UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from to

Commission File Number: 0-24206

PENN NATIONAL GAMING, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2234473**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

825 Berkshire Blvd., Suite 200

Wyomissing, PA 19610

(Address of principal executive offices) (Zip Code)

610-373-2400

(Registrant s telephone number, including area code)

Not Applicable

(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 x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company 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

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

Title	Outstanding as of March 2, 2016
Common Stock, par value $.01 per share	81,220,032 (includes 227,846 shares of restricted stock)

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This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward-looking terminology such as believes, estimates, expects, intends, may, will, should anticipates or the negative or other variation of these or similar words, or by discussions of future events, strategies, or risks and uncertainties. Actual results may vary materially from expectations. Although Penn National Gaming, Inc. (Penn) and its subsidiaries (together with Penn, collectively, the Company) believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our business, there can be no assurance that actual results will not differ materially from our expectations. Meaningful factors that could cause actual results to differ from expectations include, but are not limited to, risks related to the following: our ability to obtain timely regulatory approvals required to own, develop and/or operate our facilities, or other delays or impediments to completing our planned acquisitions or projects; our ability to secure federal, state and local permits and approvals necessary for our construction projects; construction factors, including delays, unexpected remediation costs, local opposition, organized labor, and increased cost of labor and materials; our ability to maintain agreements with our horsemen, pari-mutuel clerks and other organized labor groups; the passage of state, federal or local legislation (including referenda) that would expand, restrict, further tax, prevent or negatively impact operations in or adjacent to the jurisdictions in which we do or seek to do business (such as a smoking ban at any of our facilities); the effects of local and national economic, credit, capital market, housing, and energy conditions on the economy in general and on the gaming and lodging industries in particular; the activities of our competitors and the rapid emergence of new competitors (traditional, internet and sweepstakes based and taverns); increases in the effective rate of taxation at any of our properties or at the corporate level; our ability to identify attractive acquisition and development opportunities (especially in new business lines) and to agree to terms with, and maintain good relationships with partners/ municipalities for such transactions; the costs and risks involved in the pursuit of such opportunities and our ability to complete the acquisition or development of, and achieve the expected returns from, such opportunities; our expectations for the continued availability and cost of capital; the outcome of pending legal proceedings, including the ongoing appeal by the Ohio Roundtable addressing the legality of video lottery terminals in Ohio; changes in accounting standards; the impact of weather; the remediation of any material weaknesses and the costs to strengthen its internal control structure, potential investigations, litigation, or other proceedings by governmental authorities, stockholders or other parties, and risks related to the impact of the restatement on the Company s reputation, development projects, joint ventures and other commercial contracts; the ability of the Company to generate sufficient future taxable income to realize its deferred tax assets; with respect to the proposed Jamul project near San Diego, California, particular risks associated with financing a project of this type, sovereign immunity, local opposition (including several pending lawsuits), and building a complex project on a relatively small parcel; with respect to our Massachusetts project, the ultimate location of the other gaming facilities in the state; with respect to our acquisition of Tropicana Las Vegas Hotel and Casino, risks relating to higher leverage, the successful integration of the acquisition, our ability to successfully leverage our player database, market conditions affecting the Las Vegas Strip, ongoing litigation, labor relations, future capital expenditures, the risks associated with construction projects (such as delays and unexpected costs); with respect to our social and other interactive gaming endeavors, risks related to ultimate profitability, cyber-security, data privacy, intellectual property and legal and regulatory challenges; with respect to our PSG acquisition, risks relating to our ability to successfully compete in the video gaming terminal (VGT) market, our ability to retain existing customers and secure new customers, risks relating to municipal authorization of VGT operations and the implementation and the ultimate success of the products and services being offered; and other factors as discussed in the Company s Annual Report on Form 10-K/A for the year ended December 31, 2014, subsequent Quarterly Report on Form 10-Q/A and Current Reports on Form 8-K as filed with the United States Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law.

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PENN NATIONAL GAMING, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Penn National Gaming, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

	September 30, 2015 (unaudited)	December 31, 2014 (restated)
Assets		
Current assets		
Cash and cash equivalents	$ 223,489	$ 208,673
Receivables, net of allowance for doubtful accounts of $2,633 and $2,004 at September 30, 2015 and December 31, 2014, respectively	40,929	41,618
Prepaid expenses	66,150	70,785
Deferred income taxes	30,267	40,343
Other current assets	12,819	11,189
Total current assets	373,654	372,608
Property and equipment, net	3,029,375	2,669,732
Other assets		
Investment in and advances to unconsolidated affiliates	171,904	179,551
Goodwill	911,923	874,184
Other intangible assets, net	431,876	419,453
Advances to the Jamul Tribe	143,866	62,048
Other assets	79,408	87,318
Total other assets	1,738,977	1,622,554
Total assets	$ 5,142,006	$ 4,664,894
Liabilities		
Current liabilities		
Current portion of financing obligation to GLPI	$ 49,352	$ 46,884
Current maturities of long-term debt	87,801	30,853
Accounts payable	68,190	43,136
Accrued expenses	87,671	133,092
Accrued interest	8,861	5,163
Accrued salaries and wages	89,355	84,034
Gaming, pari-mutuel, property, and other taxes	68,594	51,972
Insurance financing	2,353	13,680
Other current liabilities	72,677	75,773
Total current liabilities	534,854	484,587
Long-term liabilities		
Long-term financing obligation to GLPI, net of current portion	3,526,709	3,564,629
Long-term debt, net of current maturities and debt issuance costs	1,598,813	1,210,577
Deferred income taxes	131,092	78,633
Noncurrent tax liabilities	8,907	7,035
Other noncurrent liabilities	17,833	27,447

Total long-term liabilities		5,283,354		4,888,321
Shareholders equity (deficit)				
Series C Preferred stock ($.01 par value, 18,500 shares authorized, 8,624 shares issued and outstanding at September 30, 2015 and December 31, 2014)				
Common stock ($.01 par value, 200,000,000 shares authorized, 82,682,474 and 81,329,210 shares issued and 80,515,081 and 79,161,817 shares outstanding, at September 30, 2015 and December 31, 2014, respectively)		826		813
Treasury stock, at cost (2,167,393 shares held at September 30, 2015 and December 31, 2014)		(28,414)		(28,414)
Additional paid-in capital		980,857		956,146
Retained deficit		(1,625,525)		(1,635,277)
Accumulated other comprehensive loss		(3,946)		(1,282)
Total shareholders equity (deficit)		(676,202)		(708,014)
Total liabilities and shareholders equity (deficit)	$	5,142,006	$	4,664,894

See accompanying notes to the condensed consolidated financial statements.

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Penn National Gaming, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014 (restated)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014 (restated)
Revenues				
Gaming	$ 651,284	$ 573,216	$ 1,861,539	$ 1,720,057
Food, beverage and other	124,721	107,266	350,905	322,710
Management service fee	2,871	3,240	7,614	8,803
Revenues	778,876	683,722	2,220,058	2,051,570
Less promotional allowances	(39,579)	(37,782)	(115,667)	(112,404)
Net revenues	739,297	645,940	2,104,391	1,939,166
Operating expenses				
Gaming	334,219	288,355	942,730	855,730
Food, beverage and other	89,151	79,040	249,883	236,981
General and administrative	107,614	116,345	342,771	331,655
Depreciation and amortization	66,141	62,021	191,785	202,080
Impairment losses				4,560
Insurance recoveries		(5,674)		(5,674)
Total operating expenses	597,125	540,087	1,727,169	1,625,332
Income from operations	142,172	105,853	377,222	313,834
Other income (expenses)				
Interest expense	(111,406)	(105,933)	(329,550)	(315,516)
Interest income	3,083	1,025	7,396	2,282
Income from unconsolidated affiliates	3,759	2,291	11,895	6,247
Other	2,672	1,583	4,805	1,391
Total other expenses	(101,892)	(101,034)	(305,454)	(305,596)
Income from operations before income taxes	40,280	4,819	71,768	8,238
Income tax provision	35,380	20,167	62,016	42,279
Net income (loss)	$ 4,900	$ (15,348)	$ 9,752	$ (34,041)
Earnings per common share:				
Basic earnings (loss) per common share	$ 0.06	$ (0.20)	$ 0.11	$ (0.43)
Diluted earnings (loss) per common share	$ 0.05	$ (0.20)	$ 0.11	$ (0.43)

See accompanying notes to the condensed consolidated financial statements.

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Penn National Gaming, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (loss)

(in thousands) (unaudited)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014 (restated)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014 (restated)
Net income (loss)	$ 4,900	$ (15,348)	$ 9,752	$ (34,041)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustment during the period	(1,487)	(876)	(2,664)	(957)
Other comprehensive loss	(1,487)	(876)	(2,664)	(957)
Comprehensive income (loss)	$ 3,413	$ (16,224)	$ 7,088	$ (34,998)

See accompanying notes to the condensed consolidated financial statements.

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Penn National Gaming, Inc. and Subsidiaries

Condensed Consolidated Statements of Changes in Shareholders Equity (Deficit)

(in thousands, except share data) (unaudited)

	Preferred Stock		Common Stock		Treasury	Additional Paid-In	Retained	Accumulated Other Comprehensive	Total Shareholders Equity
	Shares	Amount	Shares	Amount	Stock	Capital	Deficit	Loss	(Deficit)
Balance, December 31, 2013, as restated	8,624	$	77,788,393	$ 799	$ (28,414)	$ 925,335	$ (1,448,955)	$ 383	$ (550,852)
Share-based compensation arrangements, net of tax benefits of $9,830			865,138	9		24,059			24,068
Impact of Spin-Off to Gaming and Leisure Properties, Inc							(482)		(482)
Foreign currency translation adjustment								(957)	(957)
Net loss, as restated							(34,041)		(34,041)
Balance, September 30, 2014, as restated	8,624	$	78,653,531	$ 808	$ (28,414)	$ 949,394	$ (1,483,478)	$ (574)	$ (562,264)
Balance, December 31, 2014, as restated	8,624	$	79,161,817	$ 813	$ (28,414)	$ 956,146	$ (1,635,277)	$ (1,282)	$ (708,014)
Share-based compensation arrangements, net of tax benefits of $10,143			1,353,264	13		24,711			24,724
Foreign currency translation adjustment								(2,664)	(2,664)
Net income							9,752		9,752
Balance, September 30, 2015	8,624	$	80,515,081	$ 826	$ (28,414)	$ 980,857	$ (1,625,525)	$ (3,946)	$ (676,202)

See accompanying notes to the condensed consolidated financial statements.

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Penn National Gaming, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(in thousands) (unaudited)

Nine Months Ended September 30,	**2015**	**2014 (restated)**
Operating activities		
Net income (loss)	$ 9,752	$ (34,041)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	191,785	202,080
Amortization of items charged to interest expense	4,730	4,532
Accretion of settlement value on other noncurrent liabilities	(5,944)	
Loss on sale of fixed assets	801	98
Income from unconsolidated affiliates	(11,895)	(6,247)
Distributions of earnings from unconsolidated affiliates	22,050	17,500
Deferred income taxes	50,460	(870)
Charge for stock-based compensation	6,446	8,012
Impairment losses and writedowns		7,860
(Increase) decrease, net of businesses acquired		
Accounts receivable	5,015	9,469
Prepaid expenses and other current assets	6,288	(4,457)
Other assets	8,869	4,315
Increase (decrease), net of businesses acquired		
Accounts payable	4,763	4,019
Accrued expenses	1,248	(14,447)
Accrued interest	3,680	2,886
Accrued salaries and wages	(862)	(3,059)
Gaming, pari-mutuel, property and other taxes	15,041	13,298
Income taxes	1,666	23,717
Other current and noncurrent liabilities	(11,756)	5,065
Other noncurrent tax liabilities	4,008	(3,147)
Net cash provided by operating activities	306,145	236,583
Investing activities		
Capital project expenditures, net of reimbursements	(125,169)	(95,568)
Capital maintenance expenditures	(41,866)	(65,699)
Advances to the Jamul Tribe	(64,228)	(30,499)
Proceeds from sale of property and equipment	389	1,172
Investment in joint ventures	(2,799)	(1,000)
Decrease in cash in escrow		18,000
Acquisition of businesses and gaming and other licenses, net of cash acquired	(450,170)	(118,678)
Net cash used in investing activities	(683,843)	(292,272)
Financing activities		
Proceeds from exercise of options	8,069	6,223
Proceeds from issuance of long-term debt, net of issuance costs	517,290	64,935
Principal payments on financing obligation with GLPI	(35,452)	(31,899)
Principal payments on long-term debt	(92,885)	(40,703)
Principal payments on long-term obligations	(3,307)	(15,000)
Proceeds from insurance financing	885	14,816
Payments on insurance financing	(12,212)	(14,801)
Tax benefit from stock options exercised	10,126	9,830
Net cash provided by (used in) financing activities	392,514	(6,599)
Net increase (decrease) in cash and cash equivalents	14,816	(62,288)

Cash and cash equivalents at beginning of year		208,673		292,995
Cash and cash equivalents at end of period	$	223,489	$	230,707
Supplemental disclosure				
Interest expense paid, net of amounts capitalized	$	321,276	$	308,886
Income taxes paid	$	879	$	11,247

See accompanying notes to the condensed consolidated financial statements.

Non-cash transactions: In January 2015, a repayment obligation for a hotel and event center near Hollywood Casino Lawrenceburg was assumed by a subsidiary of the Company, which was financed through a loan with the City of Lawrenceburg Department of Redevelopment. This non-cash transaction increased property and equipment, net and total debt by $15.3 million. See Note 7 for further detail.

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For the nine months ending September 30, 2014, the Company recognized an increase to the financing obligation and real property assets of $118.9 million related to the remaining real estate construction costs that were funded by Gaming and Leisure Properties, Inc. for the Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course facilities which opened in the third quarter of 2014. In addition during this same period, the Company recognized an increase to other intangible assets and debt of $150.0 million related to the relocation fees for Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course (see Note 7). Lastly, the Company increased other intangible assets and accrued expenses for $50.0 million related to the unpaid gaming license fees for Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course. In conjunction with the purchase of Plainridge Racecourse in April 2014, the Company increased its acquired assets and other noncurrent liabilities by $18.5 million for the fair value of the contingent purchase price consideration at the time of acquisition. The remaining portion of the purchase price was paid in cash.

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Penn National Gaming, Inc. and Subsidiaries

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

1. Organization and Basis of Presentation

Penn National Gaming, Inc. (Penn) and together with its subsidiaries (collectively, the Company) is a diversified, multi-jurisdictional owner and manager of gaming and racing facilities and video gaming terminal operations with a focus on slot machine entertainment. As of September 30, 2015, the Company owned, managed, or had ownership interests in twenty-seven facilities in the following seventeen jurisdictions: Florida, Illinois, Indiana, Kansas, Maine, Maryland, Massachusetts, Mississippi, Missouri, Nevada, New Jersey, New Mexico, Ohio, Pennsylvania, Texas, West Virginia and Ontario, Canada.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with United States (U.S.) generally accepted accounting principles (GAAP) for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The condensed consolidated financial statements include the accounts of Penn and its subsidiaries. Investment in and advances to unconsolidated affiliates, that do not meet the consolidation criteria of the authoritative guidance for voting interest, controlling interest or variable interest entities (VIE), are accounted for under the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the reporting periods. Actual results could differ from those estimates. For purposes of comparability, certain prior period amounts have been reclassified to conform to the current year presentation.

Operating results for the three and nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. The notes to the consolidated financial statements contained in the Annual Report on Form 10-K/A for the year ended December 31, 2014 should be read in conjunction with these condensed consolidated financial statements. As described in Note 2, the Company restated its financial statements for the years ended December 31, 2014 and 2013. The 10-K/A was filed concurrently with this Form 10-Q. The December 31, 2014 financial information has been derived from the Company s audited consolidated financial statements.

2. Restatement

The restatement of the Company s financial statements primarily results from the Company s accounting for its November 1, 2013 distribution of real estate assets to Gaming and Leisure Properties, Inc. (GLPI) under the Master Lease Agreement, was previously recognized as a sale-leaseback. Upon further consideration, the Company did not meet all of the requirements for sale-leaseback accounting under Accounting Standards Codification (ASC) 840, Leases , and therefore the transaction should be accounted for as a financing obligation rather than a distribution of assets followed by an operating lease. Specifically, the lease contains provisions that would indicate that the Company has prohibited forms of continuing involvement in the leased property such that sale-leaseback accounting would not be permitted. As a result, the Company is precluded from derecognizing the real estate assets and is instead required to recognize a financing obligation for the minimum lease payments due under the Master Lease. The restated condensed consolidated balance sheets therefore include an adjustment to property and equipment, net for the carrying value of the real property of $2.04 billion at December 31, 2014, and additional liabilities of $3.61 billion at December 31, 2014, representing the present value of the future minimum lease payments due to GLPI under the Master Lease and the funded construction of certain leased real estate assets in development at the date of the Spin-Off. Consequently, the restated condensed consolidated statements of operations no longer report rent expense for the obligations under the Master Lease, but rather include interest expense associated with the financing obligation and depreciation expense related to the real estate assets. The lease payment amounts previously recorded as rent expense were $104.6 million and $313.5 million for the three and nine months ended September 30, 2014, respectively. The increases to interest expense and depreciation expense as a result of the correction of the accounting for the Master Lease are $94.5 million and $22.2 million for the three months ended September 30, 2014, respectively, and $281.6 million and $66.7 million for the nine months ended September 30, 2014, respectively.

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This change in accounting treatment also resulted in adjustments to the carrying amounts of the Company s reporting units as well as differences in the allocation of the GLPI rental obligation to the impacted reporting units, which changed each reporting unit s fair value. The resultant changes to impairment charges are described below.

As part of its restatement, the Company also identified certain other errors affecting the condensed consolidated financial statements as of December 31, 2014 and for the three and nine months ended September 30, 2014:

- The Company had originally recorded goodwill and other intangible asset impairment charges of $312.5 million and $745.9 million at October 1, 2013, the date of its annual impairment test, and November 1, 2013 (the Spin-Off date), respectively, and impairment charges of $316.5 million at October 1, 2014. The Company corrected certain errors in its goodwill and indefinite-lived gaming license intangible asset impairment analyses which incorporated the adjustments to the carrying amounts and estimated fair values of the Company s reporting units mentioned above as well as the impact of its deferred tax valuation allowance. This resulted in a decrease to the Company s previously recognized impairment charges of $161.2 million and $334.1 million for the years ended December 31, 2014 and 2013, respectively, which along with the relocation fee accounting error described below, resulted in a significant increase to the Company s goodwill and other intangible assets at December 31, 2014.

- During 2014, the Company incurred an aggregate liability of $150 million to State of Ohio in return for the right to locate its racing operations from Toledo, Ohio to Dayton, Ohio (Hollywood Gaming at Dayton Raceway) and from Grove City, Ohio to Austintown, Ohio (Hollywood Gaming at Mahoning Valley). The Company originally accounted for these amounts as a cost of the real estate was therefore including them in property and equipment, net and was amortizing them over the fifteen year base lease term of the Master Lease. The Company has now concluded that these costs should have been recognized as an additional cost incurred for obtaining the gaming licenses for these two properties and capitalized as other intangible assets that are not amortized, but are considered for impairment on an annual basis or more frequently if impairment indicators exist. This resulted in a decrease to depreciation expense of $0.9 million for the three and nine months ended September 30, 2014.

- The Company corrected the classification of a corporate airplane lease that had previously been accounted for as an operating lease but upon review should have been accounted for as a capital lease. This resulted in an increase to net property and equipment of $7.0 million at December 31, 2014, as well as an increase to long term debt of $24.9 million at December 31, 2014. It also resulted in an increase to interest expense, with an offsetting decrease to general and administrative costs of $0.2 million and $0.5 million for the three and nine months ended September 30, 2014, respectively, as well as an increase to depreciation expense of $0.5 million and $1.5 million for the three and nine months ended September 30, 2014, respectively.

- The Company reclassified a contingent earn-out liability from long-term debt to other liabilities which totaled $19.2 million at December 31, 2014.

- The Company concluded that as a result of the failed spin-off-leaseback accounting treatment which resulted in a significant increase to our deferred tax assets, a valuation allowance should be recorded on the Company s deferred tax assets given the significant negative evidence associated with being in a three year cumulative pre-tax loss position and the insufficient objectively verifiable positive evidence to support the realization of the Company s deferred tax assets. This resulted in an increase to the Company s income tax provision of $17.8 million and $34.5 million for the three and nine months ended September 30, 2014, respectively.

- The Company concluded that the Carlino exchange transaction should have been accounted for as a treasury stock transaction that is measured using the fair value of the exchanged instruments. See Note 3 in the Company s Form 10-K/A for additional information.

- The Company corrected the income tax provision and related income tax balances on the condensed consolidated balance sheet and condensed consolidated statements of cash flows for each of the previously identified errors.

- The Company corrected certain other errors that were not individually material to the condensed consolidated financial statements.

The effect of the restatement on previously issued interim financial information as of and for the three and nine months ended September 30, 2014 is set forth in this footnote.

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The condensed consolidated financial statements for 2014 included in this Form 10-Q have been restated to reflect the adjustments described above. The following is a summary of the effect of the restatement on (i) the Company s condensed consolidated balance sheets at December 31, 2014 (ii) the Company s condensed consolidated statements of operations for the three and nine months ended September 30, 2014 and (iii) the Company s condensed consolidated statements of cash flows for the nine months ended September 30, 2014. The Company did not present a summary of the effect of the restatement on the condensed consolidated statement of changes in shareholders equity (deficit) for any of the above referenced periods because the impact to retained earnings on the condensed consolidated statement of changes in shareholders equity (deficit) is reflected below in the balance sheet summary. The Company did not present a summary of the effect of the restatement on the condensed consolidated statement of comprehensive income (loss) for any of the above referenced periods because the impact to net income (loss) is reflected below in the restated condensed consolidated statement of operations and the restatement adjustments did not affect any other component of comprehensive income (loss).

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Penn National Gaming, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(in thousands, except share and per share data)

The following table presents the condensed consolidated balance sheet as previously reported, restatement adjustments and the condensed consolidated balance sheet as restated at December 31, 2014:

	As Previously Reported	Restatement Adjustments	As Restated
Assets			
Current assets			
Cash and cash equivalents	$ 208,673	$	$ 208,673
Receivables, net of allowance for doubtful accounts of $2,004	41,618		41,618
Prepaid expenses	68,947	1,838	70,785
Deferred income taxes	55,579	(15,236)	40,343
Other current assets	11,189		11,189
Total current assets	386,006	(13,398)	372,608
Property and equipment, net	769,145	1,900,587	2,669,732
Other assets			
Investment in and advances to unconsolidated affiliates	179,551		179,551
Goodwill	277,582	596,602	874,184
Other intangible assets, net	370,562	48,891	419,453
Deferred income taxes	79,067	(79,067)	
Advances to Jamul Tribe	62,048		62,048
Other assets	87,318		87,318
Total other assets	1,056,128	566,426	1,622,554
Total assets	$ 2,211,279	$ 2,453,615	$ 4,664,894
Liabilities			
Current liabilities			
Current portion of financing obligation to GLPI		46,884	46,884
Current maturities of long-term debt	30,853		30,853
Accounts payable	43,136		43,136
Accrued expenses	130,818	2,274	133,092
Accrued interest	5,163		5,163
Accrued salaries and wages	84,034		84,034
Gaming, pari-mutuel, property, and other taxes	52,132	(160)	51,972
Insurance financing	13,680		13,680
Other current liabilities	75,703	70	75,773
Total current liabilities	435,519	49,068	484,587
Long-term liabilities			
Long-term financing obligation to GLPI, net of current portion		3,564,629	3,564,629
Long-term debt, net of current maturities and debt issuance costs	1,204,828	5,749	1,210,577
Deferred income taxes		78,633	78,633
Noncurrent tax liabilities	8,188	(1,153)	7,035