DGMB CASINO, LLC

QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

DGMB CASINO, LLC
BALANCE SHEETS

AS OF SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 * (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	2	$15,331	$11,697
2	Short-Term Investments			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2015, $ 1,276; 2014, $1,939)	2,3	4,655	5,379
4	Inventories	2	1,435	1,400
5	Other Current Assets	4	2,701	3,329
6	Total Current Assets		24,122	21,805
7	Investments, Advances, and Receivables	2,5	1,454	5,599
8	Property and Equipment - Gross	2,6	132,042	118,197
9	Less: Accumulated Depreciation and Amortization		(25,362)	(17,890)
10	Property and Equipment - Net	6	106,680	100,307
11	Other Assets	2,7	3,411	3,346
12	Total Assets		$135,667	$131,057
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$7,250	$4,113
14	Notes Payable	8	1,485	700
	Current Portion of Long-Term Debt:			
15	Due to Affiliates	9	74,226	80,969
16	External		0	0
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	3,10	17,402	10,669
19	Other Current Liabilities		20,210	13,851
20	Total Current Liabilities		120,573	110,302
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	8	572	700
23	Deferred Credits	2	2,707	2,613
24	Other Liabilities	11	726	763
25	Commitments and Contingencies	11	0	0
26	Total Liabilities		124,578	114,378
27	Stockholders', Partners', or Proprietor's Equity		11,089	16,679
28	Total Liabilities and Equity		$135,667	$131,057

* Restated to conform to current year presentation

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 * (d)
	Revenue:			
1	Casino		$121,152	$103,336
2	Rooms		17,580	17,665
3	Food and Beverage		12,158	12,944
4	Other		6,647	6,514
5	Total Revenue		157,537	140,459
6	Less: Promotional Allowances	2	39,115	35,376
7	Net Revenue	2	118,422	105,083
	Costs and Expenses:			
8	Casino	2	57,432	53,667
9	Rooms, Food and Beverage	2	8,839	10,621
10	General, Administrative and Other		38,777	36,316
11	Total Costs and Expenses		105,048	100,604
12	Gross Operating Profit		13,374	4,479
13	Depreciation and Amortization	6	5,776	4,842
	Charges from Affiliates Other than Interest:			
14	Management Fees	9	1,680	1,048
15	Other			
16	Income (Loss) from Operations		5,918	(1,411)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	9	(6,889)	(5,512)
18	Interest Expense - External	8	(249)	(83)
19	CRDA Related Income (Expense) - Net	5	531	(393)
20	Nonoperating Income (Expense) - Net	2	952	5,551
21	Total Other Income (Expenses)		(5,655)	(437)
22	Income (Loss) Before Taxes and Extraordinary Items		263	(1,848)
23	Provision (Credit) for Income Taxes	2	2	2
24	Income (Loss) Before Extraordinary Items		261	(1,850)
	Extraordinary Items (Net of Income Taxes -			
25	20__, $___; 20__, $_____)			
26	Net Income (Loss)		$261	($1,850)

* Restated to conform with current year

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 * (d)
	Revenue:			
1	Casino		$49,070	$40,477
2	Rooms		7,132	7,636
3	Food and Beverage		4,837	5,105
4	Other		2,273	2,718
5	Total Revenue		63,312	55,936
6	Less: Promotional Allowances	2	15,709	14,072
7	Net Revenue	2	47,603	41,864
	Costs and Expenses:			
8	Casino	2	22,136	19,934
9	Rooms, Food and Beverage	2	3,029	3,986
10	General, Administrative and Other		13,581	13,016
11	Total Costs and Expenses		38,746	36,936
12	Gross Operating Profit		8,857	4,928
13	Depreciation and Amortization	6	2,009	1,639
	Charges from Affiliates Other than Interest:	9		
14	Management Fees		982	416
15	Other			
16	Income (Loss) from Operations		5,866	2,873
	Other Income (Expenses):			
17	Interest Expense - Affiliates	9	(2,325)	(1,673)
18	Interest Expense - External	8	(61)	(32)
19	CRDA Related Income (Expense) - Net	5	500	(267)
20	Nonoperating Income (Expense) - Net	2	451	344
21	Total Other Income (Expenses)		(1,435)	(1,628)
22	Income (Loss) Before Taxes and Extraordinary Items		4,431	1,245
23	Provision (Credit) for Income Taxes	2	0	0
24	Income (Loss) Before Extraordinary Items		4,431	1,245
25	Extraordinary Items (Net of Income Taxes - 20__, $_____; 20__, $______)			
26	Net Income (Loss)		$4,431	$1,245

* Restated to conform with current year

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2013.........**		$35,078	($16,551)	$0	$18,527
2	Net Income (Loss) - 2014..........			(7,899)		(7,899)
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2014.........**		35,078	(24,450)	0	10,628
11	Net Income (Loss) - 2015..........			261		261
12	Capital Contributions................			200		200
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16						0
17						0
18						0
19	**Balance, September 30, 2015........**		$35,078	($23,989)	$0	$11,089

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 * (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$15,644	$5,848
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment...........................		(8,971)	(4,948)
5	Proceeds from Disposition of Property and Equipment..........			
6	CRDA Obligations		(1,349)	(1,170)
7	Other Investments, Loans and Advances made.......................			
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities...........................		0	0
10	CRDA Reimbursement		6,355	1,229
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(3,965)	(4,889)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt......................................			
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt...			
17	Payments to Settle Long-Term Debt......................................		(1,638)	(525)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock..			
20	Payments of Dividends or Capital Withdrawals......................			
21	Net Proceeds/Payments related party		(4,359)	2,471
22	Advance from Vendor		0	0
23	Net Cash Provided (Used) By Financing Activities..................		(5,997)	1,946
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		5,682	2,905
25	Cash and Cash Equivalents at Beginning of Period...................		9,649	8,792
26	Cash and Cash Equivalents at End of Period.............................		$15,331	$11,697

Line	Description	Notes	2015	2014
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$97	$83
28	Income Taxes..		$2	$2

*Restated to conform with current year

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$261	($1,850)
30	Depreciation and Amortization of Property and Equipment		5,787	4,853
31	Amortization of Other Assets		(11)	(11)
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment			
36	(Gain) Loss on CRDA-Related Obligations		(528)	457
37	(Gain) Loss from Other Investment Activities		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		1,591	533
39	(Increase) Decrease in Inventories		40	23
40	(Increase) Decrease in Other Current Assets		(1,077)	(1,576)
41	(Increase) Decrease in Other Assets		14	9
42	Increase (Decrease) in Accounts Payable		1,317	(2,532)
43	Increase (Decrease) in Other Current Liabilities		8,250	6,129
44	Increase (Decrease) in Other Liabilities		0	(187)
45				
46				
47	Net Cash Provided (Used) By Operating Activities		$15,644	$5,848

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($8,971)	($4,948)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($8,971)	($4,948)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired			
52	Goodwill Acquired			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	142,034	$9,316	0	$0
2	Food	127,061	$3,934	318,093	5,064
3	Beverage	642,392	$4,176	0	0
4	Travel	0	$0	9,394	617
5	Bus Program Cash	3,955	$484	0	0
6	Promotional Gaming Credits	527,678	$18,341	0	0
7	Complimentary Cash Gifts	49,520	$1,787	0	0
8	Entertainment	51,738	$850	425	54
9	Retail & Non-Cash Gifts	0	$0	33,428	3,844
10	Parking	0	$0	0	0
11	Other	16,352	$227	54,998	1,375
12	Total	1,560,730	$39,115	416,338	$10,954

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	58,588	$3,741	0	$0
2	Food	58,154	1,620	122,166	2,033
3	Beverage	251,930	1,638	0	0
4	Travel	0	0	3,644	240
5	Bus Program Cash	1,663	199	0	0
6	Promotional Gaming Credits	213,425	7,433	0	0
7	Complimentary Cash Gifts	14,457	709	0	0
8	Entertainment	17,265	286	324	41
9	Retail & Non-Cash Gifts	0	0	12,727	1,464
10	Parking	0	0	0	0
11	Other	5,925	83	24,262	607
12	Total	621,407	$15,709	163,123	$4,385

*No item in this category (Other) exceeds 5%.

DGMB CASINO, LLC
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

11/16/2015
Date

Timothy A Ebling

VP, Chief Financial Officer
Title

9194-11
License Number

On Behalf of:

DGMB CASINO, LLC
Casino Licensee

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying financial statements have been prepared in accordance with the rules and regulation of the New Jersey Division of Gaming Enforcement and include the accounts of DGMB Casino, LLC (the "Company"), a New Jersey limited liability company that was formed on August 30, 2010. The Company currently owns and operates Resorts Casino Hotel ("Resorts"). Resorts is a casino hotel operating in Atlantic City, New Jersey. The Company is owned 100% by DGMB Casino Holding, LLC ("Holding"), a Delaware limited liability company, through a 99.5% direct ownership and a .5 % indirect ownership through DGMB Casino SPE Corp. ("SPE"), a Delaware corporation, which is the managing member of the Company. On October 1, 2012, Holding admitted MGA Gaming NJ, LLC (MGA), a New Jersey limited liability company, as a non-managing member of Holding and 10% owner. MGA then entered into a management agreement for the management of the Company.

2. Summary of Significant Accounting Policies

Cash

Cash includes cash on account and cash on hand. Amounts held in financial institutions are in excess of FDIC insurance limits.

Receivables

Receivables consist primarily of casino, hotel and other receivables. Accounts receivables are typically non-interest bearing and are initially recorded at cost.

Allowance for Doubtful Accounts

The Company reserves an estimated amount for receivables that may not be collected. The methodology for estimating the allowance includes using specific reserves and applying various percentages to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific allowances. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating the allowance for doubtful accounts.

Inventories

Inventories, which consist primarily of food, beverage, and operating supplies, are stated at the lower of average cost or market value.

Property and Equipment

Property and Equipment have been recorded at their estimated fair values and useful lives based on the application of purchase accounting in 2010. Additions to land, building, and equipment since the date of acquisition are stated at cost.

The Company capitalizes the costs of improvements that extend the life of the asset and expenses maintenance and repair costs as incurred. Gains or losses on the dispositions of land, buildings or equipment are included in the determination of income.

Depreciation and amortization is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Asset Class	Life
Building and improvements	35-40 years
Furniture, fixtures, and equipment	3-7 years

The Company reviews the carrying value of property and equipment for impairment whenever events and changes in circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If undiscounted expected future cash flows were less than the carrying value, an impairment loss would be recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. No impairment of land, buildings, and equipment has been recognized.

Included in Non-operating Income (Expense)-Net on the accompanying statements of income are proceeds from insurance related to Super Storm Sandy. The net gain recorded in Non-operating Income (Expense) for the three months ended September 30, 2015 and 2014 is $0 and $286,000, and for nine months ended September 30, 2015 and 2014 is $0 and $5.4 million, respectively. The dollar amount recorded from the insurance company is not contingent on any finalization of the loss amount or any other conditions.

Intangible Assets

Intangible assets, included in other assets in the accompany balance sheets, includes the trade name. The trade name is considered an indefinite-lived intangible asset, is not subject to amortization, but instead is subject to an annual impairment test using the relief-from-royalty method. We perform assessments for impairment of the trade name more frequently if impairment indicators exist. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference. No impairment of intangible assets has been recognized.

Revenue Recognition

Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Jackpots are recognized at the time they are won by customers. Accommodations, food and beverage and other revenues are recognized when services are performed.

Cash discounts based upon a negotiated amount with each customer are recognized as a promotional allowance on the date the related revenues are recorded. The Company offers other incentive programs such as gifts and other promotional items, the type and distribution of which is determined by management. Since these awards are not cash awards, the Company records them as gaming expenses in the statements of income. Such amounts are expensed on the date the award can be utilized by the customer.

Cashback Liability

The Company provides incentives to its casino customers, based on levels of gaming activity, through its "Cash Back" marketing program. The incentives are in the form of points, which may be redeemed for wagers on slot machines. The Company estimates a liability for outstanding "Cash Back" incentives (those incentives which have been earned, but not redeemed by the customer), adjusted for an estimated redemption factor based on historical results. The ultimate redemption amount resulting from this marketing program could vary from the estimated liability based on actual redemption activity. The amount is recorded as a promotional allowance in the statements of income. At September 30, 2015 and 2014, the "Cash Back" liability was $145,000 & $75,000, respectively and is included in other accrued expenses in the accompanying balance sheets.

Bankable Complimentaries

The Company customer loyalty program, Resorts Star Club, offers incentives to gaming customers at Resorts. Under the program, customers are able to accumulate, or bank, comp dollars over time that they may redeem at their discretion under the terms of the program. The comp dollars balance will be forfeited if the customer does not use their player card and earn points over a designated period from the time they were first earned. Because of the customer's ability to bank the comp dollars, the Company accrues the expense of the comp dollars as they are earned, after consideration of estimated breakage for points that will not be redeemed. The estimated cost to provide comp dollars is included in casino expense on the Company's statements of income. To arrive at the estimated cost associated with comp dollars, estimates and assumptions are made regarding the marginal costs of the benefits provided, breakage rates and the mix of goods and services for which comp dollars will be redeemed. At September 30, 2015 and 2014, the bankable complimentary liability was $1.6 million and $1.1 million, respectively and is included in other accrued expenses in the accompanying balance sheets.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. The carrying amount of the note payable approximates fair value as the interest rate is variable and the Company's credit worthiness has not changed since issuing such note.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were $1.2 million and $0.9 million for the three months ended September 30, 2015 and 2014, respectively, and $3.0 million and $2.4 million for the nine months ended September 30, 2015 and 2014, respectively. Advertising expenses are included in general, administrative and other expenses in the accompanying statements of income.

Gaming Tax

The Company remits to the State of New Jersey a tax equal to 8% of gross gaming revenue. Gaming taxes paid for the three months ended September 30, 2015 and 2014 were $3.5 million and $2.9 million, respectively, and for the nine months ended September 30, 2015 and 2014 were $8.7 million and $7.4 million, respectively. Gaming tax is included in casino expenses in the accompanying statements of income.

Multiemployer Benefit Plans

Certain employees of the Company are covered by union sponsored, collectively bargained, health and welfare plans. The contributions for these plans totaled $1.9 million and $1.9 million for the three months ended September 30, 2015 and 2014, respectively, and $5.5 million and $5.6 million for the nine months ended September 30, 2015 and 2014, respectively, and were included in total costs and expenses in the accompanying consolidated statements of income.

The Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from a single-employer plan in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Under the Collective Bargaining Agreement (CBA) entered into with UNITE HERE Local 54 (Local 54), the Company began contributing as a new employer to the UNITE HERE National Retirement Fund (NRF) effective July 1, 2012. Under Section 4210 of ERISA, the Company is entitled to contribute to the NRF under the "free look" rule, permitting it to withdraw from the NRF any time prior to December 31, 2016 without incurring any withdrawal liability, provided that certain conditions are met. The Company believes that all such conditions have been met.

In addition, the NRF agreed that it would apply for and receive approval from the Pension Benefit Guarantee Corporation ("PBGC") to use a withdrawal liability method that has a new pool for calculating withdrawal liability and to place the Company, and other new employers, in that new pool. The purpose of placing the Company and other new employers into a separate pool is to significantly reduce any withdrawal liability exposure because the new employer pool, unlike the NRF, would not be underfunded. More importantly, as a participant in the new pool, the Company would not be liable for the large underfunded amount in the existing NRF pool. The NRF and the Company entered into a written agreement that provides that, in the event the PBGC does not approve the Company's participation in the new employer pool, then the NRF will treat the Company as having contributed to the NRF as a result of a mistake of fact and will refund the Company's contributions without interest and the Company's agreement to contribute to the NRF will cease. In that event, the Company and Local 54 will then meet in a good faith attempt to agree upon an alternate retirement contribution method, which will not expose the Company to a significant unfunded liability. Based upon information and belief, the NRF has never sought or obtained approval from the PBGC to create a new pool or to place the Company into that new pool, thus entitling the Company to claim a refund of all of its contributions to the NRF if it is assessed any withdrawal liability.

The Company has withdrawn from the NRF effective September 30, 2014 and will receive confirmation during 2015 that all conditions have been met to entitle it to a "free look" without any withdrawal liability. The only potential liability to which the Company may be exposed is if its contributions in 2014 equaled or exceeded 2% of the total contributions made by all employers participating in the NRF. While the Company has been assured that this is not the case, official confirmation awaits completion of the NRF's 2014 audit which is imminent. In the unlikely event it is determined that the Company's contributions in 2014 equaled or exceeded 2% of the total contributions made by all employers participating in the NRF, resulting in a withdrawal liability for the Company, the Company will then seek to enforce the Agreement with the NRF to treat the Company as having contributed to the NRF as a result of a mistake of fact and seek a refund of the Company's contributions without interest.

The CBA entered into between Local 54 and the Atlantic City casino industry expired on September 14, 2014. The Company and other Atlantic City casino operators entered into an extension agreement with the Union ("Extension Agreement") extending the CBA through March 14, 2015. The Extension Agreement further provides that, upon its expiration, the CBA shall continue in full force and effect subject to all terms and conditions of the Extension Agreement until either the Employer or the Union provides 15 days written notice of its intent to terminate the CBA. As noted above, the Company withdrew from the NRF effective September 30, 2014. Under the terms of the Extension Agreement, the Company is accruing an amount each month in lieu of making pension contributions. The final disposition of the amounts accrued shall be subject to bargaining between the Company and Local 54.

Income Taxes

The Company is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of Holding and SPE. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, the Company is required to record New Jersey state income taxes.

Deferred tax assets and liabilities represent the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in the provision for income taxes.

Internet Gaming

In February the Company received approval from the DGE to commence internet gaming on its ResortsCasino.com website. The site offers a variety of real money slots and table games to people over 21 that are physically present in New Jersey. New Jersey imposes 15% tax on internet gaming revenue and an additional 2.5% investment alternative tax on internet gaming revenue to satisfy its obligation to the CRDA.

Internet gaming activity is reflected on an affiliate company, Resorts Digital Gaming, LLC.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires that the Company make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Omitted Disclosures

In accordance with the DGE Financial Reporting guidelines the Company has elected not to include certain disclosures that were made in the December 31, 2014 report. Accordingly, the following disclosures have been omitted: Management's Plans Related to Liquidity and Capital Needs, certain Multiemployer Benefit Plans, Recent Accounting Pronouncements, certain Income Tax disclosures, and Leases.

3. Receivables

Components of receivables were as follows at September 30, (in thousands):

	2015	2014
Gaming	$ 3,347	$ 4,036
Less: allowance for doubtful accounts	(1,133)	(1,827)
	2,214	2,209
Non-gaming:		
Hotel and related	574	828
Less: allowance for doubtful accounts	(143)	(112)
EDA Fund Receivable	812	958
Tenant Receivable	420	424
Other	777	1,072
	2,440	3,170
Receivables, net	$ 4,655	$ 5,379

4. Other Current Assets

Components of other current assets were as follows at September 30, (in thousands):

	2015	2014
Prepaid insurance	$ 1,120	$ 1,081
Prepaid casino license	594	653
Prepaid maintenance agreements	358	385
Prepaid sewer	230	219
Prepaid misc	144	820
Other prepaid expenses and current assets	255	171
	$ 2,701	$ 3,329

5. Investments, Advances and Receivables

The New Jersey Casino Control Act provides, among other things, for an assessment of licensee equal to 1.25% of the Company's gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestments Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, direct investments in approved CRDA projects may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to 50 years and bear interest at below-market rate.

Components of investments, advances and receivables were as follows at September 30, (in thousands):

	2015	2014
Deposits — net of valuation allowance for $543 and $1,315, respectively	$ 896	$ 2,604
CRDA Bonds — net of valuation allowance for $8,020 and $8,093, respectively	557	2,995
	$ 1,454	$ 5,599

The Company records (credits) charges to operations to reflect the estimated net realizable value of its CRDA investment. Such (credits) charges to operations were $(500,000) and $267,000 for the three months ended September 30, 2015 and 2014, respectively, and $(531,000) and $393,000 for the nine months ended September 30, 2015 and 2014, respectively. CRDA (credits) charges are included in other income (expenses) in the accompanying statements of income.

The funds on deposits are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 33% to represent their fair value and eventual expected conversion into bonds by the CRDA. Once CRDA Bonds are issued, we have concluded that the bonds are classified as held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and under the CRDA, the Company is not permitted to do otherwise. As such, the CRDA Bonds are measured at amortized cost. As there is no market for the CRDA Bonds, their fair value could only be determined based on unobservable inputs. Such inputs are limited to the historical carrying value of the CRDA Bonds that are reduced, consistent with industry practice, by 1/3 of their face value at the time of issuance to represent fair value.

After the initial determination of fair value, the Company analyzes the recoverability of the CRDA Bonds on a quarterly basis and its effect on reported amount based upon the ability and likelihood of bonds to be repaid. When considering recoverability of the CRDA Bonds, the Company considers the relative credit-worthiness of each borrower, historical collection experience and other information received from the CRDA. If indications exist that the amount expected to be recovered is less than its carrying value, the asset will be written down to its expected realizable amount.

In October, 2014, the Company applied to CRDA for financial assistance in the form of a direct investment grant in the amount of $9.4 million for the construction of an approximately 12,533 square foot meeting space expansion project (“Meeting Space Component”) with an estimated budget of $4.7 million and renovation of 310 bathrooms (“Hotel Room Component”), also with an estimated budget of $4.7 million, which application was approved by CRDA in December, 2014. In or about March, 2015 the company requested modification to the project to allow the company to forgo proceeding with the Hotel Room Component unless future Investment Alternative Tax revenues are available to the Company to fund the Hotel Room Component as contemplated by the original application.

On or about March 23, 2015, CRDA approved the Company's request for modification permitting it to proceed with the Meeting Space Component. The Meeting Space Component will transform the existing buffet space into eleven new meeting breakout rooms and supporting space. This renovation will provide the Company with a more competitive meeting and convention space program and is intended to grow the Atlantic City meeting and convention market. The project was completed in August 2015.

6. Property and Equipment

Components of property and equipment, net were as follows at September 30, (in thousands):

	2015	2014
Land	$ 14,449	$ 11,570
Hotels and other buildings	75,901	73,771
Furniture, fixtures and equipment	39,388	32,106
Construction in progress	2,304	750
	132,042	118,197
Less: accumulated depreciation	(25,362)	(17,890)
Net property and equipment	$ 106,680	$ 100,307

Depreciation expense for the three months ended September 30, 2015 and 2014 was $2.0 million and $1.6 million respectively and for the nine months ended September 30, 2015 and 2014 was $5.8 million and $4.9 million, respectively.

7. Intangible Assets

Intangible assets, included in other assets in the accompanying balance sheets, includes a trade name valued at $3.3 million at September 30, 2015 and 2014, respectively. The trade name is deemed to have an indefinite life.

8. Note Payable

In August 2011, the Company obtained a loan for $3.5 million to fund the purchase of heating ventilation and air-conditioning equipment, all of which are secured by the purchased equipment. An entity controlled by the Company's principal shareholder provided guarantees on the note payable. The payment terms of the note are 60 months spread ratably for the principle balance, plus interest on the outstanding principal balance at LIBOR plus 300 basis points. At no time will the interest rate fall below 400 basis points. At September 30, 2015 and 2014, the interest rate was 4%. The Company has estimated that the carrying amounts of $700,000 and $1.4 million approximate the fair value of the debt at September 30, 2015 and 2014, respectively.

In April 2013, the Company entered into a $2 million Revolver with an initial maturity date of April 30, 2014. The Revolver has been extended to April 30, 2016 under the same terms and conditions. Any outstanding amounts on the Revolver accrue interest at a rate of the greater of 5% or LIBOR plus 4%. There is a fee of .35% on the amount of unused funds. The Revolver is guaranteed by certain affiliates of Holding. There were no amounts outstanding or repaid as of September 30, 2015.

In October 2014, the Company entered into a $2.5 million three year Promissory Note with the EDA Grant as collateral maturing on November 1, 2017. Principal payments are tied to the amount received from the grant and are no less than $785,000 annually beginning August 31, 2015. In September the Company received $1.1 million from the grant and paid down the loan. The Promissory Note accrues interest at a rate of 4.25% plus LIBOR as defined. In addition to the grant collateral, the Promissory Note is guaranteed by certain affiliates of Holding.

9. Related Party Transactions

In accordance with amended gaming license conditions, the Company is required to maintain total cash balances sufficient to meet its operational needs, which are to be supported, in part, by the Revolver. As noted above, in the event the Revolver is not sufficient to meet the Company's operational needs, is terminated or otherwise matures, the conditions require the majority owner of Holding to identify an alternative source of funds, acceptable to DGE, sufficient to meet the Company's operational needs.

The initial terms of the Unlimited Line of Credit were that the amounts borrowed carry no interest charge and require that if the Company is financially able, and if the cash levels of the Company exceed a certain level, payment will be made to reduce the amount outstanding. On October 1, 2012, under an amendment to the operating agreement of Holding, the terms of the Unlimited Line of Credit were changed to allow interest to accrue at 10% per annum and compound annually on the unpaid principal balance. In October 2013 the DGE modified the conditions of licensure to require that DGMB maintain sufficient cash balances to meet its operational needs and that this requirement be supported by the Revolver. The Unlimited Line of Credit expired on December 31, 2013 and was not renewed as permitted by the licensing condition modification. However affiliates of the majority owner of Holding continue to fund the cash flow needs of DGMB and as of September 30, 2015 and 2014, the amount owed to affiliates of the majority owner of Holding was $38.1 million and $46.8 million, respectively and included in Due to Affiliates on the accompanying balance sheets. The amount of interest expense incurred was $1.3 million and $1.5 million for the three months ended September 30, 2015 and 2014, respectively, and $4.0 million and $4.9 million for the nine months ended September 30, 2015 and 2014, respectively.

In addition, affiliates of the majority owner of Holding had provided to the Company a source of funds for capital improvements under a $10 million Capital Funding Agreement. Consistent with the terms of the amended Operating Agreement of Holding, the Capital Funding Agreement was amended to provide for the accrual of interest at a rate of 10% per annum, effective October 1, 2012. The maturity date of the agreement was December 31, 2013 and the funding mechanism of this agreement expired however, the amounts outstanding will remain outstanding until paid under the original terms, as amended. The terms of the Capital Funding Agreement are that repayment will be made to the extent funds are available after all day-to-day operating expenses and maintenance expenditures have been made. At September 30, 2015 and 2014, approximately $7.2 million was outstanding under the Capital Funding Agreement and included in Due to Affiliates on the accompanying balance sheets. The amount of interest expense incurred was $231,000 and $210,000 for the three months ended September 30, 2015 and 2014, respectively, and $669,000 and $608,000 for the nine months ended September 30, 2015 and 2014, respectively.

On October 1, 2012, the Company entered into an agreement with MGA whereby MGA would manage and operate Resorts Casino Hotel (the "Management Agreement") for a minimum term of five years. MGA is compensated for its services under the Management Agreement with a base fee calculated as a percentage of net revenues and paid on a monthly basis. The Management Agreement also allows for an incentive fee based on annual EBITDA results as defined in the

Management Agreement. The Management Agreement was amended effective October 14, 2015 which, among other things, extended the minimum term to December 31, 2019 The Company recorded $982,000 and $416,000, for the three months ended September 30, 2015 and 2014, respectively, and $1.7 million and $1.0 million, for the nine months ended September 30, 2015 and 2014, respectively, in base and incentive fees related to the Management Agreement. Also, there was $38,000 in 2014 incentive fees paid out in 2015.

10. Other Accrued Expenses

Components of other accrued expenses were as follows at September 30, (in thousands):

	2015	2014
Payroll and related costs	$ 6,480	$ 4,933
Capital Liability	3,768	1,183
Unredeemed incentives	1,708	1,159
Property Taxes	2,352	497
Utilities	487	432
Guest Claims	400	397
Regulatory and State Taxes	1,515	1,229
Other	692	839
	$ 17,402	$ 10,669

11. Commitments and Contingencies

Litigation

There are other various claims and legal actions arising in the ordinary course of business which can be categorized as routine business litigation, such as, without limitation, negligence, workers compensation and employment claims. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Commitments

All the Atlantic City casino properties ("AC Industry") and the CRDA entered into an agreement with the Atlantic City Alliance (the "ACA") to provide funding to subsidize Atlantic City casino marketing. This agreement was signed on November 2, 2011 and expires on December 31, 2016. The agreement provides that in exchange for funding, the ACA will create and implement a marketing plan for the AC Industry. As part of the agreement, the AC Industry provided an initial deposit of $5.0 million as of December 31, 2011 and will continue to pay $30.0 million annually for the term of the agreement. Each payment will be allocated to the AC Industry based on each casino's prorated share of gross gaming revenues from the preceding period. In November, 2014, the ACA board voted unanimously to request the state legislature to disband the ACA and to divert the Industry's combined $30 million yearly ACA contributions to compensate both proposed tax structure changes and the cost of doing business in Atlantic City. While legislation for disbanding the ACA and use of the diverted funds has been proposed, it has yet to be adopted. The Company expensed $519,000 and $378,000 for the three months ended September 30, 2015 and 2014, respectively, and $1.4 million and $1.1 million for the nine months ended September 30, 2015 and 2014, respectively.

In June 2013, the Company entered into a binding term sheet (the "Term Sheet") with Rational Services Limited ("Rational"). The Term Sheet, which is subject to approval by the DGE, allows, under the Company's license, for Rational to provide the operation of and marketing strategy for online gaming in New Jersey. Rational has made advance payments to the Company, pending the issue of a license from the DGE. The ultimate disposition of these funds will be either deferred income, if a license is granted or a combination of a ten year loan and income if a license is not granted. Pursuant to the terms of the Agreement, Resorts is permitted to assign the Agreement to Resorts Digital Gaming, LLC, which qualifies as an "Affiliated Company" as that term is defined in the Agreement, and Resorts has executed all documents required to effectuate the assignment.

In December 2013, Rational's application for a casino service industry enterprise license was placed in a suspended status for a period of two years by the DGE. Since Rational continued to pursue its license, on April 29, 2014, the Company entered into an agreement with Rational (the "Agreement") which essentially embodied all of the terms contained in the Term Sheet previously entered into by the Parties. None of the classifications of amounts previously paid by Rational to the Company changed as a result of execution of the Agreement.

The principal changes between the Term Sheet and the Agreement are (i) the Agreement permits the Company to enter into an agreement with an Alternative Provider to act as the Internet gaming operator for the Company with respect to all casino games except peer-to-peer poker on the Company's website and websites of the Company's affiliates; (ii) Rational is permitted to extend the Term of the Agreement through December 31, 2015 in exchange for the payment of stated extension fees; and (iii) the Agreement potentially modifies the amounts of guarantees the Company is entitled to receive from Rational depending on the length of time the Company continues to operate with an Alternative Provider.

Amaya Gaming Group Inc. completed the acquisition of the Oldford Group Limited, parent company of Rational, during 2014. On September 30, 2015 the DGE issued an order granting a transactional waiver, with conditions, to Rational to conduct internet gaming.

On June 18, 2014, Resorts entered into an Online Gaming Software License and Operating Agreement ("SNG Agreement") with Sportech-NYX Gaming, LLC, now known as NYX Digital Gaming, LLC, ("SNG") to serve as its Alternative Provider. Under the terms of the SNG Agreement, SNG is required to provide the Company with an online gaming system consisting of a platform and casino games content developed by NYX Gaming Group, Ltd. Pursuant to the terms of the Agreement, Resorts is permitted to assign the Agreement to Resorts Digital Gaming LLC, which qualifies as an "Affiliated Company" as that term is defined in the Agreement, and Resorts has executed all documents required to effectuate the assignment

14. Subsequent Events

The Company completed its subsequent events review through November 16, 2015, the date on which the financial statements were available to be issued. No subsequent events have been identified that are required to be accounted for or disclosed in the financial statements.