

Great Wolf Resorts, Inc.
Form 10-K
March 29, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal period ended December 31, 2012

OR

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

For the transition period from _____ to _____

Commission File Number 000-51064

GREAT WOLF RESORTS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

51-0510250
(I.R.S. Employer
Identification No.)

525 Junction Rd. Suite 6000 South

Madison, Wisconsin
(Address of principal executive offices)

53717
(Zip Code)

Registrant's telephone number, including area code

(608) 662-4700

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

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 No

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Annual Report on Form 10-K or any amendment to this Annual Report on Form 10-K.

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. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2012, the aggregate market value of the voting and non-voting common equity held by non-affiliates was zero.

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The number of shares outstanding of the issuer's common stock was 200 as of March 29, 2013.

DOCUMENTS INCORPORATED BY REFERENCE: None.

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Annual Report on Form 10-K

For the Year Ended December 31, 2012

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PART I

ITEM 1. BUSINESS

OVERVIEW

The terms Great Wolf Resorts, us, we, our and Company are used in this report to refer to Great Wolf Resorts, Inc. and its consolidated subsidiaries. All dollar amounts used in this Annual Report on Form 10-K are in thousands, except per share amounts and operating statistics.

We are a family entertainment resort company that provides our guests with a high quality vacation at an affordable price. We are the largest owner, licensor, operator and developer in North America of drive-to destination family resorts featuring indoor waterparks and other family-oriented entertainment activities. Each of our resorts features approximately 300 to 600 family suites, each of which sleeps from six to ten people and includes a wet bar, microwave oven, refrigerator and dining and sitting area. We provide a full-service entertainment resort experience to our primary target customer base: families with children ranging in ages from 2 to 12 years old that live within a convenient driving distance of our resorts. Several of our resorts have significant meeting space or conference centers, allowing us to also attract groups in addition to our leisure guests. Our resorts are open year-round and provide a consistent, comfortable environment where our guests can enjoy our various amenities and activities. We operate and license resorts under our Great Wolf Lodge® brand name. We have entered into licensing and management arrangements with third parties relating to the operation of resorts under the Great Wolf Lodge brand name.

We provide our guests with a self-contained vacation experience and focus on capturing a significant portion of their total vacation spending. We earn revenues through the sale of rooms (which includes admission to our indoor waterpark), and other revenue-generating resort amenities. Each of our resorts features a combination of the following revenue-generating amenities: themed restaurants, ice cream shop and confectionery, full-service adult spa, kid spa, game arcade, gift shop, miniature golf, interactive game attraction, family tech center and meeting space. We also generate revenues from licensing fees, management fees and other fees with respect to our operation or development of properties owned in whole or in part by third parties.

Each of our Great Wolf Lodge resorts has a Northwoods lodge theme, designed in a Northwoods cabin motif with exposed timber beams, massive stone fireplaces, Northwoods creatures including mounted wolves and an animated two-story Clock Tower that provides theatrical entertainment for younger guests. All of our guest suites are themed luxury suites, ranging in size from approximately 385 square feet to 925 square feet.

The indoor waterparks in our Great Wolf Lodge resorts range in size from approximately 34,000 to 84,000 square feet and include decorative rockwork and plantings. The focus of each Great Wolf Lodge waterpark is our signature 12-level treehouse water fort, an interactive water experience for the entire family that features over 60 water effects and is capped by an oversized bucket that dumps between 700 and 1,000 gallons of water every five minutes. Our waterparks also feature a combination of high-speed body slides and inner tube waterslides, smaller and lower speed slides for younger children, zero-depth water activity pools with geysers, a water curtain, fountains and tumble buckets, a lazy river, additional activity pools for basketball, open swimming and other water activities and large free-form hot tubs, including hot tubs for adults only.

We also own 100% of Creative Kingdoms, LLC (CK). CK is a developer of experiential gaming products including MagiQuest®, an interactive game attraction available at all of our resorts. CK also owns or has sold to other parties several stand-alone MagiQuest facilities or similar attractions.

Transactions

On May 4, 2012, the Company merged (the Merger) with K-9 Acquisition, Inc., a Delaware corporation (Merger Sub) and subsidiary of a fund managed by an affiliate of Apollo Global Management, LLC (together with its subsidiaries, Apollo), in the Merger (as discussed in Note 3 to the Consolidated Financial Statements). Although the Company continued as the same legal entity after the Merger, the Company's capital structure changed significantly as a result of the Merger and our financial statement presentations distinguish between a Predecessor for periods prior to the Merger and a Successor for periods subsequent to the Merger. The Merger was accounted for as a business combination using the acquisition method of accounting and the Successor financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the effective time of the Merger. We obtained the assistance of independent third parties in determining the fair value of certain tangible assets, identifiable intangible assets, and liabilities. As a result of the application of the acquisition method of accounting as of the effective time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable.

Our Equity Sponsor

Apollo is a leading global alternative investment manager with offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of December 31, 2012, Apollo and its subsidiaries had assets under management of approximately \$113 billion invested in its private equity, credit and real estate businesses.

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Properties Overview

As innovators in our industry segment, we constantly seek to improve the facilities, amenities, attractions and features at our resorts to enhance our guests' vacation experience, generate additional on-site revenue and increase repeat and referral business. We refer to our original resort properties as Generation I resorts. The Generation I properties were opened in 2003 or earlier and are relatively smaller properties with 300 rooms or less. Since 2004, we have successfully developed seven Great Wolf Lodge properties, which we refer to as Generation II resorts. Our Generation II resorts have approximately 400 rooms or more and a generally wider range of amenities than our Generation I resorts.

The following table summarizes our Generation I and Generation II Great Wolf Lodge properties as of December 31, 2012:

Type	Locations	Description	Same Store 2012 Operating Statistics			Total RevPOR
			Occupancy	ADR	RevPAR	
Generation I	Wisconsin Dells, WI	Approximately 300 or fewer rooms, smaller waterparks and fewer and smaller other amenities	58.9%	\$ 200.31	\$ 118.05	\$ 302.81
	Sandusky, OH					
	Traverse City, MI					
	Kansas City, KS					
Generation II	Williamsburg, VA	Approximately 400 rooms or more and a wider range of amenities	69.2%	\$ 281.24	\$ 194.71	\$ 430.33
	Pocono Mountains, PA					
	Niagara Falls, ONT					
	Mason, OH					
	Grapevine, TX					
	Grand Mound, WA					
	Concord, NC					

On March 24, 2011, we sold our Blue Harbor Resort in Sheboygan, WI. We continue to license the Blue Harbor Resort and related trade names to the buyer at no fee. As of March 24, 2011, we no longer operate this resort or manage the condominium units there and the related trade name has no carrying value.

The following table presents an overview of our portfolio of resorts. As of December 31, 2012, we operated, managed and/or were party to licensing arrangements relating to the operation of 11 Great Wolf Lodge resorts. We anticipate that most of our future resorts will be licensed and/or developed under our Great Wolf Lodge brand, but we may operate and/or enter into licensing arrangements with other resorts using different brands in appropriate markets.

	Ownership Percentage	Opened	Number of Guest Suites	Indoor Entertainment Area(1) (Approx. sq. ft)
Wisconsin Dells, WI(3)		1997	385 (2)	102,000
Sandusky, OH(3)		2001	271	41,000
Traverse City, MI	100%	2003	280	57,000

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Kansas City, KS	100%	2003	281	57,000
Williamsburg, VA(4)	100%	2005	405	87,000
Pocono Mountains, PA(4)	100%	2005	401	101,000
Niagara Falls, ONT(5)		2006	406	104,000
Mason, OH(4)	100%	2006	401	105,000
Grapevine, TX(4)	100%	2007	605	110,000
Grand Mound, WA(6)	49%	2008	398	74,000
Concord, NC(4)	100%	2009	402	97,000

- (1) Our indoor entertainment areas generally include our indoor waterpark, game arcade, children's activity room, family tech center, MagiQuest® (an interactive game attraction) and fitness room, as well as our spa in the resorts that have such amenities.
- (2) Total number of guest suites includes 77 condominium units that are individually owned and managed by us.

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- (3) These properties are owned by CNL Lifestyle Properties, Inc. (CNL), a real estate investment trust focused on leisure and lifestyle properties. We currently manage both properties and license the Great Wolf Lodge brand to these resorts.
- (4) Five of our properties (Great Wolf Lodge resorts in Williamsburg, VA; Pocono Mountains, PA; Mason, OH; Grapevine, TX and Concord, NC) each had a book value of fixed assets equal to ten percent or more of our total assets as of December 31, 2012, and each of those five properties had total revenues equal to ten percent or more of our total revenues for the period January 1 – May 4, 2012, and the period May 5 – December 31, 2012.
- (5) An affiliate of Ripley Entertainment, Inc. (Ripley), our licensee, owns this resort. We have granted Ripley a license to use the Great Wolf Lodge name for this resort through April 2016 for a licensing fee and we also provide other services to this resort for a fee.
- (6) This property is owned by a joint venture. The Confederated Tribes of the Chehalis Reservation (Chehalis) owns a 51% interest in the joint venture, and we own a 49% interest. We manage the property and license the Great Wolf Lodge brand to the joint venture under long-term agreements through April 2057, subject to earlier termination in certain situations. The joint venture leases the land for the resort from the United States Department of the Interior, which is trustee for Chehalis.

Northwoods Lodge Theme. Each of our Great Wolf Lodge resorts has a Northwoods lodge theme. Our approximately 5,000 to 9,000 square-foot atrium lobbies, which are between three and five stories high, are designed in a log cabin motif with exposed timber beams, massive stone fireplaces, mounted wolves and other Northwoods creatures and an animated two-story Clock Tower that provides theatrical entertainment for our younger guests. Throughout the common areas and in each guest suite, we use sturdy, rustic furniture that complements the Northwoods theme. We believe that this consistent theme throughout our resorts creates a comfortable and relaxing environment and provides a sense of adventure and exploration that the entire family can enjoy.

Guest Suites. All of our guest suites are themed luxury suites, ranging in size from approximately 385 square feet to 925 square feet. Substantially all of the rooms in our resorts also include a private deck or patio. Our resorts offer up to 11 room styles to meet the needs and preferences of our guests, including a selection of rooms with lofts, Jacuzzis and fireplaces. Our standard rooms include two queen beds and a third queen bed in the sleeper sofa, a wet bar, microwave oven, refrigerator and dining and sitting area, and can accommodate up to six people. Our specialty rooms can accommodate up to seven people and provide a separate area for children, including our KidCabin® suites that feature a log cabin bunk bed room, our Wolf Den Suites™ that feature a themed den enclosure with bunk beds and our KidKamp™ suites that feature bunk beds in a themed tent enclosure. We also offer larger rooms, such as our Majestic Bear Suite™ and Grizzly Bear Suite™, which have separate bedrooms with a king bed, a large dining and living area and can accommodate up to eight people. For business travelers we also offer Luxury King Suites that have a king bed and other luxury amenities. Our guest suites have wallpaper, artwork and linens that continue the Northwoods theme, and some of our resorts provide pay-per-view movies and pay-per-play video games. Some of our resorts also provide room service dining.

Indoor Waterparks. Our Great Wolf Lodge indoor waterparks are maintained at a warm and comfortable temperature, range in size from approximately 34,000 to 84,000 square feet, have a Northwoods theme and include decorative rockwork and plantings. The focus of each Great Wolf Lodge waterpark is our signature 12-level treehouse water fort. The water fort is an interactive water experience for the entire family that features over 60 water effects, including spray guns, fountains, valves and hoses, has cargo netting and suspension bridges and is capped by an oversized bucket that dumps between 700 and 1,000 gallons of water approximately every five minutes.

Our waterparks also feature high-speed body slides and inner tube waterslides that wind in and out of the building into a splash-down pool, smaller and lower-speed slides for younger children, zero-depth water activity pools with geysers for young children, a water curtain, fountains and tumble buckets, a lazy river, additional activity pools for basketball, open swimming and other water activities and two large free-form hot tubs, one of which is for adults only. Each waterpark is constructed with a special nonslip floor surface to minimize slipping and has ample deck space and good sight lines to facilitate parental oversight.

On average, approximately one to two million gallons of water cycle through each of our waterparks every hour as part of our water filtration procedures. Our primary operating equipment includes water pumps, tanks and filters located in separate spaces to allow for quick repairs or replacement. Computerized water and air treatment systems and highly trained technicians monitor the water and air quality of our waterparks in order to promote a clean and safe environment. We seek to minimize the use of chlorine. Most of the water purification is performed by one or more non-chlorinated water treatment systems, which ensures the highest water quality and a substantial reduction in the typical chlorine odor found in indoor pools. In addition, the water within each area circulates at least every hour to maximize hygiene. Each waterpark area has its own water system so that a problem with any one area can be quickly contained and does not affect the operations of the rest of the waterpark.

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We expect recurring annual maintenance capital expenditures for each resort that we own to be approximately 2- 4% of the resort's revenues, depending on the age of the resort. Much of the equipment used in our waterparks is designed for outdoor application and capable of withstanding intense physical use and the elements year-round, therefore, wear and tear is minimal. We believe our equipment has a long useful life. In addition, our water purification system minimizes airborne chemicals and their potentially corrosive effects on materials and equipment, and is designed to help extend the life of our equipment.

The safety of our guests is a primary focus in our waterparks. Our lifeguards receive one of the highest levels of training and certification in the industry, provided by Jeff Ellis & Associates, Inc. (Ellis & Associates), an international aquatic safety consulting company. Ellis & Associates conducts quarterly unannounced safety inspections at each of our resorts to ensure that proper safety measures and procedures are maintained. All of our on-duty lifeguards perform daily training exercises under the supervision of a certified instructor. We also encourage our lifeguards to obtain EMT certification, and we reimburse them for the costs of the training. In 2012, five of our resorts achieved Platinum status (the highest rating from Ellis) with one of these achieving the highest score in Ellis' worldwide client-base. All other resorts achieved Gold and Silver status.

Our indoor waterparks are generally open from 9:00 a.m. until 9:00 p.m., seven days a week, and admission is generally only available to resort guests. Our general guests-only policy, which is in effect at all of our resorts, allows our guests to avoid the long lines and other inconveniences of daily admission-based waterparks.

Amenities. Each of our resorts features a combination of the following amenities. Some of the amenities described below have different names at certain of our Great Wolf Lodge resorts.

Themed Restaurants. Our resorts feature one or more full-service, themed restaurants and a themed bar and grille that serves alcoholic beverages and sandwiches. Our themed restaurants include the Gitchigoomie Grill, with a life-sized sea plane suspended over the dining area; Lumber Jack's Cook Shanty; the Loose Moose Bar & Grill; and the Camp Critter Bar & Grille, which features a two-story realistic tree with a canopy of leaves and canvas-topped booths with hanging lanterns, giving guests the impression that they are dining in a Northwoods forest campsite.

Ice Cream Shop and Confectionery. Each of our Great Wolf Lodge resorts has a Bear Paw Sweets & Eats™ ice cream shop and confectionery that provides sandwiches, coffee, pastries, ice cream, candies, home-made fudge and other snacks that families can share together.

Coffee Shop. Some of our resorts have a separate coffee shop that offers Starbucks® or Dunkin' Donuts® coffee, as well as other pastry items provided by those brands.

Snack Bar. Each of our waterparks has a snack bar that offers a variety of sandwiches, pizzas and similar foods with ample seating so that our guests do not have to leave the warmth and comfort of the waterpark.

Gift Shop. Each of our resorts has a Buckhorn Exchange gift shop that provides distinctive themed gifts, including Great Wolf Lodge logo merchandise, souvenirs, collectibles and stuffed animals. The gift shop also offers resort toys, swimwear and personal necessities. Our resorts also have a Bear Essentials gift shop located in the waterpark.

Full-Service Spa. Each of our resorts, with the exception the Sandusky resort, has an Elements Spa and Salon that provides a relaxing get-a-way with a full complement of massages, facials, manicures, pedicures and other spa treatments and a wide selection of Aveda® products. Each of our spas, including the Sandusky resort, also includes our Scoops® Kid Spa. The furnishings for the kid-friendly spa have the look of a modern ice cream parlor, with chocolate-colored walls, retro swivel stools and a pedicure sofa that looks like an oversized ice cream sundae. While enjoying their treatments, kids can listen to music with a provided CD player and speakers or with their own digital music player.

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Game Arcade. Our Northern Lights Arcades range in size from approximately 5,000 to 8,000 square feet, generally feature over 70 games and are divided into distinct areas with video and skill games that appeal to children of different ages. Tickets won from the skill games may be exchanged for a wide selection of merchandise that appeals to our younger guests.

Cub Club®. Our Cub Club rooms are professionally staffed children's activity rooms with programmed activities, including arts and crafts, games and nature hikes.

Animated Clock Tower. Each of our Great Wolf Lodge resorts has a two-story animated Clock Tower located in the resort's main atrium lobby. The Clock Tower provides daily theatrical entertainment through talking and singing trees, animals and Northwoods figures.

Outdoor Water Amenities. Outdoor water amenities complement our indoor waterpark facilities and allow our guests to take advantage of favorable weather conditions. Our outdoor water amenities include activity pools and a large deck or patio area and are generally open from May until September, longer if the weather is favorable. Our Wisconsin Dells and Grapevine resorts also have outdoor waterslides.

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Fitness Room. Our fitness rooms contain aerobic exercise equipment, weight-lifting machines and numerous televisions for active viewing.

Meeting Space. Our resorts offer meeting space ranging from approximately 3,000 to over 7,000 square feet that are available for guest meetings, including a 99-seat, state-of-the-art, symposium-style room at Traverse City and Niagara Falls resorts.

Conference Facility. Many of our resorts feature conference facility space. Traverse City, Williamsburg, Mason, Grapevine, Concord and Grand Mound resorts feature conference facilities that range in size from 10,000 to 40,000 square feet. Each of these conference facilities also feature some, if not all, of the following additional facilities: Grand Ballroom, flexible meeting spaces, executive boardroom, audio visual systems and multiple pre-function concourses including an outdoor patio.

MagiQuest®. Each of the resorts features a MagiQuest attraction. MagiQuest is an interactive, live-action, fantasy adventure game that guests can play throughout the resort.

Miniature Golf. Five of the resorts feature a custom-designed, outdoor 18-hole miniature golf course.

Our Competitive Strengths

We are the market leader for family entertainment resorts that feature indoor waterparks and other family-oriented amenities in North America. Our competitive strengths include:

Strong brand name awareness. Our Great Wolf Lodge brand name is well recognized in our industry. We are the largest owner, licensor and operator of family entertainment resorts with indoor waterparks in North America based on the number of resorts in operation. Our Great Wolf Lodge brand is symbolized by our distinctive and easily identifiable theming, from our signature treehouse water fort, to our mascots and recognizable logos and merchandise. We believe that our strong brand awareness has helped foster strong guest and brand loyalty, which is evidenced by high levels of repeat and referral guests. We will continue to focus on ensuring that each of our guests associates the Great Wolf Lodge brand with a memorable and consistent family vacation experience.

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Resilient business model. Our business model generally targets customers within a three-hour driving radius of our resorts. We believe recent vacation trends favor our business model as families increasingly choose to take shorter, more frequent vacations within driving distance of their homes. We are well positioned to continue to take advantage of these trends. We also believe that our resorts offer a high-quality vacation at an affordable price, which appeals to families during all stages of the economic cycle. We believe our resorts are less affected by changes in the economic cycle than are other vacation destinations, as drive-to destinations are generally less expensive and more convenient than destinations that require air travel.

Significant barriers to entry with an established first mover advantage. We strive to be the first operators of family entertainment resorts featuring indoor waterparks in our selected target markets, and our resorts have typically been the first resorts to open in their respective markets. Our experience in establishing 11 family-focused resorts and the economies of scale resulting from our current operation of multiple resorts provide us with the ability to move into a selected target market quickly. We believe there are significant barriers to entry in our industry segment that discourage others from developing similar resorts, including operational complexity, substantial capital requirements, availability of suitable sites in desirable markets and a challenging, multi-year permitting process. A new Great Wolf Lodge resort built through ground-up construction requires substantial costs and takes from one to three years to develop and permit, and an additional 18 months or more to build. We believe that the combination of our first mover advantage, existing economies of scale and the significant barriers to entry in our target markets provide us with a competitive advantage.

Significant portfolio of product offerings that increase ancillary on-site revenues. Our resorts feature a number of proprietary and branded products and entertainment options that increase ancillary on-site revenues and distinguish our resorts' self-contained vacation experience. These products include Buckhorn Exchange gift shop, Elements Spa and Salon, Northern Lights Arcade, Cub Club, Scoops Kid Spa and miniature golf. All of our resorts feature a MagiQuest attraction, an interactive, live-action, fantasy adventure game that guests can play throughout the resort. We believe that these ancillary products will continue to drive additional revenues and enhance the guest experience and brand loyalty. We believe that the RevPOR performance of our Generation II resorts is due to a significant extent to the superior amenities provided at those resorts.

Extensive customer database through a centralized service center drives repeat and referral business. Since 1997, we have accumulated an extensive customer database, which allows us to market directly to our guests and drive repeat and referral business. Despite the recent economic downturn, our repeat and referral business has continued to grow, which we believe is a testament to the quality of our business methods. For the year ended December 31, 2012, 57% of our room nights were derived from repeat and referral guests.

In addition, by centralizing certain of our services, we focus on decreasing our per-unit costs. Centralized services provide operational efficiency, increasing our control over those services and positioning ourselves to deliver a higher quality of service to our guests. For example, our central reservations call center operates every day of the year and accepts reservations for our resorts. The call center also has the capacity to efficiently handle high call volumes and should require limited incremental costs over the next several years as we grow our portfolio. We have also increased the efficiency and functionality of our web-based online reservations system, which we expect to allow us to further efficiently handle an increasing volume of guest reservations with limited incremental costs.

Strong growth prospects. We believe recent vacation trends favor drive-to family entertainment options, as the number of families choosing to take shorter, more convenient vacations has increased in recent years. We believe these trends will continue, and can provide impetus to our future growth prospects. We expect to expand our base of resorts by further leveraging our Great Wolf Lodge brand, proven business model and operating expertise. We are actively involved in advanced discussions for several potential new development and conversion projects in the United States. Additionally, we believe that our Great Wolf Lodge brand could be successfully leveraged in certain international markets, further extending our growth prospects.

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Strong management team with skilled resort level staff. Our executive management team is responsible for our strategic direction and has an average of ten years of experience with Great Wolf Resorts and twenty-one years of industry experience. Our executive management has significant experience in the hospitality, family entertainment and real estate development industries and has significant expertise in operating complex, themed family entertainment resorts featuring indoor waterparks. In addition, we have a team of skilled, loyal and committed employees at each of our resorts. We offer our resort employees a number of benefits, including what we believe is a positive and rewarding work environment, career-oriented training, the ability to obtain consistent year-round work, which is uncommon in the resort industry, and career growth opportunities. As a result, we believe our employees are committed to delivering a superb guest experience and helping to assure that our guests fully enjoy their family vacations.

Focus on Safety. We invest heavily in safety measures in the design, construction and operation of our resorts. For example, we specifically design our waterparks with attention to sightlines and safety precautions and use one of the most respected training methods in the water safety industry to train each of our lifeguards. We design and construct our indoor waterparks with state-of-the-art air quality and water treatment systems. We also maintain and periodically upgrade our facilities to ensure that we provide our guests with best-in-class safety measures and systems.

Business and Growth Strategies

Our primary business objective is to increase long-term value by executing our business and growth strategies, which include:

Expanding Our Brand Footprint in Target Markets. We are seeking to grow our business and diversify our domestic resort geographic brand footprint. This growth plan is designed to further exploit our competitive advantages of being the first-mover in the indoor waterpark resort business, our strong brand equity and our waterpark resort management expertise by seeking opportunities to develop new resorts through ground-up construction or conversion of existing properties. In addition, we also expect seek to use our brand, business model and operating expertise to expand our business internationally. We believe this strategy will allow us to further extend the impact of our brand and our position as the leading provider of drive-to, family destination resorts featuring indoor waterparks, and provide the additional benefit of reducing our sensitivity to economic conditions affecting any single region.

Continuing Innovative Expansions of and Enhancements to Our Existing Resorts. We will seek to continue to focus on growth opportunities at our existing resorts by adding revenue-enhancing features that drive ancillary vacation spending and meet our target returns, including non-water based attractions and food and beverage outlets. We intend to leverage our in-house expertise, in conjunction with the knowledge and experience of our third-party suppliers and designers, to develop and implement the latest innovations in family entertainment activities and amenities, including waterpark attractions. We have received numerous industry awards for our guests' experiences, our operations, innovative development, sales and marketing initiatives and materials, and employee retention.

Maximizing Total Resort Revenues While Minimizing Total Resort Costs We will continue to employ aggressive yield management techniques and sales and marketing efforts designed to maximize occupancy and room rates at our resorts. During off-peak times (generally in May and September, and during the middle of weeks when schools are in session), we will seek to maintain higher occupancy by approaches such as holding special events and targeting group sales and conferences. We will also seek to maximize other on-site revenue, such as food and beverage, entertainment and merchandise revenue through themed restaurants, ice cream shops, snack shops, adult and kid spas, gift shops, game arcades, MagiQuest, mini-golf and teen-themed areas. At the same time, we will also seek to reduce operating costs by leveraging our purchasing power with respect to operating supplies, food and beverage, insurance and employee benefits. By centralizing certain of our services, we also seek to reduce our per-unit costs, increasing our control over those services in order to deliver a greater quality of service to our guests and employees. Our centralized reservations system is scalable and, together with

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our web-based reservations system, enables us to efficiently handle high reservation volumes, and we expect it to require only limited additional incremental costs over the next several years as we increase our portfolio of resorts.

Building Upon Our Existing Brand Awareness and Loyalty. Our Great Wolf Lodge brand is recognizable by our guests because of our distinctive and easily identifiable theming, from our signature treehouse water fort to our mascots and distinctive logos and merchandise. We believe we have fostered strong guest and brand loyalty, which is evidenced by our high levels of repeat and referral guests. We will continue to focus on ensuring that each of our guests associates the Great Wolf Lodge brand with a memorable and consistent family vacation experience.

Expanding Operations of Creative Kingdoms. We will continue to seek opportunities to expand CK's operations and capitalize on significant experience in developing experiential, family-based entertainment products. We believe that CK's current and potential future products have potential uses in venues other than our indoor waterpark resorts, and we expect to explore their sales and marketing efforts as they look to expand the number of locations using their MagiQuest and other experiential gaming products.

Property Descriptions

We currently operate, manage and/or have entered into licensing arrangements relating to the operation of 11 resorts, located in Wisconsin Dells, Wisconsin; Sandusky, Ohio; Traverse City, Michigan; Kansas City, Kansas; Williamsburg, Virginia; Pocono Mountains, Pennsylvania; Niagara Falls, Ontario; Mason, Ohio; Grapevine, Texas; Grand Mound, Washington and Concord, North Carolina.

Great Wolf Lodge Wisconsin Dells, Wisconsin

Our Great Wolf Lodge, located on 16 acres in Wisconsin Dells, Wisconsin, was originally constructed in 1997 and acquired by our predecessor company in 1999. In 2005, we transferred this resort to a joint venture with CNL and sold 70% of our ownership interest in the property to CNL. In 2009, we sold the remainder of our ownership interest in the joint venture to CNL. We continue to manage and license this resort under long-term arrangements.

Wisconsin Dells is a renowned family vacation destination that features a number of entertainment options, including amusement parks, museums, live entertainment and other indoor waterparks. According to the 2011-2012 Travel & Tourism Market Research Handbook, the Wisconsin Dells area attracts over 2.9 million visitors each year. Wisconsin Dells is within a one-hour drive from Madison, Wisconsin; a two-hour drive from Milwaukee, Wisconsin; a three-hour drive from Chicago, Illinois; a three and one-half-hour drive from Minneapolis/St. Paul, Minnesota; and a five-hour drive from Des Moines, Iowa. According to Applied Geographic Solutions, Inc., there are approximately 16.4 million people who live within 180 miles of the resort.

Great Wolf Lodge of Wisconsin Dells has 308 guest suites, with an additional 77 third-party owned, one to four bedroom condominium units located adjacent to the resort, on a six-acre land parcel, and an approximately 76,000 square-foot indoor waterpark that includes our signature treehouse water fort. The resort offers a number of revenue-enhancing amenities, including themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, full-service spa, kid spa, game arcade, gift shops, MagiQuest, an outdoor recreation area and meeting rooms. The resort also includes non-revenue generating amenities, such as an animated two-story Clock Tower and fitness center.

Great Wolf Lodge Sandusky, Ohio

In March 2001, we opened our Great Wolf Lodge in Sandusky, Ohio. In 2005, we transferred this resort to a joint venture with CNL and sold 70% of our ownership interest in the property to CNL. In 2009, we sold the remainder of our ownership interest in that joint venture to CNL. We continue to manage and license this resort under long-term arrangements.

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Sandusky is a family destination near Cleveland, Ohio, that is well known for its amusement parks. According to the Sandusky/FIB Erie County Visitors and Convention Bureau, Sandusky attracts approximately 10 million visitors each year. Sandusky is within a one-hour drive from Cleveland and Toledo, Ohio; a two-hour drive from Detroit, Michigan; a two and one-half-hour drive from Columbus, Ohio; and a three-hour drive from Pittsburgh, Pennsylvania. According to Applied Geographic Solutions, Inc., there are approximately 22.9 million people who live within 180 miles of the resort.

Great Wolf Lodge of Sandusky is located on approximately 15 acres and has 271 guest suites and an approximately 34,000 square-foot indoor waterpark that includes our signature treehouse water fort, tube slides, body slides, hot tubs and a lazy river. The resort offers a number of revenue-enhancing amenities, including our themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, kid spa, game arcade, gift shops, MagiQuest an outdoor recreation area and meeting rooms. The resort also includes non-revenue generating amenities such as our animated two-story Clock Tower and fitness center.

Great Wolf Lodge Traverse City, Michigan

In 2003, we opened our Great Wolf Lodge in Traverse City, Michigan. Traverse City is a traditional family vacation destination with skiing and lake activities. According to the Traverse City Convention and Visitors Bureau, Traverse City attracts approximately 2 million visitors each year. Traverse City is within a two-hour drive from Grand Rapids, Michigan; a three-hour drive from Sault St. Marie, Michigan; and a four-hour drive from Detroit and Ann Arbor, Michigan, as well as Windsor, Ontario. According to Applied Geographic Solutions, Inc., there are approximately 7.1 million people who live within 180 miles of the resort.

Great Wolf Lodge of Traverse City is located on approximately 48 acres and has 280 guest suites and an approximately 40,000 square-foot indoor waterpark that includes our signature treehouse water fort. It also includes a 10,000 square-foot conference center. The resort offers a number of revenue-enhancing amenities, including our themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, full-service spa, kid spa, game arcade, gift shops, MagiQuest, miniature golf, an outdoor recreation area and approximately 7,000 square feet of meeting space. The resort also includes non-revenue generating amenities such as our animated two-story Clock Tower and fitness center.

Great Wolf Lodge Kansas City, Kansas

In 2003, we opened our Great Wolf Lodge in Kansas City, Kansas, as part of the Village West tourism district that includes a Cabela's superstore, Nebraska Furniture Mart and the Kansas NASCAR Speedway. According to the 2011-2012 Travel & Tourism Market Research Handbook, Kansas City attracts approximately 8 million visitors each year. Kansas City is within a one-hour drive from Topeka, Kansas; a three-hour drive from Wichita, Kansas, Des Moines, Iowa and Omaha, Nebraska; and a four-hour drive from St. Louis, Missouri. According to Applied Geographic Solutions, Inc., there are approximately 6.8 million people who live within 180 miles of the resort.

Great Wolf Lodge of Kansas City is located on approximately 17 acres and has 281 guest suites and an approximately 40,000 square-foot indoor waterpark that includes our signature treehouse water fort. The resort offers a number of revenue-enhancing amenities, including our themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, full-service spa, kid spa, game arcade, gift shops, MagiQuest, miniature golf, an outdoor recreation area and meeting rooms. The resort also includes non-revenue generating amenities such as our animated two-story Clock Tower and fitness center.

Great Wolf Lodge Williamsburg, Virginia

In 2005, we opened our Great Wolf Lodge in Williamsburg, Virginia, on an 83-acre site. Williamsburg is a popular family vacation destination with amusement parks, waterparks and other entertainment attractions. According to the 2011-2012 Travel & Tourism Market Research Handbook, the Williamsburg area attracts 4 million visitors each year. Williamsburg is a one-hour drive from Richmond, Virginia; a two and one-half-hour drive from Washington, D.C.; a three-hour drive from Baltimore, Maryland; a three and one-half-hour drive from Raleigh, North Carolina; a four and one-half-hour drive from Wilmington, Delaware; and a five-hour drive from Philadelphia, Pennsylvania. According to Applied Geographic Solutions, Inc., there are approximately 17.4 million people who live within 180 miles of the resort.

The resort occupies approximately 36 acres of the site. We have leased a portion of the excess land to an entity who has opened a restaurant on this site. We may sell or lease a portion of the remaining excess land as out-lots and retain the remaining acreage to support future expansion of the resort.

Great Wolf Lodge of Williamsburg has 405 guest suites and an approximately 67,000 square-foot indoor waterpark that includes our signature treehouse water fort. It also includes a 10,000 square-foot conference center. The resort offers a number of revenue-enhancing amenities, including themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, full-service spa, kid spa, game arcade, gift shops,

MagiQuest, miniature golf, an outdoor recreation area and

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approximately 11,000 square feet of meeting rooms. The resort offers non-revenue generating amenities such as a two-story animated Clock Tower and fitness center.

Great Wolf Lodge Pocono Mountains, Pennsylvania

In 2005, we opened our Great Wolf Lodge in the Pocono Mountains on a 95-acre site near Stroudsburg, Pennsylvania. The Pocono Mountains area is a popular family vacation destination featuring family-oriented attractions and recreational activities. According to the 2011-2012 Travel & Tourism Market Research Handbook, the Pocono Mountains region attracts approximately 6 million visitors each year. The resort is less than a one-hour drive from Scranton, Pennsylvania; a two-hour drive from Manhattan, New York and Philadelphia, Pennsylvania; a two and one-half-hour drive from Bridgeport, Connecticut; a three hour drive from Baltimore, Maryland; and a five-hour drive from Pittsburgh, Pennsylvania. According to Applied Geographic Solutions, Inc., there are approximately 45.2 million people who live within 180 miles of the resort.

Our Great Wolf Lodge of the Pocono Mountains has 401 guest suites and an approximately 80,000 square-foot indoor waterpark that includes our signature treehouse water fort. The resort offers a number of revenue-enhancing amenities, including themed restaurants and snack shops, confectionery and ice cream shop, Cub Club, full-service spa, kid spa, game arcade, gift shops, MagiQuest, an outdoor recreation area and approximately 5,800 square feet of meeting rooms. The resort also includes non-revenue generating amenities such as a two-story animated Clock Tower and fitness center.

Great Wolf Lodge Niagara Falls, Ontario

In 2004, we entered into a license agreement with Ripley's that authorized Ripley's to develop and operate a Great Wolf Lodge resort in Niagara Falls, Ontario. In addition, the agreement allows Ripley's to use certain licensed trademarks, such as Cub Club, KidCabin, and Great Wolf Lodge. The term of the license agreement is ten years from the opening of the resort, with the possibility of up to four successive five-year renewals. Under the license agreement, Ripley's is required to pay a monthly license fee and a brand marketing fee, the latter of which we are obligated to contribute to a marketing program. We may terminate the license agreement at any time, upon notice, if Ripley's fails to meet its material obligations under the agreement. These obligations require Ripley's to meet payment obligations in a timely manner, maintain and operate the resort in a manner consistent with our operating standards and obtain our approval prior to the use of any of our licensed trademarks. In addition, these material obligations restrict Ripley's to selling only products, goods and services that we approve and from developing or managing a hotel with an indoor waterpark within the United States until, at the earliest, January 2016.

In 2006, the Great Wolf Lodge in Niagara Falls, Ontario, Canada opened. Niagara Falls is a popular family vacation destination. According to the 2011-2012 Travel & Tourism Market Research Handbook, Niagara Falls attracts nearly 12 million visitors each year. Niagara Falls is less than a one hour drive from Buffalo, New York; a one and one-half-hour drive from Toronto, Ontario; a one and three-quarter-hour drive from Kitchener, Ontario; a two and one-half-hour drive from London, Ontario; and a four and one-quarter-hour drive from Windsor, Ontario. According to Applied Geographic Solutions, Inc., there are approximately 8 million people in the United States and 9.6 million people in Canada who live within 180 miles of the resort.

Great Wolf Lodge of Niagara Falls has 406 guest suites with an approximately 82,000 square-foot indoor waterpark. The resort offers a number of revenue-enhancing amenities, including themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, full-service spa, game arcade, gift shops, MagiQuest, miniature golf, an outdoor recreation area and meeting space. The resort also includes non-revenue generating amenities such as a two-story animated Clock Tower and fitness center.

Great Wolf Lodge Mason, Ohio

In 2006, we opened our Great Wolf Lodge in Mason, Ohio, on a 39-acre land parcel adjacent to Kings Island theme park. Mason is a popular family destination featuring family-oriented attractions and recreational activities. According to the 2011-2012 Travel & Tourism Market Research Handbook, the Mason/Cincinnati metro areas attract 5 million visitors per year. The resort is located less than a one-hour drive from Cincinnati and Dayton, Ohio; a one and one-half hour drive from Columbus, Ohio; and a two-hour drive from Louisville, Kentucky, Indianapolis, Indiana and Lexington, Kentucky. According to Applied Geographic Solutions, Inc., there are approximately 16.6 million people who live within 180 miles of the resort.

Our Great Wolf Lodge of Mason, Ohio, has 401 guest suites and an approximately 84,000 square-foot indoor waterpark. The resort offers a number of revenue-enhancing amenities, including themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, full-service spa, kid spa, game arcade, gift shops, MagiQuest and an outdoor recreation area. The resort also includes non-revenue generating amenities such as a two-story animated Clock Tower and fitness center. The resort also includes a state-of-the-art 40,000 square-foot conference center,

including an expansive Grand

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Ballroom, flexible meeting spaces, an executive boardroom, audio and visual systems, and multiple pre-function concourses including an outdoor patio.

Great Wolf Lodge Grapevine, Texas

In 2007, we opened our Great Wolf Lodge in Grapevine, Texas, on a 51-acre site. Grapevine is a popular family destination featuring family-oriented attractions and recreational activities. The resort is less than a one-hour drive from both Dallas and Fort Worth, Texas. The Dallas and Fort Worth region is the 5th largest market area in the United States according to Nielsen Media Research Inc., and the resort has a higher population within a 60-mile radius than any other Great Wolf Lodge resort. The resort is also a three-hour drive from Oklahoma City, Oklahoma; a three and one-half-hour drive from Shreveport, Louisiana and Austin, Texas; and a four and one-half-hour drive from Houston and San Antonio, Texas. According to Applied Geographic Solutions, Inc., there are approximately 10.7 million people who live within 180 miles of the resort. The resort occupies approximately 30 acres of this site. We may sell a portion of the excess land as one or more out-lots.

Our Great Wolf Lodge of Grapevine, Texas, has 605 guest suites and an approximately 78,000 square-foot indoor waterpark. The resort offers a number of revenue-enhancing amenities, including themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, full-service spa, kid spa, game arcade, gift shops, MagiQuest and an outdoor recreation area. The resort also includes non-revenue generating amenities such as a two-story animated Clock Tower and fitness center. In December 2008, we opened an expansion of this resort which includes 27,000 square feet of additional meeting space.

Great Wolf Lodge Grand Mound, Washington

In 2005, we entered into a joint venture with The Confederated Tribes of the Chehalis Reservation to develop a Great Wolf Lodge resort and conference center on a 39-acre land parcel in Grand Mound, Washington. We operate the resort under the Great Wolf Lodge brand. Both parties maintain equity positions in the joint venture. The Confederated Tribes of the Chehalis Reservation has leased the land needed for the resort to the joint venture on favorable terms. The resort opened in 2008. The resort is the first family destination vacation resort with an indoor waterpark in the Pacific Northwest. The resort is a less than one-hour drive from Olympia, Washington; an hour and half drive from Seattle, Washington and Portland, Oregon; a three-hour drive from Yakima, Washington; a four-hour drive from Vancouver, British Columbia; and a five-hour drive from Spokane, Washington. According to Applied Geographic Solutions, Inc., there are approximately 7.8 million people who live within 180 miles of the resort.

Our Great Wolf Lodge of Chehalis, Washington, has 398 guest suites and an approximately 60,000 square-foot indoor waterpark. The resort offers a number of revenue-enhancing amenities, including themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, a full-service spa, game arcade, gift shops, MagiQuest, miniature golf, an outdoor recreation area and an approximately 30,000 square-foot conference center. The resort also includes non-revenue generating amenities such as a two-story animated Clock Tower and fitness center.

Great Wolf Lodge Concord, North Carolina

In 2009, we opened our Great Wolf Lodge in Concord, North Carolina on a 37-acre site. Concord is a popular family destination featuring family-oriented attractions and recreational activities. The Concord site is located 15 miles from downtown Charlotte at Exit 49 on Interstate 85. This freeway interchange is well known throughout the Carolinas mostly due to its main attraction draws, Lowe's Motor Speedway and the Concord Mills shopping center. The resort is a less than one-hour drive from Charlotte, North Carolina; a one and one-half hour drive from Greensboro/Winston-Salem, North Carolina; a two-hour drive from Columbia, South Carolina; and a two and one-half-hour drive from Raleigh and Asheville, North Carolina. According to Applied Geographic Solutions, Inc., there are approximately 14.7 million people who live within 180 miles of the resort.

Great Wolf Lodge of Concord, North Carolina has 402 guest suites and approximately 97,000 square feet of indoor entertainment, including an 84,000 square foot indoor waterpark. The resort offers a number of revenue-enhancing amenities, including themed restaurants and snack bars, confectionery and ice cream shop, Cub Club, full-service spa, game arcade, gift shops, MagiQuest, miniature golf an outdoor recreation area and an approximately 20,000 square-foot conference center. The resort also includes non-revenue generating amenities such as a two-story animated Clock Tower and fitness center.

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Industry Overview

We operate in the family entertainment resort segment of the travel and leisure industry. The concept of a family entertainment resort with an indoor waterpark was first introduced to the United States in Wisconsin Dells, Wisconsin, and has evolved there since the late 1980s. In an effort to boost occupancy and daily rates, as well as capture off-season demand, hotel operators in the Wisconsin Dells market began expanding indoor pools and adding waterslides and other water-based attractions to existing hotels and resorts. The success of these efforts prompted several local operators to build new, larger destination resorts based primarily on this concept.

We believe that these resorts have proven popular because of several factors, including the ability to provide a year-round vacation destination without weather-related risks, the wide appeal of water-based recreation and the favorable trends in leisure travel discussed below. We believe that no operator or developer other than us has established a national portfolio of destination family entertainment resorts featuring indoor waterparks.

While no standard industry definition for a family entertainment resort featuring an indoor waterpark has developed, we generally consider resorts with at least 200 rooms featuring indoor waterparks larger than 25,000 square feet, as well as a variety of water slides and other water-based attractions, to be competitive with our resorts. A Hotel & Leisure Advisors, LLC (H&LA) survey as of January 2013 indicates that there are 131 open indoor waterpark resort properties in the United States and Canada. Of the total, 47 are considered indoor waterpark destination resorts offering more than 30,000 square feet of indoor waterpark space. Of these 47 properties, 11 are our properties.

Resort Operations

Each of our resorts employs a general manager who is responsible for the operations of the particular resort and who typically has extensive experience in the hospitality or family entertainment industry. Our general managers on average oversee a staff of 400 or more resort employees and are assisted by a management team, including directors of aquatics, finance, food and beverage, front office, housekeeping, human resources, maintenance, retail and sales and marketing. A corporate-level liaison for most departments ensures consistency throughout our resorts while allowing a particular resort to tailor its operations to best meet the needs of its guests and marketplace.

Prior to assuming responsibility for a resort, general managers and assistant general managers undergo a proprietary management training program designed to familiarize each trainee with various facets of our management, operations and development programs. The program also emphasizes our company culture and guest service policies and provides hands-on operating experience at a resort. Our management training program is intended to train assistant general managers to become future general managers.

We strive to provide our guests with a fun and convenient experience in a warm and family-friendly environment from the first day a new resort opens. To achieve this, a team of experienced management members from our existing resorts, along with corporate liaisons, begins training personnel at our new resorts approximately one month prior to a resort's opening and remains on site at the new resort for up to a month after opening. We believe that this process ensures that the opening of a new resort is efficient and that our culture of high quality and friendly guest service is carried over to our new resorts, including our guests' interactions with our front desk, housekeeping, waterpark, restaurant and other staff members. In addition, we train our maintenance personnel to minimize any operational problems that occur during the opening of a new resort, including the operation of our waterparks. We believe that these efforts help to minimize any problems associated with opening a new resort and give our first guests a favorable, memorable experience that will build brand loyalty.

Training and Development

We believe that our ability to provide a friendly family-oriented atmosphere where families can relax, play and reconnect begins with our employees and their ability to deliver quality guest service. We seek to recruit, train and retain employees who will make sure that our guests enjoy their stays at our resorts. We seek to promote from within our company. Each new resort employee undergoes an extensive orientation program and is paired with a more veteran employee for an initial period so that the new employee can learn more about our resorts, our culture and how we strive to provide the best possible guest service. Our employees are committed to our success and focused on ensuring a memorable experience for

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each of our guests. We believe that our high level of guest service is a competitive advantage and promotes valuable referrals and repeat visits.

Sales and Marketing

We place a significant emphasis on the sales and marketing of our family-focused resorts. We work together with a third-party consulting firm to analyze the demographics of our markets and to identify potential guests for targeted marketing, both within our primary market areas and beyond those areas to attract occasional or seasonal travelers. We market to these potential guests through a combination of television, radio, newspaper, electronic mail, internet and direct mail advertising, including advertising through local chambers of commerce and convention and visitors bureaus. We also rely upon repeat guests and guest referrals, as well as brand recognition and the visibility of the resorts themselves, which are typically located along major highways in high traffic areas. In addition, our Web site offers detailed information about our resorts, including virtual tours and room layouts.

For new resorts, our marketing efforts generally begin before construction commences. We establish sales offices to generate advance bookings. Reservations may be made at our resorts, through our Web site or through our central reservations call center. Our call center and highly trained staff allow us to offer consistent specials throughout our resorts, better track room occupancy levels and room rates and handle the high volume of calls that are usually associated with the opening of a resort.

We maintain an in-house sales force and graphic arts department. Our experienced staff develops products and promotions for use in merchandising and marketing promotions. We also engage in cross-marketing, promotions and co-marketing arrangements with major vendors. We have received numerous awards for our general advertising, Web site, print media, radio commercials and sales presentations.

Maintenance and Inspections

Each of our resorts has an experienced aquatics director who is extensively trained and experienced in water quality and safety. Furthermore, we use Ellis & Associates as water safety consultants at our resorts in order to train lifeguards and audit safety procedures. On-site maintenance personnel frequently inspect our waterparks. These inspections include safety checks of the equipment in the waterpark, as well as analyses of water and air quality. Our water quality levels are regularly monitored and tested by computers and by a full-time aquatics maintenance engineer, who works with an additional assistant during our busiest months. Our air quality system is designed to minimize humidity and moisture build-up, which materially reduces maintenance costs.

Our senior management and the individual resort personnel evaluate the risk aspects of each resort's operation, including potential risks to the public and employees and staff. Each resort has full-time maintenance employees on staff who ensure building environmental quality and full-time aquatics maintenance employees who ensure the ride safety and air and water quality inside the resort's indoor waterpark. We use a state-of-the-art filtration system and ozonators to balance the water and air quality within the waterpark in order to accommodate fluctuating quantities of visitors.

Development Criteria

We choose or suggest sites for the development of new resorts by considering a number of factors. Those factors can include:

Large target customer base. We select or suggest development sites that generally have a minimum of five million target customers within a convenient driving distance. Because we offer an affordable vacation experience, we appeal to families in a variety of income ranges.

Recognized tourist destination. We may focus on drive-to destinations that attract a large number of tourists, including both emerging and traditional family vacation markets. We believe we can charge premium rates in these markets due to the high quality of our resorts and our family-oriented amenities and activities. In addition, the indoor nature of many of our amenities and activities allows us to reduce the impact of seasonality that may negatively affect other attractions in these areas. These areas also often have active and effective local visitors and convention bureaus that complement our marketing and advertising efforts at little or no cost to us.

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Highly visible and large sites. We generally develop or suggest developing resorts in highly visible locations along major roadways. Visibility from highways enhances easy drive-to access, provides marketing benefits due to high volumes of traffic and often produces synergies from adjacent land uses or complementary developments. We generally choose or suggest sites that have enough acreage to allow for potential expansions and future sales of out-lots.

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Once we have identified a market that meets our development criteria, we search for potential sites to recommend to a potential licensee or joint venture partner. We perform initial analyses of the permitting process and access to utilities before acquiring a sufficient amount of land from one or more landowners. Based upon the target customer base of the market, we develop initial specifications for the resort, such as the number of guest suites and size of the indoor waterpark and other amenities. We also formally begin or assist with obtaining the necessary approvals and permits from the appropriate local governmental bodies, including the necessary water rights and environmental permits. Once the permitting process is complete, we or the joint venture that owns the resort secures financing for the project and begin construction on the resort. This overall development process generally takes from two to four years, or longer, from identification of a market to completion of a resort.

Competition

Our resorts compete with other forms of family vacation travel, including theme parks, waterparks, amusement parks and other recreational activities, including other hotels and resorts located near these types of attractions. Our business is also subject to factors that affect the recreation and leisure and resort industries generally, such as general economic conditions and changes in consumer spending habits, although we believe our business to be generally less susceptible to these conditions than other leisure and resort businesses. We believe that the principal competitive factors of a family entertainment resort include location, room rates, name recognition, reputation, the uniqueness and perceived quality of the attractions and amenities, the atmosphere and cleanliness of the attractions and amenities, the quality of the lodging accommodations, the quality of the food and beverage service, convenience, service levels and reservation systems.

A Hotel & Leisure Advisors, LLC (H&LA) survey as of January 2013 indicates that there are 131 open indoor waterpark resort properties in the United States and Canada. Of the total, 47 are considered indoor waterpark destination resorts offering more than 30,000 square feet of indoor waterpark space. Of these 47 properties, 11 are Great Wolf Lodge resorts.

As a result of our market presence and our management team's substantial experience, we believe we have an opportunity to capitalize on our first-mover advantage in this industry segment and to expand our already significant brand recognition. While we believe that our first-mover advantage is very beneficial to us, it does provide our competitors with an opportunity to monitor our success in our chosen markets. As a result, a competitor may choose not to enter one of our markets based on our performance, or may subsequently develop a resort in our markets that is newer, has additional amenities, is strategically located or offers more and/or larger waterpark attractions than our resorts.

In several of our markets, there are few, if any, other family entertainment resorts featuring indoor waterparks. In certain markets, however, we compete directly with other resorts and hotels with some type of water-related activity or amenity, or indirectly with other available family entertainment options. We believe the convenience, quality and overall affordability of a stay at one of our resorts will be an attractive alternative to other potential family vacation options. Further, we believe our ability to compete effectively against other family vacation options is enhanced by our national footprint of operating resorts and the recognition of our Great Wolf Lodge brand.

We anticipate that competition within some of our markets may increase in the foreseeable future. We believe that a number of other resort operators are developing or considering the development of family entertainment resorts with indoor waterparks, which may, if and when developed, compete with our resorts.

Governmental Regulation

The ownership and management of our resorts, as well as our development and construction of new resorts, subjects us to federal, state and local laws regulating zoning, land development, land use, building design and construction, and other real estate-related laws and regulations. In addition, a number of states regulate the permitting and licensing of resorts, and some of the individual components of our resorts such as our spas, waterparks, and others, by requiring registration, disclosure statements and compliance with specific standards of conduct. Our failure to maintain or acquire the requisite licenses, permits and authorizations required by such laws and regulations, as well as any failure on our part to comply with registration, disclosure and standards of conduct required by such laws and regulations could impact the operation, profitability and success of our current resorts or the development, completion and success of any resorts we may develop in the future. We believe that each of our resorts has the necessary permits and approvals to operate its business and is in material compliance with all applicable registration, disclosure and conduct requirements. We intend to continue to obtain such permits and approvals for any resorts we may develop in the future or additions or renovations to current resorts and to

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ensure that such resorts and additions or renovations comply with applicable registration, disclosure and conduct requirements.

We are also subject to laws and regulations governing our relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. An increase in the minimum wage rate, employee benefit costs or other costs associated with employees could increase our overall labor costs.

The operation of our waterparks subjects us to state and local regulations governing the quality of the water we use in our waterparks, which may include bacteriological, chemical, physical and radiological standards. In addition to inspections we conduct on our own, state and local authorities may also conduct inspections of our waterparks to determine our compliance with applicable standards. If we are found to be in violation of such regulations we could be subject to various penalties, including, but not limited to, monetary fines and the temporary closure of our waterparks. Changes in state or local regulations could impose more stringent standards with which we would have to comply.

We are subject to both federal and state environmental laws and regulations, including laws and regulations governing the discharge of water from our waterparks. Specifically, under the requirements of the Federal Clean Water Act, we must obtain National Pollutant Discharge Elimination System permits from the Environmental Protection Agency or from the state environmental agency to which the permit program has been delegated if and to the extent any of our resorts discharge into waterways and comply with the permit terms regarding wastewater quality and discharge limits. Such permits must be renewed from time-to-time, as required by regulation, and additional capital expenditures for wastewater treatment systems associated with the renewal of our water discharge permits may be required. Importantly, changes in federal or state legislation or regulations could impose more stringent release standards with which we would have to comply. Currently, our resort in the Pocono Mountains is our only property subject to such laws and regulations governing the discharge of water and we intend to comply with these laws and regulations as we operate that property.

As a place of public accommodation, our resorts are subject to the requirements of the Americans with Disabilities Act of 1990, as amended by the 2010 ADA Standards for Accessible Design (ADA) and other applicable federal rules and regulations, as well as state and local laws. Thus, our resorts are required to meet certain federal, state and local requirements related to access and use by disabled persons. We believe that our resorts are in compliance with the requirements currently in effect. We have evaluated the requirements of the 2010 ADA Standards for Accessible Design that became effective on March 15, 2012, and made modifications to our resorts to be in what we believe is full compliance. In the event further amendments to federal, state or local laws are made imposing more stringent requirements, we would have to comply with those amendments as well.

Environmental Matters

Our operations and properties are subject to federal, state and local laws and regulations relating to the protection of the environment, natural resources and worker health and safety, including laws and regulations governing and creating liability relating to the management, storage and disposal of hazardous substances and other regulated materials. Our properties are also subject to various environmental laws and regulations that govern certain aspects of our on-going operations. These laws and regulations control such things as the nature and volume of our wastewater discharges, quality of our water supply and our waste management practices. The costs of complying with these requirements, as they now exist or may be altered in the future, could adversely affect our financial condition and results of operations.

Because we own and operate real property, various federal, state and local laws may impose liability on us for the costs of removing or remediating various hazardous substances, including substances that may be currently unknown to us, that may have been released on or in our property or disposed by us at third-party locations. The principal federal laws relating to environmental contamination and associated liabilities that could affect us are the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act; state and local governments have also adopted separate but similar environmental laws and regulations that vary from state to state and locality to locality. These laws may impose liability jointly and severally, without regard to fault and whether or not we knew of or caused the release. The presence of hazardous substances on a property or the failure to meet environmental regulatory requirements may materially adversely affect our ability to use or sell the property, or to use the property as collateral for borrowing, and may cause us to incur substantial remediation or compliance costs. In addition, if hazardous substances are located on or released from one of our properties, we could incur substantial liabilities through a private party personal injury claim, a claim by an adjacent property owner for property damage or a claim by a governmental entity for other damages, such as natural resource damages. This liability may be imposed on us under environmental laws or common-law principles.

We obtain environmental assessment reports on the properties we own or operate as we deem appropriate. These reports have not revealed any environmental liability or compliance concerns that we believe would materially adversely affect our financial condition or results of operations. However, the environmental assessments that we have undertaken might not have revealed all potential environmental liabilities or claims for such liabilities. It is also possible that future laws,

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ordinances or regulations or changed interpretations of existing laws and regulations will impose material environmental liability or compliance costs on us, that the current environmental conditions of properties we own or operate will be affected by other properties in the vicinity or by the actions of third parties unrelated to us or that our guests could introduce hazardous or toxic substances into the resorts we own or manage without our knowledge and expose us to liability under federal or state environmental laws. The costs of defending these claims, complying with as yet unidentified requirements, conducting this environmental remediation or responding to such changed conditions could adversely affect our financial condition and results of operations.

Some of our resort properties may have contained, or are adjacent to or near other properties that have contained or currently contain underground storage tanks for the storage of petroleum products or other hazardous or toxic substances. If hazardous or toxic substances were released from these tanks, we could incur significant costs or, with respect to tanks on our property, be liable to third parties with respect to the releases.

On occasion, we may elect to develop or assist in the development of properties that have had a history of industrial activities and/or historical environmental contamination. Where such opportunities arise, we engage third-party experts to evaluate the extent of contamination, the scope of any needed environmental clean-up work, and available measures (such as creation of barriers over residual contamination and deed restrictions prohibiting groundwater use or disturbance of the soil) for ensuring that planned development and future property uses will not present unacceptable human health or environmental risks or exposure to liabilities. If those environmental assessments indicate that the development opportunities are acceptable, we also work with appropriate governmental agencies and obtain their approvals of planned site clean-up, development activities, and the proposed future property uses. We followed that process in connection with the development of our Blue Harbor Resort in Sheboygan, Wisconsin (which we sold in March 2011), where the City of Sheboygan arranged for environmental clean-up work and ongoing groundwater monitoring and we agreed to the use of a barrier preventing contact with residual contamination and implementation of a deed restriction limiting site activities. To our knowledge, all work at our Sheboygan resort was conducted in accordance with requirements imposed by the Wisconsin Department of Natural Resources. Based on these efforts, we are not aware of any environmental liability or compliance concerns at our Sheboygan resort that we believe would materially adversely affect our financial condition or results of operations. It is possible, however, that our efforts did not identify all environmental conditions at the property or that environmental condition and liabilities associated with the property could change in the future.

Future acquisitions of properties subject to environmental requirements or affected by environmental contamination could require us to incur substantial costs relating to such matters. In addition, environmental laws, regulations, wetlands, endangered species and other land use and natural resource issues affecting either currently owned properties or sites identified as possible future acquisitions may increase costs associated with future site development and construction activities or business or expansion opportunities, prevent, delay, alter or interfere with such plans or otherwise adversely affect such plans.

Insurance

We believe that our properties are covered by adequate fire, flood and property insurance, as well as commercial liability insurance with what we believe are commercially reasonable deductibles and limits for our industry. Changes in the insurance market over the past few years may have increased the risk that affordable insurance may not be available to us in the future.

While our management believes that our insurance coverage is adequate, if we were held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business, results of operations and financial condition could be materially and adversely affected.

Intellectual Property

Great Lakes Services, LLC (GLS), our subsidiary, has a licensing agreement with the original developer of the Wisconsin Dells resort under which GLS has an irrevocable, exclusive, perpetual, world-wide license to use all the intellectual property embodied in the Wisconsin Dells resort as of the date of execution of the agreement. GLS pays or causes to be paid a royalty to the licensor based upon certain revenues generated at most of the resorts that it owns or licenses.

We have registered, applied for the registration of or claim ownership of a variety of service marks, copyrights and trademarks for use in our business, including Great Wolf Lodge, Great Wolf Resorts, Blue Harbor Resort, gr8_space, KidCabin, Scooops Kid Spa and MagiQuest in the United States and, where appropriate, in foreign countries. There can be no assurance that we can obtain the registration for the marks where registration has been sought. We are not aware of any facts that would negatively impact our continuing use of any of the above trade names, service marks or trademarks. We consider our intellectual property rights to be important to our business and actively defend and enforce them.

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Employees

As of December 31, 2012, we had approximately 300 corporate employees, including our central reservations center and CK employees, and approximately 4,600 resort-level employees, approximately 2,300 of whom were part-time employees. Unlike more seasonal resorts and attractions, we are open year-round and are able to attract and retain high quality employees throughout the year. However, we do have fewer part-time employees during the winter months. None of our employees are covered by a collective bargaining agreement. We believe that our relationship with our employees is good.

Offices

We lease the following space:

Approximately 23,000 square feet of office space for our corporate headquarters office in Madison, Wisconsin;

Approximately 9,800 square feet of office space for our central reservations call center operations in Madison, Wisconsin;

Approximately 1,400 square feet of office space in Woodbridge, Virginia (this lease was terminated in January 2013);

Approximately 2,700 square feet of office space in Lorain, Ohio;

Approximately 20,000 square feet of office and warehouse space in Tillamook, Oregon (this lease was terminated in January 2013);
and

Approximately 19,000 square feet of retail space in Myrtle Beach, South Carolina.

We believe these facilities are adequate for our current needs.

Domestic and Foreign Operations

We have derived a portion of our revenues from licensing fees, management fees, marketing fees and central reservations fees paid by the Great Wolf Lodge resort located in Niagara Falls, Ontario, Canada. During 2012, 2011 and 2010, total revenue from our U.S. operations was \$313,159, \$295,308 and \$274,676, respectively, and total revenue from our Canadian operations was \$1,919, \$1,400 and \$1,284, respectively. We receive no revenue from any foreign country other than Canada. We have no long-lived assets located outside of the United States.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all our employees, including our principal executive officer and senior financial officers. It is available in the investor relations section of our Web site, which is located at greatwolf.com. In the event that we make changes to or provide waivers from the provisions of our Code of Business Conduct and Ethics that the United States Securities Exchange Commission (SEC) or any other regulatory agency or NASDAQ requires us to disclose, we intend to disclose these events in the investor relations section of our Web site.

Our Corporate History

We were formed in 2004 under the laws of the State of Delaware to succeed the family entertainment resort business of our predecessor companies, The Great Lakes Companies, Inc. and a number of its related entities, which we refer to collectively as Great Lakes. On May 4, 2012 we merged with K-9 Acquisition, Inc., as previously discussed.

Legal Proceedings

We are involved in litigation from time to time in the ordinary course of our business. We do not believe that the outcome of any such pending or threatened litigation will have a material adverse effect on our financial condition or results of operations. However, as is inherent in legal proceedings where issues may be decided by finders of fact, there is a risk that unpredictable decisions adverse to us could be reached.

ITEM 1A. RISK FACTORS

Risks Related to Our Business Activities

The risk factors set forth below are applicable to Great Wolf Resorts. You should carefully consider the following factors in evaluating our company, our properties and our business. The occurrence of any of the following risks could materially adversely affect, among other things, our business, financial condition and results of operations.

Current economic conditions may adversely affect our industry, business and results of operations.

The United States economy has undergone a major recession, and the future economic environment may continue to be less favorable than that of recent years. This recession has and could further lead to reduced consumer and commercial

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spending in the foreseeable future. The hospitality industry has experienced significant downturns in connection with declines in general economic conditions. A continued softening in the economy may adversely and materially affect our industry, business and results of operations and we cannot accurately predict how severe and prolonged any downturn might be. Moreover, reduced revenues as a result of a softening of the economy may also reduce our working capital and interfere with our long-term business strategy.

Our business model is highly dependent on consumer spending, and a vacation experience at one of our resorts is a discretionary expenditure for a family. Over the past five years, the slowing U.S. economy has led to a decrease in credit for consumers and a related decrease in consumer discretionary spending. This trend continued through 2012 as consumers continued to deal with several negative economic conditions that have developed over the past five years including:

severe turbulence in the banking and lending sectors, which has led to a general lessening of the availability of credit to consumers;

relatively high unemployment rates and limited job creation;

a continuing decline in the national average of home prices and an increase in national foreclosure rates; and

high volatility in the stock market that led to substantial declines in stock values and aggregate household savings from 2007 to 2012. These and other factors impact the amount of discretionary income for consumers and consumer sentiment toward discretionary purchases. As a result, these types of items could negatively impact consumer spending in future periods. A sustained decrease in overall consumer discretionary spending could have a material, adverse effect on our business, financial condition and results of operations.

We may not be able, by ourselves or with others, to develop new resorts or further develop existing resorts on a timely or cost efficient basis, which would adversely affect our growth strategy.

As part of our growth strategy, we currently intend to develop, or license others to develop, additional resorts or possibly further expand certain of our existing resorts. Development involves substantial risks, including the following risks:

development costs may exceed budgeted or contracted amounts or may exceed available capital;

increases in the costs of materials or supplies used in construction of our resorts;

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changes in applicable building codes, construction materials, labor costs or construction methodologies may increase development costs;

delays in architectural or other design-related services, or in the commencement or completion of construction;

failure to obtain all necessary zoning, land use, occupancy, construction, operating and other required governmental permits and authorizations;

changes in real estate, zoning, land use, environmental and tax laws;

unavailability to us and other investors and/or developers of financing on favorable or any terms;

failure of developed properties to achieve desired revenue or profitability levels once opened;

negative changes in the local markets, the local competitive environment or in local economic conditions that occur between the commencement of development and the completion of the resort;

scarcity of suitable development sites, due to existing development, physical limitation or competition for sites from competitors that may have greater financial resources or risk tolerance than we do or other factors; and

incurrence of substantial costs in the event a development project is abandoned or modified prior to completion.

In particular, resort construction projects entail significant risks, including shortages of design and construction expertise, materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference, floods and unanticipated cost increases. There are also a limited number of suppliers and manufacturers of the equipment we use in our indoor waterparks. We may not be able to successfully manage any future development to minimize these risks, and present or future developments may not perform in accordance with our previous developments or our expectations. The failure to successfully develop our new resorts could have a material, adverse effect on our growth strategies and our business, financial condition and results of operations.

We compete with other family vacation travel destinations and resorts.

Our resorts compete with other forms of family vacation travel and leisure activities, including theme, water and amusement parks and other recreational activities. Our business is also subject to factors that affect the recreation and leisure and resort industries generally, such as general economic conditions and changes in consumer spending habits. We believe the principal competitive factors of a family entertainment resort include:

location,

room rates,

name recognition,

reputation,

the uniqueness and perceived quality of the attractions and amenities,

the atmosphere and cleanliness of the attractions and amenities,

the quality and perceived value of the lodging accommodations,

the quality and perceived value of the food and beverage service,

convenience,

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service levels and

reservation systems.

Many of our markets have become more competitive in the past seven years, including in particular our Wisconsin Dells, Sandusky, Traverse City, Kansas City, Williamsburg, Pocono Mountains and Mason markets. We anticipate that competition within some of our markets will increase further in the foreseeable future. A number of other resort operators have announced plans to develop family entertainment resorts with indoor waterparks that may compete with some or all of our resorts. We compete for guests and for new development sites with certain of these entities that may have greater financial resources than we do and better relationships with lenders and sellers of real estate. These entities may be able to accept more risk than we can prudently manage and may have greater marketing and financial resources. Further, new or existing competitors may significantly reduce their rates, as they have in the past, or offer greater convenience, services or amenities, significantly expand or improve resorts, including the addition of thrill rides, in markets in which we operate. Such events could materially adversely affect our business and results of operations.

We have a history of losses and we may not be able to achieve or sustain profitability.

We incurred net losses for the previous eight fiscal years. We cannot guarantee that we will become profitable. Even if we do become profitable, given the increasing competition in our industry, current economic conditions and capital-intensive nature of our business, we may not be able to sustain or increase any profitability we may achieve in the future on a quarterly or annual basis, and our failure to do so could adversely affect our business and financial condition.

We may not be able to achieve or manage our expected growth, which could adversely affect our operating results.

Since 1999, we have experienced substantial growth as we have grown from one resort to our current portfolio of 11 resorts at December 31, 2012. We intend to continue to develop additional resorts and manage additional licensed resorts owned either by joint ventures in which we have an equity interest or by third parties. Our anticipated growth could place a strain on our management, employees and operations. Our growth has increased our operating complexity and the level of responsibility for new and existing management. Our ability to compete effectively and to achieve and/or manage our recent and future growth effectively will depend on our ability to implement and improve financial and management information systems on a timely basis and to effect changes in our business, such as implementing internal controls to handle the increased size of our operations and hiring, training, developing and managing an increasing number of experienced management-level and other employees. Unexpected difficulties during expansion, the loss of or failure to attract and retain qualified employees or our inability to respond effectively to recent growth or plan for future expansion, could adversely affect our results of operations.

We provide periodic reports as a voluntary filer pursuant to our contractual obligations in the indenture governing the first mortgage notes, which contractual obligations may be amended without your consent.

We currently anticipate that our reporting obligations pursuant to Section 15(d) of the Exchange Act will terminate after we file this Annual Report on Form 10-K because our first mortgage notes were held by fewer than 300 persons on January 1, 2013. Notwithstanding the anticipated automatic suspension of our reporting obligations pursuant to Section 15(d) of the Exchange Act, we intend to continue filing periodic reports with the SEC and to provide holders of our first mortgage notes with copies of any filed reports as a voluntary filer in compliance with the indenture governing the first mortgage notes. We expect that such periodic reports filed by us as a voluntary filer will comply fully with all applicable rules and regulations of the SEC. However, we could eliminate the periodic reporting covenant in the indenture governing the first mortgage notes with the consent of the holders of at least a majority of the first mortgage notes, in which case we would no longer be obligated to file periodic reports with the SEC and may cease doing so.

We currently have one resort located outside of the United States, and international expansion may cause the proportion of our international business to expand. Many factors affecting business activities outside the United States could adversely impact this business.

We currently have a licensing arrangement with a resort in Canada, and our international expansion plan is to license and/or manage additional resorts that are located in foreign countries and are wholly-owned or principally owned by third parties.

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Factors that could affect our international business will vary by region and market and generally include:

instability or changes in social, political and/or economic conditions that could disrupt the trade activity in the countries where our resorts are located;

the imposition of additional duties, taxes and other charges on imports and exports;

changes in foreign laws and regulations;

any inability to enforce contracts or intellectual property protections under the laws of the relevant jurisdiction;

the availability of qualified labor and other resources in the relevant region;

potential and actual international terrorism and hostilities;

the adoption or expansion of trade sanctions or other similar restrictions;

tax laws and other regulations that may impede our ability to receive revenues from international resorts;

recessions in foreign economies or changes in local economic conditions; and

changes in currency valuations in specific countries or markets.

The occurrence or consequences of any of these risks could affect our ability to operate in the affected regions, which could have a material, adverse effect on our growth strategies and our financial results.

Accidents or injuries at our resorts, particularly in our waterparks, may subject us to liability, and accidents or injuries at our resorts or at competing resorts with waterparks could adversely affect our brand and/or our safety reputation and ability to attract customers, which would harm our business, financial condition and results of operations.

We are subject to the potential risks associated with concentration of our resorts under the Great Wolf Lodge brand and the brand image associated with each geographic location. A negative public image or other adverse event which becomes associated with our Great Wolf Lodge brand could adversely affect our business and revenues.

There are inherent risks of accidents or injuries at family entertainment resorts, including accidents or injuries at waterparks, particularly for young children. The lifeguards in our indoor waterparks and our other resort staff cannot prevent every accident or injury. Potential waterpark accidents and injuries include falls, cuts or other abrasions, concussions and other head injuries, sickness from contaminated water, chlorine-related irritation, injuries resulting from equipment malfunctions and drownings. One or more accidents or injuries at any of our waterparks or at other waterparks could adversely affect our safety reputation among our potential customers, decrease our overall occupancy rates, increase the cost of or make unavailable to us the appropriate liability insurance policies and increase our operating costs by requiring us to take additional measures to make our safety precautions even more visible and effective.

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If accidents or injuries occur at any of our resorts, we may be held liable for costs related to the injuries. We maintain insurance of the types and in the amounts that we believe are commercially reasonable and that are available to businesses in our industry, but we cannot be certain that our liability insurance will be adequate or available at all times and in all circumstances to cover any liability for these costs. The liability insurance carried by Great Lakes prior to our initial public offering (IPO) in 2004 may not be adequate or available to cover any liability related to incidents occurring prior to our IPO. Our business, financial condition and results of operations would be adversely affected to the extent claims and associated expenses resulting from accidents or injuries exceed our insurance recoveries.

Our business is seasonal and largely dependent upon family vacation patterns, which may cause fluctuations in our revenues.

Since most families with young children choose to take vacations during school breaks and on weekends, our occupancy is highest on the weekends and during months with prolonged school breaks, such as the summer months and spring break weeks in March and April. Our occupancy is generally lowest during May and September as children return to school following these prolonged breaks. As a result of these family vacation patterns, our revenues may fluctuate. In addition, adverse events occurring during our peak occupancy periods would have an increased impact on our results of operations. We may not be able to secure short-term borrowing on favorable terms, or at all. Failure

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to compensate adequately for seasonality could have a material, adverse effect on our financial condition and business operations and could severely limit our expansion plans.

We may not be able to attract a significant number of customers from our key target markets, which would adversely affect our business, financial condition and results of operations.

Our strategy emphasizes attracting and retaining customers from the local, or drive-to, markets within a convenient driving distance from each of our resorts. Any resorts we develop or manage in the future are similarly likely to be dependent primarily on the markets in the immediate vicinity of such resorts. Regional economic difficulties, such as the issues affecting domestic automotive manufacturers and the related impact in Michigan and surrounding areas, may have a disproportionately negative impact on our resorts in the affected markets. In addition, because we are dependent to a large extent on customers who drive to our locations, a significant increase in the price of gasoline in our local markets or nationally may also increase the real or perceived cost of a vacation at our resorts and therefore have a negative effect on our ability to attract customers to our resorts. We may not be able to continue to attract a sufficient number of customers in our local markets to make our resort operations profitable. If we fail to do so, our business, financial condition and results of operations would be adversely affected.

Because we concentrate in a single industry segment, we may be adversely affected by a downturn in that industry segment.

Our assets and operations are concentrated in a single industry segment – family entertainment resorts. Our primary current strategy is to expand the number of our resorts and improve our existing resorts. Therefore, a downturn in the entertainment, travel or vacation industries, in general, and the family entertainment resort segment, in particular, could have an adverse effect on our business and financial condition.

Increases in operating costs and other expense items could reduce our operating margins and adversely affect our growth, financial condition and results of operations.

Increases in operating costs due to inflation and other factors may not be directly offset by increased room rates and other revenue. Increases in operating costs may also negatively affect the profitability of our licensed and managed resorts, which may therefore have a material, adverse effect on our license fee and management fee revenues as well as the value of our minority investments in such resorts. Our most significant operating costs are our labor, energy, insurance and property taxes. Many, and in some cases all, of the factors affecting these costs are beyond our control.

Labor is our largest resort-level operating expense. As of December 31, 2012, we employed approximately 4,600 hourly-wage and salaried employees in our resorts. If we face labor shortages or increased labor costs because of increased competition for employees, higher employee turnover rates or increases in the applicable minimum wage or other employee benefits costs (including costs associated with health insurance coverage), our operating expenses could increase and our growth could be adversely affected. Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees, including resort managers, lifeguards, waterpark maintenance professionals and resort staff. The number of qualified individuals needed to fill these positions is in short supply in some areas. Any future inability to recruit and retain sufficient individuals may delay the planned openings of new resorts. Competition for qualified employees could also require us to pay higher wages to attract a sufficient number of employees.

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Energy costs also account for a significant portion of our total resort-level operating expenses. The price of energy is volatile, and shortages sometimes occur. Significant increases in the cost of energy, or shortages of energy, could interrupt or curtail our operations, lower our operating margins, or both.

The costs for maintaining adequate insurance coverage fluctuate and are generally beyond our control. If insurance rates increase and we are not able to pass along those increased costs to our guests through higher room rates and amenity costs, our operating margins could suffer.

Most of our resorts are subject to real and personal property taxes. The real and personal property taxes on our resorts may increase or decrease as tax rates change and as our resorts are assessed or reassessed by taxing authorities. If property taxes increase and we are unable to pass these increased costs along to our guests through higher room rates and amenity costs, our financial condition and results of operations may be adversely affected.

Uninsured losses or losses in excess of our insurance coverage could adversely affect our financial condition and our cash flow, and there are a limited number of insurers that will underwrite coverage for resorts with indoor waterparks.

We maintain comprehensive liability, fire, flood (where appropriate) and extended coverage insurance with respect to our resorts with policy specifications, limits and deductibles that we believe are commercially reasonable for our operations and are available to businesses in our industry. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, riots, acts of war or terrorism, or losses related to the award of punitive damages in a legal action. Should an uninsured loss occur, we could lose both our investment in, and anticipated cash flow from, a resort (including cash flows from our license or management agreements). If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss or the amount of the loss may exceed our coverage for the loss. In addition, we may not be able to obtain insurance in the future at acceptable rates, or at all, and insurance may not be available to us on favorable terms or at all, including insurance for the construction and development of our resorts, especially since there are a limited number of insurance companies that underwrite insurance for indoor waterparks.

We or the principal owners of our licensed and managed resorts will be required to make certain capital expenditures to maintain the quality of our resorts, and the failure to make such expenditures could materially and adversely affect our brand equity as well as our business, our financial condition and results of operations.

Our resorts have an ongoing need for renovations and other capital improvements, including periodic replacement of furniture, fixtures and equipment. The cost of such capital improvements could have an adverse effect on our financial condition and results of operations. Such renovations involve certain risks, including the possibility of environmental problems, construction cost overruns and delays, the possibility that we will not have available cash to fund renovations or that financing for renovations will not be available on favorable terms, if at all, uncertainties as to market demand or deterioration in market demand after commencement of renovation and the emergence of unanticipated competition from other entities. The owners of our licensed and managed resorts will face similar risks and capital expenditure requirements, and third-party owners or licensees may be unable to access capital or unwilling to spend available capital when necessary, even if required by the terms of our management or license agreements. If we or the owners of our licensed and managed resorts do not meet those capital expenditure needs, we may not be able to maintain the quality of our resorts. If we are unable to maintain the quality of our resorts, our brand equity and guest satisfaction will be negatively affected, thereby reducing our ability to grow our business, attract new customers and drive repeat and referral business, which could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property, which could harm the value of our brands and adversely affect our business.

The success of our resorts depends in part on our brands, logos and branded merchandise. We rely on registration and enforcement of a combination of service marks, copyrights, trademarks and similar intellectual property rights to protect our brands, logos, branded merchandise and other intellectual property. The success of our growth strategy depends on our continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our brand in both domestic and international markets. We also use our trademarks and other intellectual property on the Internet. If our efforts to protect our intellectual property are not adequate, or if any third party misappropriates or infringes on our intellectual property, either in print or on the Internet, the value of our brands may be harmed, which could have a material adverse effect on our business, including the failure of our brands, logos and branded merchandise to achieve and maintain market acceptance.

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We have licensed our Great Wolf Lodge brand and intend to further license the brand in domestic and international markets. While we try to ensure that the quality of our brand is maintained by our current licensees, and will be maintained by any future licensees, we cannot assure that these licensees will not take actions that adversely affect the value of our intellectual property or reputation.

We have registered certain trademarks and have other trademark registrations pending in the United States and foreign jurisdictions. There is no guarantee that our trademark registration applications will be granted. In addition, the trademarks that we currently use have not been registered in all of the countries in which we do, or intend to do, business and may never be registered in all of these countries. We may not be able to adequately protect our trademarks, and our use of these trademarks may result in liability for trademark infringement, trademark dilution or unfair competition.

We may not have taken all the steps necessary to protect our intellectual property in the United States and foreign countries. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States, and the risks related to foreign laws will increase as we expand internationally.

Our operations may be adversely affected by extreme weather conditions and the impact of disasters.

We currently operate, and in the future intend to operate, our resorts in a number of different markets, each of which is subject to local weather patterns and their effects on our resorts, especially our guests' ability to travel to our resorts. Extreme weather conditions can from time to time have a material adverse impact upon individual resorts or particular regions. Our resorts are also vulnerable to the effects of destructive forces, such as fire, storms, high winds and flooding and any other occurrence that could affect the supply of water, gas, telephone or electricity to our resorts. Although our resorts are insured against property damage, damages resulting from acts of God or otherwise may exceed the limits of our insurance coverage or be outside the scope of that coverage.

A significant decline in real estate values may have an adverse impact on our financial condition.

We own significant amounts of real estate throughout the United States. A significant decline in real estate values may require us to use a significant amount of cash to reduce our debt.

If we fail to maintain effective internal control over financial reporting or remediate any future material weakness in our internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, which could have a material adverse effect on our financial results.

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Effective internal control over financial reporting is necessary for us to provide reliable reports and prevent fraud.

We believe that any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. In addition, this Annual Report on Form 10-K does not include an attestation of our registered public accounting firm regarding our internal controls over financial reporting.

Sustained increases in costs of medical and other employee health and welfare benefits may reduce our profitability.

With approximately 4,900 employees, as of December 31, 2012, our profitability is substantially affected by costs of current medical benefits. In some recent years, we experienced significant increases in these costs as a result of factors beyond our control, including increases in health care costs. At least some of these factors continue to put upward pressure on the cost of providing medical benefits. Although we have actively sought to control increases in these costs, we cannot be certain that we will succeed in limiting cost increases, and continued upward pressure could reduce the profitability of our businesses.

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A failure to maintain good relationships with third-party property owners and licensees could have a material, adverse effect on our growth strategies and our business, financial condition and results of operations.

We manage and/or license four of our resort properties in which we have limited or no ownership interest, and under our license-based growth strategy, we plan to increase the number of such properties as we seek to expand our operations both domestically and internationally. The viability of our management and licensing business depends, in part, on our ability to establish and maintain good relationships with third-party property owners and licensees. Third-party developers, property owners and licensees are focused on maximizing the value of their investment and working with a management company or licensor that can help them be successful. The effectiveness of our management, the value of our brand and the rapport that we maintain with our third-party property owners and licensees impact our revenue streams from our management and license agreements. If we are unable to maintain good relationships with our third-party property owners and licensees, we may be unable to renew existing agreements or expand our relationships with these owners. Additionally, our opportunities for developing new relationships with additional third parties may be adversely impacted.

The nature of our responsibilities under our management agreements to manage each resort and enforce the standards required for our brands under both management and license agreements may be subject to interpretation and may give rise to disagreements in some instances. Additionally, some courts have applied principles of agency law and related fiduciary standards to managers of third-party hotel properties such as us, which means, among other things, that property owners may assert the right to terminate management agreements even where the agreements do not expressly provide for termination. In the event of any such termination, we may need to negotiate or enforce our right to a termination payment that may not equal expected profitability over the term of the agreement. These types of disagreements are more likely during an economic downturn. We seek to resolve any disagreements in order to develop and maintain positive relations with current and potential joint venture partners but may not always be able to do so. Failure to resolve such disagreements may result in litigation. In addition, the terms of our management agreements and license agreements for some of our facilities are influenced by contract terms offered by our competitors, among other things. Our current arrangements may not continue, and we may not be able to enter into future collaborations, renew agreements, or enter into new agreements in the future on terms that are as favorable to us as those that exist today. Finally, we are dependent on the cooperation of the owners or principal owners of our licensed and managed resorts in the development of new resorts and in the renovation of existing resorts. The failure to retain or renew management and licensing agreements or the failure of owners to develop resorts as agreed or on schedule or to make necessary capital expenditures may cause disruptions to our business plan and growth strategies and have a material, adverse effect on our business, financial condition and results of operations.

We are dependent on the owners of the resorts we manage and license for third-party owners to fund certain operational expenditures related to those resorts, and if such funds are untimely or not paid, we are required to bear the cost.

We incur significant expenditures related to the management of our managed resorts, including salary and other benefit related costs and business and employee related insurance costs for which we are reimbursed by third-party resort owners. In the normal course of business, we make every effort to pay these costs only after receiving payment from an owner for such costs. However, to the extent an owner would not be able to reimburse these costs, due to a sudden and unexpected insolvency situation or otherwise, we would be legally obligated to pay these costs directly until such time as we could make other arrangements. Although we would make every effort to reduce or minimize these costs prior to the point at which an owner could not reimburse us and we would continue to pursue payment through all available legal means, our results of operations and financial condition could be adversely affected if we were forced to bear those costs.

Investing through partnerships or joint ventures may decrease our ability to manage risk. Additionally, our license fee and management fee revenue streams, as well as any joint venture equity investments, are subject to property-level indebtedness and other risks.

In addition to acquiring or developing resorts, we have from time to time invested, and expect to continue to invest, as a co-venturer. Joint venturers often have shared control over the operation of the joint venture assets. Therefore, joint venture investments may involve risks such as the possibility that the co-venturer in an investment might become bankrupt or not have the financial resources to meet its obligations, or have economic or business interests or goals that are inconsistent with our business interests or goals, or be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. Consequently, actions by a co-venturer might subject any resorts owned by the joint venture to additional risk. Further, we may be unable to take action without the approval of our joint venture partners. Alternatively, our joint venture partners could take actions binding on the joint venture without our consent. Additionally, should a joint venture partner become bankrupt, we could become liable for our partner's share of joint venture liabilities.

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Furthermore, our current managed resorts that are subject to mortgage or construction indebtedness must be serviced by the entities owning those resorts. Future licensed or managed resorts will also likely be subject to such indebtedness. The principal owner of a licensed or managed resort may cause the entity owning the resort to incur indebtedness that may exceed the amount of debt the resort can service. In the event of a failure to service property-level indebtedness that results in a sale or foreclosure, our license and management agreements may be terminated, and any joint venture equity investment we have made in the owner will likely be lost. The loss of these agreements or investments could have a material and adverse effect on our business, financial condition and results of operations.

Under certain circumstances, our license and management agreements may be terminated by the property owners due to the sale of the property or other reasons. The termination of our current or future license or management agreements would reduce our revenues and have a material adverse effect on our business, financial condition and results of operations.

Because the land used by one of the resorts we operate is subject to a ground lease, termination of this lease by the lessor could cause us to lose the ability to operate this resort altogether and incur substantial costs in restoring the premises.

The rights to use the land at the Grand Mound, WA resort, which is owned by a joint venture in which we have a 49% ownership interest, are based upon the joint venture's interest under a long-term ground lease. Pursuant to the terms of the ground lease for this resort, the joint venture is required to pay all rent due and comply with all other lessee obligations. As of December 31, 2012, the terms of this ground lease (including renewal options) is 45 years. Any pledge of the joint venture's interest in this ground lease may also require the consent of the lessor and its lenders. As a result, the joint venture may not be able to sell, assign, transfer or convey its lessee's interest in the resort subject to the ground lease in the future absent consent of such third parties even if such transactions may be in the best interest of the joint venture's owners.

The lessor may require the lessee, at the expiration or termination of the ground lease, to surrender or remove any improvements, alterations or additions to the land at its own expense. The ground lease also generally requires the lessee to restore the premises following a casualty and to apply in a specified manner any proceeds received in connection therewith. The lessee may have to restore the premises if a material casualty, such as a fire or an act of God, occurs and the cost thereof exceeds available insurance proceeds.

A failure to keep pace with developments in technology could impair our operations or competitive position.

The hospitality industry continues to demand the use of sophisticated technology and systems, including those used for our reservation, revenue management and property management systems and technologies we make available to our guests. These technologies and systems must be refined, updated, and/or replaced with more advanced systems on a regular basis. If we are unable to do so as quickly as our competitors or within budgeted costs and time frames, our business could suffer. We also may not achieve the benefits that we anticipate from any new technology or system, and a failure to do so could result in higher than anticipated costs or could impair our operating results.

An increase in the use of third-party Internet reservation services could adversely impact our revenues.

Some of our resort rooms are booked through Internet travel intermediaries, such as Expedia.com®, Travelocity.com®, and Priceline.com®, serving both the leisure and, increasingly, the corporate travel and group meeting sectors. These intermediaries attempt to commoditize hotel rooms by aggressively marketing to price-sensitive travelers and corporate accounts and increasing the importance of general indicators of quality (such as three-star downtown hotel) at the expense of brand identification. These agencies apparently anticipate that consumers will eventually develop brand loyalties to their travel services rather than to our lodging brands. Although we plan to continue to maintain and even increase the strength of our brands in the online marketplace, if the amount of sales made through Internet intermediaries increases significantly, our business and profitability may be harmed.

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The illiquidity of real estate may make it difficult for us to dispose of one or more of our resorts.

We may from time to time decide to dispose of one or more of our real estate assets. Because real estate holdings generally, and family entertainment resorts like ours in particular, are relatively illiquid, we may not be able to dispose of one or more real estate assets on a timely basis or at a favorable price. The illiquidity of our real estate assets could mean that we continue to operate a facility that management has identified for disposition. Failure to dispose of a real estate asset in a timely fashion, or at all, could adversely affect our business, financial condition and results of operations.

We depend on a seasonal workforce.

Our resort operations are dependent in part on a seasonal workforce. In some cases, we hire documented foreign workers to fill certain staffing needs each season and utilize visas to enable the use of foreign workers. In addition, we manage seasonal wages and the timing of the hiring process to ensure the appropriate workforce is in place. We cannot guarantee that material increases in the cost of securing our seasonal workforce will not be necessary in the future. In addition, we cannot guarantee that visas necessary to hire foreign workers who are a source for some of the seasonal workforce will be available. Increased seasonal wages or an inadequate workforce could have an adverse impact on our results of operations.

A regional, national or global outbreak of influenza or other disease, such as the past international outbreak of influenza A (H1N1), could adversely affect our business and results of operations.

An outbreak of influenza or other communicable disease can impact places of public accommodation, such as our resorts. In many areas, localized public-health measures were implemented as a result of outbreaks of influenza A(H1N1), including travel bans, the closings of schools and businesses, and cancellations of events. These measures, whether implemented in connection with this or another outbreak of infectious disease, especially if they become more geographically widespread or sustained over significant time periods, or if public perception of the safety or desirability of visiting our resorts is adversely impacted by these measures or by media coverage of the outbreak, could materially reduce demand for our rooms and meeting spaces and, correspondingly, reduce our revenue, negatively affecting our business and results of operations.

Our future financial results could be adversely impacted by asset impairments or other charges.

We are required to test our goodwill and other intangible assets at least yearly for impairment or when circumstances indicate that the carrying value of those assets may be impaired. We are also required to test our long-lived assets (such as resorts) when circumstances indicate that the carrying value of those assets may not be recoverable.

During the quarter ended December 31, 2010, we recorded \$18,741 of impairment charges related to our Traverse City and Kansas City resorts. We determined the carrying values of these resorts were impaired in light of the reduced estimated hold periods for the resorts. Because of the reduced estimated hold periods, we performed recoverability tests of these resorts to determine if further assessment for potential impairment was required. Based on this analysis of undiscounted cash flows, we determined the carrying value of these resorts were not recoverable. As a result, we recorded an \$18,741 impairment charge to decrease the resorts' carrying value to their estimated fair value (net of estimated disposal costs) as of December 31, 2010.

During the three months ending December 31, 2012, we determined that the carrying value of our MagiQuest brand name was impaired in light of the reduced estimated revenue for CK. Because of the reduced revenue, we performed a recoverability test of our MagiQuest brand name to determine if further assessment for potential impairment was required. Based on this analysis of undiscounted cash flows, we determined the carrying value of our MagiQuest brand name intangible asset was not recoverable. As a result, we recorded a \$1,200 impairment charge for the period May 5, 2012 through December 31, 2012.

The amount of any future annual or interim asset impairment charges could be significant and could have a material adverse effect on our reported financial results for the period in which the charge is taken. See Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Investments in Property and Equipment. Any operating losses resulting from impairment charges could have an adverse effect on the market price of our securities.

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Risks Related to Regulation

Compliance with the Americans with Disabilities Act and other governmental regulations and changes in governmental rules and regulations may adversely affect our financial condition and results of operations.

Under the Americans with Disabilities Act of 1990 and the regulations promulgated thereunder, or the ADA, all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. While we believe that our resorts are in compliance with the requirements currently in effect, we have not conducted an audit or investigation of all of our resorts to determine our compliance. A determination that we are not in compliance with the ADA could result in the imposition of fines or an award of damages to private litigants. We cannot predict the ultimate cost of compliance with the ADA.

The resort industry is also subject to numerous federal, state and local governmental regulations including those related to building and zoning requirements, and we are subject to laws governing our relationship with our employees, including minimum wage requirements, overtime, working conditions and work permit requirements. In addition, changes in governmental rules and regulations or enforcement policies affecting the use and operation of our resorts, including changes to building codes and fire and life safety codes, may occur. If we were required to make substantial modifications at our resorts to comply with the ADA, other governmental regulations or changes in governmental rules and regulations, our financial condition and results of operations could be adversely affected.

We face possible liability for environmental cleanup costs and damages for contamination related to our properties, which could adversely affect our business, financial condition and results of operations.

Our operations and properties are subject to federal, state and local laws and regulations relating to the protection of the environment, natural resources and worker health and safety, including laws and regulations governing and creating liability relating to the management, storage and disposal of hazardous substances and other regulated materials. Our properties are also subject to various environmental laws and regulations that govern certain aspects of our ongoing operations. These laws and regulations control such things as the nature and volume of our wastewater discharges, quality of our water supply and our waste management practices. The costs of complying with these requirements, and of paying penalties, fines, assessments and the like related to non-compliance, as they now exist or may be altered in the future, could adversely affect our financial condition and results of operations. Specifically, the wastewater treatment plant at our Pocono Mountains resort is subject to numerous state, federal and other regulations. The cost of compliance with such regulations for penalties, remediation and other costs arising out of non compliance, can be large, as occurred in 2006 when we agreed to pay an assessment of approximately \$800 and incurred other costs in excess of \$1,000 to remediate wastewater discharges that were out of compliance with applicable permits and to prevent further out-of-compliance discharges. In 2010 we incurred other costs of \$458 to remediate wastewater discharges that were out of compliance with applicable permits and to prevent further out-of-compliance discharges. We had no costs as it relates to remediating the wastewater discharges in 2011. In 2012, our Poconos Mountains resort paid a \$27 fine for a deficiency in our wastewater management reporting.

Because we own and operate real property, various federal, state and local laws may impose liability on us for the costs of removing or remediating various hazardous substances, including substances that may be currently unknown to us, that may have been released on or in our property or disposed by us at third-party locations. The principal federal laws relating to environmental contamination and associated liabilities that could affect us are the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act; state and local governments have also adopted separate but similar environmental laws and regulations that vary from state to state and locality to locality. These laws may impose liability jointly and severally, without regard to fault and whether or not we knew of or caused the release. The presence of hazardous substances on a property or the failure to meet environmental regulatory requirements may materially adversely affect our ability to use or sell the property, or to use the property as collateral for borrowing, and may cause us to incur substantial remediation or compliance costs. In addition, if hazardous substances are located on or released from one of our properties, we could incur substantial liabilities through a private party personal injury claim, a claim by an adjacent property owner for property damage or a claim by a governmental entity for other damages, such as natural resource damages. This liability may be imposed on us under environmental laws or common-law principles.

We obtain environmental assessment reports on the properties we own or operate as we deem appropriate. However, the environmental assessments that we have undertaken might not have revealed all potential environmental liabilities or claims for such liabilities. It is also possible that future laws, ordinances or regulations or changed interpretations of existing laws and regulations will impose material environmental liability or compliance costs on us, that the current environmental

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conditions of properties we own or operate will be affected by other properties in the vicinity or by the actions of third parties unrelated to us or that our guests could introduce hazardous or toxic substances into the resorts we own or manage without our knowledge and expose us to liability under federal or state environmental laws. The costs of defending these claims, complying with as yet unidentified requirements, conducting this environmental remediation or responding to such changed conditions could adversely affect our financial condition and results of operations.

Some of our resort properties may have contained, or are adjacent to or near other properties that have contained or currently contain underground storage tanks for the storage of petroleum products or other hazardous or toxic substances. If hazardous or toxic substances were released from these tanks, we could incur significant costs or, with respect to tanks on our property, be liable to third parties with respect to the releases.

On occasion, we may elect to participate in the development of properties that have had a history of industrial activities and/or historical environmental contamination. Where such opportunities arise, we engage third-party experts to evaluate the extent of contamination, the scope of any needed environmental clean-up work, and available measures (such as creation of barriers over residual contamination and deed restrictions prohibiting groundwater use or disturbance of the soil) for ensuring that planned development and future property uses will not present unacceptable human health or environmental risks or exposure to liabilities. If those environmental assessments indicate that the development opportunities are acceptable, we also work with appropriate governmental agencies and obtain their approvals of planned site clean-up, development activities and the proposed future property uses. We followed that process in connection with the development of our Blue Harbor Resort in Sheboygan, Wisconsin (which we sold in March 2011), where the City of Sheboygan arranged for environmental clean-up work and ongoing groundwater monitoring and we agreed to the use of a barrier preventing contact with residual contamination and implementation of a deed restriction limiting site activities. We are not aware of any environmental liability or compliance concerns at our Sheboygan resort that we believe would materially adversely affect our financial condition or results of operations. It is possible; however, that our efforts have not identified all environmental conditions at the property or that environmental condition and liabilities associated with the property could change in the future.

Future acquisitions of properties subject to environmental requirements or affected by environmental contamination could require us to incur substantial costs relating to such matters. In addition, environmental laws, regulations, wetlands, endangered species and other land use and natural resource issues affecting either currently owned properties or sites identified as possible future acquisitions may increase costs associated with future site development and construction activities or business or expansion opportunities, prevent, delay, alter or interfere with such plans or otherwise adversely affect such plans.

Regulation of the marketing and sale of condominiums could adversely affect our business.

We cannot be certain that prior or future sales of our condominium units will not be considered offers or sales of securities under federal law or the state law in the states where we desire to, or do, conduct sales or in which our properties are located. If such interests were considered to be securities, we would be required to comply with applicable state and federal securities laws, including laws pertaining to registration or qualification of securities, licensing of salespeople and other matters. We cannot be certain that we will be able to comply with the applicable state and federal securities requirements, and if the offers or sales of our condominium units are deemed to be (or have been) offers or sales of securities, such a determination may create liabilities or contingencies that could have an adverse effect on our operations and financial results, including possible rescission rights relating to the units that have been sold, which, if exercised, could result in losses and would adversely affect our business, financial condition and results of operations.

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Failure to maintain the integrity of internal or customer data could result in faulty business decisions, damage of reputation and/or subject us to costs, fines or lawsuits.

Our business requires collection and retention of large volumes of internal and customer data, including credit card numbers and other personally identifiable information of our guests as they are entered into, processed by, summarized by, and reported by our various information systems. We also maintain personally identifiable information about our employees. The integrity and protection of that guest, employee, and company data is critical to us. If that data is not accurate or complete we could make faulty decisions. Our guests and employees also have a high expectation that we will adequately protect their personal information, and the regulatory environment surrounding information security and privacy is increasingly demanding, both in the U.S. and other international jurisdictions in which we operate. A significant theft, loss or fraudulent use of guest, employee or company data could adversely impact our reputation and could result in remedial and other expenses, fines and litigation.

Changes in privacy law could adversely affect our ability to market our products effectively.

Our resorts rely on a variety of direct marketing techniques, including email marketing, and postal mailings. Any further restrictions in laws such as the Telemarketing Sales Rule, CANSPAM Act, and various U.S. state laws, or new federal or state laws, regarding marketing and solicitation or international data protection laws that govern these activities could adversely affect the continuing effectiveness of email and postal mailing techniques and could force further changes in our marketing strategy. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could adversely impact the amount and timing of our sales.

Risks Related to Our Capital Structure

We and the owners and developers of our licensed and managed resorts may not be able to obtain additional financing, including extensions or refinancing of existing indebtedness, on favorable terms, if at all.

We expect that we will require additional financing or have to extend or refinance our existing indebtedness over time, the amount of which will depend on a number of factors, including the number of resorts we construct or improve, the maturity dates of our existing financings, the amounts of our investments in joint ventures, additions to our current resorts and the cash flow generated by our resorts and management and licensing agreements. The terms of any additional financing we may be able to procure are unknown at this time. Our access to third-party sources of capital depends, in part, on some or all of the following:

general capital market conditions;

capital providers' perception of our growth potential and growth potential in the real estate sector in general;

our then-current debt levels;

our then-current and expected future earnings;

our cash flow; and

the market price per share of our common stock.

The owners and developers of our licensed and managed resorts face similar risks, since they will require financing to construct and improve those resorts and to extend or refinance existing indebtedness. Failure to obtain sufficient financing could have a material adverse effect on our growth strategies and on our business, financial condition and results of operations.

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Any future debt financing or issuances of preferred stock that we may make will be senior to the rights of holders of our common stock, and any future issuances of common stock will result in the dilution of the then-existing stockholders' proportionate equity interest.

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The covenants under the indenture governing our first mortgage notes and our mortgage loan agreements include restrictive covenants that may limit our operating and financial flexibility.

The indenture governing our first mortgage notes contains, and future financing agreements may contain, covenants that, among other things, restrict our ability to take specific actions, even if we believe them to be in our best interest. These include restrictions on our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness;

make any restricted payments, such as dividends or distributions on, or redeem or repurchase, capital stock;

prepay, redeem or repurchase specified indebtedness;

merge, consolidate or sell assets or enter into other business combination transactions;

make acquisitions, capital expenditure investments or other investments;

enter into transactions with affiliates;

incur certain liens;

use proceeds from sale of assets;

permit limitations on the ability of our subsidiaries to make payments to us and our restricted subsidiaries;

impair the collateral; and

change our business.

In addition, the terms of our mortgage loan agreements impose significant operating and financial restrictions on us and our subsidiaries and require us to meet certain financial tests. These restrictions could also have a negative impact on our business, financial condition and results of operations by significantly limiting or prohibiting us and/or our subsidiaries from engaging in certain actions, including:

the distribution of cash or the payment of dividends by our subsidiaries to us;

incurring or guaranteeing additional indebtedness;

transferring or selling assets currently held by us;

transferring ownership interests in certain of our subsidiaries; and

reducing our tangible net worth below specified levels.

In addition, the agreements governing the mortgage loan secured by our Concord resort require Great Wolf Resorts to maintain a minimum consolidated tangible net worth.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and financial tests. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements which may contain cross-default provisions. A default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing such debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations,

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including our obligations under the notes. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. We may not be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements and we cannot guarantee that we will be able to refinance our debt on terms acceptable to us or at all.

Our Traverse City and Kansas City mortgage loan requires us to maintain a minimum debt service coverage ratio (DSCR) of 1.35, calculated on a quarterly basis. This ratio is defined as the two collateral properties' combined trailing twelve-month net operating income divided by the greater of (i) the loan's twelve-month debt service requirements and (ii) 8.5% of the amount of the outstanding principal indebtedness under the loan. Failure to meet the minimum DSCR is not an event of default and does not accelerate the due date of the loan. Not meeting the minimum DSCR, however, subjects the two properties to a lock-box cash management arrangement, at the discretion of the loan's servicer. The loan also contains a similar lock-box requirement if we open any Great Wolf Lodge or Blue Harbor Resort within 100 miles of either resort, and the two collateral properties' combined trailing twelve-month net operating income is not at least equal to 1.8 times 8.5% of the amount of the outstanding principal indebtedness under the loan.

For the year ended December 31, 2012, the DSCR for this loan was 0.93. In September 2010 the loan's master servicer implemented the lock-box cash management arrangement. That lock-box cash management arrangement currently requires substantially all cash receipts for the two resorts to be moved each day to a lender-controlled bank account, which the loan servicer then uses monthly to fund debt service and operating expenses for the two resorts on a monthly basis, with excess cash flow being deposited in a reserve account and held as additional collateral for the loan. We believe that this arrangement constitutes a traditional lock-box arrangement as discussed in authoritative accounting guidance. Based on that guidance, we have classified the entire outstanding principal balance of the loan as a current liability at December 31, 2012, since the lock-box arrangement requires us to use the properties' working capital to service the loan, and we do not presently have the ability to refinance this loan to a new, long-term loan. Although the entire principal balance of the loan is classified as a current liability as of December 31, 2012, the loan is not in default, and the principal balance is not due currently.

At our request, in October 2010 the loan was transferred to its special servicer.

Given operating trends and performance at the properties during 2012, we currently expect the properties to generate sufficient cash flow so that our subsidization of debt service, if any, for 2013 will be insignificant to our overall operations.

Issues affecting financial institutions could adversely affect financial markets generally as well as our ability to raise capital or access liquidity.

Factors that we cannot control, such as disruption of the financial markets or negative views about the financial services industry generally, could impair our ability to raise necessary funding. The creditworthiness of many financial institutions may be closely interrelated as a result of credit, derivative, trading, clearing or other relationships among the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This may adversely affect the financial institutions, such as banks and insurance providers, with which we interact on a daily basis, and therefore could adversely affect our ability to raise needed funds or access liquidity.

Because we have guaranteed certain mortgage-related obligations of our subsidiaries, if one or more of our subsidiaries fail to meet its obligations under the mortgage, we may be required to satisfy such obligations and such an undertaking could have an adverse effect on our financial condition.

Great Wolf Resorts, Inc. has provided a \$14,500 payment guarantee of the mortgage loan and related interest secured by our Concord resort. This loan requires quarterly principal payments of \$125 in the first year of the loan term and \$375

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thereafter. The underlying cash flows from the Concord resort may not be able to satisfy the debt service obligations under the mortgage loan. In addition, the loan agreement contains various customary financial and operating debt compliance covenants, and the entity owning the Concord resort and Great Wolf Resorts, Inc. may not be able to comply with those covenants. If the borrower defaults under the loan agreement, Great Wolf Resorts, Inc. would be required to assume certain obligations under the loan, including the payment of up to \$14,500 of outstanding debt amounts. While the property itself is subject to a mortgage to secure the mortgage loan, even in the event the property could be sold in a foreclosure to satisfy all or a portion of the outstanding debt, to the extent the proceeds of such sale are insufficient to satisfy the outstanding debt, we would be liable for the remaining outstanding amount.

Any default as described above could therefore have a material, adverse effect on our financial condition and could materially reduce the amount of cash we have available to fund capital expenditures and growth initiatives, which could have a material, adverse effect on our business and results of operations.

We may be unable to generate sufficient cash, and may not have access to the cash flow and other assets of our subsidiaries to service all of our indebtedness, including our first mortgage notes, and we may be forced to take other actions to satisfy its obligations under such indebtedness, which actions may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on the financial condition and operating performance of us and our subsidiaries, which are subject to prevailing economic and competitive conditions and to financial, business and other factors beyond our control. We and our subsidiaries may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay or refinance our indebtedness, including our first mortgage notes and our indebtedness under mortgage loan agreements. If the cash flows and capital resources of us and our subsidiaries are insufficient to fund our debt service obligations, we and our subsidiaries could face substantial liquidity problems and may be forced to reduce or delay capital expenditures or growth strategies, sell assets, seek additional capital or restructure or refinance our indebtedness, including our first mortgage notes and our mortgage debt. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

We are a holding company, and its operations are conducted through its subsidiaries, but none of the subsidiaries is obligated to make funds available to us for payment of our first mortgage notes. Accordingly, our ability to make payments on our first notes is dependent on the earnings and distributions of funds from its subsidiaries. Furthermore, the agreements governing our mortgage debt that is outstanding contain restrictions on the applicable borrower subsidiary to pay dividends or otherwise transfer assets to us unless certain financial tests are met. In particular:

the mortgage loans secured by our Kansas City, Traverse City, Poconos and Concord resorts require us to meet certain debt service covenants in order to make distributions, which in the case of the Kansas City/Traverse City loan we do not currently meet.

because of that non-compliance, on September 13, 2010 the lenders of our Kansas City/Traverse City loan have elected to exercise their right to implement a lock-box cash management arrangement, which requires substantially all cash receipts for the two resorts to be moved each day to a reserve bank account and all excess cash to be deposited in a lender-controlled account. As a result our ability to distribute cash from the resorts to us will be significantly limited for the period during which the lock-box arrangement is in effect.

the Concord loan documents require a partial payment of that loan in certain instances, all of which may reduce the amount of funds available to pay the notes.

We are indirectly controlled by Apollo who will be able to make important decisions about our business and capital structure.

Approximately 99.0% of the common stock of our parent is beneficially owned by investment funds affiliated with Apollo. As a result, Apollo controls our parent, which controls us, and Apollo therefore has the power to control all matters requiring approval by stockholders, including any determination with respect to a merger, a sale of all or substantially all assets, amendments to our charter, and the election of our directors. Additionally, Apollo is in the business of investing in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. Apollo may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.

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Forward-Looking Statements

Some of the statements contained in this Annual Report on Form 10-K, and other information we file with the Securities and Exchange Commission, or the SEC, are or may be deemed to be forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, including, among others, statements regarding our future financial results or position, business strategy, projected levels of growth, projected costs and projected performance and financing needs, are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Great Wolf Resorts, Inc. and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as may, might, will, could, plan, objective, predict, project, potential, continue, ongoing, seeks, anticipates, expects, plans, intends, should or similar expressions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that actual results may differ materially from those contemplated by such forward-looking statements. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, competition in our markets, changes in family vacation patterns and consumer spending habits, regional or national economic downturns, our ability to attract a significant number of guests from our target markets, economic conditions in our target markets, the impact of fuel costs and other operating costs, our ability to develop new resorts in desirable markets or further develop and improve existing resorts on a timely and cost efficient basis, our ability to manage growth, including the expansion of our infrastructure and systems necessary to support growth, our ability to manage cash and obtain additional cash required for growth, the general tightening in the U.S. lending markets, potential accidents or injuries at our resorts, decreases in travel due to pandemic or other widespread illness, our ability to achieve or sustain profitability, downturns in our industry segment and extreme weather conditions, reductions in the availability of credit to indoor waterpark resorts generally or to us or our subsidiaries, increases in operating costs and other expense items and costs, uninsured losses or losses in excess of our insurance coverage, our ability to protect our intellectual property, trade secrets and the value of our brands, and current and possible future legal restrictions and requirements. Important factors currently known to our management that could cause actual results to differ materially from those in forward-looking statements include those set forth above under the section entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and results of Operations.

We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time unless required by law. Past financial or operating performance is not necessarily a reliable indicator of future performance and you should not use our historical performance to anticipate results or future period trends.

You should read this Annual Report on Form 10-K and the documents that we reference in this report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by each of these cautionary statements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own an equity interest in eight family entertainment resorts that are currently operating. Unless otherwise indicated, we own a 100% fee interest in these properties. We are organized into a single operating division. Within that operating division, we had two reportable segments in 2012:

resort ownership/operation, and

resort third-party management/licensing.

Information on our properties in which we own an equity interest included in our Resort Ownership/Operation segment is as follows:

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Great Wolf Lodge of Traverse City is located on 48 acres in Traverse City, Michigan, of which 27 acres have been developed and 21 acres remain undeveloped.

Great Wolf Lodge of Kansas City is located on 17 acres in Kansas City, Kansas, all of which have been developed.

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Great Wolf Lodge of Williamsburg is located on 84 acres in Williamsburg, Virginia, of which 48 acres have been developed (2 of which are leased to another entity) and 36 acres remain undeveloped and may be subdivided and developed separately.

Great Wolf Lodge of the Pocono Mountains is located on 95 acres in Pocono Township, near Stroudsburg, Pennsylvania, of which 45 acres are developed and 50 acres remain undeveloped, 28 of which may be subdivided and developed separately.

Great Wolf Lodge of Mason is located on 39 acres in Mason, Ohio. All 39 acres of this property are developed.

Great Wolf Lodge of Grapevine is located on 51 acres in Grapevine, Texas, of which 30 acres are developed and 21 acres remain undeveloped, 14 of which may be subdivided and developed separately.

Great Wolf Lodge of Concord is located on 37 acres in Concord, North Carolina, of which 34 acres are developed and 3 acres may be subdivided and developed separately.

Information on our property included in our Resort Third-Party Management/Licensing segment in which we own an equity interest is as follows:

Great Wolf Lodge of Grand Mound is located on 39 leased acres in Grand Mound, Washington, of which 22 acres are developed and 17 acres remain undeveloped. This property is owned by a joint venture of which we have a 49% minority interest and The Confederated Tribes of the Chehalis Reservation has a 51% majority interest.

For additional information regarding our resort properties see Item 1. Business Property Descriptions above.

We lease the following space at December 31, 2012:

Approximately 23,000 square feet of office space for our corporate headquarters office in Madison, Wisconsin;

Approximately 9,800 square feet of office space for our central reservations call center operations in Madison, Wisconsin;

Approximately 1,400 square feet of office space in Woodbridge, Virginia (this lease was terminated in January 2013);

Approximately 2,700 square feet of office space in Lorain, Ohio;

Approximately 20,000 square feet of office and warehouse space in Tillamook, Oregon (this lease was terminated in January 2013); and

Approximately 19,000 square feet of retail space in Myrtle Beach, South Carolina.

We believe these facilities are adequate for our current needs.

ITEM 3. LEGAL PROCEEDINGS

We are involved in litigation from time to time in the ordinary course of our business. We do not believe that the outcome of any such pending or threatened litigation will have a material adverse effect on our financial condition or results of operations. However, as is inherent in legal proceedings where issues may be decided by finders of fact, there is a risk that unpredictable decisions adverse to us could be reached.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Disclosure pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act

On February 12, 2013, certain investment funds affiliated with Apollo Global Management, LLC beneficially owned approximately 19.6% of the ordinary shares of LyondellBasell Industries N.V. (LyondellBasell) and have certain director nomination rights. LyondellBasell may be deemed to be under common control with us, but this statement is not meant to be an admission that common control exists. As a result, it appears that we are required to provide disclosures as set forth herein pursuant to Section 219 of the new Iran Threat Reduction and Syria Human Rights Act of 2012 and Section 13(r) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Annual Report on Form 10-K for the year ended December 31, 2012 filed by LyondellBasell with the SEC on February 12, 2013 contained the disclosure set forth below

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(with all references contained therein to the Company being references to LyondellBasell and its consolidated subsidiaries). The disclosure below does not relate to any activities conducted by us and does not involve us or our management. The disclosure relates solely to activities conducted by LyondellBasell and its consolidated subsidiaries.

Disclosure pursuant to Section 219 of the Iran Threat Reduction & Syria Human Rights Act

Certain non-U.S. subsidiaries of our predecessor, LyondellBasell AF, licensed processes to construct and operate manufacturing plants in Iran that produce polyolefin plastic material, which is used in the packaging of household and consumer goods. The subsidiaries also provided engineering support and supplied catalyst products to be used in these manufacturing operations. In 2009, the Company made the decision to suspend the pursuit of any new business dealings in Iran.

As previously disclosed by the Company, in 2010, our management made the further decision to terminate all business by the Company and its direct and indirect subsidiaries with the government, entities and individuals in Iran. The termination was made in accordance with all applicable laws and with the knowledge of U.S. Government authorities. As part of the termination, we entered into negotiations with Iranian counterparties in order to exit our contractual obligations. As described below, two transactions occurred under settlement agreements in early 2012, although the agreements to cease our activities with these counterparties were entered into in 2011. In January 2012, one of our non-U.S. subsidiaries received a final payment of approximately 3.5 million for a shipment of catalyst from an entity that is 50% owned by the National Petrochemical Company of Iran.

Our shipment of the catalyst was in February 2012 as part of the agreement related to our termination and cessation of all business under agreements with the counterparty. In 2012, the gross revenue from this limited activity was approximately, 4.2 million and profit attributable to it was approximately, 2.4 million.

In January and February of 2012, one of the Company's non-U.S. subsidiaries provided certain engineering documents relating to a polyolefin plastic process to a licensee comprising three Iranian companies, one of which is 20% owned by the National Oil Company of Iran. The provision of documents was the Company's final act with respect to the termination and cessation of all business under agreements with the counterparties. No gross revenue or profit was attributable to this activity in 2012. The transactions disclosed in this report do not constitute violations of applicable anti-money laundering laws or sanctions laws administered by the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC), and are not the subject of any enforcement actions under the Iran sanction laws.

We have not conducted, and do not intend to conduct, any further business activities in Iran or with Iranian counterparties.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

There is no established public trading market for our common stock. As of March 29, 2013, we had 1 shareholder of record.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock, and we do not anticipate paying cash dividends in the foreseeable future. Future dividends on our common stock, if any, will be at the discretion of our board of directors and will depend on, among other things, our operations, capital requirements and surplus, general financial condition, contractual restrictions and such other factors as our board of directors may deem relevant.

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The following summary consolidated financial data should be read in conjunction with, and are qualified by reference to, our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in this annual report on Form 10-K. The condensed consolidated statements of operations data for the periods January 1, 2012 – May 4, 2012 and May 5, 2012 – December 31, 2012 and for the years ended December 31, 2011, 2010, 2009 and 2008, are derived from our audited condensed consolidated financial statements. The financial statements for the years ended prior to 2012 have been revised as described in Note 18 to the consolidated financial statements.

Our consolidated financial information includes:

our subsidiary that provides resort development and management/licensing services;

our wholly-owned resorts;

beginning in June 2010, our CK subsidiary, which is a developer of experiential gaming products, less our noncontrolling interest through December 28, 2012, at which time CK became our wholly-owned subsidiary; and

our equity interests in the Wisconsin Dells and Sandusky resorts through August 2009, when we sold our minority ownership interests in those resorts, and our equity interest in the Grand Mound resort in which we have a minority ownership interest but which we do not consolidate.

	Successor		Predecessor			
	Period May 5, 2012 through December 31, 2012	Period January 1, 2012 through May 4, 2012	Year ended December 31,			
			2011 (as revised)	2010 (as revised)	2009 (as revised)	2008 (as revised)
(Dollars in thousands)						
Revenues:						
Rooms	\$ 120,963	\$ 63,793	\$ 174,325	\$ 158,985	\$ 150,565	\$ 138,173
Food, beverage and other	64,624	33,193	92,417	87,663	77,413	69,698
Management and other fees	2,418	1,398	2,812	2,646	1,990	2,798
Management and other fees – affiliates	3,582	1,414	4,981	4,594	4,973	5,346
Other revenue from managed properties(1)	7,887	4,193	11,315	11,083	4,166	0
Other revenue from managed properties – affiliates(1)	7,712	3,901	10,858	10,989	17,132	19,826
Total revenues	207,186	107,892	296,708	275,960	256,239	235,841
Operating expenses by department:						
Rooms	18,039	9,458	25,069	23,106	21,405	18,953
Food, beverage and other	51,260	26,396	72,955	67,106	62,457	56,576
Other operating expenses:						
Selling, general and administrative	51,930	42,205	64,332	65,075	58,731	49,100
Selling, general and administrative – affiliates	193	0	0	0	0	0
Property operating costs	23,365	11,347	35,373	33,004	36,212	35,199
Depreciation and amortization	31,422	16,469	53,723	58,318	53,369	42,286
Impairment loss on investment in affiliates	0	0	0	0	0	18,777
Goodwill impairment	0	0	0	0	0	17,430

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Asset impairment loss	1,200	0	0	18,741	0	0
Loss on disposition of property	182	47	1,513	19	255	19
Other expenses from managed properties(1)	7,887	4,193	11,315	11,083	4,166	0
Other expenses from managed properties affiliates(1)	7,712	3,901	10,858	10,989	17,132	19,826
Total operating expenses	193,190	114,016	275,138	287,441	253,727	258,166
Net operating income (loss)	13,996	(6,124)	21,570	(11,481)	2,512	(22,325)
Gain on sale of unconsolidated affiliates	0	0	0	0	(962)	0

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Investment income affiliates	(577)	(303)	(902)	(1,088)	(1,330)	(2,187)
Interest income	(128)	(82)	(210)	(543)	(637)	(1,405)
Interest expense	26,126	16,016	47,902	45,540	33,304	26,645
Loss before income taxes and equity in unconsolidated affiliates	(11,425)	(21,755)	(25,220)	(55,390)	(27,863)	(45,378)
Income tax expense (benefit)	1,062	269	1,132	785	180	825
Equity in unconsolidated affiliates, net of tax	607	(551)	13	648	2,432	4,501
Net loss from continuing operations	(13,094)	(21,473)	(26,365)	(56,823)	(30,475)	(50,704)
Discontinued operations, net of tax	(9)	23	(6,634)	509	27,917	4,027
Net loss	(13,085)	(21,496)	(19,731)	(57,332)	(58,392)	(54,731)
Net income attributable to noncontrolling interest, net of tax	(83)	(15)	(18)	(9)	0	0
Net loss attributable to Great Wolf Resorts, Inc.	\$ (13,002)	\$ (21,481)	\$ (19,713)	\$ (57,323)	\$ (58,392)	\$ (54,731)
Other comprehensive loss, net of tax:						
Net loss	\$ (13,085)	\$ (21,496)	\$ (19,731)	\$ (57,332)	\$ (58,392)	\$ (54,731)
Unrealized (gain) loss on interest rate swaps	0	0	0	0	0	(382)
Comprehensive loss	\$ (13,085)	\$ (21,496)	\$ (19,731)	\$ (57,332)	\$ (58,392)	\$ (54,349)
Comprehensive loss attributable to noncontrolling interest	(83)	(15)	(18)	(9)	0	0
Comprehensive loss attributable to Great Wolf Resorts, Inc.	\$ (13,002)	\$ (21,481)	\$ (19,713)	\$ (57,323)	\$ (58,392)	\$ (54,349)
Cash Flows:						
Cash flows provided by (used in):						
Operating activities	\$ 17,678	\$ 1,678	\$ 28,868	\$ 29,112	\$ 12,215	\$ 33,534
Investing activities	(12,503)	(5,773)	(5,013)	(4,478)	(36,659)	(144,612)
Financing activities	(4,826)	(1,897)	(27,076)	(8,559)	31,126	106,712
Balance Sheet Data (end of period):						
Total assets	\$ 881,594		\$ 711,322	\$ 758,623	\$ 800,446	\$ 834,462
Total debt	523,764		515,174	552,298	550,071	507,051
Non-GAAP financial Measures:						
EBITDA(2)	\$ 45,432	\$ 11,198	\$ 83,012	\$ 47,666	\$ 31,791	\$ 18,181
Adjusted EBITDA(3)	\$ 57,412	\$ 31,321	\$ 80,488	\$ 68,978	\$ 66,009	\$ 67,567

- (1) Reflects reimbursement of payroll, benefits and costs related to the operations of properties managed by us.
- (2) EBITDA is a non-GAAP performance measure. We define EBITDA as net income (loss) attributable to Great Wolf Resorts, Inc. on a consolidated basis, adjusted to exclude the following items:

interest expense, net of interest income,

income tax expense or benefit, and

depreciation and amortization.

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(3) Adjusted EBITDA is a non-GAAP performance measure. We define Adjusted EBITDA as EBITDA plus:

non-cash employee and director compensation,

costs associated with early extinguishment of debt or potential capital markets transactions,

opening costs of projects under development,

equity in earnings (loss) of unconsolidated related parties,

gain or loss on disposition of property or investments,

separation payments to senior executives,

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environmental liability costs,

asset impairment charges,

non-controlling interests,

acquisition-related expenses, and

other unusual or non-recurring items.

Our management uses EBITDA and Adjusted EBITDA: (i) as measurements of operating performance because they assist us in comparing our operating performance on a consistent basis as they remove the impact of items directly resulting from our asset base (primarily depreciation and amortization) from our operating results; (ii) for planning purposes, including the preparation of our annual operating budget; (iii) as a valuation measure for evaluating our operating performance and our capacity to incur and service debt, fund capital expenditures and expand our business; and (iv) as measures in determining the value of other acquisitions and dispositions.

We believe that EBITDA and Adjusted EBITDA are operating performance measures, and not liquidity measures, that provide investors and analysts with measures of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. We also present EBITDA and Adjusted EBITDA because they are used by some investors as a way to measure our ability to incur and service debt, make capital expenditures and meet working capital requirements. We believe EBITDA and Adjusted EBITDA are useful to an investor in evaluating our operating performance because: (i) a significant portion of our assets consists of property and equipment that are depreciated over their remaining useful lives in accordance with generally accepted accounting principles (GAAP); (ii) they are widely used in the hospitality and entertainment industries to measure operating performance without regard to items such as depreciation and amortization; and (iii) we believe they help investors meaningfully evaluate and compare the results of our operations from period to period by removing the impact of items directly resulting from our asset base (primarily depreciation and amortization) from our operating results. EBITDA and Adjusted EBITDA are measures commonly used in our industry, and we present EBITDA and Adjusted EBITDA to enhance your understanding of our operating performance. We use EBITDA and Adjusted EBITDA as criterion for evaluating our performance relative to that of our peers.

The following table reconciles net loss attributable to Great Wolf Resorts, Inc. to EBITDA and Adjusted EBITDA for the periods presented (prior to the reclassification for discontinued operations):

	Year Ended December 31,					
	Period May 5, 2012 through December, 31, 2012	Period January 1, 2012 through May 4, 2012	2011 (as revised)	2010 (as revised)	2009 (as revised)	2008 (as revised)
	Successor	Predecessor	Predecessor	Predecessor	Predecessor	Predecessor
Net income (loss) attributable to Great Wolf Resorts, Inc.	\$ (13,002)	\$ (21,481)	\$ (19,713)	\$ (57,323)	\$ (58,392)	\$ (54,731)
Adjustments:						
Interest expense, net of interest income	25,998	15,934	47,768	45,721	33,430	25,853
Income tax expense	1,014	276	1,134	801	375	978
Depreciation and amortization	31,422	16,469	53,823	58,467	56,378	46,081
EBITDA	45,432	11,198	83,012	47,666	31,791	18,181
Costs of resorts under development	4,789	0	0	156	6,877	6,685
Non-cash employee and director compensation	1,517	3,348	2,252	2,665	1,139	222

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Loss on disposition of assets	182	47	1,513	19	255	317
Equity in loss (income) of unconsolidated affiliates	(663)	557	12	636	2,416	4,421
Net (income) loss attributable to noncontrolling interest	90	14	(19)	(9)	0	0
Separation payments	70	191	385	0	467	1,258
Gain on disposition of property included in discontinued operations	0	0	(6,667)	0	0	0
Environmental liability costs	0	0	0	(1,292)	26	276

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	Year Ended December 31,					
	Period May 5, 2012 through December, 31, 2012	Period January 1, 2012 through May 4, 2012	2011	2010	2009	2008
	Acquisition related costs	0	0	0	396	0
Impairment loss on investment in affiliates	0	0	0	0	0	18,777
Goodwill impairment	0	0	0	0	0	17,430
Gain on sale of investment	0	0	0	0	(962)	0
Merger-related costs	3,022	15,966	663	0	0	0
Professional fees	875	0	0	0	0	0
Reimbursement agreement	193	0	0	0	0	0
Creative Kingdoms acquisition costs	775	0	0	0	0	0
Asset impairment loss	1,200	0	0	18,741	24,000	0
Adjusted EBITDA	\$ 57,482	\$ 31,321	\$ 81,151	\$ 68,978	\$ 66,009	\$ 67,567

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations is a discussion and analysis of the financial condition, results of operations and liquidity and capital resources. The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. We make statements in this section that are forward-looking statements under the Private Securities Litigation Reform Act of 1995. See Forward-Looking Statements included elsewhere in this report. You should consider our forward-looking statements in light of the risks discussed under the heading Risk Factors above as well as our consolidated financial statements, related notes, and other financial information appearing elsewhere in this report.

As described in Note 18 to the condensed consolidated financial statements, in connection with the preparation of the condensed consolidated financial statements for the second quarter of 2012, we identified an error in the manner in which deferred tax balances were calculated. In accordance with accounting guidance found in ASC 250-10 (SEC Staff Accounting Bulletin No. 99, Materiality), we assessed the materiality of the error and concluded that the error was not material to any of our previously issued financial statements. In accordance with accounting guidance found in ASC 250-10 (SEC Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements), we will revise our previously issued financial statements to correct the effect of this error. This non-cash revision does not impact our operating income or cash flows for any prior period.

As a result of the May 4, 2012 merger with K-9 Acquisition, Inc., we have a Predecessor period from January 1, 2012 to May 4, 2012 and a Successor period from May 5, 2012 to December 31, 2012. In order to present Management's Discussion and Analysis in a way that offers investors a meaningful period to period comparison, we have combined Predecessor and Successor periods to arrive at the year ended December 31, 2012 amounts and compared to the Predecessor year ended December 31, 2011; however, these combined results for 2012 are considered non-GAAP financial measures. The combined results for 2012 have not been prepared on a pro forma basis adjusting for merger-related items, including changes in basis that resulted from the merger. As noted below, in the combined results for 2012 those changes primarily affected selling, general and administrative expenses; depreciation and amortization of property, plant and equipment and intangible assets; and interest expense.

All dollar amounts in this discussion, except for per share data and operating statistics, are in thousands.

Overview

The terms Great Wolf Resorts, us, we and our are used in this report to refer to Great Wolf Resorts, Inc. and its consolidated subsidiaries.

Business. We are a family entertainment resort company that provides our guests with a high-quality vacation at an affordable price. We are the largest owner, operator and developer in North America of drive-to, destination family resorts featuring indoor waterparks and other family-oriented entertainment activities. Each of our resorts features approximately 300 to 600 family suites, each of which sleeps from six to ten people and includes a wet bar, microwave oven, refrigerator and dining and sitting area. We provide a full-service entertainment resort experience to our target customer base: families with children ranging in ages from 2 to 12 years old that live within a convenient driving distance of our resorts. Our resorts are open year-round and provide a consistent, comfortable environment where our guests can enjoy our various amenities and activities. We operate and license resorts under our Great Wolf Lodge brand name. We have entered into licensing and management arrangements with third parties relating to the operation of resorts under the Great Wolf Lodge brand name.

We provide our guests with a self-contained vacation experience and focus on capturing a significant portion of their total vacation spending. We earn revenues through the sale of rooms (which includes admission to our indoor waterpark), and other revenue-generating resort amenities. Each of our resorts features a combination of the following revenue-generating amenities: themed restaurants and snack bars, ice cream shop and confectionery, full-service adult spa, kid spa, game arcade, gift shop, miniature golf, interactive game attraction, family tech center and meeting space. We also generate revenues from licensing arrangements, management fees and other fees with respect to our operation or development of properties owned in whole or in part by third parties.

Each of our Great Wolf Lodge resorts has a Northwoods lodge theme, designed in a Northwoods cabin motif with exposed timber beams, massive stone fireplaces, Northwoods creatures including mounted wolves and an animated two-story Clock Tower that provides theatrical entertainment for younger guests. All of our guest suites are themed luxury suites, ranging in size from approximately 385 square feet to 925 square feet.

The indoor waterparks in our Great Wolf Lodge resorts range in size from approximately 34,000 to 84,000 square feet and include decorative rockwork and plantings. The focus of each Great Wolf Lodge waterpark is our signature 12-level treehouse water fort, an interactive water experience for the entire family that features over 60 water effects and is capped by an oversized bucket that dumps between 700 and 1,000 gallons of water every five minutes. Our waterparks also feature a

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combination of high-speed body slides and inner tube waterslides, smaller and lower speed slides for younger children, zero-depth water activity pools with geysers, a water curtain, fountains and tumble buckets, a lazy river, additional activity pools for basketball, open swimming and other water activities and large free-form hot tubs, including hot tubs for adults only.

Transactions

On May 4, 2012, the Company merged (the Merger) with K-9 Acquisition, Inc., a Delaware corporation (Merger Sub) and subsidiary of a fund managed by an affiliate of Apollo Global Management, LLC (together with its subsidiaries, Apollo), in the Merger (as discussed in Note 3 to the Consolidated Financial Statements). Although the Company continued as the same legal entity after the Merger, the Company's capital structure changed significantly as a result of the Merger and our financial statement presentations distinguish between a Predecessor for periods prior to the Merger and a Successor for periods subsequent to the Merger. The Merger was accounted for as a business combination using the acquisition method of accounting, and the Successor financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the effective time of the Merger. We obtained the assistance of independent third parties in determining the fair value of certain tangible assets, identifiable intangible assets, and liabilities. As a result of the application of the acquisition method of accounting as of the effective time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable.

In 2010, we acquired a 62.4% equity interest in Creative Kingdoms (CK). On December 28, 2012 we acquired the remaining 37.6% equity interest in CK. The acquisition of the noncontrolling interest was accounted for as an equity transaction, therefore no gain or loss as a result of the acquisition was recognized. Noncontrolling interest in the accumulated deficit of CK in the amount of \$1,866 was reclassified to additional paid in capital. CK is a developer of experiential gaming products including MagiQuest®, an interactive game attraction available at all of our resorts. CK also owns or has sold to other parties several stand-alone MagiQuest facilities or similar attractions.

On March 24, 2011, we sold our Blue Harbor Resort in Sheboygan, Wisconsin to Claremont New Frontier Resort LLC (Claremont) for a purchase price of \$4,200, less a \$540 credit for purposes of real estate property tax payments to be made by Claremont for periods after the closing. We paid \$2,000 to the City of Sheboygan with respect to real estate taxes relating to the Sheboygan property and contributed \$300 toward a lease termination fee payable to a tenant at the property. We continue to license the Blue Harbor Resort and related trade names to Claremont at no fee. As of March 24, 2011, we no longer operate this resort or managed the condominium units there and the related trade name has no carrying value.

Our Equity Sponsor

Apollo is a leading global alternative investment manager with offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of December 31, 2012, Apollo and its subsidiaries had assets under management of approximately \$113 billion invested in its private equity, credit and real estate businesses.

Properties. The following table presents an overview of our portfolio of resorts. As of December 31, 2012, we operated, managed and/or had licensing arrangements relating to the operation of 11 Great Wolf Lodge resorts. We anticipate that most of our future resorts will be licensed and/or developed under our Great Wolf Lodge brand.

	Ownership Percentage	Opened	Number of Guest Suites	Indoor Entertainment Area(1) (Approx. sq. ft.)
Wisconsin Dells, WI(3)		1997	385(2)	102,000
Sandusky, OH(3)		2001	271	41,000
Traverse City, MI	100%	2003	280	57,000
Kansas City, KS	100%	2003	281	57,000
Williamsburg, VA(4)	100%	2005	405	87,000
Pocono Mountains, PA(4)	100%	2005	401	101,000
Niagara Falls, ONT(5)		2006	406	104,000
Mason, OH(4)	100%	2006	401	105,000
Grapevine, TX(4)	100%	2007	605	110,000
Grand Mound, WA(6)	49%	2008	398	74,000

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Concord, NC(4)	100%	2009	402	97,000
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- (1) Our indoor entertainment areas generally include our indoor waterpark, game arcade, children's activity room, family tech center, MagiQuest® (an interactive game attraction) and fitness room, as well as our spa in the resorts that have such amenities.
- (2) Total number of guest suites included 77 condominium units that are individually owned by third parties and managed by us.
- (3) These properties are owned by CNL Lifestyle Properties, Inc. (CNL), a real estate investment trust focused on leisure and lifestyle properties. We currently manage both properties and license the Great Wolf Lodge brand to these resorts.
- (4) Five of our properties (Great Wolf Lodge resorts in Williamsburg, VA; Pocono Mountains, PA; Mason, OH; Grapevine, TX and Concord, NC) each had a book value of fixed assets equal to ten percent or more of our total assets

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as of December 31, 2012, and each of those five properties had total revenues equal to ten percent or more of our total revenues for the period January 1 – May 4, 2012, and the period May 5 – December 31, 2012.

- (5) An affiliate of Ripley Entertainment, Inc. (Ripley), our licensee, owns this resort. We have granted Ripley a license to use the Great Wolf Lodge name for this resort through April 2016 for a licensing fee.
- (6) This property is owned by a joint venture. The Confederated Tribes of the Chehalis Reservation (Chehalis) owns a 51% interest in the joint venture, and we own a 49% interest. We manage the property and license the Great Wolf Lodge brand to the joint venture under long-term agreements through April 2057, subject to earlier termination in certain situations. The joint venture leases the land for the resort from the United States Department of the Interior, which is trustee for Chehalis.

Industry Trends. We operate in the family entertainment resort segment of the travel and leisure industry. The concept of a family entertainment resort with an indoor waterpark was first introduced to the United States in Wisconsin Dells, Wisconsin, and has evolved since 1987. In an effort to boost occupancy and daily rates, as well as capture off-season demand, hotel operators in the Wisconsin Dells market began expanding indoor pools and adding waterslides and other water-based attractions to existing hotels and resorts. The success of these efforts prompted several local operators to build new, larger destination resorts based primarily on that concept.

We believe that these resorts have proven popular because of several factors, including the ability to provide a year-round vacation destination without weather-related risks, the wide appeal of water-based recreation and the favorable trends in leisure travel discussed below. No operator or developer other than Great Wolf Resorts has established a national portfolio of destination family entertainment resorts featuring indoor waterparks.

While no standard industry definition for a family entertainment resort featuring an indoor waterpark has developed, we generally consider resorts with at least 200 rooms featuring indoor waterparks larger than 25,000 square feet, as well as a variety of water slides and other water-based attractions, to be competitive with our resorts. A Hotel & Leisure Advisors, LLC (H&LA) survey as of January 2013 indicates that there are 131 open indoor waterpark resort properties in the United States and Canada. Of the total, 47 are considered indoor waterpark destination resorts offering more than 30,000 square feet of indoor waterpark space. Of these 47 properties, 11 are our properties.

We believe recent vacation trends favor drive-to family entertainment resorts featuring indoor waterparks, as the number of families choosing to take shorter, more frequent vacations that they can drive to have increased in recent years. We believe these trends will continue. We believe indoor waterpark resorts are generally less affected by changes in economic cycles, as drive-to destinations are generally less expensive and more convenient than destinations that require air travel.

Outlook. We believe that no other operator or developer other than us has established a national portfolio of destination family entertainment resorts that feature indoor waterparks. Our resorts do, however, compete directly with other family entertainment resorts in several of our markets. We intend to continue to expand our portfolio of resorts throughout the United States and to seek out opportunities to leverage our brand and operating expertise internationally as well. The resorts we plan to develop in the future require significant industry knowledge and substantial capital resources.

Our primary business objective is to increase long-term value. We believe we can increase long-term value by executing our business and growth strategies, including:

expanding our brand footprint in target markets,

continuing innovative expansions of and enhancement to our existing resorts,

maximizing total resort revenues while minimizing total resort costs,

building upon our existing brand awareness and loyalty, and

expanding operations of our subsidiary Creative Kingdoms.

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In attempting to execute our internal and external growth strategies, we are subject to a variety of business challenges and risks. These risks include those described under Risk Factors Risks Related to Our Business Activities and Risk Factors Risks Related to Regulation. We seek to meet these challenges by providing sufficient management oversight to site selection, development and resort operations; concentrating on growing and strengthening awareness of our brand and demand for our resorts; and maintaining our focus on safety.

Revenue and Key Performance Indicators. We seek to generate positive cash flows and maximize our return on invested capital from each of our owned resorts. Our rooms revenue represents sales to guests of room nights at our resorts and is the largest contributor to our cash flows and earnings before interest, taxes, depreciation and amortization, (EBITDA). Rooms revenue accounted for approximately 67% of our total consolidated resort revenue for the year ended December 31, 2012. We employ sales and marketing efforts to increase overall demand for rooms at our resorts. We seek to optimize the relationship between room rates and occupancies through the use of yield management techniques that attempt to project demand in order to selectively increase room rates during peak demand. These techniques are designed to assist us in managing our higher occupancy nights to achieve maximum rooms revenue and include such practices as:

monitoring our historical trends for occupancy and estimating our high occupancy nights,

offering the highest discounts to previous guests in off-peak periods to build guest loyalty and enhance our ability to charge higher rates in peak periods,

structuring rates to allow us to offer our previous guests the best rate while simultaneously working with a promotional partner or offering internet specials,

monitoring sales of room types daily to evaluate the effectiveness of offered discounts, and

offering specials on standard suites and yielding better rates on larger suites when standard suites sell out.

In addition, we seek to maximize the amount of time and money spent on-site by our guests by providing a variety of revenue-generating amenities.

We have several key indicators that we use to evaluate the performance of our business. These indicators include the following:

occupancy;

average daily room rate, or ADR;

revenue per available room, or RevPAR;

total revenue per occupied room, or Total RevPOR;

total revenue per available room, or Total RevPAR;

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non-rooms revenue per occupied room;

earnings before interest, taxes, depreciation and amortization, or EBITDA; and

EBITDA adjusted for certain items, or Adjusted EBITDA.

Occupancy, ADR and RevPAR are commonly used measures within the hospitality industry to evaluate hotel operations and are calculated as follows:

Occupancy is calculated by dividing total occupied rooms by total available rooms.

ADR is calculated by dividing total rooms revenue by total occupied rooms.

RevPAR is the product of occupancy and ADR.

Total RevPOR, Total RevPAR and non-rooms revenue per occupied room are calculated as follows:

Total RevPOR is calculated by dividing total revenue by total occupied rooms.

Total RevPAR is calculated by dividing total revenue by total available rooms.

Non-rooms revenue per occupied room is calculated by taking the difference between Total RevPOR and ADR.

Occupancy allows us to measure the general overall demand for rooms at our resorts and the effectiveness of our sales and marketing strategies. ADR allows us to measure the effectiveness of our yield management strategies. While ADR and RevPAR only include rooms revenue, Total RevPOR and Total RevPAR include both rooms revenue and other revenue derived from food and beverage and other amenities at our resorts. We consider Total RevPOR and Total RevPAR to be key

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performance indicators for our business because we derive a significant portion of our revenue from food and beverage and other amenities. For the year ended December 31, 2012, approximately 33% of our total consolidated resort revenues consisted of non-rooms revenue.

We use RevPAR and Total RevPAR to evaluate the blended effect that changes in occupancy, ADR and Total RevPOR have on our results. We focus on increasing ADR and Total RevPOR because we believe those increases can have the greatest positive impact on our results. In addition, we seek to maximize occupancy, as increases in occupancy generally lead to greater total revenues at our resorts, and we believe maintaining certain occupancy levels is key to covering our fixed costs. Increases in total revenues as a result of higher occupancy are, however, typically accompanied by additional incremental costs (including housekeeping services, utilities and room amenity costs). In contrast, increases in total revenues from higher ADR and Total RevPOR are typically accompanied by lower incremental costs and generally result in a greater increase in operating cash flow.

We also use EBITDA and Adjusted EBITDA as measures of the operating performance of each of our resorts. EBITDA and Adjusted EBITDA are supplemental financial measures and are not defined by accounting principles generally accepted in the United States (GAAP). See

Non-GAAP Financial Measures below for further discussion of our use of EBITDA and Adjusted EBITDA and a reconciliation of net loss to EBITDA and Adjusted EBITDA.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operating is based on our consolidated financial statements, which are prepared in accordance with GAAP. As discussed in Note 18 to the consolidated financial statements, the consolidated financial statements as of December 31, 2011, and 2010 have been revised. The preparation of our consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the unconsolidated financial statements, as well as revenue and expenses during reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from those estimates under different assumptions or conditions.

Goodwill The excess of the purchase price of entities that are considered to be purchases of businesses over the estimated fair value of tangible and identifiable intangible assets acquired is recorded as goodwill. We are required to assess goodwill for impairment annually, or more frequently if circumstances indicate impairment may have occurred. We perform a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we believe, as a result of our qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further impairment testing is required. The first step of the quantitative impairment test compares the carrying amount of the reporting unit to its estimated fair value. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. To the extent that the carrying value of the reporting unit exceeds its estimated fair value, a second step is performed, wherein the reporting unit's carrying value of goodwill is compared to the implied fair value of goodwill. To the extent that the carrying value exceeds the implied fair value, impairment exists and must be recognized. We determine our reporting units' fair values using a discounted cash flow model.

We base our fair value estimates on projected financial information which we believe to be reasonable. There are inherent assumptions and estimates used in developing future cash flows requiring management's judgment. In applying these judgments and estimates to the analysis of the carrying value of our intangible assets we consider projected revenues, EBITDA, the cost of capital, and royalty rates. Many of the factors used in assessing fair value are outside the control of management and it is reasonably likely that assumptions and estimates will change in future periods. Actual future results may differ from those projections, and those differences may be material. These changes can result in future impairments.

As part of our annual impairment analysis, we concluded that certain reporting units may become impaired in future periods. The amount of any impairment is dependent on the performance of the resort which is dependent upon a number of variables which cannot be predicted with certainty.

In connection with the acquisition of the majority interest in Creative Kingdoms, LLC (CK) in 2010, we recorded \$1,365 of goodwill. In 2012 in connection with the Merger, we recorded \$124,435 of goodwill as part of purchase accounting.

Balance as of January 1, 2011 (Predecessor)

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Goodwill recorded related to the acquisition of the majority interest in CK	\$ 1,365
Balance as of December 31, 2011 and May 4, 2012 (Predecessor)	\$ 1,365
Goodwill removed as a result of the Merger	(1,365)
Goodwill recorded related to the Merger	124,435
Balance as of December 31, 2012 (Successor)	\$ 124,435

Noncontrolling Interests We record the non-owned equity interests of our consolidated subsidiaries as a separate component of our consolidated equity on our consolidated balance sheet. The net earnings attributable to the controlling and noncontrolling interests are included on the face of our statement of operations. CK was a consolidated subsidiary with a noncontrolling interest through December 28, 2012, at which time we purchased the noncontrolling interest.

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Acquisition Accounting We follow acquisition accounting for all acquisitions that meet the business combination definition. Acquisition accounting requires us to measure the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest at the acquisition-date fair value. While we use our best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations.

Investments in Property and Equipment We record investments in property and equipment at cost. Improvements and replacements are capitalized when they extend the useful life, increase capacity or improve the efficiency of the asset. Repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	20-45 years
Fixtures and equipment, including waterpark equipment	3-15 years

We are required to make subjective assessments as to these useful lives for purposes of determining the amount of depreciation and amortization to record annually with respect to our investments in property and equipment. These assessments have a direct impact on our net loss because if we were to shorten the expected useful lives of our investments in property and equipment we would depreciate and amortize such investments over fewer years, resulting in more depreciation and amortization expense and a larger net loss on an annual basis. We periodically review the estimated useful lives we have assigned to our depreciable assets to determine whether those useful lives are reasonable and appropriate.

When circumstances, such as adverse market conditions, indicate the carrying values of a long-lived asset may be impaired, we perform an analysis to review the recoverability of the asset's carrying value. We make estimates of the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income.

During the year ended December 31, 2010, we recorded \$18,741 of impairment charges related to our Traverse City and Kansas City resorts. We determined the carrying values of these resorts were impaired in light of the reduced estimated hold periods for the resorts. Because of the reduced estimated hold periods, we performed recoverability tests of these resorts to determine if further assessment for potential impairment was required. Based on this analysis of undiscounted cash flows, we determined the carrying value of these resorts were not recoverable. As a result, we recorded an \$18,741 impairment charge to decrease the resorts' carrying value to their estimated fair value (net of estimated disposal costs) as of December 31, 2010. We estimated the properties' fair values by using available market information for similar assets, as well as considering estimated future cash flows, terminal values based on the projected cash flows and capitalization rates in the range of what is reported in industry publications for operationally similar assets and other available market information. The cash flows considered in estimating the fair values were discounted using market-based discounts generally used for operationally and geographically similar assets. Although we believe our estimated fair value for the resorts are reasonable, the actual fair value we ultimately realize from these resorts could differ materially from these estimates.

Intangibles Our intangible assets consist of the value of our brand name, management contracts and patented and unpatented technologies. A summary of our intangibles is as follows:

	Successor December 31, 2012	Predecessor December 31, 2011
Brand name	\$ 39,600	\$ 23,829
Management contracts, net of amortization	7,844	0
Patented and unpatented technologies	0	1,481

\$ 47,444 \$ 25,310

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The brand name intangible asset has an indefinite useful life. We do not amortize the brand name intangible, but instead test for possible impairment at least annually or when circumstances warrant. We perform a qualitative assessment to determine if it is more likely than not that the fair value of the asset is less than its carrying amount. If we believe, as a result of our qualitative assessment, that it is more likely than not that the fair value of the asset is less than its carrying amount, the quantitative impairment test is required.

Investments in Affiliates When circumstances, such as adverse market conditions, indicate that the carrying value of our investments in affiliates may be impaired, we perform an analysis to review the recoverability of the asset's carrying value. To test investment in affiliates for impairment, we compare the fair value of the investment in affiliates with its carrying amount. If the fair value of the investment in affiliates is less than its carrying value, an impairment loss is recognized. Any impairment losses are recorded as operating expenses, which reduce net income. Future adverse changes in the hospitality and lodging industry, market conditions or poor operating results of the underlying investments could result in future losses or the inability to recover the carrying value of these assets.

We do not believe current circumstances indicate that the carrying value of our minority investment in the joint venture that owns our Grand Mound resort may be impaired. The carrying value of our 49% interest in our joint venture that owns the Great Wolf Lodge in Grand Mound was \$24,425 as of December 31, 2012.

Accounting for Income Taxes We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Significant management judgment is required in determining our provision or benefit for income taxes, our deferred tax assets and liabilities, and any valuation allowance recorded against our net deferred tax assets. We record net deferred tax assets (primarily resulting from net operating loss carryforwards) to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income (that could result from a sale of one or more of our resorts where there is a sales price in excess of tax basis), tax planning strategies and recent financial operations. In the event we were to determine that we would not be able to realize our deferred tax assets, we would establish a valuation allowance which would increase the provision for income taxes. Conversely, in the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

As of December 31, 2012 and 2011, we recorded valuation allowances of \$72,979 and \$67,321, respectively, due to uncertainties related to our ability to utilize some of our deferred tax assets, primarily consisting of certain net operating loss carryforwards, before they expire. The valuation allowance we recorded is based on our estimates of taxable income solely from the reversal of existing deferred tax liabilities and the period over which deferred tax assets reverse. In the event that actual results differ from these estimates or we adjust these estimates in a future period, we may need to increase or decrease our valuation allowance, which could materially impact our consolidated statement of operations.

New Accounting Pronouncements

In July 2012, the FASB issued guidance on testing indefinite-lived intangible assets, other than goodwill, for impairment. An entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. If an entity believes, as a result of its qualitative assessment, that it is more likely than not that the fair value of the asset is less than its carrying amount, the quantitative impairment test is

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required. Otherwise, no further impairment testing is required. The guidance is effective for annual and interim indefinite-lived intangible assets impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Non-GAAP Financial Measures

We use EBITDA and Adjusted EBITDA as measures of our operating performance. EBITDA and Adjusted EBITDA are supplemental non-GAAP financial measures.

EBITDA is commonly defined as net income plus (a) net interest expense from continuing operations and discontinued operations, (b) income taxes from continuing operations and discontinued operations, and (c) depreciation and amortization from continuing operations and discontinued operations.

We define Adjusted EBITDA as net income (loss) plus (a) interest expense, net, (b) income taxes, (c) depreciation and amortization, (d) non-cash employee and director compensation, (e) costs associated with early extinguishment of debt or potential capital markets transactions, (f) opening costs of projects under development, (g) equity in earnings (loss) of unconsolidated related parties, (h) gain or loss on disposition of property or investments, (i) separation payments to senior executives, (j) environmental liability costs, (k) asset impairment charges, (l) non-controlling interests, (m) acquisition-related expenses, and (n) other unusual or non-recurring items.

EBITDA and Adjusted EBITDA as calculated by us are not necessarily comparable to similarly titled measures presented by other companies. In addition, EBITDA and Adjusted EBITDA (a) do not represent net income or cash flows from operations as defined by GAAP; (b) are not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as alternatives to net income, operating income, cash flows from operating activities or our other financial information as determined under GAAP.

We believe EBITDA and Adjusted EBITDA are useful to an investor in evaluating our operating performance because:

a significant portion of our assets consists of property and equipment that are depreciated over their remaining useful lives in accordance with GAAP. Because depreciation and amortization are non-cash items, we believe that presentation of EBITDA and Adjusted EBITDA are useful measures of our operating performance;

they are widely used in the hospitality and entertainment industries to measure operating performance without regard to items such as depreciation and amortization; and

we believe they help investors meaningfully evaluate and compare the results of our operations from period to period by removing the impact of items directly resulting from our asset base, primarily depreciation and amortization, from our operating results.

Our management uses EBITDA and Adjusted EBITDA:

as measurements of operating performance because they assist us in comparing our operating performance on a consistent basis as they remove the impact of items directly resulting from our asset base, primarily depreciation and amortization, from our operating results;

for planning purposes, including the preparation of our annual operating budget;

as valuation measures for evaluating our operating performance and our capacity to incur and service debt, fund capital expenditures and expand our business; and

as measures in determining the value of other acquisitions and dispositions.

Using measures such as EBITDA and Adjusted EBITDA have material limitations, including the following:

they do not reflect every cash expenditure, future requirements for capital expenditures or contractual commitments;

they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced or require improvements in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements or improvements;

they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;

they do not reflect limitations on our costs related to transferring earnings from our subsidiaries to us; and

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other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, our EBITDA and Adjusted EBITDA measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. We compensate for these limitations by using EBITDA and Adjusted EBITDA, along with other comparative tools, together with GAAP measurements, to assist in the evaluation of operating performance. Such GAAP measurements include operating income (loss), net income (loss), cash flows from operations and cash flow data. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in our EBITDA- and Adjusted EBITDA-based measures.

EBITDA and Adjusted EBITDA are not intended as alternatives to net income (loss), as indicators of our operating performance, as alternatives to any other measure of performance in conformity with GAAP or as alternatives to cash flow provided by operating activities as a measure of liquidity. You should therefore not place undue reliance on our EBITDA- and Adjusted EBITDA-based measures or ratios calculated using those measures. Our GAAP-based measures can be found in our consolidated financial statements and the related notes, included elsewhere in this report.

Adjusted EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. We also present Adjusted EBITDA because it is used by some investors as a way to measure our ability to incur and service debt, make capital expenditures and meet working capital requirements.

Adjusted EBITDA is a measure commonly used in our industry, and we present Adjusted EBITDA to enhance investors' understanding of our operating performance. We use Adjusted EBITDA as one criterion for evaluating our performance relative to that of our peers. The compensation committee of our board of directors determines the annual variable compensation for certain members of our management based in part on Adjusted EBITDA.

The following table reconciles net loss attributable to Great Wolf Resorts, Inc. to EBITDA and Adjusted EBITDA for the periods presented (prior to the reclassification for discontinued operations).

	Year Ended December 31,		
	2012 Successor/ Predecessor	2011 (As revised) Predecessor	2010 (As revised) Predecessor
Net income (loss) attributable to Great Wolf Resorts, Inc.	\$ (34,483)	\$ (19,713)	\$ (57,323)
Adjustments:			
Interest expense, net of interest income	41,932	47,768	45,721
Income tax expense	1,290	1,134	801
Depreciation and amortization	47,891	53,823	58,467
EBITDA	56,630	83,012	47,666
Costs of resorts under development	4,789	0	156
Non-cash employee and director compensation	4,865	2,252	2,665
Loss on disposition of assets	229	1,513	19
Equity in loss (income) of unconsolidated affiliates	(106)	12	636
Net (income) loss attributable to noncontrolling interest	104	(19)	(9)
Separation payments	261	385	0
Gain on disposition of property included in discontinued operations	0	(6,667)	0
Environmental liability costs	0	0	(1,292)
Acquisition related costs	0	0	396
Merger-related costs	18,988	663	0
Professional fees	875	0	0
Reimbursement agreement	193	0	0
Creative Kingdoms acquisition costs	775	0	0

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	Year Ended December 31,		
	2012	2011	2010
Asset impairment loss	1,200	0	18,741
Adjusted EBITDA	\$ 88,803	\$ 81,151	\$ 68,978

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Results of Operations

General

Our financial information includes:

our subsidiary entity that provides resort development and management/licensing services;

our wholly-owned resorts;

beginning in June 2010, our CK subsidiary which is a developer of experiential gaming products; and

our equity interest in Grand Mound resort in which we have a minority ownership interest but which we do not consolidate.

Revenues. Our revenues consist of:

lodging revenue, which includes rooms, food and beverage, and other department revenues from our resorts;

revenue from our CK subsidiary, which includes product sales, admission fees and retail revenues;

management fee and other revenue from resorts, which includes fees received under our management, license, development and construction management agreements; and

other revenue from managed properties. We employ the staff at our managed properties. Under our management agreements, the resort owners reimburse us for payroll, benefits and certain other costs related to the operations of the managed properties. We include the reimbursement of payroll, benefits and costs is recorded as revenue on our statements of operations, with a corresponding expense recorded as other expenses from managed properties.

Operating Expenses. Our departmental operating expenses consist of rooms, food and beverage and other department expenses.

Our other operating expenses include the following items:

selling, general and administrative expenses, which are associated with the operations and management of resorts and our CK subsidiary (beginning in June 2010) and which consist primarily of expenses such as corporate payroll and related benefits, operations management, sales and marketing, finance, legal, information technology support, human resources and other support services, as well as general corporate expenses;

property operation and maintenance expenses, such as utility costs and property taxes;

depreciation and amortization; and

other expenses from managed properties.

Year Ended December 31, 2012 compared with Year Ended December 31, 2011

The following table shows key operating statistics for our resorts for the years ended December 31, 2012 and 2011:

	Same Store Comparison(a)		Increase	
	Successor/ Predecessor 2012	Predecessor 2011	\$	%
Occupancy	66.4%	63.3%	N/A	4.9%
ADR	\$ 261.55	\$ 260.10	\$ 1.45	0.6%
RevPAR	\$ 173.69	\$ 164.58	\$ 9.11	5.5%
Total RevPOR	\$ 399.30	\$ 395.18	\$ 4.12	1.0%
Total RevPAR	\$ 265.17	\$ 250.05	\$ 15.12	6.0%
Non-rooms revenue per occupied room	\$ 137.75	\$ 135.08	\$ 2.67	2.0%

(a) Same store comparison includes properties that were open for the full periods and with comparable number of rooms in 2012 and 2011.

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The positive changes in key operating statistics for the year ended December 31, 2012, compared to the year ended December 31, 2011, are due to an increase in overall consumer demand for our properties.

Presented below are selected amounts from our consolidated statements of operations for the years ended December 31, 2012 and 2011:

	Successor/ Predecessor	Predecessor (As revised)	Increase (Decrease)
	2012	2011	
Revenues	\$ 315,078	\$ 296,708	\$ 18,370
Operating expenses:			
Departmental operating expenses	105,153	98,024	7,129
Selling, general and administrative	94,135	64,332	29,803
Depreciation and amortization	47,891	53,723	(5,832)
Asset impairment loss	1,200		1,200
Loss on disposition of assets	229	1,513	(1,284)
Net operating income (loss)	7,872	21,570	(13,698)
Interest expense, net of interest income	41,932	47,692	(5,760)
Discontinued operations, net of tax	14	(6,634)	6,648
Net loss attributable to Great Wolf Resorts, Inc.	(34,483)	(19,713)	(14,770)

Revenues. Total revenues increased due to an increase in consumer demand for our properties.

Operating expenses.

Departmental operating expenses increased by \$7,129 during the year ended December 31, 2012, as compared to the year ended December 31, 2011, related primarily to our increase in revenues.

Selling, general and administrative expenses increased by \$29,803 during the year ended December 31, 2012, as compared to the year ended December 31, 2011, due primarily due to non-recurring expenses related to the Merger transaction.

Total depreciation and amortization decreased for the year ended December 31, 2012 as compared to the year ended December 31, 2011, primarily due to changes in depreciation and amortization as a result of fair value adjustments from the Merger transaction.

Asset impairment loss is due to an impairment loss incurred by one of our entities during the year ended December 31, 2012. There is no similar loss during the year ended December 31, 2011.

Loss on disposition of assets decreased primarily due to a loss incurred by one of our entities during the year ended December 31, 2011. There was no similar loss during the year ended December 31, 2012.

Net operating income. During the year ended December 31, 2012, we had net operating income of \$7,872 as compared to net operating income, of \$21,570 for the year ended December 31, 2011.

Net loss attributable to Great Wolf Resorts, Inc. Net loss attributable to Great Wolf Resorts, Inc. increased primarily due to a decrease in net operating income of \$13,698 and there being no gain recorded in discontinued operations in the year ended December 31, 2012 as there was in the year ended December 31, 2011. These changes were partially offset by a decrease in interest expense, net of interest income, of \$5,760, which was primarily due to effects of recording purchase accounting adjustments related to the Merger transaction.

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Year Ended December 31, 2011 compared with Year Ended December 31, 2010

The following table shows key operating statistics for our resorts for the years ended December 31, 2011 and 2010:

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	All Properties		Same Store Comparison(a)		
	Predecessor 2011	Predecessor 2011	Predecessor 2010	Increase (Decrease)	
				\$	%
Occupancy	63.0%	63.3%	59.7%	N/A	6.0%
ADR	\$ 259.52	\$ 260.10	\$ 252.30	\$ 7.80	3.1%
RevPAR	\$ 163.51	\$ 164.58	\$ 150.60	\$ 13.98	9.3%
Total RevPOR	\$ 394.64	\$ 395.18	\$ 387.83	\$ 7.35	1.9%
Total RevPAR	\$ 248.65	\$ 250.05	\$ 231.50	\$ 18.55	8.0%
Non-rooms revenue per occupied room	\$ 135.12	\$ 135.08	\$ 135.53	\$ (0.45)	(0.3)%

(a) Same store comparison includes properties that were open for the full periods and with comparable number of rooms in 2011 and 2010 (that is, all properties other than our Blue Harbor Resort in Sheboygan, WI).

The positive changes in key operating statistics for the year ended December 31, 2011, compared to the year ended December 31, 2010, appear to be the result of an increase in overall consumer demand for our properties.

Presented below are selected amounts from our consolidated statements of operations for the years ended December 31, 2011 and 2010:

	Predecessor (As revised) 2011	Predecessor (As revised) 2010	Increase (Decrease)
Revenues	\$ 296,708	\$ 275,960	\$ 20,748
Operating expenses:			
Departmental operating expenses	98,024	90,212	7,812
Property operating costs	35,373	33,004	2,369
Depreciation and amortization	53,723	58,318	(4,595)
Asset impairment loss		18,741	(18,741)
Loss on disposition of assets	1,513	19	1,494
Net operating income (loss)	21,570	(11,481)	33,051
Interest expense, net of interest income	47,692	44,997	2,695
Discontinued operations, net of tax	(6,634)	509	(7,143)
Net loss attributable to Great Wolf Resorts, Inc.	(19,713)	(57,323)	37,610

Revenues. Total revenues increased due to the following:

An increase in consumer demand for our properties; and

The inclusion of CK as a consolidated subsidiary for a full twelve months in 2011 following our acquisition of a 62.4% equity interest in June 2010.

Operating expenses.

Departmental operating expenses increased by \$7,812 for the year ended December 31, 2011, as compared to the year ended December 31, 2010, due primarily to an increase in revenues and the acquisition of CK.

Property operating costs increased by \$2,369 for the year ended December 31, 2011, as compared to the year ended December 31, 2010, due primarily to an increase in property tax expenses at certain of our properties.

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Total depreciation and amortization decreased, primarily due to a smaller write-off of unamortized debt issuance costs during the year ended December 31, 2011 as compared to the year ended December 31, 2010. During the year ended December 31, 2012, we wrote off \$1,850 of unamortized debt issuance costs related to our Concord loan that we refinanced. During the year ended December 31, 2010 we wrote off \$3,500 related to our then-

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existing Williamsburg, Mason and Grapevine loans that were repaid with the net proceeds of the first mortgage notes.

Loss on disposition of assets increased primarily due to a loss related to CK as well as the closing of our Scoops Kid Spa in the Mall of America during the year ended December 31, 2011. There were no similar losses during the year ended December 31, 2010.

For the year ended December 31, 2010 we recorded a \$18,741 impairment loss related to our Traverse City and Kansas City resorts. There was no similar impairment loss during the year ended December 31, 2011.

Net operating income. During the year ended December 31, 2011, we had net operating income of \$21,570 as compared to a net operating loss of \$11,481 for the year ended December 31, 2010.

Net loss attributable to Great Wolf Resorts, Inc. Net loss attributable to Great Wolf Resorts, Inc. decreased due to:

An increase in net operating income of \$33,051; and

During the year ended December 31, 2011 we disposed of our Blue Harbor Resort in Sheboygan, WI and have included the property operations in discontinued operations for the year ended December 31, 2011 and 2010. Included in discontinued operations for the year ended December 31, 2011 is a gain on sale of \$6,667.

These increases were partially offset by an increase in net interest expense of \$2,695, mainly due to interest expense related to our first mortgage notes issued in April 2010.

Segments

We have two reportable segments:

resort ownership/operation aggregated operating results derived from our consolidated owned resorts; and

resort third-party management/licensing aggregated operating results derived from management, license and other related fees from unconsolidated managed resorts;

See our Segments section in our Summary of Significant Accounting Policies, in Note 16 to our consolidated financial statements.

	Year Ended December 31,			Increase (Decrease)	
	Successor/ Predecessor	Predecessor	Predecessor	2012	2011
	2012	2011	2010	2011	2010
Resort Ownership/Operation					
Revenues	\$ 278,077	\$ 260,585	\$ 240,346	\$ 17,492	\$ 20,239
EBITDA	76,027	75,371	40,561	656	34,810
Resort Third-Party Management/Licensing					
Revenues	32,505	29,966	29,312	2,539	654
EBITDA	8,812	7,793	7,240	1,019	553
Other					
Revenues	4,496	6,157	6,302	(1,661)	(145)
EBITDA	(28,209)	(152)	(135)	(28,057)	(17)

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The Other items in the table above includes items that do not constitute a reportable segment and represent corporate-level activities and the activities of other operations not included in Resort Ownership/Operation or Resort Third-Party Management/License segments. For the period May 5, 2012 through December 31, 2012 Other EBITDA includes \$1,200 for an asset impairment loss. In 2010 Resort Ownership/Operation EBITDA includes \$18,741 for an asset impairment loss.

For a reconciliation of consolidated EBITDA for each of the periods presented, see the table included in the Non-GAAP Financial Measures section.

Liquidity and Capital Resources

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As of December 31, 2012, we had total indebtedness of \$515,059, summarized as follows:

	Carrying Value		Principal
	Successor December 31, 2012	Predecessor December 31, 2011	Successor December 31, 2012
Mortgage Debt:			
Traverse City/Kansas City mortgage loan	\$ 62,215	\$ 65,591	\$ 63,845
Pocono Mountains mortgage loan	93,114	93,015	91,692
Concord mortgage loan	49,158	54,055	48,977
First mortgage notes (net of discount of \$8,046 as of December 31, 2011)	258,293	221,954	230,000
Other Long-Term Debt:			
Junior subordinated debentures	60,984	80,545	80,545
Other	0	14	0
	523,764	515,174	515,059
Less current portion of long-term debt	(66,768)	(67,678)	(66,768)
Total long-term debt	\$ 456,996	\$ 447,496	\$ 448,291

The carrying value amounts as of December 31, 2012, include net fair value adjustments recorded as part of purchase accounting that increased the aggregate carrying value of debt as of the Merger date (see Note 3 to the Consolidated Financial Statements). We are amortizing these adjustments as offsets to interest expense over the life of each loan, using the effective interest rate method. The unamortized fair value adjustment as of December 31, 2012 was \$8,705.

Traverse City/Kansas City Mortgage Loan This non-recourse loan is secured by our Traverse City and Kansas City resorts. The loan bears interest at a fixed rate of 6.96%, is subject to a 25-year principal amortization schedule, and matures in January 2015. The loan has customary financial and operating debt compliance covenants. The loan also has customary restrictions on our ability to prepay the loan prior to maturity. We were in compliance with all covenants under this loan at December 31, 2012.

While recourse under the loan is limited to the property owner's interest in the mortgaged property, we have provided limited guarantees with respect to certain customary non-recourse provisions and environmental indemnities relating to the loan.

The loan also contains limitations on our ability, without lender's consent, to (i) make payments to our affiliates if a default exists; (ii) enter into transactions with our affiliates; (iii) make loans or advances; or (iv) assume, guarantee or become liable in connection with any other obligations.

The loan requires us to maintain a minimum debt service coverage ratio (DSCR) of 1.35, calculated on a quarterly basis. This ratio is defined as the two collateral properties' combined trailing twelve-month net operating income divided by the greater of (i) the loan's twelve-month debt service requirements and (ii) 8.5% of the amount of the outstanding principal indebtedness under the loan. Failure to meet the minimum DSCR is not an event of default and does not accelerate the due date of the loan. Not meeting the minimum DSCR, however, subjects the two properties to a lock-box cash management arrangement, at the discretion of the loan's servicer. The loan also contains a similar lock-box requirement if we open any Great Wolf Lodge or Blue Harbor Resort within 100 miles of either resort, and the two collateral properties' combined trailing twelve-month net operating income is not at least equal to 1.8 times 8.5% of the amount of the outstanding principal indebtedness under the loan. For the year ended December 31, 2012, the DSCR was below 1.35.

In September 2010, the loan's master servicer implemented a lock-box cash management arrangement. The lock-box cash management arrangement requires substantially all cash receipts for the two resorts to be moved each day to a lender-controlled bank account, which the loan servicer then uses to fund debt service and operating expenses for the two resorts on a monthly basis, with excess cash flow being deposited in a reserve account and held as additional collateral for the loan. We believe that this arrangement constitutes a traditional lock-box arrangement as discussed in authoritative accounting guidance. Based on that guidance, we have classified the entire outstanding principal balance of the loan as a current liability as of December 31, 2012, since the lock-box arrangement requires us to use the properties' working capital to service the

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loan, and we do not presently have the ability to refinance this loan to a new, long-term loan. Although the entire principal balance of the loan is classified as a current liability as of December 31, 2012, the loan is not in default, and the principal balance is not due currently.

Given operating trends and performance at the properties during 2011 and 2012, we currently expect the properties to generate sufficient cash flow so that our subsidization of debt service, if any, for 2013 will be insignificant to our overall operations. As a result, we currently believe the most likely course of action for 2013 is to continue to operate these properties, assuming these trends continue.

Pocono Mountains Mortgage Loan This loan is secured by a mortgage on our Pocono Mountains resort. The loan bears interest at a fixed rate of 6.10% and matures in January 2017. The loan is currently subject to a 30-year principal amortization schedule. The loan has customary covenants associated with an individual mortgaged property. The loan also has customary restrictions on our ability to prepay the loan prior to maturity. We were in compliance with all covenants under this loan at December 31, 2012.

The loan requires us to maintain a minimum DSCR of 1.25, calculated on a quarterly basis. Subject to certain exceptions, the DSCR is increased to 1.35 if we open up a waterpark resort within 75 miles of the property or incur mezzanine debt secured by the resort. This ratio is defined as the property's combined trailing twelve-month net operating income divided by the greater of (i) the loan's twelve-month debt service requirements and (ii) 7.25% of the amount of the outstanding principal indebtedness under the loan. Failure to meet the minimum DSCR is not an event of default and does not accelerate the due date of the loan. Not meeting the minimum DSCR, however, subjects the property to a lock-box cash management arrangement, at the discretion of the loan's servicer. We believe that lock-box arrangement would require substantially all cash receipts for the resort to be moved each day to a lender-controlled bank account, which the loan servicer would then use to fund debt service and operating expenses for the resort, with excess cash flow being deposited in a reserve account and held as additional collateral for the loan. While recourse under the loan is limited to the property owner's interest in the mortgage property, we have provided limited guarantees with respect to certain customary non-recourse provisions and environmental indemnities relating to the loan.

The loan also contains limitations on our ability, without lender's consent, to (i) make payments to our affiliates if a default exists; (ii) enter into transactions with our affiliates; (iii) make loans or advances; or (iv) assume, guarantee or become liable in connection with any other obligations.

Concord Mortgage Loan This loan is secured by a mortgage on our Concord resort. This loan bears interest at a floating rate of 30-day LIBOR plus a spread of 500 basis points with a minimum rate of 6.00% per annum (effective rate of 6.00% at December 31, 2012). This loan requires four quarterly principal payments of \$125 each beginning October 1, 2011, and quarterly principal payments of \$375 thereafter. The loan was amended in March 2012 to extend the maturity to December 31, 2016.

As part of the loan agreement, if the Concord resort does not achieve certain financial performance thresholds the lender requires excess cash from the Concord resort to be swept to the lender on a monthly basis. The lender will hold the excess cash until the end of each quarter and then will either fund the cash back to us to cover any projected cash shortfalls at the property or if there are no shortfalls projected, use the excess cash to repay the loan principal balance. The lender has a \$14,500 loan principal guarantee from Great Wolf Resorts. This loan has customary financial and operating debt compliance covenants associated with an individual mortgaged property. We were in compliance with all covenants under this loan at December 31, 2012.

In connection with the refinancing of this loan in 2011 and the amendment of this loan in 2012, we were required to provide interest rate protection on a portion of the loan amount through the loan's maturity date. Therefore, we executed interest rate caps that cap the loan at an 8.00% interest rate through December 2016. The interest rate caps were designated as ineffective cash flow hedges. We mark the interest rate caps to market and record the change to interest expense.

First Mortgage Notes In April 2010, we completed, in a private placement followed by a registered exchange offer, an offering of \$230,000 in aggregate principal amount of our 10.875% first mortgage notes (the Notes) due April 2017. The Notes were sold at a discount that provides an effective yield of 11.875% before transaction costs. The proceeds of the Notes were used to retire the outstanding mortgage debt on our Mason, Williamsburg, and Grapevine properties and for general

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corporate purposes. Prior to the Merger, we were amortizing the discount over the life of the Notes using the straight-line method, which approximated the effective interest method. As part of the acquisition method of accounting done in conjunction with the Merger, the Notes were recorded at fair value.

The Notes are senior obligations of GWR Operating Partnership, L.L.L.P. and Great Wolf Finance Corp (Issuers). The Notes are guaranteed by Great Wolf Resorts and by our subsidiaries that own three of our resorts and those guarantees are secured by first priority mortgages on those three resorts. The Notes are also guaranteed by certain of our other subsidiaries on a senior unsecured basis.

The Notes require that we satisfy certain tests in order to, among other things: (i) incur additional indebtedness; (ii) make distributions from GWR Operating Partnership, L.L.L.P. to Great Wolf Resorts, Inc.; (iii) repurchase the equity interests in GWR Operating Partnership, L.L.L.P. or to prepay the subordinated debt of GWR Operating Partnership, L.L.L.P. or its subsidiaries; (iv) make investments, (v) enter into affiliate transactions, (vi) sell assets other than in the ordinary course of business or (vii) merge. We are currently restricted from these activities with certain carve-outs, as provided in the indenture.

Junior Subordinated Debentures In March 2005 we completed a private offering of \$50,000 of trust preferred securities (TPS) through Great Wolf Capital Trust I (Trust I), a Delaware statutory trust which is our subsidiary. The securities pay holders cumulative cash distributions at an annual rate which is fixed at 7.80% through March 2015 and then floats at LIBOR plus a spread of 310 basis points thereafter. The securities mature in March 2035 and are callable at no premium after March 2010. In addition, we invested \$1,550 in Trust I's common securities, representing 3% of the total capitalization of Trust I.

Trust I used the proceeds of the offering and our investment to purchase from us \$51,550 of junior subordinated debentures with payment terms that mirror the distribution terms of the TPS. The indenture governing the debentures contains limitations on our ability, without the consent of the holders of the debentures, to make payments to our affiliates or for our affiliates to make payments to us if a default exists. The costs of the TPS offering totaled \$1,600, including \$1,500 of underwriting commissions and expenses and \$100 of costs incurred directly by Trust I. Trust I paid these costs utilizing an investment from us. These costs are being amortized over a 30-year period. The proceeds from our debentures sale, net of the costs of the TPS offering and our investment in Trust I, were \$48,400. We used the net proceeds to retire a construction loan.

In June 2007 we completed a private offering of \$28,125 of TPS through Great Wolf Capital Trust III (Trust III), a Delaware statutory trust that is our subsidiary. The securities pay holders cumulative cash distributions at an annual rate which is fixed at 7.90% through July 2012 and then floats at LIBOR plus a spread of 300 basis points thereafter. The securities mature in July 2017 and are callable at no premium after June 2012. In addition, we invested \$870 in the Trust's common securities, representing 3% of the total capitalization of Trust III.

Trust III used the proceeds of the offering and our investment to purchase from us \$28,995 of junior subordinated debentures with payment terms that mirror the distribution terms of the TPS of Trust III securities. The costs of the TPS offering totaled \$932, including \$870 of underwriting commissions and expenses and \$62 of costs incurred directly by Trust III. Trust III paid these costs utilizing an investment from us. The proceeds from these debentures sales, net of the costs of the TPS offering and our investment in Trust III, were \$27,193. We used the net proceeds for development costs.

On March 12, 2012, in a privately-negotiated exchange with the holder of the TPS of Trust III, Great Wolf Capital Trust IV (Trust IV), a newly-formed Delaware statutory trust that is our subsidiary, issued \$28,125 of new TPS in exchange for all \$28,125 of TPS of Trust III. The new TPS pay holders cumulative cash distributions at an annual rate fixed at 7.90% through July 31, 2012 and at a floating annual rate equal to LIBOR plus 550 basis points thereafter (effective rate of 5.81% at December 31, 2012). The new TPS mature on July 31, 2017 and are callable by the issuer at par after July 31, 2012. In conjunction with this transaction, Trust IV issued to us 870 common securities, which are all of the issued and outstanding common securities of Trust IV, with a liquidation amount of \$870. In addition, in conjunction with this transaction, we issued to Trust IV \$28,995 of junior subordinated debentures with payment terms that mirror the distribution terms of the TPS of Trust IV. Following the exchange transaction, the TPS of Trust III and the related junior subordinated debentures were cancelled.

Our consolidated financial statements present the debentures issued to the Trusts as other long-term debt. Our investments in the Trusts are accounted as cost investments and are included in other assets on our consolidated balance sheets. For financial reporting purposes, we record interest expense on the corresponding notes in our condensed consolidated statements of operations.

Future Maturities Future principal maturities on long-term debt are as follows:

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Through	
December 31,	
2013	\$ 4,806
2014	5,029
2015	63,058
2016	46,173
2017	344,443
Thereafter	51,550
Total	\$ 515,059

As discussed above, the Traverse City/Kansas City mortgage loan is classified as a current liability as of December 31, 2012, due to the implementation of a traditional lock-box arrangement, although the loan is not in default and the full principal balance of the loan is not due currently. The future maturities table above reflects future cash principal repayments currently required under the provisions of that loan of \$1,882 in 2013, \$2,015 in 2014, and \$59,948 in 2015.

Short-Term Liquidity Requirements

Our short-term liquidity requirements generally consist primarily of funds necessary to pay operating expenses for the next 12 months, including:

recurring maintenance, repairs and other operating expenses necessary to properly maintain and operate our resorts;

recurring capital expenditures we make at our resorts;

debt maturities within the next year, potentially including a portion of debt maturities of our unconsolidated subsidiary;

property taxes and insurance expenses;

interest expense and scheduled principal payments on outstanding indebtedness;

general and administrative expenses; and

income taxes.

Historically, we have satisfied our short-term liquidity requirements through a combination of operating cash flows and cash on hand. We believe that cash provided by our operations, together with cash on hand, will be sufficient to fund our short-term liquidity requirements for working capital, capital expenditures and debt service for the next 12 months.

Long-Term Liquidity Requirements

Our long-term liquidity requirements generally consist primarily of funds necessary to pay for the following items for periods beyond the next 12 months:

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scheduled debt maturities, potentially including a portion of debt maturities of our unconsolidated subsidiary;

costs associated with the development of new resorts;

renovations, expansions and other non-recurring capital expenditures that need to be made periodically to our resorts; and

capital contributions and loans to unconsolidated joint ventures.

We expect to meet these needs through a combination of:

existing working capital,

cash provided by operations,

proceeds from investing activities, and

proceeds from financing activities, including mortgage financing on properties being developed, additional or replacement borrowings under future credit facilities, contributions from joint venture partners, and the issuance of equity instruments, including common stock, or additional or replacement debt, including debt securities, as market conditions permit.

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We believe these sources of capital will be sufficient to provide for our long-term capital needs. We cannot be certain, however, that we will have access to financing sufficient to meet our long-term liquidity requirements on terms that are favorable to us, or at all.

Other than debt maturities, our largest long-term liquidity requirements are expected to be for capital expenditures for our existing resorts, capital expenditures for development of future resorts, and capital contribution or loans to existing joint ventures or joint ventures owning resorts under construction or development. Expenditures related to capital expenditures for our existing resorts were \$10,571 for the year ended December 31, 2012.

Off Balance Sheet Arrangements

As of December 31, 2012, we have one unconsolidated joint venture arrangement with The Confederated Tribes of the Chehalis Reservation with respect to the Great Wolf Lodge resort and conference center on a 39-acre land parcel in Grand Mound, Washington. This joint venture is a limited liability company. We are a member of that limited liability company with a 49% ownership interest. We account for the joint venture using the equity method of accounting. See Note 4 to the consolidated financial statements of the Company.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2012:

	Total	Payment Terms			More Than 5 Years
		Less Than 1 Year	1-3 Years	3-5 Years	
Debt obligations(1)	\$ 659,227	\$ 39,931	\$ 133,807	\$ 433,939	\$ 51,550
Operating lease obligations	3,956	1,013	1,732	1,211	0
Reserve on unrecognized tax benefits(2)	1,298				1,298
Total	\$ 664,481	\$ 40,944	\$ 135,539	\$ 435,150	\$ 52,848

(1) Amounts include interest (for fixed rate debt) and principal.

(2) We have not identified the corresponding payment terms on the unrecognized tax benefits as we are unable to do so at this time. If we develop future resorts where we are the majority owner, we expect to incur significant additional debt and construction contract obligations.

Working Capital

We had \$28,124 of available cash and cash equivalents and a working capital deficit of \$61,054 (current assets less current liabilities) at December 31, 2012, compared to the \$33,767 of available cash and cash equivalents and a working capital deficit of \$63,403 at December 31, 2011. The primary reasons for the working capital deficit as of December 31, 2012 and December 31, 2011 is the classification of our Traverse City/Kansas City mortgage loan (principal balance of \$63,845 as of December 31, 2012) as a current liability due to the lender's implementation of the traditional lock-box arrangement for the two properties. Although the entire principal balance of the loan is classified as a current liability as of December 31, 2012, the loan is not in default, and the principal balance is not currently due.

Cash Flows**Comparison of Year Ended December 31, 2012 to Year Ended December 31, 2011**

Year Ended December 31,
2012 2011

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			Increase/ (Decrease)
Net cash provided by operating activities	\$ 19,356	\$ 28,868	\$ (9,512)
Net cash used in investing activities	(18,276)	(5,013)	(13,263)
Net cash used in financing activities	(6,723)	(27,076)	20,353

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Operating Activities. The decrease in net cash provided by operating activities resulted primarily from an increase in net loss and accounts receivable and other assets, which is partially offset by an increase in accounts payable, accrued expenses and other liabilities during the year ended December 31, 2012 as compared to the year ended December 31, 2011.

Investing Activities. The increase in net cash used in investing activities for the year ended December 31, 2012, as compared to the year ended December 31, 2011, resulted primarily from the proceeds received from our sale of our Sheboygan resort during the year ended December 31, 2011 and an increase in restricted cash related to escrow activity, in the year ended December 31, 2012 as compared to the year ended December 31, 2011.

Financing Activities. The decrease in net cash used in financing activities resulted primarily from a decrease in principal payments on long term debt as it relates to our Concord loan during the year ended December 31, 2012 as compared to the year ended December 31, 2011. This decrease is also due to us receiving a capital contribution in connection with the Merger during the year ended December 31, 2012. No similar capital contribution was received during the year ended December 31, 2011. These decreases are partially offset by an increase due to distributions made to the noncontrolling investors relating to the CK acquisition. There was no similar distributions for the year ended December 31, 2011.

Comparison of Year Ended December 31, 2011 to Year Ended December 31, 2010

	Year Ended December 31,		
	2011	2010	Decrease
Net cash provided by operating activities	\$ 28,868	\$ 29,112	\$ (244)
Net cash used in investing activities	(5,013)	(4,478)	(535)
Net cash used in financing activities	(27,076)	(8,559)	(18,517)

Operating Activities. The decrease in net cash provided by operating activities resulted primarily from an increase in accounts receivable and other assets and a decrease in accounts payable, accrued expenses and other liabilities during the year ended December 31, 2011 as compared to the year ended December 31, 2010.

Investing Activities. The increase in net cash used in investing activities for the year ended December 31, 2011, as compared to the year ended December 31, 2010, resulted primarily from an increase in restricted cash, and partially offset by the proceeds received from our sale of our Sheboygan resort.

Financing Activities. The increase in net cash used in financing activities resulted primarily from an increase in principal payments on long-term debt as it relates to our Concord loan during the year ended December 31, 2011 as compared to the year ended December 31, 2010.

Inflation

Our resort properties are able to change room and amenity rates on a daily basis, so the impact of higher inflation can often be passed along to guests. However, a weak economic environment that decreases overall demand for our products and services could restrict our ability to raise room and amenity rates to offset rising costs.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments are dependent, in part, upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. Our earnings are also affected by the changes in interest rates due to the impact those changes have on our interest income from cash and our interest expense from variable-rate debt instruments. We may use derivative financial instruments to manage or hedge interest rate risks related to our borrowings. We do not intend to use derivatives for trading or speculative purposes. All dollar amounts are in thousands.

As of December 31, 2012, the total carrying value of our indebtedness was \$523,764, of which \$515,059 is the principal amount due to third parties. The carrying amounts as of December 31, 2012, include net fair value adjustments recorded as part of purchase accounting that increased the aggregate carrying value of debt as of the Merger date. We are amortizing these adjustments as offsets to interest expense over the life of each loan, using the effective interest rate method. Our indebtedness consisted of:

\$62,215 of fixed rate debt secured by two of our resorts, of which \$63,845 is the principal amount due to a third party. This debt bears interest at a face rate of 6.96%. This loan matures in January 2015.

\$93,114 of fixed rate debt secured by one of our resorts, of which \$91,692 is the principal amount due to a third party. This debt bears interest at a face rate of 6.10%. This loan matures in January 2017.

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\$49,158 of variable rate debt secured by one of our resorts, of which \$48,977 is the principal amount due to a third party. This debt bears interest at a floating annual rate of LIBOR plus a spread of 500 basis points, with a minimum face rate of 6.00% per annum. The effective face rate was 6.00% at December 31, 2012. This loan matures in December 2016.

\$258,293 of Notes that are secured by first priority liens on three of our resorts, of which \$230,000 is the principal amount due to third parties. The Notes bear interest at a face rate of 10.875%. The Notes are due April 2017.

\$35,393 of subordinated notes, of which \$51,550 is the principal amount due to third parties. The notes bear interest at a fixed face rate of 7.80% through March 2015 and then at a floating rate of LIBOR plus 310 basis points thereafter. The securities mature in March 2035.

\$25,591 of subordinated notes, of which \$28,995 is the principal amount due to third parties. The notes bear interest at a fixed face rate of 7.90% through July 2012 and then at a floating rate of LIBOR plus 550 basis points thereafter. The effective rate was 5.81% at December 31, 2012. The securities mature in July 2017.

As of December 31, 2012, we estimate the total fair value of the indebtedness described above to be approximately equal to their total carrying values.

If LIBOR were to increase by 1% or 100 basis points, the increase in interest expense on our variable rate debt would decrease future earnings and cash flows by approximately \$290 annually, based on our debt balances outstanding and current interest rates in effect as of December 31, 2012. If LIBOR were to decrease by 1% or 100 basis points, the decrease in interest expense on our variable rate debt would be approximately \$290 annually, based on our debt balances outstanding as of December 31, 2012.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements are filed as part of this Annual Report on Form 10-K:

	Page No.
Consolidated Financial Statements of Great Wolf Resorts, Inc. and Subsidiaries:	
<u>Report of Independent Registered Public Accounting Firm</u>	65
<u>Consolidated Balance Sheets as of December 31, 2012 and 2011</u>	68
<u>Consolidated Statements of Operations for the periods January 1, 2012 through May 4, 2012 and May 5, 2012 through December 31, 2012 and the years ended December 31, 2011 and 2010</u>	70
<u>Consolidated Statements of Equity for the years ended December 31, 2012, 2011 and 2010</u>	71
<u>Consolidated Statements of Cash Flows for the periods January 1, 2012 through May 4, 2012 and May 5, 2012 through December 31, 2012 and the years ended December 31, 2011 and 2010</u>	73
<u>Notes to Consolidated Financial Statements</u>	74

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Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors of

Great Wolf Resorts, Inc.:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, equity, and cash flows present fairly, in all material respects, the financial position of Great Wolf Resorts, Inc. and its subsidiaries (the Successor) at December 31, 2012, and the results of its operations and its cash flows in the period beginning May 5, 2012 through December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

Chicago, Illinois

March 28, 2013

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Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors of

Great Wolf Resorts, Inc.:

In our opinion, the accompanying consolidated statements of operations, equity, and cash flows present fairly, in all material respects, the results of operations and cash flows of Great Wolf Resorts, Inc. and its subsidiaries (the Predecessor) in the period beginning January 1, 2012 through May 4, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We also have audited the adjustments to revise the 2011 and 2010 consolidated financial statements to correct an error, as described in Note 18. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2011 and 2010 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2011 and 2010 consolidated financial statements taken as a whole.

/s/ PRICEWATERHOUSECOOPERS LLP

Chicago, Illinois

March 28, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Great Wolf Resorts, Inc.

We have audited, before the effects of the adjustments for the correction of the immaterial error described in Note 18, the consolidated balance sheet of Great Wolf Resorts, Inc. (a Delaware corporation) and subsidiaries (the Company) as of December 31, 2011, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2011 (the 2011 consolidated financial statements before the effects of the adjustments discussed in Note 18 are not presented herein). These 2011 consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2011 consolidated financial statements referred to above, which are before the effects of the adjustments for the correction of the immaterial error described in Note 18, present fairly, in all material respects, the financial position of Great Wolf Resorts, Inc. and subsidiaries as of December 31, 2011, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the adjustments for the correction of the immaterial error described in Note 18, and accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by other auditors.

/s/ GRANT THORNTON LLP

Milwaukee, Wisconsin

February 23, 2012

Table of Contents**GREAT WOLF RESORTS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(dollars in thousands, except per share data)

	December 31, 2012	2011 (as revised)
	Successor	Predecessor
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,124	\$ 33,767
Restricted cash	4,159	2,973
Escrows	7,022	2,618
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$5	7,620	3,660
Accounts receivable - affiliates	5,145	3,243
Inventory	7,203	7,570
Other current assets	4,284	3,239
Total current assets	63,557	57,070
Property and equipment, net	615,055	576,262
Investment in and advances to affiliates	25,697	24,311
Other assets	5,406	20,556
Goodwill	124,435	1,365
Intangible assets	47,444	25,310
Total assets	\$ 881,594	\$ 704,874
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 66,768	\$ 67,678
Accounts payable	7,459	5,301
Accounts payable - affiliates	1,741	27
Accrued interest payable	7,858	8,012
Accrued expenses	23,888	24,211
Advance deposits	8,360	7,715
Gift certificates payable	6,882	7,051
Other current liabilities	1,655	478
Total current liabilities	124,611	120,473
Mortgage debt	396,012	366,951
Other long-term debt	60,984	80,545
Deferred tax liability	43,713	11,907
Deferred compensation liability	2,164	1,502
Total liabilities	627,484	581,378
Commitments and contingencies		
Great Wolf Resorts stockholders' equity:		
Common stock, \$0.01 par value, 1,000 and 250,000,000 shares authorized at December 31, 2012 and 2011; 200 and 32,470,524 shares issued and outstanding at December 31, 2012 and 2011		325
Preferred stock, \$0.01 par value, 0 and 10,000,000 shares authorized at December 31, 2012 and 2011; no shares issued or outstanding at December 31, 2011		
Additional paid-in capital	267,112	404,714

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Accumulated deficit	(13,002)	(281,314)
Deferred compensation		(200)
Total Great Wolf Resorts stockholders' equity	254,110	123,525
Noncontrolling interest		(29)

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	December 31,	
	2012	2011
Total equity	254,110	123,496
Total liabilities and stockholders' equity	\$ 881,594	\$ 704,874

See accompanying notes to consolidated financial statements.

Table of Contents**GREAT WOLF RESORTS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(dollars in thousands)

	Successor Period May 5, 2012 through December 31, 2012	Predecessor Period January 1, 2012 through May 4, 2012	Predecessor Year ended December 31, 2011 (as revised) 2010 (as revised)	
Revenues:				
Rooms	\$ 120,963	\$ 63,793	\$ 174,325	\$ 158,985
Food and beverage	33,471	17,273	46,507	44,434
Other	31,153	15,920	45,910	43,229
Management and other fees	2,418	1,398	2,812	2,646
Management and other fees affiliates	3,582	1,414	4,981	4,594
	191,587	99,798	274,535	253,888
Other revenue from managed properties	7,887	4,193	11,315	11,083
Other revenue from managed properties affiliates	7,712	3,901	10,858	10,989
Total revenues	207,186	107,892	296,708	275,960
Operating expenses by department:				
Rooms	18,039	9,458	25,069	23,106
Food and beverage	24,931	12,946	35,492	33,172
Other	26,329	13,450	37,463	33,934
Other operating expenses:				
Selling, general and administrative	51,930	42,205	64,332	65,075
Selling, general and administrative affiliates	193	0	0	0
Property operating costs	23,365	11,347	35,373	33,004
Depreciation and amortization	31,422	16,469	53,723	58,318
Asset impairment loss	1,200	0	0	18,741
Loss on disposition of assets	182	47	1,513	19
	177,591	105,922	252,965	265,369
Other expenses from managed properties	7,887	4,193	11,315	11,083
Other expenses from managed properties affiliates	7,712	3,901	10,858	10,989
Total operating expenses	193,190	114,016	275,138	287,441
Net operating income (loss)	13,996	(6,124)	21,570	(11,481)
Investment income affiliates	(577)	(303)	(902)	(1,088)
Interest income	(128)	(82)	(210)	(543)
Interest expense	26,126	16,016	47,902	45,540
Loss from continuing operations before income taxes and equity in unconsolidated affiliates	(11,425)	(21,755)	(25,220)	(55,390)
Income tax expense	1,062	269	1,132	785
Equity in unconsolidated affiliates, net of tax	607	(551)	13	648

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Net loss from continuing operations	(13,094)	(21,473)	(26,365)	(56,823)
Discontinued operations, net of tax	(9)	23	(6,634)	509
Net loss	(13,085)	(21,496)	(19,731)	(57,332)
Net income attributable to noncontrolling interest, net of tax	(83)	(15)	(18)	(9)
Net loss attributable to Great Wolf Resorts, Inc.	\$ (13,002)	\$ (21,481)	\$ (19,713)	\$ (57,323)

See accompanying notes to consolidated financial statements.

Table of Contents**GREAT WOLF RESORTS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF EQUITY**

(dollars in thousands, except per share data)

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Deferred Compensation	Noncontrolling Interest	Total Equity
Predecessor:							
Balance, January 1, 2010, as revised	31,278,889	\$ 313	\$ 400,930	\$ (204,278)	\$ (200)	\$	\$ 196,765
Issuance of equity shares under the stock-based compensation plan	1,060,236	10	0	0	0	0	10
Stock-based compensation	0	0	2,022	0	0	0	2,022
Net loss attributable to Great Wolf Resorts, Inc., as revised	0	0	0	(57,323)	0	(9)	(57,332)
Balance, December 31, 2010, as revised	32,339,125	323	402,952	(261,601)	(200)	(9)	141,465
Issuance of equity shares under the stock-based compensation plan	131,399	2	0	0	0	0	2
Stock-based compensation	0	0	1,762	0	0	0	1,762
Other	0	0	0	0	0	(2)	(2)
Net loss, as revised	0	0	0	(19,713)	0	(18)	(19,731)
Balance, December 31, 2011, as revised	32,470,524	325	404,714	(281,314)	(200)	(29)	123,496
Issuance of equity shares under the stock-based compensation plan	915,766	9	0	0	0	0	9
Issuance of Top-Up shares	66,751,948	667	0	0	0	0	667
Stock-based compensation	0	0	2,696	0	0	0	2,696
Sale of common stock deferred compensation plan	0	0	(200)	0	200	0	0
Net loss	0	0	0	(21,481)	0	(15)	(21,496)
Balance, May 4, 2012	100,138,238	1,001	407,210	(302,795)	0	(44)	105,372
Successor:							
Purchase accounting adjustments	(100,138,238)	(1,001)	(407,210)	302,795	0	44	(105,372)
Issuance of stock related to Merger	200	0	262,773	0	0	0	262,773
Stock-based compensation	0	0	1,465	0	0	0	1,465
Capital contributions	0	0	1,091	0	0	0	1,091
Purchase of noncontrolling interest	0	0	1,783	0	0	83	1,866
Net loss	0	0	0	(13,002)	0	(83)	(13,085)
Balance, December 31, 2012	200	\$ 0	\$ 267,112	\$ (13,002)	\$ 0	\$ 0	\$ 254,110

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See accompanying notes to consolidated financial statements.

Table of Contents**GREAT WOLF RESORTS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(dollars in thousands)

	Successor	Period	Predecessor	
	Period May 5, 2012 through December 31, 2012	January 1, 2012 through May 4, 2012	Year ended December 31, 2011 (as revised)	2010 (as revised)
Operating activities:				
Net loss	\$ (13,085)	\$ (21,496)	\$ (19,731)	\$ (57,332)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	31,422	16,469	53,823	58,467
Bad debt expense	132	26	29	226
Amortization of debt fair value	(3,279)	0	0	0
Asset impairment loss	1,200	0	0	18,741
Write off of development costs	4,749	0	0	0
Non-cash employee compensation and professional fees expense	1,518	3,348	2,252	2,664
Loss on disposition of assets	182	47	1,513	18
Gain on disposition of property included in discontinued operations	0	0	(6,667)	0
Equity in income (losses) of unconsolidated affiliates	663	(559)	13	639
Deferred tax expense (benefit)	462	73	208	(94)
Changes in operating assets and liabilities:				
Accounts receivable and other assets	(7,286)	103	(1,520)	(1,138)
Accounts payable, accrued expenses and other liabilities	1,000	3,667	(1,052)	6,921
Net cash provided by operating activities	17,678	1,678	28,868	29,112
Investing activities:				
Capital expenditures for property and equipment	(8,334)	(2,237)	(9,323)	(8,683)
Loan repayment from unconsolidated affiliate	0	0	807	1,715
Investment in unconsolidated affiliates	(460)	0	0	0
Investment in development	(58)	(75)	(422)	(517)
Proceeds from the sale of a discontinued operation	0	0	4,200	0
Proceeds from sale of assets	0	3	2	19
Cash acquired in acquisition of Creative Kingdoms, LLC	0	0	0	324
Purchase of minority interest	(1,525)	0	0	0
(Increase) decrease in restricted cash and escrows	(2,126)	(3,464)	(277)	2,664
Net cash used in investing activities	(12,503)	(5,773)	(5,013)	(4,478)
Financing activities:				
Principal payments on long-term debt	(5,857)	(1,777)	(81,561)	(217,110)
Proceeds from issuance of long-term debt	0	0	56,000	219,337
Payment of loan costs	(60)	(120)	(1,515)	(10,786)
Capital contributions	1,091	0	0	0
Net cash used in financing activities	(4,826)	(1,897)	(27,076)	(8,559)
Net increase (decrease) in cash and cash equivalents	349	(5,992)	(3,221)	16,075

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Cash and cash equivalents, beginning of year	27,775	33,767	36,988	20,913
Cash and cash equivalents, end of year	\$ 28,124	\$ 27,775	\$ 33,767	\$ 36,988

Supplemental cash flow information:

Cash paid for interest, net of capitalized interest	\$ 24,549	\$ 20,499	\$ 48,502	\$ 40,904
Cash paid for income taxes, net of refunds	\$ 488	\$ 211	\$ 702	\$ 549

Non-cash items:

Construction in process accruals	\$ 41	\$ 0	\$ 0	\$ 0
Loan cost accruals	\$ 0	\$ 0	\$ 0	\$ 679
Conversion of note receivable and accrued interest to equity investment	\$ 0	\$ 0	\$ 0	\$ 9,963
Transfer of fixed assets to inventory	\$ 0	\$ 0	\$ 1,883	\$ 0
Conversion of intangible assets to investment in affiliate	\$ 1,379	\$ 0	\$ 0	\$ 0
Investment in unconsolidated affiliate	\$ 460	\$ 0	\$ 0	\$ 0

See accompanying notes to consolidated financial statements.

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GREAT WOLF RESORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts)

1. ORGANIZATION

The terms Great Wolf Resorts, us, we and our are used in this report to refer to Great Wolf Resorts and its consolidated subsidiaries.

Business Summary

We are a family entertainment resort company that provides our guests with a high quality vacation at an affordable price. We are the largest owner, licensor, operator and developer in North America of drive-to destination family resorts featuring indoor waterparks and other family-oriented entertainment activities. Each of our resorts features approximately 300 to 600 family suites, each of which sleeps from six to ten people and includes a wet bar, microwave oven, refrigerator and dining and sitting area. We provide a full-service entertainment resort experience to our primary target customer base: families with children ranging in ages from 2 to 12 years old that live within a convenient driving distance of our resorts. Several of our resorts have significant meeting space or conference centers, allowing us to also attract groups in addition to our leisure guests. Our resorts are open year-round and provide a consistent, comfortable environment where our guests can enjoy our various amenities and activities. We operate and license resorts under our Great Wolf Lodge® brand name. We own and operate several of the resorts in our portfolio; we have also entered into licensing and management arrangements with third parties relating to the operation of resorts under the Great Wolf Lodge brand name.

We provide our guests with a self-contained vacation experience and focus on capturing a significant portion of their total vacation spending. We earn revenues through the sale of rooms (which includes admission to our indoor waterpark), and other revenue-generating resort amenities. Each of our resorts features a combination of the following revenue-generating amenities: themed restaurants, ice cream shop and confectionery, full-service adult spa, kid spa, game arcade, gift shop, miniature golf, interactive game attraction, family tech center and meeting space. We also generate revenues from licensing fees, management fees and other fees with respect to our operation or development of properties owned in whole or in part by third parties.

On May 4, 2012, the Company merged (the Merger) with K-9 Acquisition, Inc., a Delaware corporation (Merger Sub) and subsidiary of a fund managed by an affiliate of Apollo Global Management, LLC (together with its subsidiaries, Apollo), in the Merger (as discussed in Note 3 below). Although the Company continued as the same legal entity after the Merger, the Company's capital structure changed significantly as a result of the Merger and our financial statement presentations distinguish between a Predecessor for periods prior to the Merger and a Successor for periods subsequent to the Merger. The Merger was accounted for as a business combination using the acquisition method of accounting, and the Successor financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the effective time of the Merger. We obtained the assistance of independent third parties in determining the fair value of certain tangible assets, identifiable intangible assets, and liabilities. As a result of the application of the acquisition method of accounting as of the effective time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable.

In 2010, we acquired a 62.4% equity interest in Creative Kingdoms (CK). On December 28, 2012 we acquired the remaining 37.6% equity interest in CK. The acquisition of the noncontrolling interest was accounted for as an equity transaction, therefore no gain or loss as a result of the acquisition was recognized. Noncontrolling interest in the accumulated deficit of CK in the amount of \$1,866 was reclassified to additional paid in capital. CK is a developer of experiential gaming products including MagiQuest®, an interactive game attraction available at all of our resorts. CK also owns or has sold to other parties several stand-alone MagiQuest facilities or similar attractions. The following table presents an overview of our portfolio of resorts. As of December 31, 2012, we operated, managed and/or were party to licensing arrangements relating to the operation of 11 Great Wolf Lodge resorts (our signature Northwoods-themed resorts). We anticipate that most of our future resorts will be licensed and/or developed under our Great Wolf Lodge brand, but we may operate and/or enter into licensing arrangements with other resorts using different brands in appropriate markets.

On March 24, 2011, we sold our Blue Harbor Resort in Sheboygan, WI. We continue to license the Blue Harbor Resort and related trade names to the buyer at no fee. As of March 24, 2011, we no longer operate this resort or manage the condominium units there.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation The accompanying consolidated financial statements include all of the accounts of Great Wolf Resorts and our consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Reclassifications Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

On our consolidated balance sheets we have classified restricted cash on a separate line, it was previously included in other current assets; and

On our consolidated balance sheets we have classified gift certificates payable on a separate line, it was previously included in other current liabilities.

Cash and Cash Equivalents Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less when acquired. Cash is invested with federally insured institutions that are members of the FDIC. Cash balances with institutions may be in excess of federally insured limits or may be invested in time deposits that are not insured by the institution, the FDIC or any other government agency. Cash and cash equivalents does not include cash escrowed under loan agreements, cash that is held by a loan servicer under a lock-box arrangement, or cash restricted in connection with deferred compensation payable.

Accounts Receivable Accounts receivable primarily represents receivables from resort guests who occupy rooms and utilize resort amenities. We provide an allowance for doubtful accounts when we determine that it is more likely than not a specific account will not be collected. Bad debt expense for the period January 1, 2012 through May 4, 2012, the period May 5, 2012 through December 31, 2012, and the years ended December 31, 2011, and 2010 was \$26, \$132, \$29, and \$226,

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respectively. Writeoffs of accounts receivable for the period January 1, 2012 through May 4, 2012, the period May 5, 2012 through December 31, 2012, and for the years ended December 31, 2011, and 2010 were \$26, \$127, \$21, and \$138, respectively.

Inventory Inventories are comprised primarily of retail and food and beverage inventories and are recorded at the lower of cost or an average cost basis or market.

Property and Equipment Investments in property and equipment are recorded at cost. These assets are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings and improvements	20-45 years
Fixtures and equipment, including waterpark equipment	3-15 years

We periodically review the estimated useful lives we have assigned to our depreciable assets to determine whether those useful lives are reasonable and appropriate.

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Improvements and replacements are capitalized when they extend the useful life, increase capacity or improve the efficiency of the asset. Repairs and maintenance expenditures are expensed as incurred. Construction in process includes costs such as site work, permitting and construction related to resorts under development. Interest is capitalized on construction in process balances during the construction period. We had no capitalized interest for the years ended December 31, 2012 and 2011.

Loan Fees Loan fees are capitalized and amortized over the term of the loan using a method that approximates the effective interest method. Loan fees, net of accumulated amortization, were \$31 and \$10,305 as of December 31, 2012 and 2011, respectively. Amortization of loan fees was \$754, \$29, \$5,193, and \$8,443 for the period January 1, 2012 through May 4, 2012, the period May 5, 2012 through December 31, 2012 and the years ended December 31, 2011, and 2010, respectively. Included in loan fee amortization for the years ended December 31, 2011 and 2010 were approximately \$1,850, and \$3,500, respectively, of loan fees that were written off due to repayments of related debt.

Acquisition Accounting We follow acquisition accounting for all acquisitions that meet the business combination definition. Acquisition accounting requires us to measure the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest at the acquisition-date fair value. While we use our best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operation.

Partially-Owned Entities In determining whether we had controlling interest in a partially-owned entity and the requirement to consolidate the accounts of that entity, we consider factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members as well as whether the entity is a variable interest entity in which we will absorb the majority of the entity's expected losses, if they occur, or receive the majority of the expected residual returns, if they occur, or both. We record profits and losses from our partially-owned entities according to the terms of the operating agreements.

Investments In and Advances to Unconsolidated Affiliates We use the equity method to account for our investments in unconsolidated joint ventures, as we do not have a controlling interest. Net income or loss is allocated between the partners in the joint ventures based on the hypothetical liquidation at book value method (HLBV). Under the HLBV method, net income or loss is allocated between the partners based on the difference between each partner's claim on the net assets of the partnership at the end and beginning of the period, after taking into account contributions and distributions. Each partner's share of the net assets of the partnership is calculated as the amount that the partner would receive if the partnership were to liquidate all of its assets at net book value and distribute the resulting cash to creditors and partners in accordance with their respective priorities. Periodically we may make advances to our affiliates.

Intangibles Our intangible assets consist of the value of our brand name, management contracts and patented and unpatented technologies. A summary of our intangibles is as follows:

	Successor December 31, 2012	Predecessor December 31, 2011
Brand name	\$ 39,600	\$ 23,829
Management contracts, net of amortization	7,844	0
Patented and unpatented technologies	0	1,481
	\$ 47,444	\$ 25,310

The brand name intangible asset has an indefinite useful life. We do not amortize the brand name intangible, but instead test for possible impairment at least annually or when circumstances warrant. We perform a qualitative assessment to determine if it is more likely than not that the fair value of the asset is less than its carrying amount. If we believe, as a result of our qualitative assessment, that it is more likely than not that the fair value of the asset is less than its carrying amount, the quantitative impairment test is required.

As a result of the Merger we recognized a \$1,200 intangible asset for the MagiQuest brand name held by CK. During the three months ending December 31, 2012, we determined that the carrying value of our MagiQuest brand name was impaired in light of the reduced estimated revenue for CK. Because of the reduced revenue, we performed an impairment analysis of our MagiQuest brand name to determine if further assessment

for potential impairment

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was required. Based on this analysis, we determined the carrying value of our MagiQuest brand name intangible asset was not recoverable. As a result, we recorded a \$1,200 impairment charge for the period May 5, 2012 through December 31, 2012. The impairment charge is included in our Other segment.

We amortize our management contract intangibles over the remaining life of the contracts, ranging from 4 years to 45 years.

Amortization expense of our intangibles was \$67, \$593, \$194 and \$281 for the periods January 1, 2012 through May 4, 2012 and May 5, 2012 through December 31, 2012 and the years ended December 31, 2011 and 2010, respectively.

The estimated amortization expense of other intangible assets for the next five years:

2013	\$ 684
2014	684
2015	684
2016	434
2017	309
	\$ 2,793

In connection with our acquisition of the entire equity interests of CK in December 2012, CK contributed certain patented technologies to a separate company in which it owns 25%.

Goodwill The excess of the purchase price of entities that are considered to be purchases of businesses over the estimated fair value of tangible and identifiable intangible assets acquired is recorded as goodwill. We are required to assess goodwill for impairment annually, or more frequently if circumstances indicate impairment may have occurred. We perform a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we believe, as a result of our qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further impairment testing is required. The first step of the quantitative impairment test compares the carrying amount of the reporting unit to its estimated fair value. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. To the extent that the carrying value of the reporting unit exceeds its estimated fair value, a second step is performed, wherein the reporting unit's carrying value of goodwill is compared to the implied fair value of goodwill. To the extent that the carrying value exceeds the implied fair value, impairment exists and must be recognized. We determine our reporting units' fair values using a discounted cash flow model.

In connection with the acquisition of the majority interest CK in 2010, we recorded \$1,365 of goodwill. In 2012 in connection with the Merger, we recorded \$124,435 of goodwill as part of purchase accounting.

Balance as of January 1, 2011 (Predecessor)	
Goodwill recorded related to the acquisition of the majority interest in CK	\$ 1,365
Balance as of December 31, 2011 and May 4, 2012 (Predecessor)	\$ 1,365
Goodwill removed as a result of the Merger	(1,365)
Goodwill recorded related to the Merger	124,435
Balance as of December 31, 2012 (Successor)	\$ 124,435

Impairment of Long-Lived Assets When circumstances, such as adverse market conditions, indicate that the carrying value of a long-lived asset may be impaired, we perform an analysis to review the recoverability of the asset's carrying value. We make estimates of the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the

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estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income.

During the year ended December 31, 2010, we recorded \$18,741 of impairment charges related to our Traverse City and Kansas City resorts. We determined the carrying values of these resorts were impaired in light of the reduced estimated hold periods for the resorts. Because of the reduced estimated hold periods, we performed recoverability tests of these resorts to determine if further assessment for potential impairment was required. Based on this analysis of undiscounted cash flows, we determined the carrying value of these resorts were not recoverable. As a result, we recorded an \$18,741 impairment charge to decrease the resorts' carrying value to their estimated fair value (net of estimated disposal costs) as of December 31, 2010. We estimated the properties' fair values by using available market information for similar assets, as well as considering estimated future cash flows, terminal values based on the projected cash flows and capitalization rates in the range of what is reported in industry publications for operationally similar assets and other available market information. The cash flows considered in estimating the fair values were discounted using market-based discounts generally used for operationally and geographically similar assets. The impairment charge is included in our Resort Ownership/Operation segment.

Revenue Recognition We earn revenues from our resort operations and management of resorts and other related services. We recognize revenue from rooms, food and beverage, and other operating departments at the resorts and from

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product sales, admission fees and retail revenues from our subsidiary that is the developer of experiential gaming products, as earned at the time of sale or rendering of service. Cash received in advance of the sale or rendering of services is recorded as advance deposits on the consolidated balance sheets. We recognize resort management, license and other related fees as they are contractually earned. We recognize development and construction management fees as earned under the completed contract method for projects with a short duration, and the percentage of completion method (based on contract-to-date services performed or costs incurred compared to services performed or total expected costs) for longer-term projects.

Other Revenue and Other Expenses From Managed Properties We employ the staff at our managed properties. Under our management agreements, the resort owners reimburse us for payroll, benefits and certain other costs related to the staff we employ at the managed properties. The reimbursement of payroll, benefits and costs is recorded as other revenue from managed properties on our statements of operations, with a corresponding expense recorded as other expenses from managed properties.

Noncontrolling Interests We record the non-owned equity interests of our consolidated subsidiaries as a separate component of our consolidated equity on our consolidated balance sheet. The net earnings attributable to the controlling and noncontrolling interests are included on the face of our statement of operations. CK was a consolidated subsidiary with a noncontrolling interest through December 28, 2012, at which time we purchased the noncontrolling interest.

Income Taxes We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Significant management judgment is required in determining our provision or benefit for income taxes, our deferred tax assets and liabilities, and any valuation allowance recorded against our net deferred tax assets. We record net deferred tax assets (primarily resulting from net operating loss carryforwards) to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income (that could result from a sale of one or more of our resorts where there is a sales price in excess of tax basis), tax planning strategies and recent financial operations. In the event we were to determine that we would not be able to realize our deferred tax assets, we would establish a valuation allowance, which would increase the provision for income taxes. Conversely, in the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

As of December 31, 2012 and 2011, we recorded valuation allowances of \$72,979 and \$67,321, respectively, due to uncertainties related to our ability to utilize some of our deferred tax assets, primarily consisting of certain net operating loss carryforwards, before they expire. The valuation allowance we recorded is based on our estimates of taxable income solely from the reversal of existing deferred tax liabilities and the period over which deferred tax assets reverse. In the event that actual results differ from these estimates or we adjust these estimates in a future period, we may need to increase or decrease our valuation allowance, which could materially impact our consolidated statement of operations.

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition.

We and our subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and Canada. All of the tax years since the date of our initial public offering (IPO) in 2004 are open in all jurisdictions. Our policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as income tax expense. We believe that we have appropriate support for the income tax positions taken and to be taken on our tax returns and that our accruals for tax liabilities are adequate for all open years based on an assessment of many factors including interpretations of tax law applied to the facts of each matter.

Derivatives Derivative instruments are recorded on the balance sheet as either an asset or liability measured at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative are recognized in earnings. To the extent the hedge is effective; there is an offsetting adjustment to the basis of the item hedged. If the derivative is designated as a cash flow hedge, the effective portions of the changes in fair value or the derivative are recorded as a component of accumulated other comprehensive loss and recognized in the consolidated statements of operations when the hedged item affects earnings. Ineffective portions of changes in the fair value of hedges are recognized in earnings. Our policy is to execute derivative financial instruments with creditworthy banks and not to enter into such instruments for speculative purposes.

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Share-based compensation We account for share-based compensation based on the fair value of the award at the date of grant over the requisite service period. Grant price of restricted stock is authorized by our board of directors based on the calculated fair value as determined via a third party valuation.

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Advertising Advertising costs are expensed as incurred. Advertising expense for the period January 1, 2012 through May 4, 2012, the period May 5, 2012 through December 31, 2012 and the years ended December 31, 2011, and 2010 was \$5,081, \$11,587, \$16,885, and \$17,982, respectively.

Use of Estimates To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, we must make estimates and assumptions. These estimates and assumptions affect the reported amounts in the financial statements, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements In July 2012, the FASB issued guidance on testing indefinite-lived intangible assets, other than goodwill, for impairment. An entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. If an entity believes, as a result of its qualitative assessment, that it is more likely than not that the fair value of the asset is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further impairment testing is required. The guidance is effective for annual and interim indefinite-lived intangible assets impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this guidance did not have a material impact on our consolidated financial statements.

3. PURCHASE ACCOUNTING IN CONNECTION WITH THE MERGER

On March 12, 2012, we entered into an Agreement and Plan of Merger (as amended, the Merger Agreement) with K-9 Holdings, Inc., a Delaware corporation (K-9), and Merger Sub, a direct wholly-owned subsidiary of K-9. Pursuant to the terms of the Merger Agreement, among other things, K9 and Merger Sub agreed to make a tender offer (the Offer) for all of the outstanding shares (each, a Share) of common stock (including restricted shares), par value \$0.01 per share, of the Company (the Common Stock) at a price of \$7.85 per share, net to the seller in cash, without interest (the Offer Price). Approximately 76% of the outstanding Shares were tendered in the Offer and the Company accepted all such tendered Shares for payment.

Following the expiration of the Offer, on May 4, 2012, Merger Sub exercised its option under the Merger Agreement to purchase a number of shares of Common Stock necessary for Merger Sub to own one share more than 90% of the outstanding Shares of Common Stock (the Top-Up Shares) at the Offer Price.

On May 4, 2012, following Merger Sub's purchase of the Top-Up Shares, K-9 completed its acquisition of the Company through the merger of Merger Sub with and into the Company, with the Company continuing as the surviving corporation in the merger and becoming a direct wholly-owned subsidiary of K-9 (the Merger).

At the effective time of the Merger, each share of Common Stock issued and outstanding immediately prior thereto (other than Common Stock owned or held (i) in treasury by the Company or any wholly-owned subsidiary of the Company, (ii) by K-9 or any of its subsidiaries (including the Top-Up Shares), or (iii) by stockholders who have validly exercised their appraisal rights), was canceled and converted into the right to receive the Offer Price in cash, without interest and subject to applicable withholding tax. At the Merger date, the authorized shares of common stock were reduced from 250,000,000 to 1,000 and the authorized preferred stock was eliminated.

The total cost to acquire all outstanding Shares pursuant to the Offer and the Merger was approximately \$263,000. The source of the funds for the acquisition of the Company was provided by committed equity capital contributed by certain equity funds managed by Apollo Management VII, L.P.

The Merger was accounted for as a business combination using the acquisition method of accounting, whereby the purchase price was allocated to tangible and intangible assets acquired and liabilities assumed, based on their estimated fair market values. Fair value measurements have been applied based on assumptions that market participants would use in the pricing of the assets or liabilities. The purchase price allocation could change in subsequent periods, up to one year from the Merger date. Any subsequent changes to the purchase price allocation that result in material changes to our consolidated financial statements will be adjusted retroactively.

We applied the acquisition method of accounting in connection with the Merger. In conjunction with purchase accounting we:

Recorded property and equipment, other assets, debt and non-controlling interest at their preliminarily estimated fair values;

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Recorded a deferred tax liability resulting from the difference between the preliminarily estimated fair values and the tax bases of assets. We recorded this liability at our anticipated effective tax rate of 40%; and

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Recorded as goodwill the excess of consideration in the purchase transaction over the estimated fair value of net tangible and intangible assets.

Purchase of Great Wolf Resorts, Inc. common equity	\$ 262,773
Less: Historical book value of Great Wolf Resorts, Inc. net assets acquired	105,414
Excess of purchase price over historical book value of net assets acquired	\$ 157,359
Allocated to:	
Goodwill	\$ 124,435
Property, plant and equipment	74,776
Intangible assets	24,231
Investments in and advances to affiliates	219
Other assets	(9,801)
Debt	(19,502)
Non-controlling interest	(4,932)
Net deferred tax liabilities	(32,067)
Total Adjustments	\$ 157,359

As a result of the Merger, we had \$124,435 of goodwill at May 4, 2012, all of which related to the application of purchase accounting in conjunction with the Merger. Some of the values and amounts used in the initial application of purchase accounting for our consolidated balance sheet were based on estimates and assumptions. We do not expect any of the goodwill amounts recorded in conjunction with the Merger to be deductible for tax purposes.

During the fourth quarter of fiscal 2012, we finalized our purchase accounting for the Merger. As part of this finalization we completed our detailed analysis of the valuation of the acquired deferred tax assets and determined that because the useful lives of some of the property and equipment we acquired will extend beyond the carryforward period for the net operating losses we acquired, we required an additional valuation allowance to reduce the net value of our deferred tax assets. As such, we made a measurement period adjustment to the fair value of the acquired assets and assumed liabilities during the fourth quarter of 2012. The fair values presented above reflect these changes, which are primarily comprised of a reduction in the value of the net assets acquired due to the recognition of additional valuation allowance on our deferred tax assets (included within the Net Deferred Tax Liabilities line item above) and an increase in the goodwill acquired in the merger of \$26,938.

The following table presents the unaudited pro forma results as if the Merger had occurred as of January 1, 2011:

	Year ended	
	ended December 31, 2012	2011
Revenues	\$ 315,078	\$ 296,708
Net income (loss) from continuing operations	(12,352)	(11,860)
Net income (loss) attributable to Great Wolf Resorts, Inc.	(13,655)	(6,353)

4. INVESTMENT IN AFFILIATES

Our unconsolidated joint venture with The Confederated Tribes of the Chehalis Reservation owns the Great Wolf Lodge resort and conference center on a 39-acre land parcel in Grand Mound, Washington. This joint venture is a limited liability company. We are a member of that limited liability company with a 49% ownership interest. The joint venture does not currently meet the significant subsidiary test threshold of SEC Regulation S-X Rule 3-09, *Separate financial statements of subsidiaries not consolidated and 50 percent or less owned persons*. Accordingly, Summarized financial information for the joint venture is not required to be presented.

At December 31, 2012, the joint venture had aggregate outstanding indebtedness to third parties of \$93,768. Neither joint venture partner guarantees the third party debt in the years presented. As of December 31, 2012, we have made combined loan and equity contributions, net of loan repayments, of \$27,179 to the joint venture to fund a portion of construction costs of the resort. There were no capital contributions made to the joint venture for the years ended December 31, 2012 and 2011. The loan we had extended to the joint venture was fully repaid in 2011.

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We had receivables from the joint venture of \$5,145 and \$3,243 as of December 31, 2012 and 2011, respectively, that relates primarily to accrued preferred equity returns and management fees. We had payables to the joint venture of \$1,741 and \$27 as of December 31, 2012 and 2011, respectively. The amount of investment income and management fee income recorded by us is included in the Investment income affiliates and Management and other fees affiliates line items, respectively, on our consolidated statements of operations.

5. VARIABLE INTEREST ENTITIES

A legal entity is referred to as a variable interest entity if, by design (1) the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support from other parties, or (2) the entity has equity investors that cannot make significant decisions about the entity's operations through voting rights, or do not have the obligation to absorb the expected losses, or do not have the right to receive the residual returns of the entity. A variable interest entity must be consolidated if it is determined that we have both the (1) power to

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direct the activities of the variable interest entity that most significantly impact the entity's economic performance and (2) obligation to absorb losses or the right to receive benefits of the variable interest entity that could potentially be significant to the variable interest entity.

In accordance with the guidance for the consolidation of variable interest entities, we analyze our variable interests, including equity investments and management agreements, to determine if an entity in which we have a variable interest is a variable interest entity and whether we must consolidate that variable interest entity. Our analysis includes both quantitative and qualitative reviews. We base our quantitative analysis on the forecasted cash flows of the entity, and our qualitative analysis on a consideration of all facts and circumstances including, but not limited to, our role in establishing the variable interest entity, our ongoing rights and responsibilities, the organization structure, and relevant financial and other agreements.

We have equity investments in the joint venture that owns the Great Wolf Lodge resort in Grand Mound, Washington as described in Note 4. We manage that resort and we have concluded that the joint venture is a variable interest entity due to the management contract that provides us with certain rights. However, we have concluded that we are not the primary beneficiary because the majority equity owner has substantive participating rights over the activities that most significantly impact the economic performance of the joint venture. As a result, we have concluded that power is shared between us and the other equity investor. As we share power with the majority equity owner, we are not the primary beneficiary of the joint venture and, therefore, we do not consolidate this entity. We have not provided any support to this entity that we were not contractually obligated to provide as of December 31, 2012 and 2011. Our maximum exposure to loss related to our involvement with this entity as of December 31, 2012 and 2011 is limited to the carrying value of our equity investments in the joint venture and receivables as of that date. Our exposure is limited because of the non-recourse nature of the borrowings of the joint venture. The total carrying values of those items on our balance sheet as of December 31, 2012 and 2011 is \$29,570 and \$27,554, respectively, and are included in the Accounts receivable affiliates and Investments in and advances to affiliates line items on our consolidated balance sheet.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2012 Successor	2011 Predecessor
Land and improvements	\$ 54,720	\$ 57,665
Building and improvements	383,435	417,385
Furniture, fixtures and equipment	207,203	344,825
Construction in process	434	142
	645,792	820,017
Less accumulated depreciation	(30,737)	(243,755)
Property and equipment, net	\$ 615,055	\$ 576,262

The above amounts as of December 31, 2012, include net fair value adjustments recorded as part of purchase accounting that increased the aggregate carrying value of property and equipment as of the Merger date (see Note 3).

Depreciation expense from continuing operations was \$15,623, \$30,753, \$48,254, and \$49,449 for the periods January 1, 2012 through May 4, 2012 and May 5, 2012 through December 31, 2012 and the years ended December 31, 2011 and 2010, respectively.

7. LONG-TERM DEBT

Long-term debt consists of the following:

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	Carrying Value		Principal Amounts Successor December 31, 2012
	Successor December 31, 2012	Predecessor December 31, 2011	
Mortgage Debt:			
Traverse City/Kansas City mortgage loan	\$ 62,215	\$ 65,591	\$ 63,845
Pocono Mountains mortgage loan	93,114	93,015	91,692
Concord mortgage loan	49,158	54,055	48,977
First mortgage notes (net of discount of \$8,046 as of December 31, 2011)	258,293	221,954	230,000
Other Long-Term Debt:			
Junior subordinated debentures	60,984	80,545	80,545
Other	0	14	0
	523,764	515,174	515,059
Less current portion of long-term debt	(66,768)	(67,678)	(66,768)
Total long-term debt	\$ 456,996	\$ 447,496	\$ 448,291

The carrying value amounts as of December 31, 2012, include net fair value adjustments recorded as part of purchase accounting that increased the aggregate carrying value of debt as of the Merger date (see Note 3). We are amortizing these adjustments as offsets to interest expense over the life of each loan, using the effective interest rate method. The unamortized fair value adjustment as of December 31, 2012 was \$8,705.

Traverse City/Kansas City Mortgage Loan This non-recourse loan is secured by our Traverse City and Kansas City resorts. The loan bears interest at a fixed rate of 6.96%, is subject to a 25-year principal amortization schedule, and matures in January 2015. The loan has customary financial and operating debt compliance covenants. The loan also has customary restrictions on our ability to prepay the loan prior to maturity. We were in compliance with all covenants under this loan at December 31, 2012. While recourse under the loan is limited to the property owner's interest in the mortgaged property, we have provided limited guarantees with respect to certain customary non-recourse provisions and environmental indemnities relating to the loan.

The loan also contains limitations on our ability, without lender's consent, to (i) make payments to our affiliates if a default exists; (ii) enter into transactions with our affiliates; (iii) make loans or advances; or (iv) assume, guarantee or become liable in connection with any other obligations.

The loan requires us to maintain a minimum debt service coverage ratio (DSCR) of 1.35, calculated on a quarterly basis. This ratio is defined as the two collateral properties' combined trailing twelve-month net operating income divided by the greater of (i) the loan's twelve-month debt service requirements and (ii) 8.5% of the amount of the outstanding principal indebtedness under the loan. Failure to meet the minimum DSCR is not an event of default and does not accelerate the due date of the loan. Not meeting the minimum DSCR, however, subjects the two properties to a lock-box cash management arrangement, at the discretion of the loan's servicer. The loan also contains a similar lock-box requirement if we open any Great Wolf Lodge or Blue Harbor Resort within 100 miles of either resort, and the two collateral properties' combined trailing twelve-month net operating income is not at least equal to 1.8 times 8.5% of the amount of the outstanding principal indebtedness under the loan. For the year ended December 31, 2012, the DSCR was below 1.35.

In September 2010, the loan's master servicer implemented a lock-box cash management arrangement. The lock-box cash management arrangement requires substantially all cash receipts for the two resorts to be moved each day to a lender-controlled bank account, which the loan servicer then uses to fund debt service and operating expenses for the two resorts on a monthly basis, with excess cash flow being deposited in a reserve account and held as additional collateral for the loan. We believe that this arrangement constitutes a traditional lock-box arrangement as discussed in authoritative accounting guidance. Based on that guidance, we have classified the entire outstanding principal balance of the loan as a current liability as of December 31, 2012, since the lock-box arrangement requires us to use the properties' working capital to service the loan, and we do not presently have the ability to refinance this loan to a new, long-term loan. Although the entire principal balance of the loan is classified as a current liability as of December 31, 2012, the loan is not in default, and the principal balance is not due currently.

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Given operating trends and performance at the properties during 2011 and 2012, we currently expect the properties to generate sufficient cash flow so that our subsidization of debt service, if any, for 2013 will be insignificant to our overall operations. As a result, we currently believe the most likely course of action for 2013 is to continue to operate these properties, assuming these trends continue.

Pocono Mountains Mortgage Loan This loan is secured by a mortgage on our Pocono Mountains resort. The loan bears interest at a fixed rate of 6.10% and matures in January 2017. The loan is currently subject to a 30-year principal amortization schedule. The loan has customary covenants associated with an individual mortgaged property. The loan also has customary restrictions on our ability to prepay the loan prior to maturity. We were in compliance with all covenants under this loan at December 31, 2012.

The loan requires us to maintain a minimum DSCR of 1.25, calculated on a quarterly basis. Subject to certain exceptions, the DSCR is increased to 1.35 if we open up a waterpark resort within 75 miles of the property or incur mezzanine debt secured by the resort. This ratio is defined as the property's combined trailing twelve-month net operating income divided by the greater of (i) the loan's twelve-month debt service requirements and (ii) 7.25% of the amount of the outstanding principal indebtedness under the loan. Failure to meet the minimum DSCR is not an event of default and does not accelerate the due date of the loan. Not meeting the minimum DSCR, however, subjects the property to a lock-box cash management arrangement, at the discretion of the loan's servicer. We believe that lock-box arrangement would require substantially all cash receipts for the resort to be moved each day to a lender-controlled bank account, which the loan servicer would then use to fund debt service and operating expenses for the resort, with excess cash flow being deposited in a reserve account and held as additional collateral for the loan. While recourse under the loan is limited to the property owner's interest in the mortgage property, we have provided limited guarantees with respect to certain customary non-recourse provisions and environmental indemnities relating to the loan.

The loan also contains limitations on our ability, without lender's consent, to (i) make payments to our affiliates if a default exists; (ii) enter into transactions with our affiliates; (iii) make loans or advances; or (iv) assume, guarantee or become liable in connection with any other obligations.

Concord Mortgage Loan This loan is secured by a mortgage on our Concord resort. This loan bears interest at a floating rate of 30-day LIBOR plus a spread of 500 basis points with a minimum rate of 6.00% per annum (effective rate of 6.00% at December 31, 2012). This loan requires four quarterly principal payments of \$125 each beginning October 1, 2011, and quarterly principal payments of \$375 thereafter. The loan was amended in March 2012 to extend the maturity to December 31, 2016.

As part of the loan agreement, if the Concord resort does not achieve certain financial performance thresholds the lender requires excess cash from the Concord resort to be swept to the lender on a monthly basis. The lender will hold the excess cash until the end of each quarter and then will either fund the cash back to us to cover any projected cash shortfalls at the property or if there are no shortfalls projected, use the excess cash to repay the loan principal balance. The lender has a \$14,500 loan principal guarantee from Great Wolf Resorts. This loan has customary financial and operating debt compliance covenants associated with an individual mortgaged property. We were in compliance with all covenants under this loan at December 31, 2012.

In connection with the refinancing of this loan in 2011 and the amendment of this loan in 2012, we were required to provide interest rate protection on a portion of the loan amount through the loan's maturity date. Therefore, we executed interest rate caps that cap the loan at an 8.00% interest rate through December 2016. The interest rate caps were designated as ineffective cash flow hedges. We mark the interest rate caps to market and record the change to interest expense.

First Mortgage Notes In April 2010, we completed, in a private placement followed by a registered exchange offer, an offering of \$230,000 in aggregate principal amount of our 10.875% first mortgage notes (the Notes) due April 2017. The Notes were sold at a discount that provides an effective yield of 11.875% before transaction costs. The proceeds of the Notes were used to retire the outstanding mortgage debt on our Mason, Williamsburg, and Grapevine properties and for general corporate purposes. Prior to the Merger, we were amortizing the discount over the life of the Notes using the straight-line method, which approximated the effective interest method. As part of the acquisition method of accounting done in conjunction with the Merger, the Notes were recorded at fair value.

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The Notes are senior obligations of GWR Operating Partnership, L.L.L.P. and Great Wolf Finance Corp (Issuers). The Notes are guaranteed by Great Wolf Resorts and by our subsidiaries that own three of our resorts and those guarantees are secured by first priority mortgages on those three resorts. The Notes are also guaranteed by certain of our other subsidiaries on a senior unsecured basis.

The Notes require that we satisfy certain tests in order to, among other things: (i) incur additional indebtedness; (ii) make distributions from GWR Operating Partnership, L.L.L.P. to Great Wolf Resorts, Inc.; (iii) repurchase the equity interests in GWR Operating Partnership, L.L.L.P. or to prepay the subordinated debt of GWR Operating Partnership, L.L.L.P. or its subsidiaries; (iv) make investments, (v) enter into affiliate transactions, (vi) sell assets other than in the ordinary course of business or (vii) merge. We are currently restricted from these activities with certain carve-outs, as provided in the indenture.

Junior Subordinated Debentures In March 2005 we completed a private offering of \$50,000 of trust preferred securities (TPS) through Great Wolf Capital Trust I (Trust I), a Delaware statutory trust which is our subsidiary. The securities pay holders cumulative cash distributions at an annual rate which is fixed at 7.80% through March 2015 and then floats at LIBOR plus a spread of 310 basis points thereafter. The securities mature in March 2035 and are callable at no premium after March 2010. In addition, we invested \$1,550 in Trust I's common securities, representing 3% of the total capitalization of Trust I.

Trust I used the proceeds of the offering and our investment to purchase from us \$51,550 of junior subordinated debentures with payment terms that mirror the distribution terms of the TPS. The indenture governing the debentures contains limitations on our ability, without the consent of the holders of the debentures, to make payments to our affiliates or for our affiliates to make payments to us if a default exists. The costs of the TPS offering totaled \$1,600, including \$1,500 of underwriting commissions and expenses and \$100 of costs incurred directly by Trust I. Trust I paid these costs utilizing an investment from us. These costs are being amortized over a 30-year period. The proceeds from our debentures sale, net of the costs of the TPS offering and our investment in Trust I, were \$48,400. We used the net proceeds to retire a construction loan.

In June 2007 we completed a private offering of \$28,125 of TPS through Great Wolf Capital Trust III (Trust III), a Delaware statutory trust that is our subsidiary. The securities pay holders cumulative cash distributions at an annual rate which is fixed at 7.90% through July 2012 and then floats at LIBOR plus a spread of 300 basis points thereafter. The securities mature in July 2017 and are callable at no premium after June 2012. In addition, we invested \$870 in the Trust's common securities, representing 3% of the total capitalization of Trust III.

Trust III used the proceeds of the offering and our investment to purchase from us \$28,995 of junior subordinated debentures with payment terms that mirror the distribution terms of the TPS of Trust III securities. The costs of the TPS offering totaled \$932, including \$870 of underwriting commissions and expenses and \$62 of costs incurred directly by Trust III. Trust III paid these costs utilizing an investment from us. The proceeds from these debentures sales, net of the costs of the TPS offering and our investment in Trust III, were \$27,193. We used the net proceeds for development costs.

On March 12, 2012, in a privately-negotiated exchange with the holder of the TPS of Trust III, Great Wolf Capital Trust IV (Trust IV), a newly-formed Delaware statutory trust that is our subsidiary, issued \$28,125 of new TPS in exchange for all \$28,125 of TPS of Trust III. The new TPS pay holders cumulative cash distributions at an annual rate fixed at 7.90% through July 31, 2012 and at a floating annual rate equal to LIBOR plus 550 basis points thereafter (effective rate of 5.81% at December 31, 2012). The new TPS mature on July 31, 2017 and are callable by the issuer at par after July 31, 2012. In conjunction with this transaction, Trust IV issued to us 870 common securities, which are all of the issued and outstanding common securities of Trust IV, with a liquidation amount of \$870. In addition, in conjunction with this transaction, we issued to Trust IV \$28,995 of junior subordinated debentures with payment terms that mirror the distribution terms of the TPS of Trust IV. Following the exchange transaction, the TPS of Trust III and the related junior subordinated debentures were cancelled.

Our consolidated financial statements present the debentures issued to the Trusts as other long-term debt. Our investments in the Trusts are accounted as cost investments and are included in other assets on our consolidated balance sheets. For financial reporting purposes, we record interest expense on the corresponding notes in our condensed consolidated statements of operations.

Future Maturities Future principal maturities on long-term debt are as follows:

Through	
December 31,	
2013	\$ 4,806
2014	5,029

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Through	
December 31,	
2016	46,173
2017	344,443
Thereafter	51,550
Total	\$ 515,059

As discussed above, the Traverse City/Kansas City mortgage loan is classified as a current liability as of December 31, 2012, due to the implementation of a traditional lock-box arrangement, although the loan is not in default and the full principal balance of the loan is not due currently. The future maturities table above reflects future cash principal repayments currently required under the provisions of that loan of \$1,882 in 2013, \$2,015 in 2014, and \$59,948 in 2015.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). United States Generally Accepted Accounting Principles (GAAP) outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Certain assets and liabilities must be measured at fair value, and disclosures are required for items measured at fair value.

We measure our financial instruments using inputs from the following three levels of the fair value hierarchy. The three levels are as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (that is, interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 includes unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability. We develop these inputs based on the best information available, including our own data.

The following table summarizes our financial assets using the fair value hierarchy on a recurring basis:

December 31, 2012

	Level 1	Level 2	Level 3	Total
Interest rate caps	\$	\$ 115	\$	\$ 115

December 31, 2011

	Level 1	Level 2	Level 3	Total
Interest rate caps	\$	\$ 77	\$	\$ 77

Level 2 assets consist of our interest rate caps. To determine the estimated fair value of our interest rate caps we use market information provided by the banks from whom the interest rate caps were purchased from.

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As of December 31, 2012, we estimate the total fair value of the indebtedness described above to be approximately equal to their total carrying values.

The carrying amounts for cash and cash equivalents, escrows, other current assets, accounts payable, accrued expenses, advance deposits and other current liabilities approximate fair value because of the short-term nature of these instruments.

9. INCOME TAXES

Income Tax Expense Income tax expense (benefit) consists of:

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	Current	Deferred	Total
Period May 5, 2012 through December 31, 2012 (Successor)			
Federal	\$	\$ 657	\$ 657
State and local	484	(195)	289
Foreign	68		68
	\$ 552	\$ 462	\$ 1,014

	Current	Deferred	Total
Period January 1, 2012 through May 4, 2012 (Predecessor)			
Federal	\$	\$ 427	\$ 427
State and local	163	(354)	(191)
Foreign	40		40
	\$ 203	\$ 73	\$ 276

Year ended December 31, 2011, as revised (Predecessor)			
Federal	\$	\$ 200	\$ 200
State and local	826	8	834
Foreign	100		100
	\$ 926	\$ 208	\$ 1,134

Year ended December 31, 2010, as revised (Predecessor)			
Federal	\$	\$ (85)	\$ (85)
State and local	813	(9)	804
Foreign	82		82
	\$ 895	\$ (94)	\$ 801

Total tax expense is included in the following line items in our statements of operations:

	Successor Period May 5, 2012 through December 31, 2012	Predecessor Period January 1, 2012 through May 4, 2012	Predecessor Year ended December 31,	
			2011 (as revised)	2010 (as revised)
Income tax expense	\$ 1,062	\$ 269	\$ 1,132	\$ 785
Equity in unconsolidated affiliates, net of tax	(56)	7	2	9
Discontinued operations, net of tax	7	0	0	7
Net income attributable to noncontrolling interest, net of tax	1	0	0	0
Total income tax expense	\$ 1,014	\$ 276	\$ 1,134	\$ 801

The differences between the statutory federal income tax rate and the effective income tax rate reflected in our consolidated statements of operations are as follows:

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	Successor	Predecessor	Predecessor	
	Period May 5, 2012 through December 31, 2012	Period January 1, 2012 through May 4, 2012	Year ended December 31,	
			2011 (as revised)	2010 (as revised)
Federal statutory income tax benefit	(35.0)%	(35.0)%	(35.0)%	(35.0)%
State income taxes, net of federal income taxes	(0.5)%	(3.5)%	(1.7)%	(3.7)%
Nondeductible compensation expense	2.9%	(16.5)%	0	3.0%
Investment in affiliates	1.9%	0.4%	1.9%	2.2%
Change in valuation allowance	30.0%	53.7%	40.0%	33.3%
Nondeductible transaction costs	10.0%	0	0	0
Other	(0.8)%	2.2%	0.9%	1.6%
	8.5%	1.3%	6.1%	1.4%

Deferred Tax Assets and Liabilities The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2012 and 2011 are presented below:

	2012	2011 (as revised)
Deferred tax assets:		
Net operating loss carryforwards	\$ 64,289	\$ 53,962
Intangibles	7,277	9,557
Investment in affiliates	1,435	1,429
Salaries and wages	2,718	1,933
Other	11,995	4,335
Total deferred tax assets	87,714	71,216
Deferred tax liabilities:		
Property and equipment	(39,358)	(15,082)
Intangibles	(18,069)	0
Goodwill	(889)	0
Prepaid expenses	(927)	(720)
Total deferred tax liabilities	(59,243)	(15,802)
Valuation allowance	(72,979)	(67,321)
Net deferred tax liability	\$ (44,508)	\$ (11,907)

Our 2012 net deferred tax liability is comprised of a current deferred tax liability of \$795 included in other current liabilities and a long-term deferred tax liability of \$43,713. Our current deferred tax liability includes a valuation allowance of \$656. Our long-term deferred tax liability includes a valuation allowance of \$72,323.

Our 2011 net deferred tax liability is comprised of a current deferred tax liability of \$484 included in other current liabilities and a long-term deferred tax liability of \$11,423. Our current deferred tax liability includes a valuation allowance of \$1,439. Our long-term deferred tax liability

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includes a valuation allowance of \$65,882.

The change in our valuation allowance for the fiscal years ended December 31, 2012 and 2011 is as follows:

	December 31,	
	2012	2011
	Successor	Predecessor (as revised)
Beginning deferred tax assets valuation allowance	\$ 67,321	\$ 59,870
Allowance established for Net Operating and Other Loss Carryforwards	5,658	7,451
Ending deferred tax assets valuation allowance	\$ 72,979	\$ 67,321

Net Operating Loss Carryforwards As of December 31, 2012, we had net operating loss carryforwards of approximately \$170,025 and \$134,298 for federal and state income tax purposes, respectively. These federal and state carryforwards begin expiring in 2024 and 2014, respectively. In May 2012, in connection with our Merger, we experienced a significant change to our capital structure which resulted in an ownership change, as defined under Section 382 of the IRC. Consequently, the amount of net operating loss carryforwards available to be used in future years is limited under IRC Section 382.

We consider whether it is more likely than not that some portion or all of our deferred tax assets, including those related to net operating losses, will not be realized. Based on our analysis, we have recorded a valuation allowance of

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\$72,979 at December 31, 2012, due to uncertainties related to our ability to utilize some of our deferred tax assets, primarily consisting of certain net operating loss carryforwards, before they expire. The valuation allowance is based on our estimates of taxable income solely from the reversal of existing deferred tax liabilities and the period over which deferred tax assets reverse. In the event that actual results differ from these estimates or we adjust these estimates in a future period, we may need to increase or decrease our valuation allowance, which could materially impact our consolidated statement of operations.

As of December 31, 2011, we had net operating loss carryforwards of approximately \$143,079 and \$112,313 for federal and state income tax purposes, respectively. These federal and state carryforwards begin expiring in 2024 and 2014, respectively. We consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based on our analysis, we recorded a valuation allowance of \$67,321 at December 31, 2011, due to uncertainties related to our ability to utilize some of our deferred tax assets, primarily consisting of certain net operating loss carryforwards, before they expire.

Other In connection with the application of the acquisition method of accounting as part of the Merger, we recorded a deferred tax liability related to purchase accounting of \$32,067 as of May 5, 2012. The offset to this deferred tax liability was to goodwill.

At December 31, 2012, we had unrecognized tax benefits of \$1,272, which primarily related to uncertainty regarding the sustainability of certain deductions taken on our 2005 and 2006 U.S. Federal income tax return related to transaction costs from our IPO and certain deductions taken on our 2006 U.S. Federal income tax return related to a tax assessment. To the extent these unrecognized tax benefits are ultimately recognized, they will impact the effective tax rate in a future period. We do not expect the total amount of unrecognized tax benefits to change significantly in the next year. The unrecognized tax benefits are classified as a reduction of the net operating loss carryforwards. The following is a reconciliation of the total amounts of unrecognized tax benefits for the year:

Unrecognized tax benefit	December 31, 2011	\$ 1,298
Gross increases	tax positions in current period	(26)
Unrecognized tax benefit	December 31, 2012	\$ 1,272

10. RELATED-PARTY TRANSACTIONS

We rented office space for our headquarters through September 2010 from a company that is an affiliate of an individual who was a member of our board of directors through May 2009. Our total payments for rent and related expenses for this office space were \$193 for the year ended December 31, 2010, and are included in selling, general and administrative expenses on our consolidated statements of operations and comprehensive loss.

We regularly transact business with our unconsolidated affiliates. The following summarizes our transactions with these unconsolidated affiliates for the years indicated:

	Successor Period May 5, 2012 through December 31, 2012	Predecessor January 1, 2012 through May 4, 2012	Predecessor Year ended December 31, 2011	Predecessor Year ended December 31, 2010
Management and other fees	\$ 3,582	\$ 1,414	\$ 4,981	\$ 4,594
Other revenue from managed properties	7,712	3,901	10,858	10,989
Selling, general and administrative	193	0	0	0
Other expenses from managed properties	7,712	3,901	10,858	10,989
Investment income	577	303	902	1,088
Accounts receivable	5,145		3,243	3,764
Accounts payable	1,741		27	4

11. COMMITMENTS AND CONTINGENCIES

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Legal Matters We are involved in litigation from time to time in the ordinary course of our business. We do not believe that the outcome of any such pending or threatened litigation will have a material adverse effect on our financial condition or results of operations. However, as is inherent in legal proceedings where issues may be decided by finders of fact, there is a risk that an unpredictable decision adverse to the company could be reached. See Note 14 Litigation.

Guarantees We recognize guarantees when the guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. Great Wolf Resorts, Inc. has provided a \$14,500 payment guaranty of the mortgage loan and related interest secured by our Concord, North Carolina resort. If our subsidiary defaults on its obligations under this loan we would be required to assume certain of its obligations, including the payment of up to \$14,500 of outstanding debt amounts, which are already recorded in our consolidated financial statements.

Commitments We lease office space, storage space and office equipment under various operating leases that expire between 2013 and 2017. Most of the leases include renewal options. Future minimum payments on these operating leases are as follows:

2013	\$ 1,013
2014	1,025
2015	707
2016	620
2017	591
Total	\$ 3,956

Rent expense was \$450, \$816, \$1,358, and \$1,244 for the periods January 1, 2012 through May 4, 2012 and May 5, 2012 through December 31, 2012 and the years ended December 31, 2011, and 2010, respectively.

12. EMPLOYEE BENEFIT PLANS

401K Plan We maintain a 401(k) profit sharing plan for our employees. Eligibility for participation in the plan is based on an employee meeting certain minimum age and service requirements. Participants may make voluntary, pre-tax contributions through salary deferrals to the plan. Employer matching contributions are discretionary and are based on a percentage of employee contributions. Our contributions to the plan were \$360, \$391, and \$349 for the period January 1, 2012 through May 4, 2012 and the years ended December 31, 2011, and 2010, respectively. There were no contributions to the plan during the period May 5, 2012 through December 31, 2012.

Deferred Compensation Plan We have a deferred compensation plan for certain of our employees. The plan allows for contributions by both the participants and us. Our employer contributions for the plan were \$329, \$236, and \$250 for the period January 1, 2012 through May 4, 2012 and the years ended December 31, 2011, and 2010, respectively. There were no contributions to the plan during the period May 5, 2012 through December 31, 2012.

13. SHARE-BASED COMPENSATION**Overview**

Prior to the Merger on May 4, 2012, the Great Wolf Resorts 2004 Incentive Stock Plan (the Old Plan) authorized us to grant up to 3,380,740 options, stock appreciation rights or shares of our common stock to employees and directors. Upon consummation of the Merger, the Old Plan was terminated. We have not issued any stock options or made any stock grants from Old Plan since the Merger.

Under the Old Plan, we recognized share-based compensation expense of \$3,348, and \$868, net of estimated forfeitures, for the periods January 1, 2012 – May 4, 2012, and May 5, 2012 – December 31, 2012, respectively. The total income tax (benefit) expense recognized related to share-based compensation was \$43, and \$49, for the periods January 1, 2012 – May 4, 2012, and May 5, 2012 – December 31, 2012, respectively.

Under the Old Plan, we recognized share-based compensation expense of \$2,252 and \$2,664, net of estimated forfeitures, for the years ended December 31, 2011 and 2010, respectively. The total income tax expense (benefit) recognized related to share-based compensation was \$858 and \$(261) for the years ended December 31, 2011 and 2010, respectively.

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On August 13, 2012, the board of directors of K-9 adopted the K-9 Holdings, Inc. 2012 Equity Incentive Plan (the K-9 Plan). The purpose of the K-9 Plan is to provide a means for K-9 and K-9's subsidiaries, including the Company, to attract and retain key personnel and for K-9 and its subsidiaries' directors, officers, employees, consultants and advisors to acquire and maintain an equity interest in K-9. The K-9 Plan will terminate automatically on August 13, 2022. No awards will be granted under the K-9 Plan after that date, but awards granted prior to that date may extend beyond that date.

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Under the K-9 Plan, K-9 may grant awards of stock options, including both incentive stock options and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, stock bonus awards and performance compensation awards. Subject to adjustment for certain corporate events, K-9 has authorized and reserved for issuance a maximum of 2,436,182 shares of Common Stock under the K-9 Plan.

Under the K-9 Plan, we recognized share-based compensation of \$650, net of estimated forfeitures, for the period May 5, 2012 through December 31, 2012. The total income tax expense recognized related to share-based compensation under the K-9 Plan was \$55 for the period May 5, 2012 through December 31, 2012.

We recognize compensation expense on grants of share-based compensation awards on a straight-line basis over the requisite service period of each award recipient. As of December 31, 2012, total unrecognized compensation cost related to share-based compensation awards was \$9,911, which we expect to recognize over a weighted average period of approximately 5.0 years.

We anticipate that K-9 would have to issue new shares of its common stock for stock option exercises.

Stock Options

Prior to the Merger, we had granted non-qualified stock options to purchase our common stock under the Old Plan at prices equal to the fair market value of the common stock on the grant dates. The exercise price for options granted under the Old Plan could be paid in cash, shares of common stock or a combination of cash and shares. Stock options expired ten years from the grant date and vested ratably over three years.

We recorded no stock option expense related to the Old Plan for the periods January 1, 2012 – May 4, 2012; May 5, 2012 – December 31, 2012; and the years ended December 31, 2011 and 2010. There were no stock options granted during the periods January 1, 2012 – May 4, 2012; May 5, 2012 – December 31, 2012; and the years ended December 31, 2011 and 2010. Upon the consummation of the Merger, all of our outstanding stock options under the Old Plan were cancelled for no consideration.

A summary of stock option activity under the Old Plan during the period January 1, 2012 – May 4, 2012:

		Predecessor	
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Number of shares under option:			
Outstanding at beginning of period	15,500	\$ 17.44	3.02 years
Exercised	0		
Cancelled	(15,500)	\$ 17.44	
Outstanding at end of period	0		
Exercisable at end of period	0		

Under the K-9 Plan, K-9 has granted non-qualified stock options to purchase K-9's common stock. These stock options have been issued in three Tranches:

Tranche A options will vest and become exercisable in equal installments on each of the first five anniversaries of May 4, 2012.

Tranche B options will vest and become exercisable at such time as K-9 Investors, L.P., (K-9's Principal Stockholder), realizes an internal rate of return that equals or exceeds 20% and a return on invested capital that equals or exceeds two, in each case,

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based on cash proceeds received by K-9 s Principal Stockholder.

Tranche C options will vest and become exercisable at such time as K-9 s Principal Stockholder realizes an internal rate of return that equals or exceeds 25% and a return on invested capital that equals or exceeds three, in each case, based on cash proceeds received by K-9 s Principal Stockholder.

The exercise price for the stock options granted under the K-9 Plan may be paid in cash or shares of common stock. Stock options under the K-9 Plan expire ten years after the date of grant.

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Stock options were granted as follows:

Tranche A options 598,771 stock options, with a per share fair market value of \$6.27 per share. The fair market value was estimated using the Black-Scholes pricing model and the following assumptions:

Dividend yield	0%
Risk free interest rate	0.71%
Expected life of option	5 years
Expected equity volatility	78.5%

Tranche B options 598,748 stock options, with a per share fair market value of \$5.64 per share. The fair market value was estimated using the Monte Carlo pricing model and the following assumptions:

Dividend yield	0%
Risk free interest rate	0.82%
Expected life of option	5.5 years
Expected equity volatility	75.2%

Tranche C options 598,748 stock options, with a per share fair market value of \$5.30 per share. The fair market value was estimated using the Monte Carlo pricing model and the following assumptions:

Dividend yield	0%
Risk free interest rate	0.82%
Expected life of option	5.5 years
Expected equity volatility	75.2%

We recorded stock option expense related to the K-9 Plan of \$349 for the year ended December 31, 2012.

A summary of stock option activity under the K-9 Plan during the period May 5, 2012 – December 31, 2012:

	Shares	Successor Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Number of shares under option:			
Outstanding at beginning of period	0		
Granted	1,796,267	\$ 10.000	5.02 years
Exercised	0		
Cancelled	0		
Outstanding at end of period	1,796,267	\$ 10.000	5.02 years
Exercisable at end of period	0	\$ 10.000	5.02 years

Market Condition Share Awards

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Prior to the Merger, under the Old Plan, certain employees were eligible to receive shares of our common stock in payment of market condition share awards granted to them in accordance with the terms thereof.

We granted 407,593, 444,002 and 515,986 market condition share awards during the period January 1, 2012 – May 4, 2012 and the years ended December 31, 2011 and 2010, respectively. We recorded share-based compensation expense of \$1,493 and \$868 for the periods January 1, 2012 – May 4, 2012, and May 5, 2012 – December 31, 2012, respectively. We recorded share-based compensation expense of \$864 and \$1,245 for the years ended December 31, 2011 and 2010, respectively.

Of the 2012 market condition shares granted:

255,107 were based on our common stock's performance in 2012 relative to a stock index, as designated by the Compensation Committee of the Board of Directors. For shares that are earned, 1/3 of the shares were to vest on December 31, 2012, 1/3 vest on December 31, 2013, and 1/3 vest on December 31, 2014. The per share fair value of these market condition shares was \$2.12 as of the grant date.

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The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	0
Weighted average, risk free interest rate	0.14%
Expected stock price volatility	49.92%
Expected stock price volatility (small-cap stock index)	29.14%

We used an expected dividend yield of 0%, as we did not pay a dividend and did not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the .89-year treasury constant maturity. Our expected stock price volatility and the expected stock price volatility for the small cap stock index was estimated using daily returns data of our stock and the index for the period February 10, 2010 through February 9, 2012.

Upon the consummation of the Merger, all of the 2012 market condition shares granted were cancelled for no consideration. Unrecognized expense of \$542 was recorded during the period May 5, 2012 – December 31, 2012.

76,243 were based on our common stock's absolute performance during the three-year period 2010-2012. For shares that are earned, half of the shares were to vest on December 31, 2012, and the other half vest on December 31, 2013. The per share fair value of these market condition shares was \$2.05 as of the grant date.

The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	0
Weighted average, risk free interest rate	0.14%
Expected stock price volatility	49.92%

We used an expected dividend yield of 0%, as we did not pay a dividend and did not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the .89-year treasury constant maturity. Our expected stock price volatility was estimated using daily returns data of our stock for the period February 10, 2010 through February 9, 2012.

Upon the consummation of the Merger, all of the 2012 market condition shares granted were cancelled for no consideration. Unrecognized expense of \$156 was recorded during the period May 5, 2012 – December 31, 2012.

76,243 were based on our common stock's performance in 2010-2012 relative to a stock index, as designated by the Compensation Committee of the Board of Directors. For shares that are earned, half of the shares were to vest on December 31, 2012, and the other half vest on December 31, 2013. The per share fair value of these market condition shares was \$2.22 as of the grant date.

The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	0
Weighted average, risk free interest rate	0.14%
Expected stock price volatility	49.92%
Expected stock price volatility (small-cap stock index)	29.14%

We used an expected dividend yield of 0%, as we did not pay a dividend and did not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the .89-year treasury constant maturity. Our expected stock price volatility and the expected stock price volatility for the small cap stock index was estimated using daily returns data of our stock and the index for the period February 10, 2010 through February 9, 2012.

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Upon the consummation of the Merger, all of the 2012 market condition shares granted were cancelled for no consideration. Unrecognized expense of \$170 was recorded during the period May 5, 2012 – December 31, 2012.

Of the 2011 market condition shares granted:

277,894 were based on our common stock's performance in 2011 relative to a stock index, as designated by the Compensation Committee of the Board of Directors. For shares that were earned, 1/3 of the shares vest on

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December 31, 2011, 1/3 vest on December 31, 2012, and 1/3 vest on December 31, 2013. The per share fair value of these market condition shares was \$2.35 as of the grant date.

The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	0
Weighted average, risk free interest rate	0.25%
Expected stock price volatility	64.73%
Expected stock price volatility (small-cap stock index)	29.39%

We used an expected dividend yield of 0%, as we did not pay a dividend and did not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the 10.6-month treasury constant maturity. Our expected stock price volatility and the expected stock price volatility for the small cap stock index was estimated using daily returns data of our stock and the index for the period February 11, 2009 through February 10, 2011.

We originally granted 277,894 market condition shares for 2011 and recorded expense during 2011 associated with that estimated number of shares to be issued for these market condition awards. The original share grant amount represented the number of shares that would be earned at a target level of performance. Based on our common stock's performance in 2011, however, the maximum performance condition for these market condition share awards was met. As a result, we issued 416,841 shares related to these market condition awards. Accordingly, we recorded \$109 of additional compensation expense in the fourth quarter of 2011 related to our employees earning the maximum level of shares rather than the target level of shares for these awards.

These shares vested upon consummation of the Merger, and the remaining unrecognized expense of \$544 was recorded in the period ended May 4, 2012.

83,054 were based on our common stock's absolute performance during the three-year period 2010-2012. For shares that are earned, half of the shares vest on December 31, 2012, and the other half vest on December 31, 2013. The per share fair value of these market condition shares was \$2.15 as of the grant date.

The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	0
Weighted average, risk free interest rate	0.58%
Expected stock price volatility	64.73%

We used an expected dividend yield of 0%, as we did not pay a dividend and did not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the 1.89-year treasury constant maturity. Our expected stock price volatility was estimated using daily returns data of our stock for the period February 11, 2009 through February 10, 2011.

The original share grant amount represented the number of shares that would be earned at a target level of performance. In conjunction with the signing of the Merger Agreement on March 12, 2012, these shares were deemed granted at the maximum level of performance. As a result, we issued 124,581 shares related to these market condition awards. Accordingly, we recorded \$37 of additional compensation expense in the first quarter of 2012 related to our employees being granted the maximum level of shares rather than the target level of shares for these awards.

These shares vested upon consummation of the Merger, and the remaining unrecognized expense of \$119 was recorded in the period ended May 4, 2012.

83,054 were based on our common stock's performance in 2010-2012 relative to a stock index, as designated by the Compensation Committee of the Board of Directors. For shares that are earned, half of the shares vest on December 31, 2012, and the other half vest on December 31, 2013. The per share fair value of these market condition shares was \$2.19 as of the grant date.

The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	0
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Weighted average, risk free interest rate	0.58%
Expected stock price volatility	64.73%
Expected stock price volatility (small-cap stock index)	29.39%

We used an expected dividend yield of 0%, as we did not pay a dividend and did not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the 1.89-year treasury constant maturity. Our expected stock price volatility and the expected stock price volatility for the small cap stock index was estimated using daily returns data of our stock and the index for the period February 11, 2009 through February 10, 2011.

The original share grant amount represented the number of shares that would be earned at a target level of performance. In conjunction with the signing of the Merger Agreement on March 12, 2012, these shares were deemed granted at the maximum level of performance. As a result, we issued 124,581 shares related to these market condition awards. Accordingly, we recorded \$38 of additional compensation expense in the first quarter of 2012 related to our employees being granted the maximum level of shares rather than the target level of shares for these awards.

These shares vested upon consummation of the Merger, and the remaining unrecognized expense of \$121 was recorded in the period ended May 4, 2012.

Of the 2010 market condition shares granted:

333,060 were based on our common stock's performance in 2010 relative to a stock index, as designated by the Compensation Committee of the Board of Directors. These shares vest ratably over a three-year period, 2010-2012. The per share fair value of these market condition shares was \$2.43 as of the grant date.

The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	
Weighted average, risk free interest rate	0.26%
Expected stock price volatility	108.06%
Expected stock price volatility (small-cap stock index)	40.92%

We used an expected dividend yield of 0%, as we do not currently pay a dividend and do not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the 9-month treasury constant maturity. Our expected stock price volatility was estimated using daily returns data of our stock for a two-year period ending on the grant date. The expected stock price volatility for the small cap stock index was estimated using daily returns data for a two-year period ending on the grant date.

The market condition for these shares was not met and therefore no shares related to this grant were issued. As a result, we recorded the entire fair value of the grant as expense in 2010 of \$810.

91,463 were based on our common stock's absolute performance during the three-year period 2010-2012. For shares that were earned, half of the shares vest on December 31, 2012, and the other half vest on December 31, 2013. The per share fair value of these market condition shares was \$2.53 as of the grant date.

The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	0
Weighted average, risk free interest rate	1.27%
Expected stock price volatility	95.21%

We used an expected dividend yield of 0%, as we did not pay a dividend and did not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the 2.75-year treasury constant maturity. Our expected stock price volatility was estimated using daily returns data of our stock for the period June 29, 2007 through March 30, 2010.

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The original share grant amount represented the number of shares that would be earned at a target level of performance. In conjunction with the signing of the Merger Agreement on March 12, 2012, these shares were deemed granted at the maximum level of performance. As a result, we issued 137,195 shares related to these market condition awards. Accordingly, we recorded \$68 of additional compensation expense in the first quarter of 2012 related to our employees being granted the maximum level of shares rather than the target level of shares for these awards.

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These shares vested upon consummation of the Merger, and the remaining unrecognized expense of \$111 was recorded in the period ended May 4, 2012.

91,463 were based on our common stock's performance in 2010-2012 relative to a stock index, as designated by the Compensation Committee of the Board of Directors. For shares that are earned, half of the shares vest on December 31, 2012, and the other half vest on December 31, 2013. The per share fair value of these market condition shares was \$2.61 as of the grant date.

The fair value of these market condition shares was determined using a Monte Carlo simulation and the following assumptions:

Dividend yield	0
Weighted average, risk free interest rate	1.27%
Expected stock price volatility	95.21%
Expected stock price volatility (small-cap stock index)	37.51%

We used an expected dividend yield of 0%, as we did not pay a dividend and did not contemplate paying a dividend in the foreseeable future. The weighted average, risk free interest rate was based on the 2.75-year treasury constant maturity. Our expected stock price volatility and the expected stock price volatility for the small cap stock index was estimated using daily returns data of our stock for the period June 29, 2007 through March 30, 2010.

The original share grant amount represented the number of shares that would be earned at a target level of performance. In conjunction with the signing of the Merger Agreement on March 12, 2012, these shares were deemed granted at the maximum level of performance. As a result, we issued 137,195 shares related to these market condition awards. Accordingly, we recorded \$70 of additional compensation expense in the first quarter of 2012 related to our employees being granted the maximum level of shares rather than the target level of shares for these awards.

These shares vested upon consummation of the Merger, and the remaining unrecognized expense of \$114 was recorded in the period ended May 4, 2012.

Performance Share Awards

Prior to the Merger, under the Old Plan, certain employees were eligible to receive shares of our common stock in payment of performance share awards granted to them. Grantees of performance shares were eligible to receive shares of our common stock based on the achievement of certain individual and departmental performance criteria during the calendar year in which the shares were granted. We granted 85,036, 92,633 and 111,020 performance shares during the period January 1, 2012 – May 4, 2012 and the years ended December 31, 2011 and 2010, respectively. Shares granted in 2012 were to vest over a three year period, 2012-2014; shares granted in 2011 were to vest over a three year period, 2011-2013; and shares granted in 2010 were to vest over a three year period, 2010-2012.

The per share fair value of performance shares granted during the period January 1, 2012 – May 4, 2012 and years ended December 31, 2011 and 2010 was \$3.35, \$3.23 and \$3.18, respectively, which represents the fair value of our common stock on the grant date. We recorded share-based compensation expense of \$264 for the period January 1, 2012 – May 4, 2012. There was no share-based compensation expense for the period May 5, 2012 – December 31, 2012. We recorded share-based compensation expense of \$285 and \$244 for the years ended December 31, 2011 and 2010, respectively. Since all shares originally granted were not earned, we recorded a reduction in expense of \$19, \$16 and \$9 during the period January 1, 2012 – May 4, 2012 and the years ended December 31, 2011 and 2010, respectively, related to the shares not issued.

Based on their achievement of certain individual and departmental performance goals:

Employees earned and were issued 75,152 performance shares in February 2012 related to the 2011 grants and

Employees earned and were issued 96,305 performance shares in February 2011 related to the 2010 grants.

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Employees earned and were issued 162,559 performance shares in March 2010 related to the 2009 grants.

Upon the consummation of the Merger, all of the 2012 performance share awards granted were cancelled for no consideration. Performance shares awards granted in 2010 and 2011 vested upon consummation of the Merger, and the remaining unrecognized expense of \$68 and \$135, respectively, was recorded in the period ending May 4, 2012.

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On August 13, 2012, under the K-9 Plan, certain employees received shares of K-9's common stock, which will vest on the date that those employees receive a bonus in respect of 2012 from the Company. To the extent the bonus payable to the employees for fiscal year 2012 is less than a certain threshold, the employees will forfeit a number of shares with a value equal to the shortfall. We granted 37,500 performance shares during the period August 13, 2012 – December 31, 2012. The per share fair value of the performance shares was \$10.00, which represents the fair value of K-9's common stock on the grant date as determined by the board of directors. We recorded share-based compensation expense of \$301 for the period May 5, 2012 through December 31, 2012.

Deferred Compensation Awards

Pursuant to their employment arrangements, two executives received bonuses upon completion of our initial public offering. Executives receiving bonus payments totaling \$2,200 elected to defer those payments pursuant to our deferred compensation plan. To satisfy this obligation, we contributed 129,412 shares of our common stock to the trust that holds the assets to pay obligations under our deferred compensation plan. The fair value of that stock at the date of contribution was \$2,200. We have recorded the fair value of the shares of common stock, at the date the shares were contributed to the trust, as a reduction of our stockholders' equity. In 2008, one of the executives who had deferred a bonus payment resigned from our company and our deferred compensation plan sold the shares held in that plan related to the deferred bonus payment. In 2012, the other executive who had deferred a bonus payment sold the shares in the deferred compensation plan. As a result, we have reclassified \$2,200 previously recorded as deferred compensation to additional paid-in-capital.

We account for the change in fair value of the shares held in the trust as a charge to compensation cost. We recorded share-based compensation income of \$34 for the period January 1, 2012 – May 4, 2012. There was no share-based compensation expense for the period May 5, 2012 – December 31, 2012. We recorded share-based compensation expense of \$3 and \$3, for the years ended December 31, 2011 and 2010, respectively.

Non-vested Shares

Prior to the Merger, we had granted non-vested shares as follows:

We had granted non-vested shares to certain employees and our directors. These shares vested over time periods between three and five years. We valued these non-vested shares at the closing market value of our common stock on the date of grant.

We had granted non-vested shares to certain employees for shares earned under the Market Condition Share Awards as described above. These shares vested ratably over a three-year period. We valued the non-vested shares related to Market Condition Shares using a Monte Carlo simulation as described above.

We had granted non-vested shares to certain employees for shares earned under the Performance Share Awards as described above. These shares vested ratably over a three-year period. We valued the non-vested shares related to Performance Share Awards at the closing market value of our common stock on the date of grant of the Performance Share Awards.

Upon the consummation of the Merger, each non-vested share outstanding vested, was cancelled and converted into the right to receive the Offer Price and the remaining unrecognized expense of \$1,323 was recorded in the period ended May 4, 2012.

A summary of non-vested shares activity for the period January 1, 2012 – May 4, 2012 is as follows:

	Predecessor	
	Shares	Weighted Average Grant Date Fair Value
Non-vested shares balance at beginning of period	910,678	\$ 3.13

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Granted	1,015,545	\$	2.43
Forfeited	(2,500)	\$	3.00
Vested	(1,923,723)	\$	2.76
Non-vested shares balance at end of period	0	\$	0

We recorded share-based compensation expense related to non-vested shares of \$1,644 for the period January 1, 2012 – May 4, 2012. There was no share-based compensation expense related to non-vested shares for the period May 5, 2012 – December 31, 2012. We recorded share-based compensation expense related to non-vested shares of \$1,094 and \$1,123 for the years ended December 31, 2011 and 2010, respectively.

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Subsequent to the Merger, under the K-9 Plan, we granted non-vested shares to certain employees for shares earned under the Performance Share Awards as described above.

A summary of non-vested shares activity for the period May 5, 2012 – December 31, 2012 is as follows:

	Shares	Successor Weighted Average Grant Date Fair Value
Non-vested shares balance at beginning of period	0	
Granted	37,500	\$ 10.00
Forfeited	0	
Vested	0	
Non-vested shares balance at end of period	37,500	\$ 10.00

Vested Shares

We have an annual short-term incentive plan for certain employees that provides them the potential to earn cash bonus payments. In 2010 certain of these employees had the option to elect to have some or all of their annual bonus compensation paid in the form of shares of our common stock rather than cash. Employees making this election received shares having a market value equal to 125% of the cash they would otherwise receive. Shares issued in lieu of cash bonus payments are fully vested upon issuance.

In connection with the elections related to 2010 bonus amounts, we issued 33,545 shares in February 2011. We valued these shares at \$96 based on the closing market value of our common stock on the date of the grant.

There were no shares issued during the year ended December 31, 2010 related to 2009 bonus amounts.

During the years ended December 31, 2011 and 2010, our directors had the option to elect to have some or the entire cash portion of their annual fees paid in the form of shares of our common stock rather than cash. Directors making this election received shares having a market value equal to 125% of the cash they would otherwise receive. Shares issued in lieu of cash fee payments are fully vested upon issuance.

We recorded non-cash professional fees expense of \$22 and \$58 for the years ended December 31, 2011 and 2010, respectively, related to these elections to received shares in lieu of cash. We issued 10,188 and 26,693 shares in the years ended December 31, 2011 and 2010, respectively, related to these elections.

14. LITIGATION

On March 12, 2012, we entered into an Agreement and Plan of Merger (as amended, the Merger Agreement) with K-9 Holdings, Inc., a Delaware corporation (K-9), and K-9 Acquisition, Inc., a Delaware corporation (Merger Sub), a direct wholly-owned subsidiary of K-9. Pursuant to the terms of the Merger Agreement, among other things, K-9 and Merger Sub agreed to make a tender offer (the Offer) for all of the outstanding shares (each, a Share) of common stock (including restricted shares), par value \$0.01 per share, of the Company (the Common Stock) at a price of \$7.85 per share, net to the seller in cash, without interest (the Offer Price). Approximately 76% of the outstanding Shares were tendered in the Offer and the Company accepted all such tendered Shares for payment.

Following the expiration of the Offer, on May 4, 2012, Merger Sub exercised its option under the Merger Agreement to purchase a number of shares of Common Stock necessary for Merger Sub to own one share more than 90% of the outstanding Shares of Common Stock (the Top-Up Shares) at the Offer Price.

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On May 4, 2012, following Merger Sub's purchase of the Top-Up Shares, K-9 completed its acquisition of the Company through the merger of Merger Sub with and into the Company, with the Company continuing as the surviving corporation in the merger and becoming a direct wholly-owned subsidiary of K-9 (the Merger).

On and after March 14, 2012, the Company and certain of its current and former officers and directors and, in some cases, some or all of K-9 Investors, L.P., Apollo Management VII, L.P., Apollo Global Management, LLC and K-9 and Merger Sub were named as defendants in five class action lawsuits filed in the Delaware Court of Chancery which were ultimately consolidated into a single class action (the Delaware Action). In the Delaware Action, the plaintiffs, on behalf of a putative class of stockholders, sought to enjoin the proposed transaction that was the subject of the Merger Agreement. Other lawsuits were filed in Wisconsin state and federal court – two in the Circuit Court, Civil Division for Dane County, one of which was dismissed by the plaintiff prior to settlement (the surviving action, Wisconsin State Court Action), and one in the United States District Court for the Western District of Wisconsin (the Wisconsin Federal Court Action).

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On April 25, 2012, the parties to the Delaware Action and the Wisconsin State Court Action reached an agreement in principle to settle those cases. The proposed settlement, which is subject to court approval, provides for, among other things, the dismissal with prejudice of plaintiffs complaints and of all claims asserted therein, that all parties would grant all applicable releases of claims against all other parties, and that the parties to the Delaware Action and the Wisconsin State Court Action have acknowledged that the plaintiffs and their counsel in those cases would petition the appropriate court or courts for an award of attorneys' fees and expenses in connection with the cases. Any award of fees and expenses to plaintiffs' counsel is subject to approval by the appropriate court or courts. Pursuant to an order from the Delaware Court of Chancery, notice to the class was mailed on October 19, 2012.

On April 30, 2012, the parties to the Wisconsin Federal Court Action agreed to settle that case, subject to court approval of the proposed class-wide settlement in the Delaware Action and entry of a final order dismissing the Delaware Action in its entirety. Pursuant to their agreement, the parties to the Wisconsin Federal Court Action filed with the court, on April 30, 2012, a stipulation providing that the Wisconsin Federal Court Action be voluntarily dismissed with respect to all defendants and that such dismissal will be with prejudice as to the plaintiff upon the consummation of the settlement of the Delaware Action.

On September 27, 2012, the parties to the Delaware Action agreed to settle that case. Pursuant to their agreement, the parties to the Delaware Action filed with the Delaware Court of Chancery on September 27, 2012, a stipulation providing that the Delaware Action be voluntarily dismissed with respect to all defendants and that such dismissal will be with prejudice as to the plaintiff.

On December 18, 2012, the Delaware Court of Chancery approved the class-wide settlement in the Delaware Action and entered a final order dismissing the Delaware Action in its entirety. It awarded counsel for the plaintiffs in the Delaware Action fees and expenses in the amount of \$1,940,000.

The Company, the members of the Board of Directors, Apollo Management VII, L.P., Apollo Global Management, LLC, K-9 and Merger Sub each have denied, and continue to deny, that they committed or attempted to commit any violation of law or breach of fiduciary duty owed to the Company and/or its stockholders, aided or abetted any breach of fiduciary duty, or otherwise engaged in any of the wrongful acts alleged in all of these cases. All of the defendants expressly maintain that they complied with their fiduciary and other legal duties. However, in order to avoid the costs, disruption and distraction of further litigation, and without admitting the validity of any allegation made in the actions or any liability with respect thereto, the defendants concluded that it was desirable to settle the claims against them on the terms reflected in the settlements.

We are involved in litigation from time to time in the ordinary course of our business. We do not believe that the outcome of any pending or threatened litigation will have a material adverse effect on our financial condition or results of operations. However, as is inherent in legal proceedings where issues may be decided by finders of fact, there is a risk that unpredictable decisions, materially adverse to the Company, could occur.

15. DISCONTINUED OPERATIONS

On March 24, 2011, we sold our Blue Harbor Resort in Sheboygan, Wisconsin to Claremont New Frontier Resort LLC (Claremont) for a purchase price of \$4,200, less a \$540 credit for purposes of real estate property tax payments to be made by Claremont for periods after the closing. We paid \$2,000 to the City of Sheboygan with respect to real estate taxes relating to the Sheboygan property and contributed \$300 toward a lease termination fee payable to a tenant at the property.

In connection with the construction of the Blue Harbor Resort, we had entered into agreements with the City of Sheboygan and the Redevelopment Authority of the City of Sheboygan whereby the City funded certain costs of construction. In exchange, we guaranteed certain levels of real and personal property tax payments, as well as room tax payments, from Blue Harbor Resort.

In connection with the closing, the existing agreements with the City of Sheboygan and the Redevelopment Authority were terminated, and we were released from all of our obligations under these agreements.

As a result of the sale, we have included the operations of the Blue Harbor Resort in discontinued operations for all periods presented. The operation of the Blue Harbor Resort was included in our Resort ownership/operation segment.

A summary of balance sheet data and operating activity related to this discontinued operation as of the date of the transaction is as follows:

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Balance sheet data:

Total assets	\$ 6,463
Total liabilities	\$ 13,587

As part of the sale transaction on March 23, 2011, we wrote off \$5,699 of property and equipment and \$11,563 of other long-term debt.

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	2012	2011	2010
Revenues	\$ 0	\$ 1,578	\$ 8,246
Operating expenses	(14)	(1,535)	(8,026)
Gain on sale	0	6,667	0
Interest expense, net of interest income	0	(76)	(724)
Income tax expense	0	0	(5)
(Loss) income from discontinued operations, net of tax	\$ (14)	\$ 6,634	\$ (509)

16. SEGMENTS

We have two reportable segments:

Resort ownership/operation aggregated operating results derived from our consolidated owned resorts; and

Resort third-party management/licensing aggregated operating results derived from management, license and other related fees from unconsolidated managed resorts.

The following summarizes significant financial information regarding our segments:

	Resort Ownership/ Operation	Resort Third-Party Management /License	Other	Totals per Financial Statements
Period May 5, 2012 through December 31, 2012 (Successor)				
Revenues	\$ 182,201	\$ 21,599	\$ 3,386	\$ 207,186
Depreciation and amortization	(28,088)		(3,334)	(31,422)
Asset impairment loss			(1,200)	(1,200)
Net operating income (loss)	21,408	6,000	(13,412)	13,996
Investment income affiliates				(577)
Interest income				(128)
Interest expense				26,126
Loss from continuing operations before income taxes and equity in income of unconsolidated affiliates				\$ (11,425)
Additions to long-lived assets	7,526		808	\$ 8,334
Total assets	766,643	6,323	108,628	\$ 881,594

	Resort Ownership/ Operation	Resort Third-Party Management /License	Other	Totals per Financial Statements
Period January 1, 2012 through May 4, 2012 (Predecessor)				
Revenues	\$ 95,876	\$ 10,906	\$ 1,110	\$ 107,892
Depreciation and amortization	(15,476)		(993)	(16,469)
Net operating income (loss)	11,070	2,813	(20,007)	(6,124)

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Investment income affiliates				(303)
Interest income				(82)
Interest expense				16,016
Loss from continuing operations before income taxes and equity in income of unconsolidated affiliates				\$ (21,755)
Additions to long-lived assets	2,173	64	\$	2,237

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	Resort Ownership/ Operation	Resort Third-Party Management/ Licensing	Other	Totals per Financial Statements
Year Ended December 31, 2011 (Predecessor)				
Revenues	\$ 260,585	\$ 29,966	\$ 6,157	\$ 296,708
Depreciation and amortization	(50,561)		(3,162)	\$ (53,723)
Net operating income (loss)	18,300	7,793	(4,523)	\$ 21,570
Investment income affiliates				(902)
Interest income				(210)
Interest expense				47,902
Loss from continuing operations before income taxes and equity in income of unconsolidated affiliates				\$ (25,220)
Additions to long-lived assets	8,919		404	\$ 9,323
Total assets, as revised	599,463	1,725	103,686	\$ 704,874
Year Ended December 31, 2010 (Predecessor)				
Revenues	\$ 240,346	\$ 29,312	\$ 6,302	\$ 275,960
Depreciation and amortization	(55,440)		(2,878)	\$ (58,318)
Asset impairment loss	(18,741)			\$ (18,741)
Net operating (loss) income	(14,819)	7,240	(3,902)	\$ (11,481)
Investment income affiliates				(1,088)
Interest income				(543)
Interest expense				45,540
Loss from continuing operations before income taxes and equity in income of unconsolidated affiliates				\$ (55,390)
Additions to long-lived assets	7,463		1,220	\$ 8,683
Total assets, as revised	646,578	1,778	110,267	\$ 758,623

The Other items in the table above includes items that do not constitute a reportable segment and represent corporate-level activities and the activities of other operations not included in Resort Ownership/Operation or Resort Third-Party Management/License segments. Total assets at the corporate level primarily consist of cash, our investment in affiliates, and intangibles. Total assets for all segments are within the United States.

17. SUPPLEMENTAL GUARANTOR CONSOLIDATING FINANCIAL STATEMENTS

On April 7, 2010, our subsidiaries, GWR Operating Partnership, L.L.P. and Great Wolf Finance Corp. were co-issuers (the Issuers) with respect to \$230,000 in principal amount of 10.875% first mortgage notes. In connection with the issuance, certain of our subsidiaries (the Subsidiary Guarantors) have guaranteed the first mortgage notes. Certain of our other subsidiaries (the Non-Guarantor Subsidiaries) have not guaranteed the first mortgage notes.

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The following tables present the consolidating balances sheets of the Company (Parent), the Issuers, the Subsidiary Guarantors and the Non-Guarantor Subsidiaries as of December 31, 2012 and December 31, 2011, the consolidating statements of operations for the periods January 1, 2012 through May 4, 2012, May 5, 2012 through December 31, 2012, the years ended December 31, 2011 and 2010, and the consolidating statements of cash flows for the periods January 1, 2012 through May 4, 2012, May 5, 2012 through December 31, 2012 and for the years ended 2011 and 2010. The Subsidiary Guarantors have guaranteed the first mortgage notes on a joint and several basis, and such guarantees are full and unconditional.

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, *Financial statements of guarantors and issuers of guaranteed securities registered or being*

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registered. Each of the Subsidiary Guarantors is 100% owned, directly or indirectly, by Great Wolf Resorts, Inc. There are significant restrictions on the Subsidiary Guarantors' ability to pay dividends or obtain loans or advances. The Company's and the Issuers' investments in their consolidated subsidiaries are presented under the equity method of accounting.

Table of Contents**CONSOLIDATING BALANCE SHEET**

December 31, 2012

Successor

(Dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 10,188	\$ 7,524	\$ 1,260	\$ 9,152	\$ 0	\$ 28,124
Restricted cash	1,026	0	0	3,133	0	4,159
Escrows	0	0	0	7,022	0	7,022
Accounts receivable	1,510	0	3,593	2,517	0	7,620
Accounts receivable affiliate	1	0	3,475	1,669	0	5,145
Accounts receivable consolidating entities	286,950	516,074	532,841	72,650	(1,408,515)	0
Inventory	0	0	2,809	4,394	0	7,203
Other current assets	149	0	2,249	1,886	0	4,284
Total current assets	299,824	523,598	546,227	102,423	(1,408,515)	63,557
Property and equipment, net	0	0	327,346	287,709	0	615,055
Investment in consolidating entities	260,465	273,538	0	0	(534,003)	0
Investment in and advances to affiliate	0	0	1,476	24,221	0	25,697
Other assets	2,472	1	2,789	144	0	5,406
Goodwill	0	0	55,468	68,967	0	124,435
Intangible assets	0	0	47,444	0	0	47,444
Total assets	\$ 562,761	\$ 797,137	\$ 980,750	\$ 483,464	\$ (1,942,518)	\$ 881,594
LIABILITIES AND EQUITY						
Current liabilities:						
Current portion of long-term debt	\$ 0	\$ 0	\$ 0	\$ 66,768	\$ 0	\$ 66,768
Accounts payable	0	1,773	3,146	2,633	(93)	7,459
Accounts payable affiliate	0	1,739	2	0	0	1,741
Accounts payable consolidating entities	194,546	268,601	734,219	210,327	(1,407,693)	0
Accrued interest payable	625	6,253	0	980	0	7,858
Accrued expenses	3,301	13	13,547	7,027	0	23,888
Advance deposits	0	0	3,220	5,140	0	8,360
Gift certificates payable	4,687	0	960	1,235	0	6,882
Other current liabilities	795	0	278	1,311	(729)	1,655
Total current liabilities	203,954	278,379	755,372	295,421	(1,408,515)	124,611
Mortgage debt	0	258,293	0	137,719	0	396,012
Other long-term debt	60,984	0	0	0	0	60,984
Deferred tax liability	43,713	0	0	0	0	43,713
Deferred compensation liability	0	0	2,164	0	0	2,164
Total liabilities	308,651	536,672	757,536	433,140	(1,408,515)	627,484
Commitments and contingencies						
Great Wolf Resorts stockholders' equity:						
Common stock	0	0	0	0	0	0
Preferred stock	0	0	0	0	0	0

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Additional paid-in-capital	267,112	262,773	207,615	55,158	(525,546)	267,112
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	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Accumulated deficit	(13,002)	(2,308)	15,599	(4,834)	(8,457)	(13,002)
Deferred compensation	0	0	0	0	0	0
Total Great Wolf Resorts stockholders equity	254,110	260,465	223,214	50,324	(534,003)	254,110
Noncontrolling interest	0	0	0	0	0	0
Total equity	254,110	260,465	223,214	50,324	(534,003)	254,110
Total liabilities and equity	\$ 562,761	\$ 797,137	\$ 980,750	\$ 483,464	\$ (1,942,518)	\$ 881,594

Table of Contents**CONSOLIDATING BALANCE SHEET**

December 31, 2011

Predecessor

(As revised, dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 10,039	\$ 15,980	\$ 814	\$ 6,934	\$ 0	\$ 33,767
Restricted cash	1,026	0	0	1,947	0	2,973
Escrows	0	0	0	2,618	0	2,618
Accounts receivable	327	0	1,335	1,998	0	3,660
Accounts receivable affiliate	0	0	1,461	1,782	0	3,243
Accounts receivable consolidating entities	10,417	472,289	582,378	206,399	(1,271,483)	0
Inventory	0	0	2,882	4,688	0	7,570
Other current assets	112	0	1,673	1,454	0	3,239
Total current assets	21,921	488,269	590,543	227,820	(1,271,483)	57,070
Property and equipment, net	0	0	330,496	245,766	0	576,262
Investment in consolidating entities	200,123	274,959	0	0	(475,082)	0
Investment in and advances to affiliate	0	0	0	24,311	0	24,311
Other assets	4,272	6,702	7,964	1,618	0	20,556
Goodwill	1,365	0	0	0	0	1,365
Intangible assets	0	0	4,668	20,642	0	25,310
Total assets	\$ 227,681	\$ 769,930	\$ 933,671	\$ 520,157	\$ (1,746,565)	\$ 704,874
LIABILITIES AND EQUITY						
Current liabilities:						
Current portion of long-term debt	\$ 0	\$ 0	\$ 14	\$ 67,664	\$ 0	\$ 67,678
Accounts payable	1	0	1,907	3,393	0	5,301
Accounts payable affiliate	0	0	10	17	0	27
Accounts payable consolidating entities	5,730	341,588	747,086	177,079	(1,271,483)	0
Accrued interest payable	723	6,253	0	1,036	0	8,012
Accrued expenses	866	12	13,702	9,631	0	24,211
Advance deposits	0	0	2,685	5,030	0	7,715
Gift certificates payable	4,384	0	961	1,706	0	7,051
Other current liabilities	0	0	171	307	0	478
Total current liabilities	11,704	347,853	766,536	265,863	(1,271,483)	120,473
Mortgage debt	0	221,954	0	144,997	0	366,951
Other long-term debt	80,545	0	0	0	0	80,545
Deferred tax liability	11,907	0	0	0	0	11,907
Deferred compensation liability	0	0	1,502	0	0	1,502
Total liabilities	104,156	569,807	768,038	410,860	(1,271,483)	581,378
Commitments and contingencies						
Great Wolf Resorts stockholders' equity:						
Common stock	325	0	0	0	0	325

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Preferred stock	0	0	0	0	0	0
Additional paid-in-capital	404,714	456,693	163,514	293,179	(913,386)	404,714
Accumulated deficit	(281,314)	(256,570)	2,119	(183,853)	438,304	(281,314)
Deferred compensation	(200)	0	0	0	0	(200)
Total Great Wolf Resorts stockholders equity	123,525	200,123	165,633	109,326	(475,082)	123,525
Noncontrolling interest	0	0	0	(29)	0	(29)
Total equity	123,525	200,123	165,633	109,297	(475,082)	123,496
Total liabilities and equity	\$ 227,681	\$ 769,930	\$ 933,671	\$ 520,157	\$ (1,746,565)	\$ 704,874

Table of Contents**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS**

Period May 5, 2012 through December 31, 2012

Successor

(Dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenues:						
Rooms	\$ 0	\$ 0	\$ 62,993	\$ 57,970	\$ 0	120,963
Food and beverage	0	0	17,275	16,196	0	33,471
Other	0	0	14,553	17,290	(690)	31,153
Management and other fees	333	0	5,400	13	(3,328)	2,418
Management and other fees affiliates	0	0	3,582	0	0	3,582
	333	0	103,803	91,469	(4,018)	191,587
Other revenue from managed properties	0	0	7,887	0	0	7,887
Other revenue from managed properties affiliates	0	0	7,712	0	0	7,712
Total revenues	333	0	119,402	91,469	(4,018)	207,186
Operating expenses by department:						
Rooms	0	0	8,715	9,881	(557)	18,039
Food and beverage	0	0	13,190	11,741	0	24,931
Other	0	0	11,993	15,007	(671)	26,329
Other operating expenses:						
Selling, general and administrative	6,638	84	27,054	20,927	(2,773)	51,930
Selling, general and administrative affiliates	0	193	0	0	0	193
Property operating costs	0	0	11,473	11,910	(18)	23,365
Depreciation and amortization	2	2	15,458	15,960	0	31,422
Asset impairment loss	0	0	0	1,200	0	1,200
Loss on disposition of assets	0	0	0	182	0	182
	6,640	279	87,883	86,808	(4,019)	177,591
Other expenses from managed properties	0	0	7,887	0	0	7,887
Other expenses from managed properties affiliates	0	0	7,712	0	0	7,712
Total operating expenses	6,640	279	103,482	86,808	(4,019)	193,190
Net operating (loss) income	(6,307)	(279)	15,920	4,661	1	13,996
Investment income affiliates	0	0	0	(577)	0	(577)
Interest income	(117)	(3)	0	(8)	0	(128)
Interest expense	3,998	12,797	0	9,331	0	26,126
	(10,188)	(13,073)	15,920	(4,085)	1	(11,425)

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(Loss) income from continuing operations
before income taxes and equity in
unconsolidated affiliates

Income tax (benefit) expense	506	0	321	235	0	1,062
Equity in unconsolidated affiliates, net of tax	2,308	(10,765)	0	606	8,458	607

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	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net (loss) income from continuing operations	(13,002)	(2,308)	15,599	(4,926)	(8,457)	(13,094)
Discontinued operations, net of tax	0	0	0	(9)	0	(9)
Net (loss) income	(13,002)	(2,308)	15,599	(4,917)	(8,457)	(13,085)
Net income attributable to noncontrolling interest, net of tax	0	0	0	(83)	0	(83)
Net (loss) income attributable to Great Wolf Resorts, Inc.	\$ (13,002)	\$ (2,308)	\$ 15,599	\$ (4,834)	\$ (8,457)	\$ (13,002)

Table of Contents**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS**

Period January 1, 2012 through May 4, 2012

Predecessor

(Dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenues:						
Rooms	\$ 0	\$ 0	\$ 30,243	\$ 33,550	\$ 0	\$ 63,793
Food and beverage	0	0	8,399	8,874	0	17,273
Other	0	0	7,206	8,714	0	15,920
Management and other fees	191	0	8,872	7	(7,672)	1,398
Management and other fees affiliates	0	0	1,414	0	0	1,414
	191	0	56,134	51,145	(7,672)	99,798
Other revenue from managed properties	0	0	4,193	0	0	4,193
Other revenue from managed properties affiliates	0	0	3,901	0	0	3,901
Total revenues	191	0	64,228	51,145	(7,672)	107,892
Operating expenses by department:						
Rooms	0	0	5,325	5,412	(1,279)	9,458
Food and beverage	0	0	6,466	6,480	0	12,946
Other	0	0	5,908	7,542	0	13,450
Other operating expenses:						
Selling, general and administrative	15,470	59	20,803	12,266	(6,393)	42,205
Property operating costs	0	0	5,266	6,081	0	11,347
Depreciation and amortization	53	480	8,391	7,545	0	16,469
Loss on disposition of assets	0	0	47	0	0	47
	15,523	539	52,206	45,326	(7,672)	105,922
Other expenses from managed properties	0	0	4,193	0	0	4,193
Other expenses from managed properties affiliates	0	0	3,901	0	0	3,901
Total operating expenses	15,523	539	60,300	45,326	(7,672)	114,016
Net operating (loss) income	(15,332)	(539)	3,928	5,819	0	(6,124)
Investment income affiliates	0	0	0	(303)	0	(303)
Interest income	(74)	(7)	0	(1)	0	(82)
Interest expense	2,179	9,136	0	4,701	0	16,016
(Loss) income from continuing operations before income taxes and equity in income of unconsolidated affiliates	(17,437)	(9,668)	3,928	1,422	0	(21,755)
Income tax expense	66	0	141	62	0	269
Equity in loss (income) of unconsolidated affiliates, net of tax	3,978	(5,690)	0	(551)	1,712	(551)
Net (loss) income from continuing operations	(21,481)	(3,978)	3,787	1,911	(1,712)	(21,473)

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Discontinued operations, net of tax	0	0	0	23	0	23
Net (loss) income	(21,481)	(3,978)	3,787	1,888	(1,712)	(21,496)
Net income attributable to noncontrolling interest, net of tax	0	0	0	(15)	0	(15)
Net (loss) income attributable to Great Wolf Resorts, Inc.	\$ (21,481)	\$ (3,978)	\$ 3,787	\$ 1,903	\$ (1,712)	\$ (21,481)

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS**

Year ended December 31, 2011

Predecessor

(As revised, dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenues:						
Rooms	\$ 0	\$ 0	\$ 88,161	\$ 86,164	\$ 0	174,325
Food and beverage	0	0	24,431	22,076	0	46,507
Other	0	0	20,577	25,333	0	45,910
Management and other fees	586	0	23,271	34	(21,079)	2,812
Management and other fees affiliates	0	0	4,981	0	0	4,981
	586	0	161,421	133,607	(21,079)	274,535
Other revenue from managed properties	0	0	11,315	0	0	11,315
Other revenue from managed properties affiliates	0	0	10,858	0	0	10,858
Total revenues	586	0	183,594	133,607	(21,079)	296,708
Operating expenses by department:						
Rooms	0	0	14,573	13,993	(3,497)	25,069
Food and beverage	0	0	18,899	16,593	0	35,492
Other	0	0	16,758	20,705	0	37,463
Other operating expenses:						
Selling, general and administrative	3,397	132	46,727	31,572	(17,496)	64,332
Property operating costs	0	0	16,480	18,893	0	35,373
Depreciation and amortization	303	1,370	25,486	26,564	0	53,723
Loss on disposition of assets	0	0	135	1,378	0	1,513
	3,700	1,502	139,058	129,698	(20,993)	252,965
Other expenses from managed properties	0	0	11,315	0	0	11,315
Other expenses from managed properties affiliates	0	0	10,858	0	0	10,858
Total operating expenses	3,700	1,502	161,231	129,698	(20,993)	275,138
Net operating (loss) income	(3,114)	(1,502)	22,363	3,909	(86)	21,570
Investment income affiliates	0	0	0	(902)	0	(902)
Interest income	(196)	(5)	0	(9)	0	(210)
Interest expense	6,343	26,544	1	15,014	0	47,902
(Loss) income from continuing operations before income taxes and equity in	(9,261)	(28,041)	22,362	(10,194)	(86)	(25,220)

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unconsolidated affiliates

Income tax (benefit) expense	216	0	488	428	0	1,132
Equity in unconsolidated affiliates, net of tax	10,236	(17,805)	0	15	7,567	13
Net (loss) income from continuing operations	(19,713)	(10,236)	21,874	(10,637)	(7,653)	(26,365)
Discontinued operations, net of tax	0			(6,550)	(84)	(6,634)

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	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net (loss) income	(19,713)	(10,236)	21,874	(4,087)	(7,569)	(19,731)
Net income attributable to noncontrolling interest, net of tax	0	0	0	(18)	0	(18)
Net (loss) income attributable to Great Wolf Resorts, Inc.	\$ (19,713)	\$ (10,236)	\$ 21,874	\$ (4,069)	\$ (7,569)	\$ (19,713)

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS**

Year ended December 31, 2010

Predecessor

(As revised, dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenues:						
Rooms	\$ 0	\$ 0	\$ 80,021	\$ 78,964	\$ 0	158,985
Food and beverage	0	0	23,484	20,950	0	44,434
Other	0	0	19,051	24,178	0	43,229
Management and other fees	451	0	21,777	66	(19,648)	2,646
Management and other fees affiliates	0	0	4,594	0	0	4,594
	451	0	148,927	124,158	(19,648)	253,888
Other revenue from managed properties	0	0	11,083	0	0	11,083
Other revenue from managed properties affiliates	0	0	10,989	0	0	10,989
Total revenues	451	0	170,999	124,158	(19,648)	275,960
Operating expenses by department:						
Rooms	0	0	13,574	12,722	(3,190)	23,106
Food and beverage	0	0	17,603	15,569	0	33,172
Other	0	0	15,865	18,069	0	33,934
Other operating expenses:						
Selling, general and administrative	2,850	144	46,538	31,570	(16,027)	65,075
Property operating costs	0	0	16,208	16,796	0	33,004
Depreciation and amortization	153	940	30,356	26,869	0	58,318
Asset impairment loss	0	0	0	18,741	0	18,741
Loss on disposition of assets	0	0	9	10	0	19
	3,003	1,084	140,153	140,346	(19,217)	265,369
Other expenses from managed properties	0	0	11,083	0	0	11,083
Other expenses from managed properties affiliates	0	0	10,989	0	0	10,989
Total operating expenses	3,003	1,084	162,225	140,346	(19,217)	287,441
Net operating (loss) income	(2,552)	(1,084)	8,774	(16,188)	(431)	(11,481)
Investment income affiliates	0	0	0	(1,088)	0	(1,088)
Interest income	(531)	(13)	(2)	3	0	(543)
Interest expense	6,343	19,466	3,860	15,871	0	45,540
	(8,364)	(20,537)	4,916	(30,974)	(431)	(55,390)

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(Loss) income from continuing operations before income taxes and equity in affiliates						
Income tax expense (benefit)	(159)	0	557	429	(42)	785
Equity in unconsolidated affiliates, net of tax	49,118	28,581	0	648	(77,699)	648
Net (loss) income from continuing operations	(57,323)	(49,118)	4,359	(32,051)	77,310	(56,823)

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	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Discontinued operations, net of tax	0	0	0	898	(389)	509
Net (loss) income	(57,323)	(49,118)	4,359	(32,949)	77,699	(57,332)
Net income attributable to noncontrolling interest, net of tax	0	0	0	(9)	0	(9)
Net (loss) income attributable to Great Wolf Resorts, Inc.	\$ (57,323)	\$ (49,118)	\$ 4,359	\$ (32,940)	\$ 77,699	\$ (57,323)

Table of Contents**CONSOLIDATING STATEMENT OF CASH FLOWS**

Period May 5, 2012 through December 31, 2012

Successor

(Dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Operating activities:						
Net (loss) income	\$ (13,002)	\$ (2,308)	\$ 15,599	\$ (4,917)	\$ (8,457)	\$ (13,085)
Adjustment to reconcile net (loss) income to net cash provided by (used in) operating activities:						
Depreciation and amortization	2	2	15,458	15,960	0	31,422
Bad debt expense	0	0	19	113	0	132
Amortization of debt fair value	84	(3,607)	0	244	0	(3,279)
Asset impairment loss	0	0	0	1,200	0	1,200
Write off of development costs	0	0	4,749	0	0	4,749
Non-cash employee compensation and professional fee expense	0	0	1,518	0	0	1,518
Loss on disposition of assets	0	0	0	182	0	182
Equity in unconsolidated affiliates	2,308	(10,765)	0	662	8,458	663
Deferred tax expense	462	0	0	0	0	462
Changes in operating assets and liabilities	99,967	137,526	(80,488)	(162,468)	(823)	(6,286)
Net cash provided by (used in) operating activities	89,821	120,848	(43,145)	(149,024)	(822)	17,678
Investing activities:						
Capital expenditures for property and equipment	4	0	(4,043)	(4,295)	0	(8,334)
Investment in unconsolidated affiliates	0	0	0	(460)	0	(460)
Investment in development	0	0	(58)	0	0	(58)
Purchase of minority interest	0	0	0	(1,525)	0	(1,525)
(Increase) decrease in restricted cash	0	0	0	(2,126)	0	(2,126)
Net cash used in investing activities	4	0	(4,101)	(8,406)	0	(12,503)
Financing activities:						
Principal payments on long-term debt	0	0	0	(5,857)	0	(5,857)
Payment of loan costs	(4)	(3)	0	(53)	0	(60)
Capital contributions	1,091	0	0	0	0	1,091
Advances from consolidating entities, net	(104,064)	(117,230)	52,447	168,025	822	0
Net cash (used in) provided by financing activities	(102,977)	(117,233)	52,447	162,115	822	(4,826)
Net increase in cash and cash equivalents	(13,152)	3,615	5,201	4,685	0	349
Cash and cash equivalents, beginning of period	23,340	3,909	(3,941)	4,467	0	27,775

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	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Cash and cash equivalents, end of period	\$ 10,188	\$ 7,524	\$ 1,260	\$ 9,152	\$ 0	\$ 28,124

Table of Contents**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**

Period January 1, 2012 through May 4, 2012

Predecessor

(Dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Operating activities:						
Net (loss) income	\$ (21,481)	\$ (3,978)	\$ 3,787	\$ 1,888	\$ (1,712)	\$ (21,496)
Adjustment to reconcile net (loss) income to net cash (used in) provided by operating activities:						
Depreciation and amortization	53	480	8,391	7,545	0	16,469
Bad debt expense	0	0	1	25	0	26
Non-cash employee compensation and professional fees expense	0	0	3,348	0	0	3,348
Loss on disposition of assets	0	0	47	0	0	47
Equity in loss (income) of affiliates	3,978	(5,690)	0	(559)	1,712	(559)
Deferred tax benefit	73	0	0	0	0	73
Changes in operating assets and liabilities	14,315	(3,747)	(3,218)	(3,580)	0	3,770
Net cash (used in) provided by operating activities	(3,062)	(12,935)	12,356	5,319	0	1,678
Investing activities:						
Capital expenditures for property and equipment	0	0	(1,248)	(989)	0	(2,237)
Investment in development	0	0	(75)	0	0	(75)
Proceeds from sale of assets	0	0	3	0	0	3
Increase in restricted cash	0	0	0	(3,464)	0	(3,464)
Net cash used in investing activities	0	0	(1,320)	(4,453)	0	(5,773)
Financing activities:						
Principal payments on debt	0	527	(14)	(2,290)	0	(1,777)
Payment of loan costs	3	(121)	0	(2)	0	(120)
Advances from consolidating entities, net	16,360	458	(15,777)	(1,041)	0	0
Net cash provided by (used in) financing activities	16,363	864	(15,791)	(3,333)	0	(1,897)
Net increase (decrease) in cash and cash equivalents						
	13,301	(12,071)	(4,755)	(2,467)	0	(5,992)
Cash and cash equivalents, beginning of period	10,039	15,980	814	6,934	0	33,767
Cash and cash equivalents, end of period	\$ 23,340	\$ 3,909	\$ (3,941)	\$ 4,467	\$ 0	\$ 27,775

Table of Contents**CONSOLIDATING STATEMENT OF CASH FLOWS**

Year ended December 31, 2011

Predecessor

(As revised, dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Operating activities:						
Net (loss) income	\$ (19,713)	\$ (10,236)	\$ 21,874	\$ (4,087)	\$ (7,569)	\$ (19,731)
Adjustment to reconcile net (loss) income to net cash (used) provided by operating activities:						
Depreciation and amortization	303	1,371	25,486	26,663	0	53,823
Bad debt expense	0	0	(13)	42	0	29
Non-cash employee compensation and professional fee expense	0	0	2,252	0	0	2,252
Loss on disposition of assets	0	0	137	1,376	0	1,513
Gain on disposition of property included in discontinued operations	0	0	0	(6,667)	0	(6,667)
Equity in unconsolidated affiliates	10,236	(17,805)	0	13	7,569	13
Deferred tax expense	208	0	0	0	0	208
Changes in operating assets and liabilities	2,433	(679)	(3,921)	(405)	0	(2,572)
Net cash (used in) provided by operating activities	(6,533)	(27,349)	45,815	16,935	0	28,868
Investing activities:						
Capital expenditures for property and equipment	0	0	(3,515)	(5,808)	0	(9,323)
Loan repayment from unconsolidated affiliate	0	0	0	807	0	807
Investment in development	0	0	(422)	0	0	(422)
Proceeds from sale of a discontinued operation	0	0	0	4,200	0	4,200
Proceeds from sale of assets	0	0	0	2	0	2
(Increase) decrease in restricted cash	(1,001)	0	0	724	0	(277)
Net cash used in investing activities	(1,001)	0	(3,937)	(75)	0	(5,013)
Financing activities:						
Principal payments on long-term debt	0	1,532	(33)	(83,060)	0	(81,561)
Proceeds from issuance of long-term debt	0	0	0	56,000	0	56,000
Payment of loan costs	(111)	(123)	0	(1,281)	0	(1,515)
Advances from consolidating entities, net	7,637	17,752	(40,703)	15,314	0	0
Net cash provided by (used in) financing activities	7,526	19,161	(40,736)	(13,027)	0	(27,076)
Net increase in cash and cash equivalents	(8)	(8,188)	1,142	3,833	0	(3,221)
Cash and cash equivalents, beginning of period	10,047	24,168	(328)	3,101	0	36,988
Cash and cash equivalents, end of period	\$ 10,039	\$ 15,980	\$ 814	\$ 6,934	\$ 0	\$ 33,767

Table of Contents**CONSOLIDATING STATEMENT OF CASH FLOWS**

Year ended December 31, 2010

Predecessor

(As revised, dollars in thousands)

	Parent	Issuers	Subsidiary Guarantors	Non Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Operating activities:						
Net (loss) income	\$ (57,323)	\$ (49,118)	\$ 4,359	\$ (32,949)	\$ 77,699	\$ (57,332)
Adjustment to reconcile net (loss) income to net cash (used in) provided by operating activities:						
Depreciation and amortization	153	940	30,356	27,018	0	58,467
Bad debt expense	0	0	145	81	0	226
Asset impairment loss	0	0	0	18,741	0	18,741
Non-cash employee compensation and professional fees expense	0	0	2,664	0	0	2,664
Loss on disposition of assets	0	0	9	9	0	18
Equity in unconsolidated affiliates	49,118	28,581	0	639	(77,699)	639
Deferred tax benefit	(94)	0	0	0	0	(94)
Changes in operating assets and liabilities	1,645	6,930	(2,446)	(346)	0	5,783
Net cash (used in) provided by operating activities	(6,501)	(12,667)	35,087	13,193	0	29,112
Investing activities:						
Capital expenditures for property and equipment	0	0	(4,142)	(4,541)	0	(8,683)
Loan repayment from unconsolidated affiliate	0	0	0	1,715	0	1,715
Investment in development	0	0	(517)	0	0	(517)
Proceeds from sale of assets	0	0	0	19	0	19
Cash acquired in acquisition of Creative Kingdoms, LLC	0	0	0	324	0	324
Decrease (increase) in restricted cash	0	0	4,430	(1,766)	0	2,664
Net cash (used in) provided by investing activities	0	0	(229)	(4,249)	0	(4,478)
Financing activities:						
Principal payments on long-term debt	0	1,124	(214,865)	(3,369)	0	(217,110)
Proceeds from issuance of long-term debt	0	219,298	0	39	0	219,337
Payment of loan costs	49	(8,887)	(1,836)	(112)	0	(10,786)
Advances from consolidating entities, net	11,476	(189,238)	183,105	(5,343)	0	0
Net cash provided by (used in) financing activities	11,525	22,297	(33,596)	(8,785)	0	(8,559)
Net increase in cash and cash equivalents	5,024	9,630	1,262	159	0	16,075
Cash and cash equivalents, beginning of period	5,023	14,538	(1,590)	2,942	0	20,913
Cash and cash equivalents, end of period	\$ 10,047	\$ 24,168	\$ (328)	\$ 3,101	\$ 0	\$ 36,988

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18. REVISION OF PRIOR PERIOD FINANCIAL STATEMENTS

In connection with the preparation of our condensed consolidated financial statements for the second quarter of 2012, we identified an error in the manner in which deferred tax balances were calculated. In accordance with accounting guidance found in ASC 250-10 (SEC Staff Accounting Bulletin No. 99, *Materiality*), we assessed the materiality of the error and concluded that the error was not material to any of our previously issued financial statements. In accordance with accounting guidance found in ASC 250-10 (SEC Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*), we revised our previously issued financial statements to correct the effect of this error. This non-cash revision does not impact our operating income or cash flows for any prior period.

The following tables present the effect of this correction on the Company's Consolidated Balance Sheets, Statements of Operations, Statements of Equity and Statements of Cash Flows for all Predecessor periods affected:

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	As Previously Reported	Adjustment	As Revised
December 31, 2011			
Consolidated Balance Sheet			
Other current assets	\$ 4,194*	\$ (955)	\$ 3,239*
Total current assets	58,025	(955)	57,070
Other assets	26,049	(5,493)	20,556
Total assets	711,322	(6,448)	704,874
Deferred tax liability	0	11,907	11,907
Total liabilities	569,471	11,907	581,378
Accumulated deficit	(262,959)	(18,355)	(281,314)
Total Great Wolf Resorts, Inc. stockholders' equity	141,880	(18,355)	123,525
Total equity	141,851	(18,355)	123,496
Total liabilities and equity	711,322	(6,448)	704,874

* Restricted cash was presented separately in the current year and the prior year presentation was conformed to the current year presentation.

Year Ended December 31, 2011			
Consolidated Statement of Operations			
Income tax expense	\$ 7,086	\$ (5,954)	\$ 1,132
Equity in loss of unconsolidated affiliates, net of tax	18	(5)	13
Net loss from continuing operations	(32,324)	5,959	(26,365)
Net loss	(25,690)	5,959	(19,731)
Net income attributable to noncontrolling interest, net of tax	(27)	9	(18)

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	As Previously Reported	Adjustment	As Revised
Net loss attributable to Great Wolf Resorts, Inc.	(25,663)	5,950	(19,713)
Loss per share of common stock basic and diluted:			
Loss from continuing operations, net of net income attributable to noncontrolling interest, net of tax	\$ (1.03)	\$ 0.19	\$ (0.84)
Income from discontinued operations, net of tax	0.21	0.00	0.21
Basic and diluted loss per common share	\$ (0.82)	\$ 0.19	\$ (0.63)
Consolidated Statement of Equity			
Net loss attributable to Great Wolf Resorts, Inc.	\$ (25,663)	\$ 5,950	\$ (19,713)
Accumulated deficit	(262,959)	(18,355)	(281,314)
Consolidated Statement of Cash Flow			
Net loss	\$ (25,690)	\$ 5,959	\$ (19,731)
Deferred tax expense	6,167	(5,959)	208

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	As Previously Reported	Adjustment	As Revised
Year Ended December 31, 2010			
Consolidated Statement of Operations			
Income tax expense (benefit)	\$ (5,403)	\$ 6,188	\$ 785
Equity in loss of unconsolidated affiliates, net of tax	576	72	648
Net loss from continuing operations	(50,563)	(6,260)	(56,823)
Discontinued operations, net of tax	455	54	509
Net loss	(51,018)	(6,314)	(57,332)
Net loss attributable to Great Wolf Resorts, Inc.	(51,009)	(6,314)	(57,323)
Loss per share of common stock basic and diluted:			
Loss from continuing operations, net of net income attributable to noncontrolling interest, net of tax	\$ (1.63)	\$ (0.20)	\$ (1.83)
Loss from discontinued operations, net of tax	(0.02)	0.00	(0.02)
Basic and diluted loss per common share	\$ (1.65)	\$ (0.20)	\$ (1.85)
Consolidated Statement of Equity			
Net loss attributable to Great Wolf Resorts, Inc.	\$ (51,009)	\$ (6,314)	\$ (57,323)
Accumulated deficit	(237,296)	(24,305)	(261,601)
Consolidated Statement of Cash Flow			
Net loss	\$ (51,018)	\$ (6,314)	\$ (57,332)
Deferred tax expense	(6,408)	6,314	(94)

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information in our reports under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified pursuant to the SEC's rules and forms. Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, include controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met.

We carried out an evaluation, under the supervision and with the participation of our management including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the fourth quarter of 2012. In making this evaluation, we necessarily applied our judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance about management's control objectives. You should note that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Based upon the foregoing evaluation, our Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective and operating to provide at the reasonable assurance level that information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions about required disclosure.

Changes in Internal Control

There have been no changes in our internal controls over financial reporting during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate and effective internal control over financial reporting. Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and directors; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

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Internal control over financial reporting cannot provide absolute assurance for the prevention or detection of misstatements within our financial reporting because of its inherent limitations. Internal control over financial reporting is a process that involves human judgment and requires diligence and compliance to prevent errors. Internal control over financial reporting can also be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis. However, these inherent limitations are known features of the financial reporting process and it is possible to design safeguards to reduce, though not eliminate, this risk. Our management has used the framework set forth in the report entitled Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of our internal control over financial reporting.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that our internal control over financial reporting was effective as of December 31, 2012.

Conclusion

Management has concluded that, as of December 31, 2012, our internal control over financial reporting was effective.

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ITEM 9B. OTHER INFORMATION

None.

PART III

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE
THE BOARD OF DIRECTORS**

The following table sets forth the names, ages, positions held and business experience of the Company's directors as of March 1, 2013.

AARON J. STONE, age 40

Mr. Stone has been a member of our board of directors since the consummation of the merger in May 2012. Mr. Stone is a senior partner of Apollo, where he has worked since 1997. Mr. Stone has significant experience making and managing private equity investments on behalf of Apollo and has over 16 years of experience financing, analyzing and investing in public and private companies, which in addition to his experience with communications businesses, was instrumental in his selection as a member of our board of directors. Mr. Stone also serves on the board of directors of CORE Entertainment Holdings, Inc. Mr. Stone was on the board of directors of AMC Entertainment Inc., from December 2004 to August 2012; Connections Academy, LLC, from September 2004 to November 2011; Hughes Communications, Inc., from December 2005 to June 2011; Hughes Telematics, Inc., from March 2009 to July 2012; Mobile Satellite Ventures, L.P., from June 2005 to November 2008; Parallel Petroleum, LLC, from October 2009 to December 2011 and SkyTerra Communications, from June 2005 to November 2008.

Committees: Audit; Compensation

JAMES P. CHAMBERS, age 27

Mr. Chambers has been a member of our board of directors since the consummation of the merger in May 2012. Mr. Chambers is a principal at Apollo. Mr. Chambers joined Apollo in 2009 and has focused on private equity investments across a wide range of industries. Prior to that time, Mr. Chambers was a member of the Consumer and Retail Group in the Investment Banking Division of Goldman, Sachs & Co where he advised a number of companies on a variety of strategic transactions and capital raising activities. Mr. Chambers also serves on the board of directors of Veritable Maritime Holdings, LLC and Principal Maritime Holdings, LLC. Mr. Chambers graduated from Duke University with an AB in Political Science and a certificate in Markets and Management studies.

Committees: Audit; Compensation

SCOTT I. ROSS, age 33

Mr. Ross has been a member of our board of directors since the consummation of the merger in May 2012. Mr. Ross is a partner of Apollo. Mr. Ross joined Apollo and has been employed by Apollo since 2004 (except for the period from August 2008 until September 2009 when he was employed by Shumway Capital Partners). Prior to 2004, Mr. Ross was a member of the Fixed Income, Currencies and Commodities Division and then a member of the Merchant Banking Division of Goldman, Sachs & Co. Mr. Ross also serves on the Board of Directors of EVERTEC, Inc. and EVERTEC Group, LLC. Mr. Ross has significant experience in making and managing private equity investments on behalf of Apollo and over ten years of experience in financing, analyzing and investing in public and private companies.

Committees: Audit (Chair); Compensation (Chair)

KIMBERLY K. SCHAEFER, age 47

Ms. Schaefer has served as our Chief Executive Officer since January 2009, and was elected to our Board of Directors in February 2009. She previously served as our Chief Operating Officer since 2005, and also our Chief Brand Officer since we commenced operations in 2004. From 1997 until completion of the our initial public offering in 2004, Ms. Schaefer served as Senior Vice President of Operations of The Great

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Lakes Companies, Inc., our predecessor company, and its predecessor companies. At Great Lakes, Ms. Schaefer was involved in site selection and brand development and oversaw all resort operations. Ms. Schaefer has over 20 years of hospitality experience and holds a Bachelor of Science degree in Accounting from Edgewood College in Madison, Wisconsin. Ms. Schaefer sits on the advisory board for Edgewood College Business School. Ms. Schaefer is a certified public accountant.

Committees: None

ALLEN R. WEISS, age 58

Mr. Weiss has been a member of the Company's Board of Directors since August 2012. Mr. Weiss served as President of Worldwide Operations for the Walt Disney Parks and Resorts business of The Walt Disney Company from 2005 until his retirement in 2011. Prior to that, Mr. Weiss served in a number of roles for The Walt Disney Company since 1972, including most recently as President of Walt Disney World Resort, Executive Vice President of Walt Disney World Resort and Vice President of Resort Operations Support. Mr. Weiss also serves on the board or council of a number of community and civic organizations.

Committees: None

THE NAMED EXECUTIVE OFFICERS

Ms. Schaefer is an executive officer and director and her biographical information is set forth under The Board of Directors. The names, positions, business experience, terms of office and ages of our other executive officers are as follows:

TIMOTHY D. BLACK, age 47

Mr. Black has served as Executive Vice President and Chief Operating Officer of the Company since October 2012. Mr. Black previously served as our Executive Vice President of Operations since January 2009, as our Senior Vice President of Operations since June 2008, and as our Regional Vice President of Operations from December 2005 through June 2008. From October 2004 through December 2005, Mr. Black served as the General Manager of our Great Wolf Lodge resort located in Lake Delton, Wisconsin. Prior to that, Mr. Black spent eighteen years at Six Flags Theme Park in various senior management positions, serving most recently as Vice President and General Manager of Six Flags Great America from August 2003 through October 2004.

JAMES A. CALDER, age 50

Mr. Calder has served as our Chief Financial Officer since we commenced operations in May 2004. From 1997 to 2004, Mr. Calder served in a number of management positions with Interstate Hotels & Resorts, Inc., a public company, and its predecessor company, serving most recently as chief financial officer. Additionally, from 2001 to 2002, Mr. Calder served as chief accounting officer of MeriStar Hospitality Corporation, a public company. Mr. Calder holds a B.S. degree in Accounting from The Pennsylvania State University. Mr. Calder is a certified public accountant, is president and treasurer of the Thomas W. Hetrick Memorial Scholarship Fund, a private, non-profit organization, and is treasurer of Harvest Resources Associates, LLC, a private organization.

ALEXANDER P. LOMBARDO, age 44

Mr. Lombardo has served as our Treasurer since 2004. From 1998 to 2004, Mr. Lombardo served in a number of positions with Interstate Hotels & Resorts, Inc., a public company, and its predecessor company, serving most recently as vice president of finance. Additionally, from 1998 to 2002, Mr. Lombardo served in a number of positions with MeriStar Hospitality Corporation, a public company, serving most recently as assistant treasurer. From 1996 to 1998, Mr. Lombardo served as cash manager of ICF Kaiser International, Inc., a public company.

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Mr. Lombardo holds a B.B.A. degree from James Madison University.

J. SCOTT MAUPIN, age 41

Mr. Maupin has served as our Senior Vice President of Operations since January 2012. Mr. Maupin previously served as our Regional Vice President of Operations since 2008. From 2007 to 2008, Mr. Maupin served as General Manager of our Great Wolf Lodge resort located in Lake Delton, Wisconsin. Prior to that, Mr. Maupin served 16 years at Six Flags Theme Parks, Inc. and Premier Parks, Inc., both public companies, in various senior and operational management positions, serving most recently as President of The Six Flags Great Escape Lodge and Indoor Waterpark as well as The Great Escape theme park from 2004-2007.

CORPORATE GOVERNANCE

Section 16(a) Beneficial Ownership Reporting Compliance

Under federal securities laws, our directors, executive officers and any persons beneficially owning more than 10% of a registered class of our equity securities are required to report their ownership and any changes in that ownership to the SEC. These persons are also required by SEC rules and regulations to furnish us with copies of these reports. The SEC has established due dates for these reports, and we are required to report in this information statement any failure to timely file these reports by those due dates by our directors and executive officers during 2012.

Based solely upon our review of the reports and amendments to those reports furnished to us or written representations from our directors and executive officers that these reports were not required from those persons, we believe that all of these filing requirements were satisfied by our directors and executive officers and all persons beneficially owning more than 10% of a registered class of our equity securities during 2012.

Audit Committee

Our Board of Directors has established an Audit Committee, which as of December 31, 2012 consisted of Messrs. Chambers, Ross, and Stone, with Mr. Ross serving as its chairman.

Our Audit Committee operates under a written charter adopted by our Board of Directors. A copy of this charter is available on our Web site under Investor Relations at greatwolf.com. Among other duties, this committee:

Reviews and discusses with management and our independent auditor our financial reports, financial statements and other financial information;

If we become subject to the SEC filing requirement with respect to management's report on internal control over financial reporting and the independent auditor's attestation thereof, reviews and discusses with management and our independent auditor such report and attestation prior to the filing of our Form 10-K;

Is directly responsible for the appointment, retention, compensation and oversight of our independent registered public accounting firm;

Reviews and discusses with our independent auditor their reports regarding critical accounting policies and practices to be used; all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and management;

Approves all professional services provided by our independent auditor;

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Evaluates the qualifications, performance and independence of our independent auditor;

Obtains and reviews a statement from our independent auditor regarding their fees billed for audit and non-audit services; and

Reviews and discusses with management and the our independent auditor any major issues as the scope of the annual audit, the adequacy of our internal controls, any special audit steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

Our Audit Committee met four times in 2012.

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Availability of Corporate Governance Materials.

The Company has adopted a Code of Business Conduct and Ethics that applies to the Company's principal executive officer and the Company's principal financial officer (who is also the Company's principal accounting officer). Parties may view our corporate governance materials, including the charters of our Audit Committee and our Compensation Committee, and our Code of Business Conduct and Ethics, on our Web site under "Investor Relations" at greatwolf.com.

ITEM 11. EXECUTIVE COMPENSATION

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EXECUTIVE AND DIRECTOR COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee oversees our compensation program for our senior executives, including our Named Executive Officers (NEOs). The Compensation Committee's responsibilities include:

Recommending to the Board for approval our general compensation philosophy and objectives,

Reviewing and approving our goals and objectives relevant to the compensation of our CEO, and evaluating the CEO's performance in light of those goals and objectives, determining the CEO's compensation level, and making recommendations with respect to the CEO's equity compensation,

Approving all non-equity compensation for non-CEO executive officers and making recommendations with respect to all equity-based compensation for non-CEO executive officers,

Approving all employment agreement, severance agreements, consulting agreements, change in control provisions and agreements and similar arrangements providing for payments to executive officers,

Reviewing and making recommendations to the Board with respect to non-equity incentive compensation plans, policies and benefit programs for employees generally, and overseeing the activities of the individuals and committees responsible for administering these plans,

Reviewing and making recommendations to the compensation committee of K-9 Holdings, Inc., our parent company, with respect to equity-based compensation and equity-based plans,

Reviewing and discussing with management the disclosures made in Compensation Discussion and Analysis prior to the filing of our annual report on Form 10-K,

Reviewing and assessing the adequacy of the Compensation Committee's charter and recommending any proposed changes to the Board for approval,

Reviewing and making recommendations to the Board with respect to stock ownership guidelines for the CEO and other executive officers and monitoring compliance with such guidelines,

Overseeing the risk assessment of our compensation arrangements applicable to our executive officers and other employees,

Reviewing and making recommendations to the Board with respect to the non-equity components of compensation for members of the Board,

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Developing a succession plan for senior management and the CEO, and

Reviewing and approving any additional services to be performed for us by a compensation consultant retained to provide advice or recommendations on the form or amount of compensation for executives and/or members of the Board.

From time to time, the Compensation Committee may retain compensation consultants to assist with, among other things:

Structuring our various compensation programs;

Determining appropriate levels of salary, bonus and other awards payable to our NEOs consistent with our competitive strategy, corporate governance principles and stockholder interests; and

Guiding us in the development of near-term individual performance objectives necessary to achieve long-term performance goals.

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We expect to use these compensation consultants only in circumstances where the consultants have no other business dealings with us.

Each member of the Compensation Committee is a non-employee director as defined in the Compensation Committee's charter.

General Compensation Policy/Philosophy

Our general compensation philosophy is to:

Design and implement a compensation program to attract, retain and motivate talented executives;

Provide incentives for the attainment of short-term operating objectives and strategic long-term performance goals; and

Place emphasis on, and reward achievement of, long-term objectives that are consistent with the nature of our Company as an enterprise focused on revenue and cash flow growth, resort operations and brand expansion/development over the next several years. Our overall executive compensation philosophy is based on a pay-for-performance model. In general, our executive compensation is structured to reward performance through a combination of competitive base salaries coupled with cash-based and equity-based incentives. The at risk components of our executive compensation (cash annual incentives and equity-based long-term incentives) are designed to provide incentives that are predicated on us and/or the NEO meeting or exceeding predefined goals.

We believe that the performance goals and incentive plan structures generally established under our annual and long-term incentive programs would not contribute to excessive risk by our senior executives or employees. The approved goals under our incentive programs are consistent with our financial operating plans and strategies, and these programs are discussed and reviewed by the Compensation Committee. Our compensation systems are balanced, rewarding both short-term and long-term performance. Our results are largely team oriented rather than individually focused, and tied to measurable factors that are both transparent to the Board and drivers of their returns. The Compensation Committee is actively engaged in setting compensation systems, monitoring these systems during the year and using discretion in making rewards, as necessary. As a result of the procedures and practices described above, the Compensation Committee believes that our compensation policies and practices for our employees do not encourage risk taking that is reasonably likely to have a material adverse effect on us.

The Compensation Committee occasionally requests that our CEO be present at Compensation Committee meetings where executive compensation and Company, business unit, departmental and individual performances are discussed and evaluated. Our CEO is free to provide insight, suggestions or recommendations regarding executive compensation if present during these meetings or at other times. Only Compensation Committee members, however, vote on decisions made regarding executive compensation.

Named Executive Officers

At December 31, 2012, our NEOs were:

Kimberly K. Schaefer, Chief Executive Officer (Principal Executive Officer)

Timothy D. Black, Executive Vice President of Operations

James A. Calder, Chief Financial Officer (Principal Financial Officer)

Alexander P. Lombardo, Treasurer

J. Scott Maupin, Senior Vice President of Operations

2012 Executive Officer Compensation

For 2012, the Compensation Committee in place prior to the Merger used as a reference tool the overall compensation structure recommendations for our NEOs (other than for Mr. Maupin) developed for 2010-2012 by FPL Associates Compensation (FPL), an independent compensation consultant. In 2009, the Compensation Committee engaged FPL to

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assist the Compensation Committee in determining appropriate fiscal year 2010 compensation for certain of our NEOs, as well as an appropriate structure for long-term incentive compensation for the period 2010-2012. FPL conducted for the Compensation Committee an executive benchmarking analysis of a competitive peer group of 11 public companies that competed with us for talent, investment dollars and/or business. Based on that analysis and discussions with the Compensation Committee, FPL made executive compensation recommendations for certain of our NEOs in a report to the Compensation Committee, of appropriate levels of:

Base salary,

Annual cash incentives, and

Long-term incentive compensation.

The structure and amounts of the base salary, annual incentives and long-term incentives compensation components for all NEOs other than Mr. Maupin for 2012 as detailed in this Compensation Discussion and Analysis were initially based on the final recommendations of FPL in its report. Following the Merger in May 2012, however, we modified certain components of the long-term incentives structure for our NEOs, as described further below.

Competitive Peer Group

The competitive peer group FPL used in its report included primarily companies that were focused on operating within the public hospitality / leisure sectors as the foundation for our compensation practices. Those peer group companies included ones that:

Owned and operated local / regional / national family entertainment facilities dependent on discretionary consumer spending,

Owned and/or operated branded hotels or resorts, and/or

Licensed branded hospitality locations.

These companies owned and/or operated facilities such as theme parks, meeting and convention resorts, nationally-branded hotels, cruise lines, timeshare resorts, spas and movie theaters. The peer group consisted of the following companies:

Cedar Fair, L.P.
Gaylord Entertainment Company, Inc.
LaSalle Hotel Properties, Inc.
The Marcus Corporation
Red Lion Hotels Corporation
Royal Caribbean Cruises, Ltd.

Executive Compensation Structure

Silverleaf Resorts, Inc.
Six Flags, Inc.
Steiner Leisure Limited
Strategic Hotels & Resorts, Inc.
Vail Resorts, Inc.

Utilizing the information in FPL's report and other benchmarking data, the Compensation Committee in place prior to the Merger approved total remuneration for executive compensation for NEOs other than Mr. Maupin for 2012 structured as follows:

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Base salaries at a level commensurate with each executive's role / responsibilities, tenure and other factors, referenced to median market practices.

Short-term incentive compensation consisting of annual cash incentive bonuses based on specified threshold, target and high earnings levels, defined as follows:

Threshold performance – solid achievement but falls short of expectations. Would be considered less than meeting a budget plan. This represents the minimum level of performance that must be achieved before any bonus will be earned.

Target performance – achievement that normally signifies meeting business objectives. In many situations, represents budget level performance, and

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High performance significant achievement that would be considered upper-tier or exceptional performance by industry standards.

Long-term incentive compensation in the form of restricted stock grants based on specified threshold, target and high earnings levels, consisting of:

Annual equity grants with performance metrics and/or

Multi-year program equity grants with performance metrics and/or time-based vesting.

Following the Merger in May 2012, the Compensation Committee modified the long-term incentive compensation structure to consist of:

Time-based restricted stock grants for certain NEOs and

Stock options that included both time-based and performance-based vesting features for certain NEOs.

For 2012, the Compensation Committee designed annual cash incentives and long-term incentives for NEOs other than Mr. Maupin that created an overall compensation program that can provide for superior compensation when primary Company-wide financial goals and individual performance goals are met or exceeded, and, conversely, total compensation below competitive levels when such goals are not met. For Mr. Maupin, the Compensation Committee felt a total compensation structure that was less likely to provide total compensation significantly above or below competitive levels was appropriate, due to other executive officers having broader responsibilities for overseeing our overall performance.

For a further discussion on the details of these annual cash incentives and long-term incentives, see Elements of Compensation below.

Elements of Compensation

The compensation for each of our NEOs consists of three components:

Base salary,

Annual cash incentive and

Long-term incentive compensation.

These components provide elements of fixed income and variable compensation that are linked to the achievement of individual and corporate goals and the enhancement of value to our stockholders.

Base Salary

Base salary represents the fixed annual component of our executive compensation. Executives receive salaries that are within a range established by the Compensation Committee for their respective positions, based on the comparative analysis described above. Where each executive's salary falls within the salary range is based on a determination of the level of experience that the executive brings to the position and how successful the executive has been in achieving set goals. Salary adjustments are based on a similar evaluation and may include a comparison of adjustments made by competitors and any necessary inflationary adjustments.

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When reviewing the competitive market data described above, the Compensation Committee considers that the competitive market is comprised of professionals with varying backgrounds, experience and education who may be more junior or senior within the role. As such, the compensation, particularly as it relates to base salaries, provided to these incumbents may, appropriately, vary. In establishing base salary amounts for our NEOs, the Compensation Committee considers the level of responsibility, experience, performance and tenure of our Company's incumbents relative to those commonly found in the market and/or summarized by FPL in its report.

We generally review the base salaries of our NEOs each fiscal year. In the event of an NEO's promotion and/or increased scope of responsibility, we consider base salary adjustments at other points during the year as well.

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The Compensation Committee reviewed the salaries for our NEOs other than Mr. Maupin in December 2011; Mr. Maupin's base salary was reviewed in February 2012. As part of those reviews, the Compensation Committee considered, among other items, base salary benchmarking data in FPL's report for individuals with similar levels of responsibility at the Company's peer group companies, and FPL's recommendation that the Company focus relative salary comparisons against the 25th percentile and median values of the peer group information. As a result of these reviews, base salaries established for 2012 and the percentage increase from prior base salaries are shown below:

Name	2012 Base	Increase From
	Salary (\$)	Prior Base Salary (%)
Ms. Schaefer	561,000	2.0
Mr. Black	319,770	2.0
Mr. Calder	392,700	2.0
Mr. Lombardo	204,000	2.0
Mr. Maupin	275,000	7.8

Annual Cash Incentive***For NEOs other than Mr. Maupin***

For these NEOs, annual cash incentives exist in the form of bonuses as a means of linking compensation to objective performance criteria that are within the control of the NEOs. Consistent with the guidelines in FPL's report, at the beginning of each year, the Compensation Committee establishes a potential bonus amount range for each executive and identifies performance targets for each NEO to meet in order to receive the full bonus. The range incorporates the threshold, target and high (maximum) performance concepts as described above in 2012 Executive Officer Compensation.

Our annual incentive program utilizes multiple aspects or dimensions of performance to establish a "line-of-sight" between the individual and the reward. The emphasis on one dimension versus another depends on the level and type of position. Three dimensions we consider in the annual incentive program for these NEOs are:

Corporate – overall corporate performance is the primary dimension for executive and senior management.

Department / Business Unit – refers to key functional areas. This dimension is utilized to link individuals to the performance of their collective work group and is intended to foster cooperation, and

Individual – refers to specific goals and objectives developed for each individual participant.

The Compensation Committee reviews each executive's position to determine the proportion or percentage of incentive opportunity that will be attributed to each of the three dimensions, based on the position's ability to impact performance at each dimension. The benefit to using this three-tier construct is in balancing the required level of objectivity with the desired level of subjectivity. While corporate and team/unit goals include specific, quantifiable targets, the individual component can often be based on a more subjective assessment of performance or on management discretion.

For the NEOs, the Compensation Committee establishes financial targets at the beginning of each year that are tied to our annual business plan. The NEOs generally begin to earn a threshold annual cash incentive award amount once a financial target is at least 95% attained. The threshold award amount is generally one-third of the maximum potential award amount for a particular financial target. The maximum annual cash incentive award is earned when a financial target is at least 105% attained. Any potential amount of the annual cash incentive award in excess of the threshold amount, up to the maximum potential award amount, is earned ratably from 95% up to 105% of the financial target attained.

The Compensation Committee employs clearly defined, objective measures of performance to support the annual cash incentive awards for our NEOs. Within the annual incentive award component of the compensation program, performance measures are often based on operational / financial initiatives as well as individual /subjective performance, providing a balance with long-term incentive award components, which are generally primarily tied to value creation.

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The Compensation Committee, in consultation with our CEO, establishes and approves specific, written performance objectives for annual cash incentives. For each such objective, actual performance is reviewed by the Compensation Committee (generally in the first quarter of the fiscal year following the performance year) in order to determine the actual

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payment to occur following release of the performance year fiscal year financial results. The Compensation Committee has the ability to apply discretion to increase or decrease the actual payout resulting from the relative achievement of performance objectives. Discretion may be applied in the case of significant business disruption, unusual business events or conditions, or other factors the Compensation Committee deems relevant.

As part of its report for the Compensation Committee, FPL recommended a structure for annual cash incentives for our NEOs that provided for threshold, target and maximum levels of opportunity, as discussed above. The Compensation Committee considered annual cash incentive benchmarking data in FPL's report for individuals with similar levels of responsibility at the Company's peer group companies, including recommended amounts (expressed as a percentage of each NEO's base salary) for threshold, target and maximum levels of performance, and FPL's recommendations for each NEO's annual cash incentive structure. Based primarily on the recommendations of FPL in its report, the Compensation Committee established overall threshold, target and maximum annual incentive opportunities for our NEOs for 2012, expressed as a percentage of each executive's 2012 base salary, as follows:

Name	2012 Annual Incentive Opportunity					
	Threshold		Target		Maximum	
	(%)	(\$)	(%)	(\$)	(%)	(\$)
Ms. Schaefer	50.0	280,500	100.0	561,000	150.0	841,500
Mr. Black	33.3	106,590	66.7	213,180	100.0	319,770
Mr. Calder	40.0	157,080	80.0	314,160	120.0	471,240
Mr. Lombardo	16.7	34,000	33.3	68,000	50.0	102,000

For 2012, the annual cash incentive amounts awarded to our NEOs were subject to a number of performance objectives, including:

Our Company achieving certain levels of Adjusted EBITDA for 2012, and

The individual achieving certain individual, business unit and/or departmental performance goals in 2012, as determined by the Compensation Committee. Examples of the types of management performance goals established for 2012 included:

Achieving target levels of RevPAR growth for our resorts.

Accessing capital markets to refinance near-term debt maturities.

Securing financing for the Company's future development projects.

Signing letters of intent for future management and/or licensing opportunities.

Identifying and working with potential equity partners to create a joint venture structure to acquire and convert an existing full-service hospitality property to a Great Wolf Lodge resort.

Improving the operating results of our subsidiary Creative Kingdoms, LLC, a developer of experiential gaming products.

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Performance by our NEOs in connection with the acquisition of our Company by K-9 Holdings in 2012 and efforts by the NEOs to integrate the Company's operations, policies, procedures and reporting to requirements of the Company's parent company following that acquisition.

The threshold, target and maximum amounts for the financial measure performance objective (Adjusted EBITDA) for 2012 were as follows:

Financial Measure Performance Objective	Threshold (\$)	Target (\$)	Maximum (\$)
Adjusted EBITDA	82.7 million	87.0 million	91.4 million

The relative weightings for the performance objectives were primarily based on the recommendations of FPL in its report. For 2012, the Compensation Committee, in consultation with our CEO, reviewed and approved the performance criteria and

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weighting of those criteria for each NEO. The weightings of the performance criteria may vary among the NEOs by position due to functional accountability, responsibility and other factors the Compensation Committee deems relevant. For 2012, weightings for our NEOs and corresponding maximum bonus amounts available for each bonus measure were as follows:

Name	Cash Bonus Performance Objectives			
	Adjusted EBITDA		Individual, Business Unit and/or Departmental Performance Goals	
	Weighting (%)	Maximum Bonus Amount Available (\$)	Weighting (%)	Maximum Bonus Amount Available (\$)
Ms. Schaefer	50.0	420,750	50.0	420,750
Mr. Black	75.0	239,828	25.0	79,942
Mr. Calder	50.0	235,620	50.0	235,620
Mr. Lombardo	25.0	25,500	75.0	76,500

For our NEOs, the Compensation Committee reviewed in February 2013 the level of Adjusted EBITDA we had achieved for 2012 and the success of each of those NEOs in achieving their specified individual, business unit and/or departmental performance goals in 2012 as discussed above. Based on that review:

We achieved Adjusted EBITDA of \$89.2 million.

The Compensation Committee determined the individual/departmental goal achievements as follows: Ms. Schaefer 100%; Mr. Black 100%; Mr. Calder 72%; and Mr. Lombardo 100%.

The Compensation Committee awarded additional discretionary cash bonus amounts, as follows: Ms. Schaefer \$25,000; Mr. Black \$75,000; and Mr. Lombardo \$14,060.

Also, the cash bonus amounts calculated for Ms. Schaefer and Mr. Black were reduced by \$250,000 and \$125,000, respectively, in accordance with the terms of their employment agreements.

Based on the level of achievement of the various financial and other factors for 2012 as described above, the NEOs earned the following amounts for the various performance objectives:

Cash Bonus Performance Objective	Ms. Schaefer	Mr. Black	Mr. Calder	Mr. Lombardo
Adjusted EBITDA:				
Maximum Bonus Amount	\$ 420,750	\$ 239,828	\$ 235,620	\$ 25,500
% earned	83.1%	83.1%	83.1%	83.1%
Bonus Amount Earned	\$ 349,780	\$ 199,375	\$ 195,876	\$ 21,190
Individual, Business Unit and/or Departmental Goals:				
Maximum Bonus Amount	\$ 420,750	\$ 79,942	\$ 235,620	\$ 76,500
% earned	100.0%	100.0%	72.0%	100.0%
Bonus Amount Earned	\$ 195,749(1)	\$ 29,942	\$ 170,594(1)	\$ 76,500(1)

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Total Bonus Amount Earned	\$ 545,529	\$ 229,317	\$ 366,470	\$ 111,750
% of Base Salary	97.2%	71.7%	93.3%	54.8%

- (1) Amount includes additional discretionary cash bonus award amounts and reductions in accordance with the terms of employment agreements as described above.

For Mr. Maupin

For 2012, the maximum annual incentive opportunity established for Mr. Maupin was 40.0% of base salary. For Mr. Maupin, annual cash incentives for 2012 existed in the form of a bonus available based on achieving individual and/or departmental performance goals in 2012, as determined by the Compensation Committee. Based on the Compensation Committee's determination, Mr. Maupin was awarded a total bonus amount of \$80,000 for 2012.

Long-Term Incentive Compensation

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Prior to the Merger, for our NEOs other than Mr. Maupin, the long-term incentive component of executive compensation was targeted toward providing rewards for long-term performance. The Compensation Committee believes that long-term incentives are important to motivate and reward these executives for maximizing stockholder value. Prior to the Merger in May 2012, long-term incentives were provided primarily by grants of stock under our 2004 Incentive Stock Plan, which was administered by the Compensation Committee. The purpose of our 2004 Incentive Stock Plan was to assist us in recruiting and retaining key employees, by enabling such persons to participate in the future success of our Company, and to align their interests with those of our stockholders.

The Compensation Committee, in consultation with our CEO, annually establishes and approves specific, written performance objectives for long-term incentives. For these objectives, the Compensation Committee reviews actual performance (generally in the first quarter of the fiscal year following the performance year) in order to determine the actual amount of the long-term incentive grant that has been earned. The Compensation Committee has the ability to apply discretion to increase or decrease the actual amount calculated as earned resulting from the relative achievement of performance objectives. Discretion may be applied in the case of significant business disruption, unusual business events or conditions, or other factors the Compensation Committee deems relevant.

For 2012, the Compensation Committee approved maximum long-term, stock-based incentive compensation amounts for the NEOs other than Mr. Maupin. The stock-based compensation amounts consisted of shares of our Common Stock subject to time-based vesting over three / four years.

Establishing 2012 Award Amounts Prior to the Merger

Stock-based compensation for 2012 for our NEOs other than Mr. Maupin consisted of annual equity grant (AEG) amounts and/or multi-year program equity grant (MYPEG) amounts. The process in establishing the number of shares awarded as stock-based compensation to the NEOs as AEGs and MYPEGs for 2012 involved five steps, as follows:

First, as part of its report for the Compensation Committee, FPL recommended a structure for long-term incentives for our NEOs that provided for maximum levels of annual opportunity from stock-based compensation. The Compensation Committee considered stock-based compensation benchmarking data in FPL's report for individuals with similar levels of responsibility at the Company's peer group companies, including recommended amounts (expressed as a percentage of each NEO's base salary) for maximum levels of performance, and FPL's recommendations for each NEO's stock-based compensation structure. Based on the benchmarking data and recommendations by FPL in its reports, we computed the maximum annual dollar value of stock-based compensation (that is, the sum of an NEO's AEG amount and one year of MYPEG amount) as a percentage of each NEO's January 1, 2012 base salary. Applicable percentages and the resulting maximum annual dollar value amounts were as follows:

Name	January 1, 2012	Percentage of Base	Maximum Annual
	Base Salary	Salary Used to	
	(\$)	Compute Maximum	Dollar Value
		Annual Dollar Value	(\$)
		(%)	
Ms. Schaefer	561,000	225.0	1,262,250
Mr. Black	319,770	112.5	359,741
Mr. Calder	392,700	150.0	589,050
Mr. Lombardo	204,000	75.0	153,000

Second, based on recommendations from FPL, for each NEO the total maximum annual dollar value was split between (a) AEG amounts and (b) MYPEG amounts. As part of its recommendations, FPL recommended that, for Ms. Schaefer, Mr. Black and Mr. Calder, a portion of each NEO's long-term incentive compensation potential be applied to MYPEGs to directly tie those NEOs long-term incentive compensation to multiple-year performance measures. The Compensation Committee believed this was an appropriate structure for these three NEOs due to their broad responsibilities for overseeing our overall performance in financial, development and operating areas. The applicable split for each NEO was as follows:

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Name	AEG Award Maximum Amount		One Year of MYPEG Award Maximum Amount	
	(%)	(\$)	(%)	(\$)
Ms. Schaefer	60.0	757,350	40.0	504,900
Mr. Black	60.0	215,845	40.0	143,896

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Mr. Calder	60.0	353,430	40.0	235,620
Mr. Lombardo	100.0	153,000		

Third, for each NEO, the total maximum dollar value of stock-based compensation awards amount listed above was then converted to a maximum number of shares to be awarded by dividing (a) the maximum dollar value amount by (b) \$2.90, the closing price of our Common Stock on NASDAQ on December 31, 2011. Based on this conversion, the maximum number of shares to be awarded to each NEO was as follows:

Name	AEG Award (#)	MYPEG Award (#)	Total (#)
Ms. Schaefer	261,155	174,103	435,258
Mr. Black	74,429	49,619	124,048
Mr. Calder	121,872	81,248	203,120
Mr. Lombardo	52,759		52,759

Fourth, for each NEO to be awarded AEGs for 2012, we determined the performance factors that would determine the amount of AEG shares ultimately earned by each NEO. Those factors were:

A portion of the AEG award amount was earned based on our Common Stock performance in calendar year 2012 relative to the Russell 2000 stock index total return in calendar year 2012. Under this performance criterion, an individual earned:

No award under this performance criterion if our stock performance for 2012 was less than 80% of the Russell 2000 stock index's performance.

A portion of his or her total potential award amount if our stock performance for 2012 was 80% or greater than the performance of the Russell 2000 stock index but less than 120% of the performance of the Russell 2000 stock index; and

The full portion amount of his or her award amount if our stock performance for 2012 was greater than 120% of the Russell 2000 stock index's performance.

A portion of the award amount was earned based on the individual achieving certain individual, business unit and/or departmental performance goals in 2012, as determined by the Compensation Committee. These performance goals were similar to those described above under Annual Cash Incentive.

The relative weightings for the performance factors were determined by the Compensation Committee primarily based on the recommendations of FPL in its report. Weightings for the performance factors for our NEOs for the 2012 AEG awards were as follows:

Name	AEG Award Factor	
	Relative Common Stock Performance	Individual, Business Unit and/or Departmental Performance Goals

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	Weighting (%)	Maximum Share Award (#)	Weighting (%)	Maximum Share Award (#)
Ms. Schaefer	75.0	195,866	25.0	65,289
Mr. Black	75.0	55,822	25.0	18,607
Mr. Calder	75.0	91,404	25.0	30,468
Mr. Lombardo	75.0	39,569	25.0	13,190

Fifth, for each NEO to be awarded MYPEGs in 2012, we determined the performance factors that would determine the amount of MYPEG ultimately earned by each NEO. Those factors were:

A portion of the award amount may be earned based on our Common Stock's performance in the three-year period 2010-2012 relative to the total return of a relevant stock index, as designated by the Compensation Committee, for the three-year period 2010-2012. Under this performance criterion, an individual earns no award if our stock performance for the three-year period 2010-2012 is 80% or less of the designated index's performance. The individual will earn less than the full portion amount of his or her award amount if our stock performance for the three-year period 2010-2012 is less than 120% of the designated index's performance. For stock performance between 80% and 120% of the designated index's performance, an NEO earns shares based on a linear

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interpolation between the threshold amount (earned at 80% relative stock performance) and maximum amount (earned at 120% relative stock performance).

A portion of the award amount may be earned based on our Common Stock's absolute performance in the three-year period 2010-2012. Under this performance criterion, an individual may earn a portion of his or her total potential award amount if our stock performance for the three-year period 2010-2012 exceeds a threshold compounded annual return for the three-year period 2010-2012. The individual will earn less than the full portion amount of his or her award amount if our stock performance for the three-year period 2010-2012 is less than a maximum compounded annual return, and will earn no award under this performance criterion if our stock performance for the three-year period 2010-2012 is less than the threshold compounded annual return. For stock performance between the threshold compounded annual return and the maximum compounded annual return, an NEO earns shares based on a linear interpolation between the threshold amount and maximum amount.

A portion of the award amount is time-based (that is, award amounts may be earned based on continuous employment with us over the vesting period).

The relative weightings for the performance factors were determined by the Compensation Committee primarily based on the recommendations of FPL in its report. Weightings for the performance factors for our NEOs for the 2012 MYPEG awards were as follows:

Name	MYPEG Award Factor					
	Relative Common Stock Performance		Absolute Common Stock Performance		Time-Based	
	Maximum		Maximum		Maximum	
	Share	Share	Share	Share	Share	Share
	Weighting (%)	Award (#)	Weighting (%)	Award (#)	Weighting (%)	Award (#)
Ms. Schaefer	37.5	65,289	37.5	65,289	25.0	43,526
Mr. Black	37.5	18,607	37.5	18,607	25.0	12,405
Mr. Calder	37.5	30,468	37.5	30,468	25.0	20,312

Also, since the Compensation Committee had previously elected to issue all time-based number MYPEG shares for the entire 2010-2012 performance period in 2010, none of the time-based shares listed in the immediately preceding table were issued in 2012.

Note that the number of shares NEOs eventually earn under MYPEG awards made in 2012 would only be determined at the end of the 2010-2012 performance period. Any shares earned under the MYPEG awards would vest 50% on December 31, 2012 and 50% on December 31, 2013.

The vesting of awards under the 2012 AEGs and MYPEGs are affected by certain termination events (namely, termination without cause (by the Company), termination for good reason (by the NEO), death or disability) as summarized in the charts below:

Type of 2012 AEG	Termination Scenario	
	Absent a Change in Control	Following a Change in Control
Award related to relative GWR Common Stock performance	Participant would be entitled to a pro-rated amount of award, based upon the performance up until the time of the triggering termination event.	Participant would be entitled to the greater of (a) shares at a Target level of performance or (b) shares based upon the performance up until the time of the termination triggering event.
Award related to individual / departmental objectives	All shares are forfeited.	

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Type of 2012 MYPEG Award related to relative GWR Common Stock performance Award related to absolute GWR Common Stock performance	Termination Scenario	
	Absent a Change in Control	Following a Change in Control
	From the program start (1/01/10) until 24 months (12/31/11), participants would be entitled to a pro-rated amount of awards, based upon the performance up until the time of the triggering termination event.	
	If more than 24 months of the program has elapsed (that is, if event occurs after 12/31/11), the performance achievements would be assessed, projected out for the balance of the plan, and the corresponding number of awards would be awarded (deemed earned) had the program lasted the full 36 months.	
Time-based shares <i>Establishing 2012 Award Amounts</i>		All shares granted vest immediately
	<i>Subsequent to the Merger</i>	

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In August 2012, we granted 25,000 and 12,500 shares of common stock of K-9 Holdings to Ms. Schaefer and Mr. Black, respectively. Terms of those grants are as follows:

Grant date August 13, 2012.

Vesting shares vest on the date the executive is paid their cash bonus for fiscal year 2012, provided that the executive is employed by the Company or an affiliate on that vesting date.

Minimum bonus threshold if the amount of cash bonus payable to the executive does not meet a threshold amount (\$250,000 and \$125,000 in the case of Ms. Schaefer and Mr. Black, respectively), then the executive will forfeit a number of shares with a fair market value equal to the amount of the shortfall below the threshold amount.

In August 2012, we also issued stock options of K-9 Holdings to certain of our NEOs. Terms of those options are summarized as follows:

Grant date August 13, 2012.

Expiration date August 13, 2022.

Option price \$10.00 per share.

Vesting options consist of Tranche A, Tranche B and Tranche C Options, with vesting as follows:

Tranche A vest and become exercisable in equal installment on each of the first five anniversaries of May 4, 2012.

Tranche B vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 20% and a multiple of invested capital (MOIC) that equals or exceeds two, in each case, based on cash proceeds received by K-9 Holdings.

Tranche C vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 25% and a MOIC that equals or exceeds three, in each case, based on cash proceeds received by K-9 Holdings.

Employment an executive must be employed by the Company or an affiliate when a vesting parameter is achieved in order for options to be exercisable.

Post-termination exercisability to the extent option are vested and exercisable at the time of an executive's termination of employment, options remain exercisable following the termination of employment (a) for 1 year if the termination is due to death or disability or (b) for 90 days if the termination is due to any reason other than death or disability.

The number of options issued to the NEOs was as follows:

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Option Tranche	Ms. Schaefer	Mr. Black	Mr. Lombardo	Mr. Maupin
Tranche A	189,481	71,462	5,414	13,535
Tranche B	189,481	71,461	5,413	13,534
Tranche C	189,481	71,461	5,413	13,534

Determining Amounts of 2012 AEG and MYPEG Awards Earned

In connection with the Merger in May 2012, all of the 2012 AEGs and MYPEGs were cancelled for no consideration.

Other Compensation

We offer certain other perquisites and personal benefits to our NEOs. These perquisites and personal benefits are reflected in the relevant tables and narratives that follow. In addition, the executives may participate in Company-wide plans and programs such as our 401(k) plan (including a Company match); group health and welfare plans; group accidental death and dismemberment insurance and life insurance; and health care and dependent care spending accounts, in accordance with the terms of those programs.

We do not provide our NEOs defined benefit or supplemental executive retirement plans.

Clawback Provision

In line with corporate governance best practices, in 2011 the Compensation Committee adopted a clawback policy that allows us to seek repayment of incentive compensation that was erroneously paid. The policy provides that if the Board determines that there has been a material restatement of publicly issued financial results from those previously issued to the public, the Board will review all bonus payments made to executive officers during the three-year period prior to the restatement on the basis of having met or exceeded specific performance targets. If such payments would have been lower

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had they been calculated based on such restated results, the Board will (to the extent permitted by governing law) seek to recoup the payments in excess of the amount that would have been paid based on the restated results. The clawback provision applied to bonus payments earned commencing fiscal 2011.

Nonqualified Deferred Compensation Plan

In addition to a qualified 401(k) plan, we maintain a deferred compensation plan for certain executives (including our NEOs) by depositing amounts into a grantor trust for the benefit of the participating employees. The amounts held in the trust remain subject to the claims of our general creditors until the amounts are paid to participants. The deferred compensation plan offers these participants the opportunity to defer payment and income taxation of a portion of their base salary and/or annual cash incentives in addition to the amounts deposited in our 401(k) plan. The Compensation Committee believes that offering this plan to executives is helpful to achieve our objectives of attracting and retaining talent, particularly because we do not offer a defined benefit pension plan.

A participant may elect to defer up to 100% of annual base salary and/or annual cash incentives. Participants must make deferral elections before the beginning of the plan year in which the related compensation is earned. Such elections are irrevocable for the entire plan year, and the participants may only change the elections for compensation earned in subsequent plan years during later annual election periods.

We make the following employer contributions to our deferred compensation plan:

Mandatory annual matching contributions to the plan for each participant equal to the lesser of (a) 4% of the participant's annual base salary or (b) the participant's annual deferrals to the plan. Matching contributions are reduced by the maximum amount of matching contributions the executive was eligible to receive in our 401(k) plan for the fiscal year.

Discretionary annual profit-sharing contributions equal to up to 6% of the participant's annual base salary. Matching and profit-sharing contributions vest based on a participant's years of service with us, with pro-rata vesting over a period of five years of service.

Amounts in the deferred compensation plan's trust earn investment income, which serves to increase our corresponding deferred compensation obligation. Investments, which are recorded at market value, are directed by the participants, and consist of our Common Stock and mutual funds. The plan provides participants the opportunity for long-term capital appreciation by crediting their accounts with notional earnings (or losses) based on the performance of benchmark investment funds from which participants may select or our Common Stock. Currently, the plan offers a choice of ten benchmark investment funds that are identified in the narrative following the Nonqualified Deferred Compensation table below.

The market value of an NEO's deferred compensation account is not considered when setting their other current compensation. The compensation earned and deferred into the deferred compensation plan was already reviewed and analyzed based on the above-described compensation philosophy and policies at the time the compensation was awarded. Had the executive officer instead elected to receive a payout of the compensation earned (rather than deferring it into the plan), and then invested those amounts externally, we would not have considered external investment experience when considering the amount by which we should compensate the NEO. Also, we do not guarantee any minimum rate of return for any compensation amounts that executives elect to defer into the deferred compensation plan. Thus, in setting current compensation amounts for our NEOs, we do not believe it is either proper or necessary to consider the value of the NEO's deferred compensation account just because it is held in a plan we sponsor. See the Nonqualified Deferred Compensation table and accompanying narrative below for additional information on our deferred compensation plan.

Employment Agreements

We have entered into employment agreements with Ms. Schaefer and Messrs. Black, Calder and Maupin. The following provisions apply to all NEO employment contracts:

Base salary Subject to annual review and periodic increases, if any, as determined by the board of directors.

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Annual bonus Eligibility based on criteria determined by the board of directors.

Benefits Eligible to participate in our benefit plans at identical participation costs offered to all of our other employees.

Business expenses Eligible to have business expenses reimbursed, subject to reimbursement policies for all other employees.

Severance payments Due under various termination scenarios.

Restrictive covenants NEO subject to non-solicitation, non-competition non-disclosure and non-use of confidential information covenants subsequent to employment with the Company.

See Potential Payment Upon Termination or Change of Control below for a discussion of certain severance payments applicable under these agreements.

Table of Contents**Change of Control and Severance Payments**

Change of control provisions applicable to our NEOs are either *single trigger*, meaning that the change of control event alone triggers either a payment or an acceleration of certain rights, or *double trigger*, meaning that the change of control coupled with either (a) the officer's termination from service other than for *cause* (as that term is defined in the applicable NEO's agreement) or (b) for some NEOs, the officer's resignation for *good reason* (as that term is defined in the applicable NEO's agreement) within a certain period of the time before or after the change of control, triggers the payment or accelerated right.

The change of control provision in each NEO's agreement for the payment of severance is a double trigger. A double trigger for severance payments was selected because, generally unless the NEO's employment is terminated after the change of control, his or her cash compensation in the form of salary and annual bonus would continue from the acquiring entity and a severance payment would be based upon and intended to replace such salary and annual bonus amounts. See the *Potential Payment Upon Termination or Change of Control* discussion below for additional information on these severance payments. The payment amounts reflect our belief that it is difficult for senior managers to find comparable employment opportunities in a short period of time, particularly after experiencing a termination that was beyond their control.

The change of control provisions with regard to stock options subject to time-based vesting in our stock option agreements are *single trigger*, reflecting our intent that the NEOs have the ability to use those shares to vote upon any proposed transaction.

Under Mr. Calder's employment agreement, we have agreed to make an additional tax gross-up payment to the executive if any amounts paid or payable to the executive would be subject to the excise tax imposed on certain so-called *excess parachute payments* under Section 4999 of the Internal Revenue Code. However, if a reduction in the payments and benefits of \$25,000 or less would render the excise tax inapplicable, then the payments and benefits will be reduced by such amount, and we will not be required to make the gross-up payment.

EXECUTIVE COMPENSATION TABLES AND DISCUSSION**Summary Compensation Table for 2012**

The following Summary Compensation Table shows the compensation in 2012, 2011 and 2010 for our Chief Executive Officer (Principal Executive Officer), our Chief Financial Officer (Principal Financial Officer), and our other three most highly compensated named executive officers as of December 31, 2012.

Name and Principal Position	Year	Salary (\$)	Stock Awards (1)(2) (\$)	Option Awards (1)(2) (\$)	Non-Equity Incentive		Total (\$)
					Plan Compensation (3) (\$)	All Other Compensation (4) (\$)	
Kimberly K. Schaefer <i>Chief Executive Officer</i>	2012	561,000	250,000	3,260,968	545,529	58,383	4,675,880
	2011	550,000	822,243		768,750	58,383	2,199,376
	2010	550,000	1,309,658		577,088	52,856	2,489,602
James A. Calder <i>Chief Financial Officer</i>	2012	392,700			366,470	38,500	797,670
	2011	385,000	369,779		366,470	38,500	1,159,749
	2010	385,000	593,735		311,619	38,942	1,329,296
Timothy D. Black <i>Chief Operating Officer</i>	2012	319,770	125,000	1,229,850	229,317	32,444	1,936,381
	2011	313,500	267,076		332,310	30,476	943,361
	2010	313,500	376,798		242,727	32,258	965,283
Alexander P. Lombardo <i>Treasurer</i>	2012	204,000		93,164	111,750	21,746	430,660

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Name and Principal Position	Year	Salary (\$)	Stock Awards (1)(2) (\$)	Option Awards (1)(2) (\$)	Non-Equity Incentive Plan	All Other Compensation	Total (\$)
					Compensation (3) (\$)	Compensation (4) (\$)	
	2011	200,000	124,070		111,750	21,742	457,562
	2010	188,700	109,199		94,098	22,015	414,012
J. Scott Maupin(5)	2012	274,231		232,926	80,000	25,419	612,576
Senior Vice President of Operations	2011	255,000	26,875		90,000	25,392	397,267

(1) Stock and Option Award amounts reported in the table above for 2012 consist of the following items:

Stock and Option Award Component	Ms. Schaefer	Mr. Black	Mr. Lombardo	Mr. Maupin
Restricted shares:				
Fair value on grant date (\$)	250,000	125,000		
Shares granted (#)	25,000	12,500		
Stock options Tranche A:				
Fair value on grant date (\$)	1,188,046	448,067	33,946	84,864
Options granted (#)	189,481	71,462	5,414	13,535
Stock options Tranche B:				
Fair value on grant date (\$)	1,068,673	403,040	30,529	76,332
Options granted (#)	189,481	71,461	5,413	13,534
Stock options Tranche C:				
Fair value on grant date (\$)	1,004,249	378,743	28,689	71,730
Options granted (#)	189,481	71,461	5,413	13,534
Stock options Totals:				
Fair value on grant date (\$)	3,260,968	1,229,850	93,164	232,926
Options granted (#)	568,443	214,384	16,240	40,603

Under generally accepted accounting principles, the fair value amounts of our grants of option awards are determined at their grant dates in accordance with FASB ASC Topic 718. That fair value amount as of the grant date is then expensed ratably over the vesting period of the stock awards. The amounts reflected in the table above, however, represent the full value of each entire grant as of the grant date, even though the expense for financial reporting purposes will be recorded ratably over the vesting period.

NOTE: In connection with the Merger in May 2012, all of the 2012 AEGs and MYPEGs that had been issued were cancelled for no consideration.

- (2) The value reported for Stock Awards and Option Awards for each executive is the aggregate grant date fair value for such awards in accordance with FASB ASC Topic 718. The assumptions for making the valuation determinations are set forth in the footnote or footnote sections to our financial statements captioned Stock Based Compensation or Share-Based Compensation in our consolidated financial statements. For additional information on these awards, see the Grants of Plan-Based Awards table, below.
- (3) This column includes amounts earned under our annual cash incentives bonus plan for 2012, 2011 and 2010, as discussed in the Compensation Discussion and Analysis above.
- (4) All Other Compensation consists of our contributions to executives' accounts in our qualified 401(k) plan and our non-tax qualified deferred compensation plan, contributions to long-term care and disability insurance premiums, and separation payments to certain executives. Pursuant to SEC rules, perquisites and personal benefits are not reported for any executive officer for whom such amounts were less than \$10,000 in aggregate for the fiscal year. Our contributions to the deferred compensation plan are also reported in the Nonqualified Deferred Compensation table below.

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The following table details the components of each executive's All Other Compensation for 2012:

Name	Year	Company Contributions to 401(k) Plan (\$)	Company Contributions to Deferred Compensation Plan (\$)	Company Contributions to Long-Term Care and Disability Plans (\$)	Total (\$)
Ms. Schaefer	2012	2,450	50,100	5,833	58,383
Mr. Calder	2012	4,900	33,600		38,500
Mr. Black	2012	2,450	26,450	3,544	32,444
Mr. Lombardo	2012	4,900	15,100	1,746	21,746
Mr. Maupin	2012	1,668	20,465	3,286	25,419

(5) Mr. Maupin became an executive officer of the company in 2011.

Deferred Compensation

Elective deferrals under our deferred compensation plan are reported in the Summary Compensation Table above in the columns that are associated with the type of compensation (that is, Salary or Non-Equity Incentive Plan Compensation) that is deferred. Company matching and profit-sharing contributions are included in the values reported in the All Other Compensation column, and are specifically identified in the Nonqualified Deferred Compensation table below and related text.

Table of Contents**2012 GRANTS OF PLAN-BASED AWARDS FOR 2012**

Name	Grant Date	Type of Grant(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2)			Estimated Future Payouts Under Equity Incentive Plan Awards (3)			Grant Date Fair Value of Stock and Option Awards (4) (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	
Ms. Schaefer	N/A	Annual Cash Incentive	280,500	561,000	841,500				
	8/13/12	Restricted Shares				25,000	25,000	25,000	250,000
	8/13/12	Stock Options Tranche A				189,481	189,481	189,481	1,188,046
	8/13/12	Stock Options Tranche B				189,481	189,481	189,481	1,068,673
	8/13/12	Stock Options Tranche C				189,481	189,481	189,481	1,044,249
Mr. Calder	N/A	Annual Cash Incentive	157,080	314,160	471,240				
Mr. Black	N/A	Annual Cash Incentive	106,590	213,180	319,770				
	8/13/12	Restricted Shares				12,500	12,500	12,500	125,000
	8/13/12	Stock Options Tranche A				71,462	71,462	71,462	448,067
	8/13/12	Stock Options Tranche B				71,461	71,461	71,461	403,040
	8/13/12	Stock Options Tranche C				71,461	71,461	71,461	378,743
Mr. Lombardo	N/A	Annual Cash Incentive	34,000	68,000	102,000				
	8/13/12	Stock Options Tranche A				5,414	5,414	5,414	33,946
	8/13/12	Stock Options Tranche B				5,413	5,413	5,413	30,529
	8/13/12	Stock Options Tranche C				5,413	5,413	5,413	28,689
Mr. Maupin	N/A	Annual Cash Incentive		55,000	110,000				
	8/13/12	Stock Options Tranche A				13,535	13,535	13,535	84,864
	8/13/12	Stock Options Tranche B				13,534	13,534	13,534	76,332
	8/13/12	Stock Options Tranche C				13,534	13,534	13,534	71,730

- (1) All equity grants listed were made under K-9 Holdings, Inc. 2012 Equity Incentive Plan.
- (2) The amounts reported in the columns include potential payouts corresponding to the achievement of the threshold, target, and maximum performance objectives under our annual cash incentive plan, as discussed in the Compensation Discussion and Analysis above. The actual payments for performance under this plan for 2012 are discussed in the Compensation Discussion and Analysis above and are reported in the Summary Compensation Table above.
- (3) The amounts reported in the columns include potential payouts corresponding to the achievement of the threshold, target, and maximum performance objectives for awards under our long-term incentive plan, as discussed in the Compensation Discussion and Analysis above. The actual award amounts earned for 2012 are discussed in the Compensation Discussion and Analysis above.
- (4) The amount represents the grant date fair value of Stock Awards and Stock Options granted in 2012, disregarding that we recognize the value of the awards for financial reporting purposes over the service period of the awards. The grant date fair value shown is calculated based on the maximum potential future payout number of shares or options.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END FOR 2012**

The following table shows information about outstanding equity awards that had been granted to our NEOs at December 31, 2012.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (# Exer)	Number of Securities Underlying Unexercised Options(1) (# Unexer)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Ms. Schaefer		568,443	10	8/13/22	25,000	250,000
Mr. Calder						
Mr. Black		214,384	10	8/13/22	12,500	125,000
Mr. Lombardo		16,240	10	8/13/22		
Mr. Maupin		40,603	10	8/13/22		

(1) The following table shows the vesting dates of the outstanding Option Awards that were unvested as of December 31, 2012:

Award Type	Vesting Date	Amounts Vesting (#)			
		Ms. Schaefer	Mr. Black	Mr. Lombardo	Mr. Maupin
Restricted Stock Award	3/1/13	25,000	12,500		
Stock Options Tranche A	5/4/13	37,896	14,292	1,083	2,707
Stock Options Tranche A	5/4/14	37,896	14,292	1,083	2,707
Stock Options Tranche A	5/4/15	37,896	14,292	1,083	2,707
Stock Options Tranche A	5/4/16	37,896	14,293	1,083	2,707
Stock Options Tranche A	5/4/17	37,897	14,293	1,082	2,707
Stock Options Tranche B	(2)	189,481	71,461	5,413	13,534
Stock Options Tranche C	(3)	189,481	71,461	5,413	13,534

(2) Tranche B stock options vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 20% and a multiple of invested capital (MOIC) that equals or exceeds two, in each case, based on cash proceeds received by K-9 Holdings.

(3) Tranche C stock options vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 25% and a MOIC that equals or exceeds three, in each case, based on cash proceeds received by K-9 Holdings.

STOCK VESTED FOR 2012

The following table provides information for the NEOs on stock awards that vested during 2012 including the number of shares acquired upon the vesting of restricted stock awards and the value realized. The value realized on vesting is based upon the closing stock price of our Common Stock on the vesting date.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Ms. Schaefer	721,426	5,309,725

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Mr. Calder	330,526	2,435,804
Mr. Black	223,610	1,624,233
Mr. Lombardo	59,476	383,966
Mr. Maupin	9,500	54,340

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The number of shares acquired on vesting for each NEO presented in the table above includes shares that had vesting accelerated as a result of the Merger, as follows: Ms. Schaefer 638,452 shares; Mr. Calder 293,243 shares; Mr. Black 189,084 shares; and Mr. Lombardo 37,261 shares.

PENSION BENEFITS FOR 2012

We do not maintain a defined benefit pension plan or supplemental pension plan for our NEOs.

NONQUALIFIED DEFERRED COMPENSATION FOR 2012

The following table discloses contributions, earnings, balances and distributions for our NEOs under our nonqualified deferred compensation plan for 2012.

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$)	Aggregate Earnings in Last FY (1) (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (2) (\$)
Ms. Schaefer	22,435	50,100	50,935		488,176
Mr. Calder	15,708	33,600	63,273		444,685
Mr. Black	19,189	26,450	27,022		223,170
Mr. Lombardo	8,158	15,100	14,300		176,653
Mr. Maupin	11,745	20,465	8,682		80,324

- (1) The values in this column include aggregate notional earnings during 2012 of each NEO's account in the deferred compensation plan. Aggregate notional earnings in this table are not reported in the Summary Compensation Table because they are based on market rates that are determined by reference to available benchmark investment alternatives offered under the deferred compensation plan.
- (2) This column includes amounts of each NEO's total deferred compensation plan account as of December 31, 2012. The following table reports the portion of the Aggregate Balance that was reported as base salary and bonus compensation in the Summary Compensation Tables in our prior year proxies.

Name	Amounts that were Reported as Compensation in Prior Year Proxies (\$)
Ms. Schaefer	131,061
Mr. Calder	301,686
Mr. Black	48,465
Mr. Lombardo	22,910
Mr. Maupin	10,138

Narrative to the Nonqualified Deferred Compensation Table

Accounts in the deferred compensation plan are credited with notional earnings based on the market rate of return of the available benchmark investment alternatives offered under the plan. The benchmark investment alternatives are indexed to traded mutual funds or our Common Stock, and each NEO may elect among the investment alternatives in increments of 1% of his or her account. The executive may make daily changes in his or her investment election for future deferrals, and may make monthly transfers of balances between the available investment alternatives. In 2012, the benchmark investments and their respective notional annual rates of return in the deferred compensation plan were as follows:

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Benchmark Investment (Ticker Symbol)	2012 Annual Rate of Return (%)
American Funds EuroPacific R4 (RGAEX)	19.2
American Funds Growth Fund of America (REREX)	20.6
Columbia Small Cap Value I Z (CSCZX)	11.4
Dodge & Cox Stock Fund (DODGX)	22.0
Fidelity Retirement Money Market Fund (FRTXX)	0.0
PIMCO All Asset (PASAX)	14.9
PIMCO Total Return Fund (PTTRX)	10.4
Vanguard Mid-Cap Index (VIMSX)	15.8

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Benchmark Investment (Ticker Symbol)	2012 Annual Rate of Return (%)
Vanguard S&P 500 Index (VFINX)	15.8
Vanguard Wellington (VWELX)	12.6
Wasatch Small Cap Growth Fund (WAAEX)	16.9

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Earnings on deferred amounts solely represent appreciation (depreciation) of the market value of the available benchmark investment alternatives offered in the plan. We do not provide for a minimum return or guarantee a minimum payout amount for deferred amounts. Amounts held in the deferred compensation plan are at risk investments.

Executives may receive a distribution of the vested portion of their deferred compensation plan accounts upon termination of employment (including retirement or disability) or, in the case of deferrals by the executive (and related notional earnings), upon a specified future date while still employed, as elected by the executive (an in-service distribution). Each year's deferrals may have a separate distribution election. Distributions payable upon termination of employment may be elected as a (i) a lump sum cash payment or (ii) a series of annual cash installments payable over five years. In-service distributions may be elected by the executive as a single lump sum cash payment beginning not earlier than the third calendar year following the calendar year of the deferral.

POTENTIAL PAYMENT UPON TERMINATION OR CHANGE OF CONTROL FOR 2012

Our NEOs are eligible to receive certain termination and/or change in control payments and acceleration rights under certain of the compensation arrangements that they hold with us. These payments and acceleration rights are contained within the executive officers employment agreements, employee stock option and stock grant agreements, and deferred compensation plan agreement.

Employment and Severance Agreements

As noted previously, we have entered into employment agreements with certain of our NEOs. The agreements cover the additional payments that would be due to these individuals in the following scenarios:

Termination of employment by us:

In the event of death,

In the event of disability,

For cause,

Without cause, or

Due to non-renewal of an employment contract.

Termination of employment by the executive:

As a voluntary termination or

For good reason.

We do not believe that we should pay our applicable NEOs any incremental compensation upon termination when the termination is by either choice or due to conduct that is potentially detrimental to our Company. Thus, we do not provide any of our NEOs any incremental severance benefits other than any amounts already earned and accrued at the date of termination if the termination is voluntary (unless for good reason, for certain NEOs) or for cause.

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In the event of a termination by us without cause or by the executive for good reason (for certain NEOs), we provide severance benefits under certain NEOs' agreements, as described more fully below. These amounts reflect our belief that it is difficult for senior managers to find comparable employment opportunities in a short period of time, particularly after experiencing a termination that was beyond their control.

Termination Events

Severance payments under the above termination event scenarios for Ms. Schaefer and Messrs. Black, Calder and Maupin are summarized below.

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Termination Event	Ms. Schaefer	Mr. Black	Mr. Calder	Mr. Maupin
Death or Disability	Base salary and annual bonus, if any, which were due and payable on the date the executive's employment terminated			
By Company For Cause	Base salary and annual bonus, if any, which were due and payable on the date the executive's employment was terminated for cause.			
By Company Without Cause	100% of then-current annual base salary and most recently paid annual bonus and 36 times our monthly contribution on behalf of the executive under health and welfare plans in which the executive participates	100% of then-current annual base salary	100% of then-current annual base salary and most recently paid annual bonus and 36 times our monthly contribution on behalf of the executive under health and welfare plans in which the executive participates	100% of then-current annual base salary
Non-renewal of employment agreement by Company	Base salary and annual bonus, if any, which were due and payable on the date the executive's employment terminated		100% of then-current annual base salary and most recently paid annual bonus and 36 times our monthly contribution on behalf of the executive under health and welfare plans in which the executive participates	Base salary and annual bonus, if any, which were due and payable on the date the executive's employment terminated
Voluntary Termination by Executive (Without Good Reason)	Base salary and annual bonus, if any, which were due and payable on the date the executive's employment terminated			
Voluntary Termination by Executive (For Good Reason)	100% of then-current annual base salary and most recently paid annual bonus and 36 times our monthly contribution on behalf of the executive under health and welfare plans in which the executive participates	Base salary and annual bonus, if any, which were due and payable on the date the executive's employment terminated	100% of then-current annual base salary and most recently paid annual bonus and 36 times our monthly contribution on behalf of the executive under health and welfare plans in which the executive participates	Base salary and annual bonus, if any, which were due and payable on the date the executive's employment terminated

In the event of a termination by us without cause within 180 days prior to (for Mr. Calder), or (a) 18 months following (for Ms. Schaefer and Messrs. Black and Calder) or (b) 12 months following (for Mr. Maupin), a change of control, then certain of the severance benefits described above are modified, as follows:

Ms. Schaefer and Mr. Calder for a termination by the Company without cause or voluntary termination by the executive for good reason, the multiplier for the annual base salary and most recently paid annual bonus is increased to 200%.

Mr. Black for a termination by the Company without cause or voluntary termination by the executive for good reason, the executive receives (a) 200% of then-current annual base salary and most recently paid annual bonus and (b) 36 times our monthly contribution on behalf of the executive under health and welfare plans in which the executive participates.

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Mr. Maupin for a termination by the Company without cause, the executive also receives 12 times our monthly contribution on behalf of the executive under health and welfare plans in which the executive participates.

Severance payments for Mr. Lombardo are summarized below:

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Without cause. In the event of a termination by the Company without cause within 12 months following a change of control, Mr. Lombardo would be entitled to receive in a lump sum payment an amount equal to 100% of his then-current annual base salary.

All Other Termination Scenarios: Mr. Lombardo would be entitled to receive base salary and annual bonus, if any, which were due and payable on the date his employment terminated.

Conditions to Receive Payment

The covenants within the employment agreements include various non-compete and non-solicitation provisions following a termination event, including the prohibition for a period from:

Competing with us,

Soliciting or attempting to solicit any customers or potential customers competition with us, or

Hiring or attempting to hire our employees.

In addition, the employment agreements prohibit the executive from using confidential information (meaning any secret, confidential or proprietary information possessed by the Company relating to its businesses) that has not become generally available to the public.

Summary of Payments Due Under Different Termination Events

Assuming a December 31, 2012 termination event by the executive or the Company, including before or after a change in control as described above, payments would be as follows:

Name/Termination Event	Salary Due (\$)	Bonus Due (\$)	Health and Welfare Payment (\$)	Excise Tax Gross-Up Payment (\$)	Total Due (\$)
Ms. Schaefer					
- Death, disability, termination for cause, voluntary termination (absent good reason), non-renewal by Company					
- Termination without cause, voluntary termination for good reason (all assuming no change of control)	561,000	768,750	33,235		1,362,985
- Termination without cause, voluntary termination for good reason or non-renewal by Company (all assuming a change of control)	1,122,000	1,537,500	33,235		2,692,735
Mr. Calder					
- Death, disability, termination for cause, voluntary termination (absent good reason)					
- Termination without cause, voluntary termination for good reason, non-renewal by Company (all assuming no change of control)	392,700	366,470	21,945		781,115
- Termination without cause, for good reason or non-renewal by Company (all assuming a change of control)	785,400	732,940	21,945	1,127,809	2,668,094
Mr. Black					
- Death, disability, termination for cause, voluntary termination, non-renewal by Company					
- Termination without cause (assuming no change of control)	319,770				319,770
- Termination without cause, voluntary termination for good reason (all assuming a change of control)	639,540	664,620	33,235		1,337,395

Mr. Lombardo

- Death, disability, termination for cause, voluntary termination		
- Termination without cause, for good reason or non-renewal by Company (all assuming no change of control)		
- Termination without cause, for good reason or non-renewal by Company (all assuming a change of control)	204,000	204,000

Mr. Maupin

- Death, disability, termination for cause, voluntary termination, non-renewal by Company		
- Termination without cause (assuming no change of control)	275,000	275,000

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- Termination without cause (assuming a change of control)	275,000	11,078	286,078
<i>Awards Under Stock Option Agreements</i>			

We have granted certain of the NEOs stock options to purchase shares of K-9 Holdings pursuant to individual option agreements. These options consist of Tranche A, Tranche B and Tranche C Options, with vesting as follows:

Tranche A vest and become exercisable in equal installment on each of the first five anniversaries of May 4, 2012.

Tranche B vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 20% and a multiple of invested capital (MOIC) that equals or exceeds two, in each case, based on cash proceeds received by K-9 Holdings.

Tranche C vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 25% and a MOIC that equals or exceeds three, in each case, based on cash proceeds received by K-9 Holdings.

In the event of a change in control:

Any Tranche A options that have not vested at the time of such change in control will become vested and exercisable on the first anniversary of such change in control.

Any Tranche B options and Tranche C options that have not vested at the time of such change in control will continue to be subject to vesting in accordance with the terms of the original options agreement.

Additionally, for Ms. Schaefer, in the event of a termination by the Company without cause or a termination by the executive for good reason within 18 months following a change in control, any equity awards granted to the executive outstanding as of the date of termination accelerate in full and the value of those equity awards is payable as a lump sum.

All stock options held by our NEOs had an exercise price of \$10.00 per share, which we estimate approximates the per share fair value of K-9 Holdings as of December 31, 2012. As a result, assuming we experienced one of the termination event scenarios described above on December 31, 2012, the NEOs would not realize any additional market value related to stock options.

Deferred Compensation Plan

Under the deferred compensation plan (see the Compensation Discussion and Analysis – Non-Qualified Deferred Compensation Plan above for more information on this plan), all of an NEO’s matching and profit-sharing contributions from the Company are subject to accelerated vesting upon the following termination events:

A change of control of the Company or

The NEO’s death or disability.

The change of control provisions within the deferred compensation plan are equally applicable to all participants within the plan.

Assuming a change in control or an executive’s death or disability under the deferred compensation plan at December 31, 2012, the market value to the applicable executive would be equal to the aggregate balances at fiscal yearend as presented in the Non-Qualified Deferred Compensation table on page 36.

Table of Contents**DIRECTOR COMPENSATION**

The following table shows the compensation for services in fiscal 2012 for our non-employee directors. Our officers who serve as directors do not receive additional compensation for their service as directors.

Name	Fees	Option	Total (\$)
	Earned or Paid in Cash (\$)	Awards (1)(2)(3)(\$)	
Allen Weiss (4)	125,000	2,795,111	2,920,111
Scott Ross (4)	0	0	0
James Chambers (4)	0	0	0
Aaron Stone (4)	0	0	0
Joseph Vittoria (4)	67,750	0	67,750
Elan Blutinger (4)	48,250	0	48,250
Randy Churchey (4)	37,000	0	37,000
Edward Rensi (4)	30,500	0	30,500
Howard Silver (4)	53,250	0	53,250

- (1) The value reported for Option Awards for each individual is the fair value of the full grant received as of the grant date. The assumptions for making the valuation determinations are set forth in the footnote or footnote sections to our financial statements captioned "Stock Based Compensation" or "Share-Based Compensation" in our consolidated financial statements.
- (2) The following table shows the number of outstanding Option Awards held by each non-employee director as of December 31, 2012:

Name	Option Awards	
	Vested (#)	Unvested (#)
Mr. Weiss	0	487,236

The following table shows the vesting dates of the outstanding Option Awards that were unvested as of December 31, 2012:

Award Type	Vesting Date	Mr. Weiss
Stock Options Tranche A	5/4/13	32,482
Stock Options Tranche A	5/4/14	32,482
Stock Options Tranche A	5/4/15	32,482
Stock Options Tranche A	5/4/16	32,483
Stock Options Tranche A	5/4/17	32,483
Stock Options Tranche B	(a)	162,412
Stock Options Tranche B	(b)	162,412

- (a) Tranche B stock options vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 20% and a multiple of invested capital (MOIC) that equals or exceeds two, in each case, based on cash proceeds received by K-9 Holdings.
- (b) Tranche C stock options vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 25% and a MOIC that equals or exceeds three, in each case, based on cash proceeds received by K-9 Holdings.
- (3) The following table details the grants of Option Awards to directors during 2012:

Name	Grant Type	Grant Date	Stock Awards (#)	Grant Date Fair Value of Stock and Option Awards (\$)
Mr. Weiss	(A)	8/13/12	162,412	1,018,323
	(B)	8/13/12	162,412	916,004
	(C)	8/13/12	162,412	860,784

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- (A) Tranche A vest and become exercisable in equal installment on each of the first five anniversaries of May 4, 2012.
- (B) Tranche B vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 20% and a multiple of invested capital (MOIC) that equals or exceeds two, in each case, based on cash proceeds received by K-9 Holdings.
- (C) Tranche C vest and become exercisable at such time as K-9 Holdings realizes an investor IRR that equals or exceeds 25% and a MOIC that equals or exceeds three, in each case, based on cash proceeds received by K-9 Holdings.

- (4) Messrs. Weiss, Chambers, Ross and Stone served as members of our Board of Directors since May 5, 2012. Messrs. Vittoria, Blutinger, Churchey, Reni and Silver served as members of our Board of Directors through May 4, 2012.

The grant date fair value is the value of Option Awards granted in 2012, disregarding that we recognize the value of the awards for financial reporting purposes over the service period of the awards.

Narrative to the Director Compensation Table

For 2012 (pre-Merger), the Compensation Committee used as a reference tool the compensation recommendations for directors that had been developed for 2010 by FPL. For 2010, the Compensation Committee had engaged FPL to assist the Compensation Committee in determining appropriate fiscal year 2010 compensation for our directors. FPL made recommendations to the Compensation Committee of appropriate levels and components of compensation for our directors, based upon a study of a competitive peer group of 11 public companies that compete with us for talent, investment dollars and/or business. That peer group included primarily companies that are focused on operating within the public consumer/leisure sector as the foundation for our compensation practices. Those peer group companies are ones considered to appeal to family-based, consumer leisure activities, including resorts/timeshares, gaming/entertainment and amusement parks. The peer group consisted of the following companies:

Cedar Fair, L.P.	Silverleaf Resorts, Inc.
Gaylord Entertainment Company, Inc.	Six Flags, Inc.
LaSalle Hotel Properties, Inc.	Steiner Leisure Limited
The Marcus Corporation	Strategic Hotels & Resorts, Inc.
Red Lion Hotels Corporation	Vail Resorts, Inc.
Royal Caribbean Cruises, Ltd.	

Utilizing this process and benchmarking data supplied by FPL, the Compensation Committee approved director compensation for 2012 (through the date of the Merger) as follows:

Each of our non-employee directors received an annual retainer fee of \$53,000 for services as a director. Also, our chairman received an additional annual fee of \$25,000.

The chair of the Audit Committee received an additional annual fee of \$17,500 and the chairs of the Compensation Committee and the Nominating and Corporate Governance Committee each received an additional annual fee of \$7,500.

Each member of the Audit Committee other than the chair received an additional annual fee of \$13,500 and each member of the Compensation Committee and the Nominating and Corporate Governance Committee other than the chairs received an additional annual fee of \$4,000.

Directors who are employees of our company or our subsidiaries did not receive compensation for their services as directors.

Each independent director who is initially elected to our Board of Directors received 2,500 nonvested shares of our Common Stock. The shares granted to new independent directors vest in thirds over a three-year period, beginning on the first anniversary of the date

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of the grant of the shares, subject to accelerated vesting only upon a change of control or if the director is removed from or is not nominated to stand for reelection to the Board of Directors.

Subsequent to the Merger, we compensate Mr. Weiss for services as follows:

An annual retainer fee of \$250,000.

We awarded Mr. Weiss 487,236 stock options of K-9 Holdings, as described in the table above.

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All other members of our board of directors subsequent to the Merger receive no consideration.

We reimburse directors for travel expenses to our board meetings and other out-of-pocket expenses they incur when attending meetings or conducting their duties as directors of our company.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION ON

COMPENSATION DECISIONS

From January 2012 through May 4, 2012, the Compensation Committee consisted of Messrs. Churchey, Rensi and Vittoria, with Mr. Churchey serving as its chairman. From May 5, 2012 through December 31, 2012, the Compensation Committee consisted of Messrs. Ross, Stone and Chambers, with Mr. Ross serving as its chairman. No member of the Compensation Committee was at any time during fiscal 2012 or at any other time an officer or employee of the company, while serving on the Committee. No member had any relationship with the company requiring disclosure as a related-party transaction in the section Certain Relationships and Related Transactions. In addition, no executive officer of the company has served on the Board of Directors or Compensation Committee of another entity that has or has had one or more executive officers who served as a member of the Board of Directors or the Compensation Committee during fiscal 2012.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS
OWNERSHIP OF K-9 HOLDINGS, INC. COMMON STOCK

K-9 Holdings, Inc. (K-9 Holdings) owns 100% of our common stock.

The table below sets forth certain information regarding the number of K-9 Holdings common shares beneficially owned on March 1, 2013, except where noted, by:

Each person or group known by us to beneficially own more than five percent (5%) of K-9 Holdings common stock,

Each of our directors and named executive officers, and

All of our directors and our named executive officers as a group.

A person generally beneficially owns shares if he or she, directly or indirectly, has or shares either the right to vote those shares or dispose of them. Except as indicated in the footnotes to this table, to our knowledge the persons named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned.

The number of shares beneficially owned by each person or group includes shares of Common Stock that such person or group had the right to acquire on or within 60 days after March 1, 2013, including, but not limited to, upon the exercise of options or the vesting of restricted stock. References to options in the footnotes of the table below include only options to purchase shares that were exercisable on or within 60 days after March 1, 2013.

For each individual and group included in the table below, percentage ownership is calculated by dividing (a) the number of shares beneficially owned by such person or group by (b) the sum of the shares of common stock outstanding on March 1, 2013 plus the number of shares of common stock that such person or group had the right to acquire on or within 60 days after March 1, 2013. Unless otherwise indicated in the accompanying footnotes, all of the shares of our common stock listed below are owned directly, and the indicated person has sole voting and investment power. The address for each individual listed below is: c/o Great Wolf Resorts, Inc., 525 Junction Road, Suite 6000 South, Madison, Wisconsin 53717.

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Name of Beneficial Owner Officers and Directors	Shares Beneficially Owned	
	Number	Percentage
Allen R. Weiss	100,000	0.3
Aaron J. Stone	0	*
Scott I. Ross	0	*
James P. Chambers	0	*
Kimberly K. Schaefer	141,475	0.5
Timothy D. Black	45,738	0.2
James A. Calder	0	*
Alexander P. Lombardo	1,500	*
J. Scott Maupin	5,000	*

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All directors and executive officers as a group (9 persons)	306,500	1.0
Beneficial Holders in Excess of 5%		
K-9 Investors, L.P. (a)	29,735,900(6)	98.8

* Less than one percent of the outstanding shares of Common Stock.

(a) Represents 29,735,900 shares of K-9 Holdings common stock owned of record by K-9 Investors, L.P. (K-9 Investors). Apollo Management VII, L.P. (Management VII) is the manager of K-9 Investors. AIF VII Management LLC (AIF VII Management) is the general partner of Management VII. Apollo Management, L.P. (Apollo Management) is the sole member and manager of AIF VII Management. Apollo Management GP, LLC (Management GP) is the general partner of Apollo Management. Apollo Management Holdings, L.P. (Management Holdings) is the sole member and manager of Management GP, and Apollo Management Holdings GP, LLC (Holdings GP) is the general partner of Management Holdings. The principal address of each of Management VII, AIF VII Management, Apollo Management, Management GP, Management Holdings and Holdings GP is 9 W. 57th Street, 43rd Floor, New York, New York 10019.

The number of shares reflected in the table above as beneficially owned by Apollo does not include shares held by executive officers and non-Apollo directors that are subject to the terms of the Investor Rights Agreement, dated August 13, 2012, pursuant to which, among other things, each holder party thereto has agreed to grant to Apollo the right to vote his or her shares of K-9 Holdings as a proxy until the consummation of an initial public offering of the Company (or, with respect to each holder, the earlier failure of such holder to own any shares of K-9 Holdings).

Equity Compensation Plan Information

This table provides certain information as of December 31, 2012 with respect to K-9 Holdings equity compensation plan approved and not approved by stockholders:

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	1,833,767(1)	\$ 10.00	602,415
Equity compensation plans not approved by security holders		N/A	
Total	1,833,767	\$ 10.00	602,415

(1) This amount consists of:

1,796,267 shares of K-9 Holdings shares of our Common Stock issuable upon the exercise of outstanding stock options.

37,500 restricted shares of K-9 Holdings Common Stock that have been granted but not yet earned as of December 31, 2012. The number of shares, if any, to be issued pursuant to these grants will be determined by the grant recipient providing future services to us over the vesting period of the grant. Since these awards have no exercise price, they are not included in the weighted average exercise price calculation in column (b).

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K-9 Holdings, Inc. 2012 Equity Incentive Plan authorizes us to grant up to 2,436,182 incentive and/or nonqualified stock options, stock appreciation rights or shares of K-9 Holdings' Common Stock to our employees and directors.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Person Transactions

In accordance with our Code of Business Conduct and Ethics, all related party transactions known to us are subject to review and approval of our Audit Committee.

We and GWR Operating Partnership, L.L.P., a Delaware limited liability partnership (GWROP), have entered into a Consulting Agreement, dated as of August 13, 2012 (the Consulting Agreement), with Apollo Management VII, L.P. (Management VII) pursuant to which GWROP and its subsidiaries (and at its request its affiliates) will receive certain advisory services from Management VII (and its affiliates). The Consulting Agreement was entered into on August 13, 2012 but commences effective as of May 4, 2012, and will terminate on the earlier of (i) the twelfth anniversary of August 13, 2012, (ii) such time as Management VII and its affiliates then owning, directly or indirectly, beneficial economic interests in GWROP own in the aggregate, directly or indirectly, less than 5% of the beneficial economic interest of GWROP and (iii) such earlier date as is mutually agreed upon by GWROP, the Company and Management VII. As consideration for agreeing to render the services set forth in the Consulting Agreement, GWROP will pay to Management VII or its designee an annual fee (beginning in April 2013) equal to the greater of \$2 million and 2% of EBITDA (as defined in the Consulting Agreement) and, if the Company, GWROP or Parent or any of Parent's direct or indirect parents consummates a transaction involving a change of control or an initial public offering before the termination of the Consulting Agreement, then, in lieu of the annual consulting fee and subject to certain qualifications, Management VII may elect to receive a lump sum payment equal to the present value of all consulting fees payable through the end of the term of the Consulting Agreement. In addition, GWROP may be required to engage Management VII to provide certain advisory, investment banking or similar services if the Company, GWROP or Parent or any of Parent's direct or indirect parents engages in any merger, acquisition, disposition, recapitalization, issuance of securities, financing or similar transaction. In the event that Management VII provides such services, GWROP will pay to Management VII or its designee additional fees to be determined in connection with the provision of such services. The Company guarantees GWROP's payment obligations under the Consulting Agreement. GWROP and the Company's payment obligations under the Consulting Agreement may be limited or subject to deferral, as appropriate, to the extent such obligations would otherwise violate any prohibitions or limitations under any of their applicable debt agreements.

In addition, GWROP and the Company have entered into an Expense Reimbursement and Indemnity Agreement, dated as of August 13, 2012 (the Reimbursement Agreement), with Management VII, pursuant to which (i) upon presentation of documentation as reasonably requested by GWROP, GWROP has agreed to pay all out-of-pocket expenses of Management VII or its affiliates in connection with their provision of services under the Consulting Agreement whether incurred on, prior or after the date of the Reimbursement Agreement, including any expenses incurred in connection with the transactions contemplated by the Merger Agreement to the extent that such expenses related to the Merger Agreement were not paid or reimbursed by Parent prior to or in connection with the closing of the transactions contemplated by the Merger Agreement and (ii) GWROP has also agreed to indemnify Management VII and its affiliates and certain other parties against all liabilities arising out of or in connection with services contemplated by and/or Management VII's engagement under the Reimbursement Agreement, subject, in each case, to deferral of such payment obligations to the extent such payments are prohibited by GWROP and the Company's applicable debt agreements. Such reimbursement obligations are effective with respect to periods commencing on or after May 4, 2012. The Reimbursement Agreement is coterminous with the Consulting Agreement. The Company guarantees GWROP's payment obligations under the Reimbursement Agreement. In the fiscal year ending December 31, 2013, we paid a total of \$193 to Apollo under the Reimbursement Agreement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

PwC served as our registered independent public accountants and auditors in 2012 and will continue to serve as our auditors for our fiscal year ending December 31, 2013, unless this is changed by action of our Audit Committee.

Grant Thornton, LLP served as our registered independent public accountants and auditors in 2011.

Table of Contents**Fees**

During the years ended 2012 and 2011, PwC and Grant Thornton provided services in the following categories and amounts:

PwC	Fees Billed	
	2012	2011
Audit fees	\$ 658,361(1)	\$
Audit-related fees	\$	\$
Tax fees	\$	\$
All other fees	\$	\$
Total Fees	\$ 658,361	\$

Grant Thornton	Fees Billed	
	2012	2011
Audit fees	\$ 24,000(2)	\$ 464,653(2)
Audit-related fees	\$	\$
Tax fees	\$	\$
All other fees	\$ 111,030(3)	\$ 26,000(3)
Total Fees	\$ 135,030	\$ 490,653

- (1) Amount consists of (a) \$580,361 for the audit of our financial statements for the year ended December 31, 2012 and (b) \$78,000 for quarterly reviews of our financial statements for the year ended December 31, 2012.
- (2) Amount consists of (a) \$0 and \$399,653 for the audit of our financial statements for the year ended December 31, 2012 and 2011, respectively and (b) \$24,000 and \$65,000 for quarterly reviews of our financial statements for the years ended December 31, 2012 and 2011.
- (3) Amount relates to review of 8-Ks, actual and proposed SEC filings and SEC comment letters.

Our Audit Committee has adopted procedures for pre-approving all audit and non-audit services provided by the independent auditors. Unless a type of service to be provided by the independent auditors has received general pre-approval, it will require specific pre-approval by our Audit Committee. Any proposed services exceeding pre-approved cost levels also will require specific pre-approval by our Audit Committee.

Our Audit Committee's pre-approval procedures include reviewing a budget for audit and permitted non-audit services. The budget includes a description of, and a budgeted amount for, particular categories of audit and non-audit services that are recurring in nature and therefore anticipated at the time the budget is submitted. For pre-approval, our Audit Committee considers whether these services are consistent with the SEC's rules on auditor independence. Our Audit Committee may delegate pre-approval authority to the chairman of our Audit Committee. All audit fees, audit-related fees, tax fees and other fees listed above were approved by the Audit Committee.

Our Audit Committee has designated the Chief Financial Officer to monitor the performance of the services provided by the independent auditors and to determine whether these services are in compliance with the pre-approval policy.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The financial statements included in this Annual Report on Form 10-K are provided under Item 8.

(a)(2) Financial Statement Schedules

All schedules are omitted since the required information is not present in amounts sufficient to require submission to the schedule or because the information required is included in the financial statements and notes thereto.

(a)(3) Exhibits

See Index to Exhibits.

Table of Contents**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREAT WOLF RESORTS, INC.

/s/ **KIMBERLY K. SCHAEFER**
Kimberly K. Schaefer

Chief Executive Officer

Dated: March 29, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ KIMBERLY K. SCHAEFER Kimberly K. Schaefer	Chief Executive Officer (Principal Executive Officer) and Director	March 29, 2013
/s/ JAMES A. CALDER James A. Calder	Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 2013
/s/ ALLEN R. WEISS Allen R. Weiss	Chairman of the Board and Director	March 29, 2013
/s/ SCOTT I. ROSS Scott I. Ross	Director	March 29, 2013
/s/ JAMES P. CHAMBERS James P. Chambers	Director	March 29, 2013
/s/ AARON J. STONE Aaron J. Stone	Director	March 29, 2013

INDEX TO EXHIBITS

The exhibits listed below are incorporated herein by reference to prior SEC filings by Registrant or are included as exhibits in this Annual Report on Form 10-K.

Exhibit

Number

Description

2.1**	Agreement and Plan of Merger, dated as of March 12, 2012, by and among K-9 Acquisition, Inc., K-9 Holdings, Inc. and Great Wolf Resorts, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 13, 2012), as amended by the First Amendment to Agreement and Plan of Merger, dated as of April 6, 2012, by and among K-9 Acquisition, Inc., K-9 Holdings, Inc. and Great Wolf Resorts, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 9, 2012), as further amended by the Second Amendment to Agreement and Plan of Merger, dated as of
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April 18, 2012, by and among K-9 Acquisition, Inc., K-9 Holdings, Inc. and Great Wolf Resorts, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 18, 2012), and as further amended by the Third Amendment to Agreement and Plan of Merger, dated as of April 20, 2012, by and among K-9 Acquisition, Inc., K-9 Holdings, Inc. and Great Wolf Resorts, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 20, 2012) (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2012)

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- 3.1** Amended and Restated Certificate of Incorporation of Great Wolf Resorts, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed May 4, 2012)
- 3.2** Amended and Restated Bylaws of Great Wolf Resorts, Inc., dated as of May 4, 2012 (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed May 4, 2012)
- 4.1** [Form of the Common Stock Certificate of Great Wolf Resorts, Inc. (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed October 21, 2004)]
- 4.2** Junior Subordinated Indenture, dated as of March 15, 2005, between Great Wolf Resorts, Inc. and JPMorgan Chase Bank, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 18, 2005)
- 4.3** Amended and Restated Trust Agreement, dated as of March 15, 2005, by and among Chase Manhattan Bank USA, National Association, as Delaware trustee; JPMorgan Chase Bank, National Association, as property trustee; Great Wolf Resorts, Inc., as depositor; and James A. Calder, Alex G. Lombardo and J. Michael Schroeder, as administrative trustees (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed March 18, 2005)
- 4.4** Junior Subordinated Indenture, dated as of June 15, 2007, between Great Wolf Resorts, Inc. and Wells Fargo Bank, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 19, 2007)
- 4.5** Amended and Restated Trust Agreement, dated as of June 15, 2007, by and among Great Wolf Resorts, Inc., as depositor, Wells Fargo Bank, N.A., as property trustee, Wells Fargo Delaware Trust Company, as Delaware trustee, and James A. Calder, Alex P. Lombardo and J. Michael Schroeder, as administrative trustees (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed June 19, 2007)
- 4.6** Note Purchase Agreement dated as of March 30, 2010, by and among (i) GWR Operating Partnership, L.L.P., a Delaware limited liability limited partnership ("GWR OP"), and Great Wolf Finance Corp., a Delaware corporation, (ii) Mason Family Resorts, LLC, Great Wolf Lodge of Grapevine, LLC and Great Wolf Williamsburg SPE, LLC, (iii) Great Wolf Resorts, Inc. and GWR OP General Partner, LLC, a Delaware limited liability company and certain other direct and indirect subsidiaries of GWR OP; and (iv) Deutsche Bank Securities, Inc., Banc of America Securities, LLC, Wells Fargo Securities, LLC and Credit Agricole Securities (USA) Inc. (incorporated herein by reference to Exhibit 10.27 to the Company's Quarterly Report on Form 10-Q filed May 5, 2010)
- 4.7** Indenture governing the 10.875% First Mortgage Notes due 2017, dated as of April 7, 2010, by and among the Company and Great Wolf Finance as co-obligors, the guarantors named therein, and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 10.28 to the Company's Quarterly Report on Form 10-Q filed May 5, 2010)
- 4.8** Security Agreement, dated as of April 7, 2010, by and among the loan parties from time to time party thereto and U.S. Bank National Association, as collateral agent (incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-4 filed September 16, 2010)
- 4.9** Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of April 7, 2010, from Mason Family Resorts, LLC, as Mortgagor to U.S. Bank National Association, in its capacity as Collateral Agent (incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-4 filed September 16, 2010)
- 4.10** Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of April 7, 2010, from Great Wolf Lodge of Grapevine, LLC, as Trustor to Peter S. Graf, as Mortgaged Property Trustee for the benefit of, U.S. Bank National Association, in its capacity as Collateral Agent, as Beneficiary (incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form S-4 filed September 16, 2010)
- 4.11** Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of April 7, 2010, from Great Wolf Williamsburg SPE, LLC, as Trustor to Craig A. Johnson, as Mortgaged Property Trustee for the benefit of, U.S. Bank National Association, in its capacity as Collateral Agent, as Beneficiary (incorporated herein by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-4 filed September 16, 2010)

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- 4.12** Amended and Restated Trust Agreement, dated as of March 12, 2012, by and among Great Wolf Resorts, Inc. as depositor; Wells Fargo Delaware Trust Company, National Association, as property trustee; Wells Fargo Delaware Trust Company, National Association, as Delaware trustee; and Kimberly K. Schaefer, Alexander P. Lombardo, and James A. Calder as administrative trustees (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 8, 2012)
- 4.13** Junior Subordinated Indenture, dated as of March 12, 2012, between Great Wolf Resorts, Inc. and Wells Fargo Delaware Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed May 8, 2012)
- 4.14** Exchange Agreement, dated as of March 12, 2012, by and among, Great Wolf Resorts, Inc., GW Capital Trust IV and Kodiak CDO II, Ltd. (incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed May 8, 2012)
- 4.15** First Amendment to Loan Agreement, dated as of March 12, 2012, by and among Great Wolf Lodge of the Carolinas, LLC, as borrower; Credit Agricole Corporate and Investment Bank and Deutsche Bank Trust Company Americas, as lenders; and Credit Agricole Corporate and Investment Bank, as agent (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed March 13, 2012)
- 4.16** Second Supplemental Indenture, dated as of April 30, 2012 by and among, the Issuers, the guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed April 30, 2012)
- 4.17** Rights Agreement, dated as of March 12, 2012, between Great Wolf Resorts, Inc. and Registrar and Transfer Company, as rights agent (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 13, 2012)
- 10.1** License Agreement, dated January 30, 2004, by and between The Great Lakes Companies, Inc. and Jim Pattison Entertainment Ltd. (incorporated herein by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 filed September 23, 2004)
- 10.2** Tall Pines Exclusive License and Royalty Agreement, dated July 25, 2004, between Tall Pines Development Corporation and The Great Lakes Companies, Inc. (incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 filed December 7, 2004)
- 10.3* Employment Agreement between Great Wolf Resorts, Inc. and Kimberly Schaefer, dated August 13, 2012
- 10.4** Employment Agreement between Great Wolf Resorts, Inc. and James Calder, dated December 13, 2004
- 10.4a** Separation and Release Agreement, dated November 9, 2012 between Great Wolf Resorts, Inc. and James A. Calder (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 15, 2012)
- 10.5* Amended and Restated Employment Agreement between Great Wolf Resorts, Inc. and Timothy Black, dated as of October 16, 2012
- 10.6* Employment Agreement between Great Wolf Resorts, Inc. and Jeffrey Scott Maupin, dated August 13, 2012
- 10.7* Employment Agreement between Great Wolf Resorts, Inc. and Gary W. Ferrera, dated as of February 5, 2013
- 10.8** Form of Noncompete Agreement, Trade Secret and Confidentiality Agreement (incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 filed January 21, 2005)
- 10.9** Form of Officers and Directors Indemnification Agreement (incorporated herein by reference to Exhibit 10.7

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to the Company's Registration Statement on Form S-1 filed August 12, 2004)

10.10** Form of Indemnity Agreement (incorporated herein by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 filed September 23, 2004)

10.11** Form of Great Wolf Resorts, Inc. Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 filed August 12, 2004)

10.12** Form of Officers Change of Control Severance Agreement (incorporated herein by reference to Exhibit 10.13 to the Company's 10-K filed February 23, 2012)

10.13** Loan Agreement by and among Great Wolf Resorts, Inc., Citigroup Global Markets Realty Corp. and The Travelers Insurance Company (incorporated herein by reference to Exhibit 10.16 to Company's Registration Statement on Form S-1 filed January 21, 2005)

10.14** Purchase Agreement, dated as of March 15, 2005, among Great Wolf Resorts, Inc., Great Wolf Capital Trust I, Taberna Preferred Funding I, Ltd and Merrill Lynch International (incorporated herein by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed March 18, 2005)

10.15** Loan Agreement dated December 6, 2007, between Great Wolf Lodge of the Poconos, LLC, as borrower, and Citigroup Global Markets Realty Corp., as lender (incorporated herein by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed December 13, 2007)

10.16** Fifth Amendment to Lease, dated January 22, 2009, between the registrant and Hovde Building, LLC, (incorporated herein by reference to the Company's Current Report on Form 8-K filed January 28, 2009)

10.17** Loan Agreement by and among Great Wolf Lodge of the Carolinas, LLC (as borrower), Crédit Agricole Corporate and Investment Bank (as a lender), Deutsche Bank Trust Company Americas (as a lender), Deutsche Bank Securities Inc. (as syndication agent), and Crédit Agricole Corporate and Investment Bank (as agent), dated as of July 15, 2011 (incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed November 4, 2011)

10.18* Consulting Agreement among Great Wolf Resorts, Inc., GWR Operating Partnership, L.L.P. and Apollo Management VII, L.P., dated as of August 13, 2012

10.19* Expense Reimbursement and Indemnity Agreement among Great Wolf Resorts, Inc., GWR Operating Partnership, L.L.P. and Apollo Management VII, L.P., dated as of August 13, 2012

10.20* K-9 Holdings, Inc. 2012 Equity Incentive Plan

10.21* Stock Option Agreement between K-9 Holdings, Inc. and Alexander P. Lombardo, dated as of August 13, 2012

10.22* Stock Option Agreement between K-9 Holdings, Inc. and Jeffrey S. Maupin, dated as of August 13, 2012

10.23* Stock Option Agreement between K-9 Holdings, Inc. and Timothy Black, dated as of August 13, 2012

10.24* Stock Option Agreement between K-9 Holdings, Inc. and Kimberly Schaefer, dated as of August 13, 2012

12.1* Statement of Computation of Ratios of Earnings of Fixed Charges

21.1* List of Subsidiaries

31.1* Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)

31.2* Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)

32.1* Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

32.2* Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

101.INS** XBRL Instance Document

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101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Label Linkbase Document
101.PRE**	XBRL Taxonomy Presentation Linkbase Document

- * Filed herewith.
- ** Previously filed