RESORTS INTERNATIONAL HOTEL, INC.
QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2009

SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

Amended 4/30/2010

RESORTS INTERNATIONAL HOTEL, INC.
BALANCE SHEETS

AS OF DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$14,456	$16,245
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2009, $5,876; 2008, $4,502)	5	7,401	11,280
4	Inventories	6	1,061	1,461
5	Other Current Assets	7	3,251	8,061
6	Total Current Assets		26,169	37,047
7	Investments, Advances, and Receivables	8	13,742	53,144
8	Property and Equipment - Gross	9	2,342	342,482
9	Less: Accumulated Depreciation and Amortization	9	(136)	(101,485)
10	Property and Equipment - Net	9	2,206	240,997
11	Other Assets	8	1,601	348
12	Total Assets		$43,718	$331,536
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$6,328	$7,356
14	Notes Payable		7,917	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	350,000
16	External		0	344
17	Income Taxes Payable and Accrued	14	1,146	1,495
18	Other Accrued Expenses	10	13,820	15,063
19	Other Current Liabilities	10	1,459	6,167
20	Total Current Liabilities		30,670	380,425
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External		0	4,843
23	Deferred Credits		0	0
24	Other Liabilities		0	0
25	Commitments and Contingencies		0	0
26	Total Liabilities		30,670	385,268
27	Stockholders', Partners', or Proprietor's Equity		13,048	(53,732)
28	Total Liabilities and Equity		$43,718	$331,536

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

Amended 4/30/2010

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)	
	Revenue:				
1	Casino		$189,445	$229,895	
2	Rooms		15,450	18,371	
3	Food and Beverage		21,066	28,048	
4	Other		4,392	6,090	
5	Total Revenue		230,353	282,404	
6	Less: Promotional Allowances		69,128	70,895	
7	Net Revenue		161,225	211,509	
	Costs and Expenses:				
8	Cost of Goods and Services		135,203	158,574	
9	Selling, General, and Administrative		35,957	48,072	
10	Provision for Doubtful Accounts		3,258	2,038	
11	Total Costs and Expenses		174,418	208,684	
12	Gross Operating Profit		(13,193)	2,825	
13	Depreciation and Amortization		10,587	15,031	*
	Charges from Affiliates Other than Interest:				
14	Management Fees	12	1,594	2,635	
15	Other	12	0	0	
16	Income (Loss) from Operations		(25,374)	(14,841)	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	12	(27,655)	(20,509)	
18	Interest Expense - External		(315)	(1,790)	
19	CRDA Related Income (Expense) - Net	8	(1,594)	(265)	*
20	Nonoperating Income (Expense) - Net		(183,657)	945	
21	Total Other Income (Expenses)		(213,221)	(21,619)	
22	Income (Loss) Before Taxes and Extraordinary Items		(238,595)	(36,460)	
23	Provision (Credit) for Income Taxes	14	70	1,181	
24	Income (Loss) Before Extraordinary Items		(238,665)	(37,641)	
25	Extraordinary Items (Net of Income Taxes - 2009, $0; 2008, $0)		305,445	0	
26	Net Income (Loss)		$66,780	($37,641)	

* Amounts have been restated in order to conform to current classification.

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

Amended 4/30/2010

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)	
	Revenue:				
1	Casino		$39,733	$47,898	
2	Rooms		3,259	3,943	
3	Food and Beverage		4,540	5,465	
4	Other		953	1,334	
5	Total Revenue		48,485	58,640	
6	Less: Promotional Allowances		14,848	16,198	
7	Net Revenue		33,637	42,442	
	Costs and Expenses:				
8	Cost of Goods and Services		30,810	36,066	
9	Selling, General, and Administrative		8,151	11,287	
10	Provision for Doubtful Accounts		761	611	
11	Total Costs and Expenses		39,722	47,964	
12	Gross Operating Profit		(6,085)	(5,522)	
13	Depreciation and Amortization		592	3,670	*
	Charges from Affiliates Other than Interest:				
14	Management Fees	12	284	196	
15	Other	12	0	0	
16	Income (Loss) from Operations		(6,961)	(9,388)	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	12	(17,461)	(5,029)	
18	Interest Expense - External		716	(383)	
19	CRDA Related Income (Expense) - Net	8	(556)	436	*
20	Nonoperating Income (Expense) - Net		(190,379)	91	
21	Total Other Income (Expenses)		(207,680)	(4,885)	
22	Income (Loss) Before Taxes and Extraordinary Items		(214,641)	(14,273)	
23	Provision (Credit) for Income Taxes	14	70	1,181	
24	Income (Loss) Before Extraordinary Items		(214,711)	(15,454)	
25	Extraordinary Items (Net of Income Taxes - 2009, $0; 2008, $0)		305,445	0	
26	Net Income (Loss)		$90,734	($15,454)	

* Amounts have been restated in order to conform to current classification.

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

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	Write-Off Paid-In Capital (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2007..........**		100	$0	0	$0	$39,673	$0	($55,764)	($16,091)
2	Net Income (Loss) - 2008.............								(37,641)	(37,641)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments.............									0
6										0
7										0
8										0
9										0
10	**Balance, December 31, 2008..........**		100	0	0	0	39,673	0	(93,405)	(53,732)
11	Net Income (Loss) - 2009.............								66,780	66,780
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments.............									0
15	Recapitalization						(39,673)		39,673	0
16										0
17										0
18										0
19	**Balance, December 31, 2009..........**		100	$0	0	$0	$0	$0	$13,048	$13,048

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

Amended 4/30/2010

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)	
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		($2,524)	($11,202)	*
	CASH FLOWS FROM INVESTING ACTIVITIES:				
2	Purchase of Short-Term Investments		0	0	
3	Proceeds from the Sale of Short-Term Investments		0	0	
4	Cash Outflows for Property and Equipment		(3,639)	(8,454)	*
5	Proceeds from Disposition of Property and Equipment		2	151	
6	CRDA Obligations		(2,497)	(3,127)	
7	Other Investments, Loans and Advances made		0	0	
8	Proceeds from Other Investments, Loans, and Advances		0	0	
9	Cash Outflows to Acquire Business Entities		0	0	
10	CRDA Reimbursement		0	2,934	*
11					
12	Net Cash Provided (Used) By Investing Activities		(6,134)	(8,496)	*
	CASH FLOWS FROM FINANCING ACTIVITIES:				
13	Proceeds from Short-Term Debt			0	
14	Payments to Settle Short-Term Debt		(320)	(329)	*
15	Proceeds from Long-Term Debt		0	0	
16	Costs of Issuing Debt		0	0	*
17	Payments to Settle Long-Term Debt		0	0	
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0	
19	Purchases of Treasury Stock		0	0	
20	Payments of Dividends or Capital Withdrawals		0	0	
21	Proceeds of Borrowing		7,189	0	
22					
23	Net Cash Provided (Used) By Financing Activities		6,869	(329)	*
24	Net Increase (Decrease) in Cash and Cash Equivalents		(1,789)	(20,027)	
25	Cash and Cash Equivalents at Beginning of Period		16,245	36,272	
26	Cash and Cash Equivalents at End of Period		$14,456	$16,245	

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$315	$18,426
28	Income Taxes		$434	$15

* 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.

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)	
	CASH FLOWS FROM OPERATING ACTIVITIES:				
29	Net Income (Loss)		$66,780	($37,641)	
30	Depreciation and Amortization of Property and Equipment		10,587	15,031	*
31	Amortization of Other Assets		0	0	*
32	Amortization of Debt Discount or Premium		1,316	1,345	*
33	Deferred Income Taxes - Current		0	0	
34	Deferred Income Taxes - Noncurrent		0	0	
35	(Gain) Loss on Disposition of Property and Equipment		52	(91)	
36	(Gain) Loss on CRDA-Related Obligations		1,594	265	*
37	(Gain) Loss from Other Investment Activities		0	0	
38	(Increase) Decrease in Receivables and Patrons' Checks		7,642	(233)	*
39	(Increase) Decrease in Inventories		400	440	
40	(Increase) Decrease in Other Current Assets		662	(646)	*
41	(Increase) Decrease in Other Assets		(925)	16,030	*
42	Increase (Decrease) in Accounts Payable		(998)	(3,760)	
43	Increase (Decrease) in Other Current Liabilities		24,519	(1,942)	*
44	Increase (Decrease) in Other Liabilities		0	0	
45	Gain on Extinguishment of Debt		(305,445)	0	
46	Asset Impairment Charges		191,292	0	
47	Net Cash Provided (Used) By Operating Activities		($2,524)	($11,202)	*

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)	
	ACQUISITION OF PROPERTY AND EQUIPMENT:				
48	Additions to Property and Equipment		($3,639)	($8,454)	*
49	Less: Capital Lease Obligations Incurred		0	0	
50	Cash Outflows for Property and Equipment		($3,639)	($8,454)	*
	ACQUISITION OF BUSINESS ENTITIES:				
51	Property and Equipment Acquired		$0	$0	
52	Goodwill Acquired		0	0	
53	Other Assets Acquired - net		0	0	
54	Long-Term Debt Assumed		0	0	
55	Issuance of Stock or Capital Invested		0	0	
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	

* 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.

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2009
AMENDED

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission'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.A.C. 19:43-4.2(b)1-5 during the quarter.

Lawrence J. McCabe

4/30/2010
Date

Lawrence J. McCabe

Director - Finance
Title

3392-11
License Number

On Behalf of:

RESORTS INTERNATIONAL HOTEL, INC.
Casino Licensee

RESORTS INTERNATIONAL HOTEL, INC.
NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

Colony RIH Holdings, Inc., a Delaware corporation ("CRH"), owned 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc., also a Delaware corporation ("RIHC"). RIHC, through its wholly-owned subsidiary, Resorts International Hotel, Inc., a New Jersey corporation ("RIH" or the "Company"), owned and operated Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ. On April 1, 2003, Resorts Real Estate Holdings, Inc. ("RREH") was formed as a wholly-owned subsidiary of CRH. RREH, which was incorporated as a New Jersey corporation, was formed to acquire certain land. RREH had no substantive business Income prior to January 2004.

CRH was formed at the direction of Colony Investors IV, L.P. ("Colony IV"), an affiliate of Colony Capital, LLC ("Colony Capital") of Los Angeles, California, on March 7, 2001. RIHC was formed at the direction of Colony IV on October 24, 2000.

RIHC, Kerzner International North America, Inc., a Delaware corporation ("KINA"), formerly Sun International North America, Inc., and GGRI, Inc., a Delaware corporation ("GGRI"), entered into a purchase agreement, dated October 30, 2000, as amended (the "Purchase Agreement"). Pursuant to the Purchase Agreement, RIHC acquired all of the capital stock of RIH, the Warehouse Assets (as defined in the Purchase Agreement) and all of the capital stock of New Pier Operating Company, Inc. ("New Pier"), a New Jersey corporation (collectively, the "Acquisition") on April 25, 2001 for approximately $144.8 million.

On March 14, 2007, subsidiaries of CRH and RIHC entered into a Loan Agreement with Column Financial, Inc., as Lender (the "Term Loan"). The Term Loan was for an initial principal amount of $350 million and had an initial maturity date of April 9, 2009. Interest on the Term Loan accrued at a rate of one month LIBOR plus 3.0%. The Term Loan was secured by a first priority deed of trust on the Resorts Hotel and Casino, Atlantic City, New Jersey, and certain other property owned by subsidiaries of CRH and RIHC. The subsidiaries of CRH and RIHC also entered into a Credit Agreement with Column Financial, Inc., as Lender (the "Revolving Loan") which provides for a $10 million revolving credit facility. The proceeds of the Revolving Loan were to be used to provide the subsidiaries a line of credit to support working capital and/or letter of credit requirements.

On November 7, 2008, as a result of the severe impact of economic conditions, the Company failed to make its monthly interest payment and other monthly funding requirements related to the Term Loan and the Revolving Loan. During November 2008, the Company was notified by Column Financial, Inc. ("Lender") that it was in default of its obligations under the Term Loan and the Revolving Loan. The Company was unable to cure the default and in 2009 negotiated a settlement with the Lender and its agents to resolve the default by way of a deed-in-lieu of foreclosure agreement.

On December 16, 2009 (the "Settlement Date"), the Company and Lender, with prior approval of the New Jersey Casino Control Commission ("CCC"), entered into a series of agreements (the "Settlement Agreements") that, among other things, conveyed ownership of the properties secured by a first priority deed of trust on the Resorts Hotel and Casino and certain other property owned by subsidiaries of CRH and RIHC to RAC Atlantic City Holdings, LLC, a New Jersey limited liability company (the "Property Owner").

The results of operations subsequent to December 16, 2009, were immaterial to the overall results of operations for the entire year. For the period from December 17, to December 31, 2009, total net revenue was less than 3% of the amount recorded for the year ended December 31, 2009. Therefore, interim financial statement presentation is unnecessary as of, and for the period ended, December 16, 2009. The transactions related to the Settlement Agreements are presented as if they took place on December 31, 2009 (see Note 11 Long-Term Debt). Additionally, Colony IV forfeited its ownership in CRH and RIHC. All assets of New Pier and RREH and all non-gaming related assets of RIH were transferred to the Property Owner in partial satisfaction of the Term Loan and Revolving Loan and all intercompany debt among subsidiaries of RIHC was eliminated.

RIH continues to operate as a casino licensee and retains ownership of certain gaming related assets. RIH continues to share certain administrative departments with another Atlantic City casino through a shared services agreement. RIH entered into a management agreement with the Property Owner to operate the casino and maintain the facility according to the management agreement. RIH is not owned or otherwise affiliated with the Property Owner or Lender. Due to the forfeiture of ownership by Colony IV, RIH no longer has any affiliates or related parties.

Certain prior year balances have been reclassified to conform to the current year's presentation.

2. Going Concern

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company recently eliminated all long-term debt through the Settlement Agreements that conveyed all its real and non-gaming personal property to the Property Owner along with certain related debt by way of a deed-in-lieu of foreclosure agreement.

On January 21, 2009, the Lender and TriMont Real Estate Advisors, Inc., the special servicer for the Term Loan and the Revolving Loan, (the "Petitioners") petitioned the CCC for certain relief regarding the default. Among other things, the petitioners requested approval to initiate steps to acquire the Resorts Atlantic City hotel and casino property, control certain of RIH's bank accounts, require certain cash transactions by RIH and terminate certain of RIH's contractual agreements. On March 4, 2009, the CCC ruled that among other things, the Petitioners were permitted to pursue acquisition of the title to the Resorts Atlantic City hotel and casino property. However, because the Petitioners lacked the necessary gaming license needed to make management decisions for a New Jersey casino, the CCC further ruled that passage of such property title cannot occur without the CCC's approval of the gaming licensure of any entity that would acquire an interest in the property. The CCC further ruled that RIH would maintain at all times a minimum cash balance of $15 million for working capital and casino cage purposes; funding of such amount, if by the Petitioners, is permitted only after receiving the CCC's approval of such funding. The Petitioners are required to not withdraw any such advanced amounts without at least 45 days notice to the CCC and the New Jersey Division of Gaming Enforcement. The CCC also ruled that RIH would continue to maintain exclusive control over its cash flows and cash accounts.

On November 19, 2009, the CCC approved the deed-in-lieu of foreclosure transaction petitioned by the Company, the Lender and its agents. The approval required various conditions for minimum funds and working capital advances to the Company based on financial forecasts for 2010. Those forecasts have already been negatively impacted by the severe winter storms of 2010. Lender and its agents continued to fund capital expenditures, property taxes and insurance premiums from existing escrow accounts and capital advances during 2009 and 2010. The Company has used the capital expenditures to improve the productivity and efficiencies of the operations, as well as to renovate the hotel and casino in order to meet the standards of the Atlantic City market.

In addition to significant staff reductions that occurred in 2007 and 2008, Management continued various programs in 2009 to reduce operating expenses, including marketing programs, flexible staffing, management pay freezes and furloughs without pay. Management believes such actions have contributed to a reduced cost structure at the Company.

While Management believes the Company's future results of operations will ultimately be favorably influenced by the elimination of long-term debt, improvements in the general economy and the Atlantic City gaming industry, no assurance can be given as to whether such improvements will occur or their timing. Consequently, the Company will be subject to severe cash shortages.

The conditions described above raise substantial doubt about the Company's ability to continue as a going concern. The 2009 financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Allowances for doubtful accounts arising from casino, hotel and other services, are based upon a specific review of certain outstanding receivables. In determining the amounts of the allowances, certain estimates and assumptions are made, and actual results may differ from those assumptions.

Cash Equivalents

Short-term money market securities purchased with original maturities of three months or less are considered to be cash equivalents. The carrying value of cash equivalents approximates fair value due to the short-term maturity of these instruments.

3. Summary of Significant Accounting Policies (continued)

Inventories

Inventories of provisions, supplies and spare parts are valued at the lower of cost (first-in, first-out) or market.

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives reported below using the straight-line method. Charges to income resulting from amortization of assets recorded under capital leases are included with depreciation and amortization expense in the statements of income.

Hotels and other buildings..	35 – 40	years
Furniture fixtures and equipment	2 – 5	years

The provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), requires, among other things, that an entity review its long-lived assets and certain intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. SFAS No. 144 requires an impairment loss to be recognized only if the carrying amounts of long-lived assets to be held and used are not recoverable from their expected undiscounted future cash flows. The asset impairment charge results from the difference between the fair value of the long-lived asset group and its carrying amount.

Income Taxes

The Company follows the provisions of SFAS No. 109, "Accounting for Income Taxes." Accordingly, deferred tax assets and liabilities are calculated as the difference between the financial statement carrying amounts and tax bases of assets and liabilities. These differences are affected by the tax rate for the year in which they are expected to be recovered or settled.

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of SFAS No. 109, Accounting for Income Taxes" ("FIN 48"). FIN 48 creates a single model to address accounting for uncertainty in tax positions, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for annual periods beginning after December 15, 2008. The Company adopted FIN 48 as of January 1, 2009, as required. The cumulative effect, if any, of adopting FIN 48 is recorded to accumulated deficit. The adoption of FIN 48 did not have a material effect, on our financial statements.

Revenue Recognition

Gaming revenue is recorded as the net win from gaming activities, which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services and from theater ticket sales are recognized at the time the related service is performed.

Promotional Allowances

The retail value of hotel accommodations, food, beverage and other services provided to customers without charge is included in gross revenues and deducted as promotional allowances.

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. These are 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.

3. Summary of Significant Accounting Policies (continued)

Cashback Liability

The Company awards incentives to its casino customers, based on their levels of gaming activity, through its "Cashback" marketing program. The incentives awarded are in the form of points which may be redeemed for coin to wager on slot machines. The Company records a liability for outstanding Cashback incentives (those incentives which have been earned, but not yet redeemed by the customer), adjusted for an estimated redemption factor based on historical results. The amount of expense resulting from this marketing program could vary from the liability recorded based on actual redemption rates; however, management believes the historical actual redemptions have been materially consistent with the original estimates. The amount is recorded as a promotional allowance in the statements of income. At December 31, 2009 and 2008, the Cashback liability was $378,000 and $320,000, respectively.

Bankable Complimentaries

The Company customer loyalty program, Destination Club, offers incentives to customers who gamble at Resorts Atlantic City and its affiliated casinos. 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 redeem them over an eight-month period from the time they were first earned. As a result of the ability of the customer to bank the comp dollars, the Company accrues the expense of the comp dollars, after consideration of estimated breakage, as they are earned. The estimated cost to provide comp dollars is expensed as the comp dollars are earned and 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 incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which comp dollars will be redeemed. We use historical data to assist in the determination of estimated accruals. At December 31, 2009 and 2008, the Bankable Complimentaries liability was $.8 million and $1.0 million, respectively.

Self-insured Health Insurance

Non-union employees are covered under a self-insured medical plan for each insured person. Amounts in excess of $275,000 per claim are covered by the Company's insurance programs subject to customary policy limits.

Advertising

The Company expenses advertising costs as incurred. These costs are included in Selling, General and Administrative costs on the Company's statements of income. For the years ended December 31, 2009 and 2008 these costs amounted to $3.4 million and $4.0 million, respectively.

Stock-based Compensation

The Company accounts for stock-based compensation in accordance with SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)"), which requires stock-based employee compensation to be measured based on the grant-date fair value of the award and the cost to be recognized over the period during which, an employee is required to provide service in exchange for the award.

Equity instruments issued to non-employees in exchange for goods or services are accounted for using the fair value method and expense is recorded based on the value determined.

Trade Receivables and Allowance for Accounts Receivable

Trade receivables are initially recorded at cost. Accounts are written off when the Company deems the account to be uncollectible. Allowances for doubtful accounts arising from casino, hotel and other services, are based upon a specific review of certain outstanding receivables and historical trends. In determining the amounts of the allowances, certain estimates and assumptions are made, and actual results may differ from those assumptions.

3. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents are reasonable estimates of fair values because of the short-term maturities of these investments. The Casino Reinvestment and Development Authority ("CRDA") deposits, bonds, and other investments are stated net of a valuation allowance reflecting the below-market interest rates associated with these investments; therefore, the carrying values approximate their fair values. The carrying value of the Term Loan approximated its fair value due to variable market interest rate of debt instruments.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 ("FSP 157-2"), delaying the effective date of SFAS 157 to the Company's fiscal year beginning January 1, 2009 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Non-financial assets and non-financial liabilities for which the Company is required to apply the provisions of SFAS 157 include its long-lived assets measured at fair value under the provisions of SFAS No. 144. The Company adopted SFAS 157 effective January 1, 2008 for financial assets and liabilities. The adoption of SFAS 157 did not impact the Company's financial statements.

4. Asset Impairment Charges.

Long-Lived Assets

Due to certain events and circumstances, including the continuing negative effects of regional competition on results of the Company, the Company performed impairment testing related to its long-lived assets in accordance with SFAS 144 during the fourth quarter of 2009. Based upon its review, the sum of the estimated undiscounted future cash flows expected to be generated by the long-lived asset groups were less than the carrying values of those assets. The Company estimated the fair value of the asset groups based upon consideration of the cost, income and market approaches to value, as appropriate, and sought the assistance of an independent valuation firm. Asset impairment charges of $191.3 million were recorded as of October 1, 2009. These non-cash impairment charges are reflected within asset impairment charges in the statements of income. In addition, in connection with the impairment testing, the Company reduced the estimated remaining useful life of building to 20 years.

Fair Value Measurements

SFAS 157 establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of the hierarchy are described below:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The fair value measurements relating to the long-lived assets were determined using inputs within Level 2 of SFAS 157's hierarchy. The amounts recorded related to the long-lived assets are classified within property and equipment, net on the balance sheet as of December 31, 2009.

5. Receivables

Components of receivables were as follows at December 31 (in thousands):

	2009	2008
Gaming	$ 11,874	$ 11,195
Less: allowance for doubtful accounts	(5,859)	(4,490)
	6,015	6,705
Non-gaming:		
Due from/(to) affiliates, net	-	3,458
Hotel and related	369	339
Other	1,034	790
	1,403	4,587
Less: allowance for doubtful accounts	(17)	(12)
	1,386	4,575
Receivables, net	$ 7,401	$ 11,280

6. Inventories

Components of inventories were as follows at December 31 (in thousands):

	2009	2008
Gifts	$ 555	$ 670
Hotel Food and Beverage	784	804
Tobacco	34	47
Allowance for obsolete inventory	(312)	(60)
	$ 1,061	$ 1,461

7. Other Current Assets

Components of prepaid expenses and other current assets were as follows at December 31 (in thousands):

	2009	2008
Prepaid purse enhancement agreement	$ 1,234	$ 1,274
Prepaid casino licenses	589	657
Prepaid maintenance agreements	482	397
Prepaid insurance	371	1,123
Debt issuance costs, net	-	4,331
Other prepaid expenses and current assets	575	279
	$ 3,251	$ 8,061

Debt issuance costs consist of amounts incurred in connection with obtaining long-term debt. The costs are amortized on a straight-line basis over the contractual life of the loan and amortization of such costs is included in interest expense. As a result of the default described in Notes 2 and 11, all indebtedness outstanding under the First Mortgage Notes became automatically due and payable. Consequently the Company has classified the debt issuance costs, net associated with the First Mortgage New Notes within current assets in the balance sheet as of December 31, 2008.

8. Other Assets

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Components of other assets were as follows at December 31 (in thousands):

	2009	2008
CRDA deposits, bonds and other investments, net	$ 13,742	$ 13,269
Due from Resorts Real Estate Holdings, Inc.	-	39,875
Other	1,601	348
	$ 15,343	$ 53,492

On March 14, 2007, subsidiaries of CRH and RIHC entered into a Loan Agreement with Column Financial, Inc. as Lender (the “Term Loan” or “New Note“). Proceeds of the Term Loan were used to pay, among other things, the full existing indebtedness of RREH to KINA in the amount of $39.9 million, which remains as a receivable at December 31, 2008 and 2007. Other proceeds of the Term Loan were set aside at Resorts Propco, Inc., a subsidiary of CRH (“Propco”), for the restricted use of investing in existing hotels and buildings, as well as new furniture, fixtures and equipment. At December 31, 2009, the funds at Propco amounted to $675,000. As a result of the Settlement Agreement in December 2009, the receivable from RREH was eliminated.

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by the CRDA or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for the years ended December 31, 2009 and 2008 for discounts on obligations was $1.6 million and $.3 million, respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. At December 31, 2009 and 2008, RIH owned $5.0 million and $6.0 million face value of bonds, respectively, issued by the CRDA and had $17.0 million and $15.9 million, respectively, on deposit with the CRDA. The majority of the Company’s deposits have been pledged for specific projects.

During 2008, the Company completed its obligations to the CRDA in regard to certain agreements between them. As a result, the CRDA refunded approximately $2.4 million of the Company’s deposits in accordance with these agreements. The Company recorded in the 2008 Statement of Income approximately $0.8 million in recovery of charges for the discounts on these refunded deposits.

9. Property and Equipment

Components of property and equipment, net were as follows at December 31 (in thousands):

	2009	2008
Land and land rights	$ -	$ 35,224
Hotels and other buildings	-	216,982
Furniture, fixtures and equipment	1,752	89,170
Construction in progress	590	1,106
	2,342	342,482
Less: accumulated depreciation	(136)	(101,485)
Net property and equipment	$ 2,206	$ 240,997

9. Property and Equipment (continued)

Due to certain events and circumstances, including the continuing negative effects of regional competition on the results of the Company, the Company performed impairment testing related to its long-lived assets in accordance with SFAS 144 during the fourth quarter of 2009. Based upon its review, the sum of the estimated undiscounted future cash flows expected to be generated by the long-lived asset groups were less than the carrying values of those assets. The Company estimated the fair value of the asset groups based upon consideration of the cost, income and market approaches to value, as appropriate, and sought the assistance of an independent valuation firm. Asset impairment charges of $191.3 million were recorded as of October 1, 2009. These non-cash impairment charges are recorded within Asset Impairment Charges in the Company statements of income. Additionally, $40.3 million of non-gaming assets were written off in connection with the Settlement Agreements (see Note 11 Long-Term Debt).

10. Accrued Expenses and Other Current Liabilities

Components of accrued expenses and other current liabilities were as follows at December 31 (in thousands):

	2009	2008
Payroll and related costs	$ 8,060	$ 8,323
Unredeemed tickets and cash incentives	2,344	2,534
State gaming obligations	1,153	1,097
Utilities	607	664
Unredeemed chip liability	587	626
Accrued Interest Payable to Affiliates	-	4,376
Real estate taxes	-	634
Other	2,528	2,976
	$ 15,279	$ 21,230

11. Long-Term Debt

Long-term debt is summarized as follows at December 31 (in thousands):

	2009	2008
First Mortgage Term Loan - New Notes	$ -	$ 350,000
Thermal Energy capital lease	-	5,140
Other notes payable	-	47
	-	355,187
Less: current portion	-	350,344
	$ -	$ 4,843

On March 14, 2007, subsidiaries of CRH and RIHC entered into a Loan Agreement with Column Financial, Inc., as Lender (the "Term Loan" or "New Notes"). The Term Loan is for an initial principal amount of $350 million and is for an initial term of two (2) years. Interest on the Term Loan accrues at a rate of one month LIBOR plus 3.0%. The Term Loan is secured by a first priority deed of trust on the Resorts Hotel and Casino, Atlantic City, New Jersey, and certain other property owned by subsidiaries of CRH and RIHC.

Proceeds of the Term Loan were used to pay in full the existing indebtedness of CRH, RIHC and their subsidiaries, with Commerce Bank, CIT Group/Equipment Financing, Inc., and to redeem all of the outstanding 11 ½% First Mortgage Notes due 2009 (the "Notes") issued by RIHC. In connection with the redemption of the Notes by RIHC, the covenants under the indenture governing the Notes were defeased and a cash deposit in the amount of $192,410,000 was deposited in trust with the Deutsche Bank Trust Company Americas, as Trustee to satisfy payment upon redemption of the Notes on April 13, 2007. The redemption price was equal to 106% of the outstanding principal amount of $180,000,000 plus accrued interest to the redemption date of April 13, 2007.

11. Long-Term Debt (continued)

The subsidiaries of CRH and RIHC also entered into a Credit Agreement with Column Financial, Inc., as Lender (the "Revolving Loan") which provides for a $10 million revolving credit facility. The proceeds of the Revolving Loan were to be used to provide the subsidiaries a line of credit to support working capital and/or letter of credit requirements. Of the $10 million dollars, $7.4 million is restricted to support existing letters of credit. The Revolving Loan is for an initial term of two (2) years. Interest on the Revolving Loan accrues at a rate of one month LIBOR plus 3.0% (3.4% at December 31, 2008). The Revolving Loan is secured by a first priority mortgage on Resorts Atlantic City, and certain other property owned by subsidiaries of CRH and RIHC. The Company incurred $6.7 million of costs associated with entering into the Term Loan and Revolving Loan.

Pursuant to the terms of the Term Loan and the Revolving Loan, the principal amount of the loans including all accrued and unpaid interest on the principal must be prepaid upon acceleration of the loans following an event of default including: failure to pay any portion of the debt when due; failure to pay taxes prior to the date they become delinquent; failure to keep insurance policies in full force and effect; violation of the change in control restriction; breach of representations and warranties; bankruptcy of the Company; violation of the restrictions on assignment; breach of negative covenants; default under related loan and credit line documents; certain material defaults under any ground lease agreements, interest rate cap agreements, letters of credit or other material agreements; or if the gaming license for Resorts Atlantic City is materially impaired, lost or suspended for any period of time or terminated.

On November 7, 2008, as a result of the severe impact of the current economic conditions, the Company failed to make its monthly interest payment and other monthly funding requirements related to the Term Loan and the Revolving Loan. During November 2009, the Company was notified by the Lender that it was in default of its obligations under the Term Loan and the Revolving Loan. The Company has been unable to cure the default and has not made any additional payments of debt service, including interest, past due late charges or escrow, since November 7, 2008.

As a result of the default, all indebtedness outstanding under the Term Loan became automatically due and payable. Consequently the Company had classified the indebtedness under the Term Loan within current liabilities in the balance sheet as of December 31, 2008. In addition, until such time as no event of default existed, interest on the outstanding principal balance of the Loans, accrued and unpaid interest and other amounts due in respect of the Loans accrued at a default rate, which was 3% higher than the applicable rate described above ("Default Rate"). Interest at the Default Rate was computed from the occurrence of the default until December 16, 2009. Interest at the Default Rate is added to the Term Loan and the Revolving Loan and accrued interest at the same rate as the Term Loan and the Revolving Loan and was secured by the related security instruments. The event of default restricted the Company from paying dividends or returning capital to its shareholder. As of December 31, 2008, accrued interest related to the Term Loan and the Revolving Loan amounted to $4.4 million Other funding requirements under the Term Loan and the Revolving Loan total $3.0 million at December 31, 2008.

On December 16, 2009 (the "Settlement Date"), the Company and Lender, with prior approval of the CCC, entered into a series of agreements (the "Settlement Agreements") that, among other things, conveyed ownership of the properties secured by a first priority deed of trust on the Resorts Hotel and Casino and certain other property owned by subsidiaries of CRH and RIHC to the RAC Atlantic City Holdings, LLC, a New Jersey limited liability company (the "Property Owner").

In June 2002, RIH entered into a Thermal Energy Services Agreement (the "Thermal Agreement"). The initial term of the Thermal Agreement is 20 years, renewable at RIH's option for two additional five-year terms. The Thermal Agreement has three components: a monthly charge for operation and maintenance of the thermal energy facilities; a capital lease component for capital improvements whose value was estimated at $6.5 million on the date the Thermal Agreement was executed; and, a usage fee for steam and chilled water, whose usage and rate will vary by month of the year. The outstanding balance of the capital lease was $4.9 million prior to the Settlement Date.

In connection with the Settlement Agreements, a gain on extinguishment of debt was recorded in the amount of $305.4 million and is included in Nonoperating Income (Expense) – Net in the Company statements of income.

Gain on Extinguishment of Debt is summarized below at December 31, 2009 (in thousands):

Balance Sheet write-offs:		
Term Loan	$	350,000
Due from RREH		(39,875)
Accrued interest on Term Loan		30,716
Thermal Energy capital lease		4,868
Due to CRH		3,763
Non-gaming Property and Equipment, net		(40,262)
Unamortized debt costs		(3,037)
Payments at settlement:		
Title transfer fees		(728)
Total gain on extinguishment of debt	$	305,445

12. Related Party Transactions

For the years ended December 31, 2009 and 2008, the Company incurred expenses of approximately $1.6 million and $2.6 million, respectively, for fees and expenses incurred by affiliates of Colony Capital and the Company's directors.

In June 2004, RIHC and RIH entered into agreements with an affiliate, Colony Resorts LVH Acquisitions, LLC ("LVH"), which operates the Las Vegas Hilton. Under the terms of the agreements, if either company incurs costs in excess of its direct share or any expenses which are directly allocable to or incurred on behalf of the other company, those costs will be reimbursed by that company. In April 2005, these agreements were amended to include another affiliate, Resorts International Holdings, LLC ("RIH LLC"), which operates, Resorts Tunica, Bally's Tunica and the Atlantic City Hilton.

The charges pursuant to the agreements are discretionary in nature and are agreed to by the parties to the agreements. As a result of these agreements, the Company charged to its affiliates $1.8 million and $4.7 million during the years ended December 31, 2009 and 2008, respectively, and had receivables recorded of $0 and $1.4 million, at December 31, 2009 and 2008 respectively, for the amounts due. As a result of these agreements, the Company incurred charges from its affiliates of $11.4 million and $14.1 million during the years ended December 31, 2009 and 2008, respectively. For the years ended December 31, 2009 and 2008, respectively charges from affiliates included $.8 million and $8.9 million, for medical and other insurance costs related to employees of the Company under a self-insured program managed by an affiliate; $1.8 million and $2.0 million, respectively and $10.5 million and $5.2 million, respectively in other corporate expenses and shared services with affiliates. At December 31, 2009 and 2008, the Company owed $0 and $1.0 million respectively to its affiliates. The operating results of the Company may have been different if the Company operated autonomously and without these transactions with its affiliates.

During 2008, Colony IV invested additional paid in capital in the amount of $3.8 million into CRH. CRH used the funds to pay down affiliate debt on behalf of RIH. An intercompany receivable and payable was recorded by CRH and RIH.

On March 14, 2007, subsidiaries of CRH and RIHC entered into the Term Loan or New Notes. A portion of the proceeds of the Term Loan were set aside at Propco for restricted use as working capital reserves for purchasing furniture and equipment, real estate taxes, insurance costs, land rent and interest charges associated with the Term Loan. At December 31, 2009 and 2008, respectively these funds amounted to $0.7 million and $7.2 million.

At December 31, 2009, in connection with the Settlement Agreements, Related Party receivables in the amount of $0.4 million were reclassified as other current receivables. The $3.8 million due to CRH was written off and included in gain on extinguishment of debt on the 2009 statements of income. Additionally, Colony IV forfeited its ownership in CRH and RIHC. All assets of New Pier and RREH and all non-gaming related assets of RIH were transferred to the Property Owner in satisfaction of the Term Loan and Revolving Loan and all intercompany debt among subsidiaries of RIHC were eliminated.

13. Retirement Plans

RIH has a defined contribution plan in which substantially all non-union employees are eligible to participate. Employees of certain other affiliated companies are also eligible to participate in this plan. Contributions are made to the plan based on a percentage of eligible employee contributions. Contribution expense for this plan was $0 and $918,000 for the years ended December 31, 2009 and 2008, respectively. As of January 1, 2009, the Company temporarily suspended its contributions to the plan. However, Management will continue to review this decision in the future.

Union employees are covered by various multi-employer pension plans to which contributions are made by RIH and other unrelated employers. RIH's pension expense for these plans was $3.3 million and $3.6 million for the years ended December 31, 2009 and 2008, respectively.

14. Income Taxes

The provision for income taxes is comprised as follows at December 31 (in thousands):

	2009	2008
Current:		
Federal	$ 70	$ 1,181
State	-	-
	70	1,181
Deferred:		
Federal	-	-
State	-	-
	-	-
	$ 70	$ 1,181

In determining whether or not the Company is insolvent for purposes of Section 108 of the Internal Revenue Code, the Company's assets and liabilities were measured immediately before the debt cancellation and it was determined that the Company was insolvent. Since the Company is insolvent, it excluded from taxable income the lesser of its insolvency or the amount of debt cancellation. In lieu of recognizing taxable income upon the debt cancellation, the Company reduced its federal income tax attributes (e.g., net operating losses, basis in depreciable assets, etc.) to the extent of the cancellation of debt income. Those tax attributes are reduced in the following order: beginning first with Net Operating Losses ("NOL") in the current year, or carryovers available in that year; then business credits; minimum tax credits; capital loss carryovers; and lastly, reduction of basis in depreciable assets.

The Company has New Jersey NOL's and Alternative Minimum Assessment (AMA) credits that are available. Cancellation of debt income is generally excludable from New Jersey corporation business tax to the same extent that it's excludable for Federal purposes. However, New Jersey NOL deductions are calculated independently of Federal tax attributes. Whereas Federal tax requires a reduction in certain tax attributes, such as NOL carryforwards, New Jersey does not require corporations to reduce New Jersey carryforwards with respect to cancellation of debt income. The use of the NOL carryforwards in the future may be limited due to changes in ownership of the Company, which may have occurred.

No tax benefit has been recorded for the twelve months ended December 31, 2009 or 2008 due to the uncertainty of realization of the benefit. The Internal Revenue Service is examining the income tax returns for the years 2005 and 2006. All years subsequent to 2006 are open and subject to investigation as well. Management believes that adequate provision for income taxes has been made in the financial statements.

The Company accounts for Income Taxes under ASC Topic 740, Income Taxes ("ASC 740"). In accordance with ASC 740, deferred tax assets and liabilities are calculated as the difference between the financial statement carrying amounts and tax bases of assets and liabilities. These differences are affected by the tax rate for the year in which they are expected to be recovered or settled. A valuation allowance is recognized, if necessary, to account for the likelihood that these differences will not be realized in the future.

14. Income Taxes (continued)

The income tax effects of loss carryforwards, tax credit carryforwards and temporary differences between financial and income tax reporting that give rise to the deferred income tax assets and liabilities are as follows at December 31 (in thousands):

	2009	2008
Basis difference on property and equipment	$ (833)	$ (10,432)
Other	(576)	(576)
Total deferred tax liabilities	(1,409)	(11,008)
NOL and capital loss carryforwards	11,662	42,068
Book reserves not yet deductible for tax	4,940	4,802
Tax credit carryforwards	3,180	3,180
Other	373	3,106
Total deferred tax assets	20,155	53,156
Valuation allowance for deferred tax assets	(18,746)	(42,148)
Total deferred tax assets, net of valuation allowance	1,409	11,008
Net deferred tax assets (liabilities)	$ -	$ -

Effective January 1, 2009, the Company adopted the provisions of ASC 740 related to uncertain tax positions. ASC 740 provides guidance on classification, interest and penalties, accounting in interim periods, disclosures and transition. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50% likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. There was no material changes in our tax liabilities recorded under ASC 740 since December 31, 2009.

The effective income tax rate varies from the statutory Federal income tax rate as a result of the following factors:

	Year ended December 31,	
	2009	2008
Statutory Federal income tax rate	34.0%	(34.0%)
Change in valuation allowance	(34.0%)	33.6%
Federal current income tax provision	0.1%	(3.2%)
Other	0.0%	0.4%
Effective tax rate	0.1%	(3.2%)

As a result of the Settlement Agreements, the Company will file its income tax returns on a separate company basis effective January 1, 2010. As a result, a portion of the Company’s net operating losses reflect amounts due from affiliates for the use of the Company’s current year loss.

At December 31, 2009, the Company had a state net operating loss carryforward of approximately $129.6 million. The carryforward will begin expiring in 2011. The Company has reported a full valuation allowance against the carryforward because it does not expect to realize the tax benefit during the relevant carryforward period.

In assessing the realizability of deferred tax assets, Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Management has determined that the realization of certain of the Company’s deferred tax assets is not more likely than not and, as such, has provided a valuation allowance against those deferred tax assets at December 31, 2009 and 2008. The (decrease) increase in the valuation allowance totaled $(23.3) million and $11.2 million for the years ended December 31, 2009 and 2008, respectively.

15. Common Stock and Stock-based Compensation

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Under the Colony RIH Holdings, Inc. 2001 Omnibus Stock Incentive Plan, as amended (the "Plan"), awards denominated or payable in shares or options to purchase shares of CRH's common stock may be granted to officers and other key employees and consultants of CRH and its subsidiaries. The Plan permitted the granting of up to 2,131 shares of Class A Common Stock and 43,122 shares of Class B Common Stock. The Board of Directors had sole discretion concerning administration of the Plan, including the determination of award goals, individuals to receive awards, types of awards, the terms and conditions of the awards, and the time at which awards would be granted. The Board of Directors may terminate the Plan at any time.

The exercise price for awards issued under the Plan were determined by the Board of Directors and were generally equal to the fair market value of CRH's common stock at the date of the grant. All of these options may be called by the Company in certain circumstances as defined in the agreement.

Except for 555 Class A options and 11,188 Class B options that were granted to an independent contractor in 2001 and were immediately vested, the options have various terms from three to five years, and are exercisable in annual installments. In connection with the Settlement Agreements, all remaining shares were forfeited at December 31, 2009. A summary of the activity of the CRH's stock option plan is presented below –

	A Shares Total		B Shares Total	
	Granted	Vested	Granted	Vested
Balance at January 1, 2008	2,020	1,225	40,876	25,167
Granted	-	-	-	-
Vested	-	-	-	-
Forfeited	(915)	(120)	(18,508)	(2,799)
Balance at December 31, 2008	1,105	1,105	22,368	22,368
Granted	-	-	-	-
Vested	-	-	-	-
Forfeited	(1,105)	(1,105)	(22,368)	(22,368)
Balance at December 31, 2009	-	-	-	-

The exercise price of all outstanding Class B options was $100 per share.

16. Commitments and Contingencies

Litigation

The Company is a defendant in certain litigation. In the opinion of Management, based upon advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

License Renewal

On January 30, 2009, the CCC renewed RIH's license to operate its casino hotel complex in Atlantic City for the five-year period beginning January 31, 2009 and ending January 31, 2013. The license period for a casino license renewed after April 30, 2004, shall be up to five years, but the CCC may reopen licensing hearings at any time. The CCC shall act upon any such application prior to the date of expiration of the current license. A casino license is not transferable. In connection with its approval of the Settlement Agreements, the CCC reduced RIH's license period to December 31, 2010 and will evaluate RIH's licensure on an annual basis.

Union Employees

Approximately 45% of the Company's employees are represented by labor unions. The contract for the largest labor union, representing approximately 37% of the Company's total workforce, was extended two years to September 2011. A lengthy strike or other work stoppage could have an adverse effect on the Company's business and results of operations.

16. Commitments and Contingencies (continued)

Commitments

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The Company leases land, office space and certain equipment under non-cancelable operating lease arrangements. These leases expire in various years. Rent expense under these lease agreements for the years ended December 31, 2009 and 2008 was approximately $1.4 million and $1.6 million, respectively. Additionally, the Company entered into a management agreement with the Property Owner in 2009, which transferred the non-gaming related, non-cancellable operating leases to the Property Owner. However, RIH continues to fund those commitments on behalf of the Property Owner. Cash advances from the Property Owner to the Company for working capital requirements are recorded in current liabilities as notes payable. Lease payments made by the Company on behalf of the Property owner are charged to notes payable. Future minimum lease payments under non-cancelable operating leases and the management agreement consist of the following at December 31, 2009 (in thousands):

2010	$ 9,502
2011	$ 1,482
2012	$ 1,328
2013	$ 1,361
2014	$ 1,396
2015 and thereafter	$ 10,538

New Jersey Sports & Exposition Authority

The twelve Atlantic City casino properties operating in 2004 (the “AC Industry”) and the Casino Reinvestment and Development Authority (“CRDA”) entered into an agreement with the New Jersey Sports & Exposition Authority (the “NJSEA”) to provide funding to subsidize New Jersey’s horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks did not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry provided $34 million over a four-year period to the NJSEA and deposited another $62 million into the Casino Expansion Fund (managed by the CRDA). The $62 million were derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property’s investment obligation. The Company’s obligation was equal to its fair share of AC Industry casino revenues. The Company had met its deposit obligation related to its fair share of the $62 million in prior years; as such, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until December 31, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations. In October 2007, the Company met its deposit obligation related to its fair share of the $34 million. The total commitment was charged to operations on a straight-line basis through December 31, 2008. During 2008, the Company recorded charges of $373,000 related to the agreement with the NJSEA and the CRDA.

The New Jersey Legislature amended the Casino Control Act, effective April 18, 2009, to permit the Casinos to deduct the amount of certain promotional gaming credits wagered at their slot machines in calculating the tax on gross gaming revenue. The amendment became operative upon the August 14, 2009 certification by the Chair of the CCC to the State Treasurer that the Casinos and Casino Association of New Jersey ("CANJ") had executed a Purse Enhancement Agreement (“PEA”) with the NJSEA for the benefit of the horse racing industry for $30 million annually for a three year period. In addition, the CCC adopted regulations effective September 22, 2009 which establish procedures by which the Casinos may implement the promotional gaming credit tax deduction.

The PEA provides that the Casinos will pay the NJSEA $90 million to be used solely for purse enhancements, breeder’s purses and expenses to establish off-track wagering facilities, which it incurs through 2011. The payments will be made in eleven installments from September 29, 2009 through November 15, 2011 and will total $22.5 million in 2009, $30 million in each of 2009 and 2010 and $7.5 million in 2011. Each Casino will pay a share equal to a percentage representing the gross gaming revenue it reported for the prior calendar year compared to that reported by all Casinos for that year. The Company’s portion of this industry obligation for 2009 was approximately 5.1%. Based on current market share ratios, the Company estimates that its proportionate share of the PEA obligation will be approximately $4.6 million. As of December 31, 2009, the Company had paid $2.8 million toward its obligation. The unamortized balance of $1.3 million is included in prepaid expenses and other current assets on our balance sheet at December 31, 2009. During 2009, the Company recorded charges of $1.5 million related to the PEA.

RESORTS INTERNATIONAL HOTEL, INC.

ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2009

SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

RESORTS INTERNATIONAL HOTEL, INC.
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2009

(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	**Description (b)**	**Account Balance (c)**	**Allowance (d)**	**Accounts Receivable (Net of Allowance) (e)**
	Patrons' Checks:			
1	Undeposited Patrons' Checks	$4,311		
2	Returned Patrons' Checks	7,563		
3	Total Patrons' Checks	11,874	$5,859	$6,015
4	Hotel Receivables	369	17	$352
	Other Receivables:			
5	Receivables Due from Officers and Employees	-		
6	Receivables Due from Affiliates	-		
7	Other Accounts and Notes Receivables	1,034		
8	Total Other Receivables	1,034		$1,034
9	Totals (Form CCC-205)	$13,277	$5,876	$7,401

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)	$4,590
11	Counter Checks Issued	116,211
12	Checks Redeemed Prior to Deposit	(89,482)
13	Checks Collected Through Deposits	(19,510)
14	Checks Transferred to Returned Checks	(5,576)
15	Other Adjustments	(1,922)
16	Ending Balance	$4,311
17	"Hold" Checks Included in Balance on Line 16	0
18	Provision for Uncollectible Patrons' Checks	$5,859
19	Provision as a Percent of Counter Checks Issued	5.0%

RESORTS INTERNATIONAL HOTEL, INC.
EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2009

($ IN THOUSANDS)

Line	Department	Number of Employees	Salaries and Wages		
			Other Employees	Officers & Owners	Totals
(a)	(b)	(c)	(d)	(e)	(f)
	CASINO:				
1	Table and Other Games	586			
2	Slot Machines	68			
3	Administration	0			
4	Casino Accounting	12			
5	Simulcasting	0			
6	Other	32			
7	Total - Casino	698	$17,271	$0	$17,271
8	ROOMS	317	4,834		4,834
9	FOOD AND BEVERAGE	520	11,012		11,012
10	GUEST ENTERTAINMENT	101	995		995
11	MARKETING	112	4,544	212	4,756
12	OPERATION AND MAINTENANCE	94	7,658	75	7,733
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	18	532	1,405	1,937
14	Accounting and Auditing	44	1,354		1,354
15	Security	157	4,523		4,523
16	Other Administrative and General	62	1,316		1,316
	OTHER OPERATED DEPARTMENTS:				
17	Health Club/Spa	6	172		172
18	Parking Operations	33	759		759
19	Coat Check	2	19		19
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	2,164	$54,989	$1,692	$56,681

RESORTS ATLANTIC CITY
ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2009

Line		
	CASINO WIN:	
1.	Table and Other Games………..	$ 49,285,001
2.	Slot Machines	142,390,803
3.	Total Casino Win..	191,675,804
4.	Adjustments………………………..………………………………………	(118,773)
5.	Gross Revenue (line 3 plus line 4)..	191,557,031
6.	Deduction for Eligible Promotional Gaming Credits……………………………	13,492,301
7.	Taxable Gross Revenue (line 5 minus line 6)...	178,064,730
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....................................	14,245,178
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	93,187
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9)..................................	14,338,365

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 12, 2010
Date

Walter Simon
Walter Simon

Director Operational Accounting. 3930-11
Title (License Number)