule, or material changes in the perception of fans or sponsors due to such factors could have a material adverse effect 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 and amenities, 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 and Sentiment, Could Negatively Affect Our Financial Results

Our financial results depend significantly upon a number of factors relating to discretionary consumer and corporate spending and sentiment, including economic conditions affecting disposable consumer income and corporate budgets. The combination of stagnant wages, unemployed and underemployed individuals among our fan base, escalating health care costs, rising interest rates, stock market volatility, changes in (together with political

uncertainty concerning) governmental policies relative to spending, taxation and regulation, among other factors, can adversely affect discretionary consumer and corporate spending and sentiment. 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 may 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.

We cannot determine when or whether economic conditions will improve. Other factors that can affect consumer and corporate spending and sentiment include severe weather, hurricanes, flooding, earthquakes and other natural disasters, elevated terrorism alerts, terrorist attacks, military actions, air travel concerns, outbreaks of disease, and geopolitical events, as well as various industry and other business conditions - including an ever increasing number of sporting and entertainment options that compete for discretionary spending. 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 and sponsors. There can be no assurance that consumer and corporate spending and sentiment will not be further adversely impacted by current or unforeseen factors, 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 Nashville Superspeedway, of which $15,400,000 was outstanding at September 30, 2017. Debt service on the bonds is payable solely from sales taxes and incremental property taxes generated from the facility. As of September 30, 2017 and December 31, 2016, $1,566,000 and $1,761,000, 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 the first nine months of 2017, we paid $967,000 into the sales and incremental property tax fund and $1,162,000 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 $15,658,000 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 motorsports events and has not entered into sanction agreements with NASCAR since 2011. We lease the facility on a short term basis to third parties from time to time. In 2011 we recorded a $2,250,000 provision for contingent obligation reflecting the present value of the estimated portion of the revenue bonds debt service that may not be covered by the projected sales and incremental property taxes from the facility. Due to changing interest rates, the provision for contingent obligation (decreased) increased by ($11,000) and $41,000, and $17,000 and $73,000 in the three and nine-month periods ended September 30, 2017 and 2016, respectively, and is $1,843,000 at September 30, 2017. See NOTE 2 Business Operations and NOTE 9 Commitments and Contingencies of the consolidated financial statements included elsewhere in this document for further discussion.

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 total revenues from admissions, event-related and broadcasting revenue attributable to our NASCAR-sanctioned events at Dover

International Speedway in Dover, Delaware. For 2017, three NASCAR racing events were held in the second quarter, two were held in the third quarter and one was

held in the fourth quarter. In 2016, three NASCAR racing events were held in the second quarter, one in the third quarter and two in the fourth quarter. As a result, quarterly earnings will vary.

Substantially All Of Our Revenue is Attributable to One Location

Substantially all of our revenue comes from Dover International Speedway. 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 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.

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 facilities, substantially delay or complicate the process of improving 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 third quarter of 2017 and 2016, we purchased and retired 78,696 and 1,775 shares of our outstanding common stock at an average purchase price of $2.10 and $2.17 per share, respectively, not including nominal brokerage commissions. At September 30, 2017, we had remaining repurchase authority of 1,061,622 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 September 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of (Loss) Earnings and Comprehensive (Loss) Income for the three and nine months ended September 30, 2017 and 2016; (ii) Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016; (iii) Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016; 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: November 6, 2017

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, Chief Financial Officer and Director
(Principal Financial and Accounting Officer)