

**GOLDEN NUGGET ATLANTIC CITY, LLC
QUARTERLY REPORT**

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

GOLDEN NUGGET ATLANTIC CITY, LLC

BALANCE SHEETS

AS OF SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 * (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$4,316	\$6,171
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2013, \$3,310 ; 2012, \$1,468).....	2,3	4,074	4,581
4	Inventories	2	1,748	1,603
5	Other Current Assets.....	4	1,391	1,431
6	Total Current Assets.....		11,529	13,786
7	Investments, Advances, and Receivables.....		2,336	1,343
8	Property and Equipment - Gross.....	2,5	159,068	151,914
9	Less: Accumulated Depreciation and Amortization.....	2,5	(17,026)	(6,907)
10	Property and Equipment - Net.....	2,5	142,042	145,007
11	Other Assets.....	6	13,158	13,759
12	Total Assets.....		\$169,065	\$173,895
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$10,548	\$14,775
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	2,8	4,540	3,503
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	7	9,253	10,009
19	Other Current Liabilities.....		9,278	9,371
20	Total Current Liabilities.....		33,619	37,658
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....	2,8	11,122	13,785
23	Deferred Credits		0	0
24	Other Liabilities.....		0	0
25	Commitments and Contingencies.....	10	0	0
26	Total Liabilities.....		44,741	51,443
27	Stockholders', Partners', or Proprietor's Equity.....		124,324	122,452
28	Total Liabilities and Equity.....		\$169,065	\$173,895

* 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.

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	Revenue:			
1	Casino.....		\$92,746	\$100,733
2	Rooms.....		15,266	14,482
3	Food and Beverage.....		16,720	12,658
4	Other.....		11,983	9,861
5	Total Revenue.....	2	136,715	137,734
6	Less: Promotional Allowances.....	2	36,275	37,912
7	Net Revenue.....		100,440	99,822
	Costs and Expenses:			
8	Cost of Goods and Services.....		95,557	96,446
9	Selling, General, and Administrative.....	2	9,737	8,564
10	Provision for Doubtful Accounts.....		1,687	993
11	Total Costs and Expenses.....		106,981	106,003
12	Gross Operating Profit.....		(6,541)	(6,181)
13	Depreciation and Amortization.....	5	8,505	6,110
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....		0	0
16	Income (Loss) from Operations.....		(15,046)	(12,291)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		0	0
18	Interest Expense - External.....	2,8	(1,224)	(2,843)
19	CRDA Related Income (Expense) - Net.....	10	(356)	(421)
20	Nonoperating Income (Expense) - Net.....		4	1
21	Total Other Income (Expenses).....		(1,576)	(3,263)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(16,622)	(15,554)
23	Provision (Credit) for Income Taxes.....			
24	Income (Loss) Before Extraordinary Items.....		(16,622)	(15,554)
25	Extraordinary Items (Net of Income Taxes - 2012, \$0; 2011, \$0).....			0
26	Net Income (Loss).....		(\$16,622)	(\$15,554)

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

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	Revenue:			
1	Casino.....		\$35,666	\$37,242
2	Rooms.....		6,904	6,228
3	Food and Beverage.....		8,165	5,233
4	Other.....		4,451	4,091
5	Total Revenue.....	2	55,186	52,794
6	Less: Promotional Allowances.....	2	13,502	12,164
7	Net Revenue.....		41,684	40,630
	Costs and Expenses:			
8	Cost of Goods and Services.....		35,274	34,815
9	Selling, General, and Administrative.....	2	3,961	2,974
10	Provision for Doubtful Accounts.....		324	385
11	Total Costs and Expenses.....		39,559	38,174
12	Gross Operating Profit.....		2,125	2,456
13	Depreciation and Amortization.....	5	2,861	2,501
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....		0	0
16	Income (Loss) from Operations.....		(736)	(45)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		0	0
18	Interest Expense - External.....	2,8	(351)	(501)
19	CRDA Related Income (Expense) - Net.....	10	(130)	(157)
20	Nonoperating Income (Expense) - Net.....		4	0
21	Total Other Income (Expenses).....		(477)	(658)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(1,213)	(703)
23	Provision (Credit) for Income Taxes.....			0
24	Income (Loss) Before Extraordinary Items.....		(1,213)	(703)
25	Extraordinary Items (Net of Income Taxes - 2012, \$ 0 ; 2011, \$0).....			0
26	Net Income (Loss).....		(\$1,213)	(\$703)

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

GOLDEN NUGGET ATLANTIC CITY, LLC STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
AND THE NINE MONTHS ENDING SEPTEMBER 30, 2013

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2011.....		\$36,300	(\$4,081)		\$32,219
2	Net Income (Loss) - 2012.....			(24,921)		(24,921)
3	Capital Contributions.....		117,466			117,466
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	_____					0
8	_____					0
9	_____					0
10	Balance, December 31, 2012.....		153,766	(29,002)	0	124,764
11	Net Income (Loss) - 2013.....			(16,622)		(16,622)
12	Capital Contributions.....		16,182			16,182
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	_____					0
17	_____					0
18	_____					0
19	Balance, September 30, 2013.....		\$169,948	(\$45,624)	\$0	\$124,324

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

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 * (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$11,262)	(\$11,626)
	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.....		(2,971)	(45,958)
5	Proceeds from Disposition of Property and Equipment.....		201	
6	CRDA Obligations		(1,094)	(1,127)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(3,864)	(47,085)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt		41,250	47,000
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....		(44,253)	(86,329)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		16,181	97,778
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21				
22				
23	Net Cash Provided (Used) By Financing Activities.....		13,178	58,449
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(1,948)	(262)
25	Cash and Cash Equivalents at Beginning of Period.....		6,264	6,433
26	Cash and Cash Equivalents at End of Period.....		\$4,316	\$6,171
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$1,059	\$0
28	Income Taxes.....			

* 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.

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$16,622)	(\$15,554)
30	Depreciation and Amortization of Property and Equipment.....		8,505	6,110
31	Amortization of Other Assets.....			
32	Amortization of Debt Discount or Premium.....		109	2,335
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....		355	426
37	(Gain) Loss from Other Investment Activities.....		(4)	
38	(Increase) Decrease in Receivables and Patrons' Checks		698	(1,821)
39	(Increase) Decrease in Inventories		(61)	(126)
40	(Increase) Decrease in Other Current Assets.....		(324)	(144)
41	(Increase) Decrease in Other Assets.....		(24)	(5,489)
42	Increase (Decrease) in Accounts Payable.....		(6,566)	(5,183)
43	Increase (Decrease) in Other Current Liabilities		2,672	7,820
44	Increase (Decrease) in Other Liabilities			
45				
46				
47	Net Cash Provided (Used) By Operating Activities.....		(\$11,262)	(\$11,626)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$2,971)	(\$51,540)
49	Less: Capital Lease Obligations Incurred.....			5,582
50	Cash Outflows for Property and Equipment.....		(\$2,971)	(\$45,958)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$0	\$0
52	Goodwill Acquired.....			
53	Other Assets Acquired - net		0	0
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.....		\$16,181	\$97,778
58	Less: Issuances to Settle Long-Term Debt.....			
59	Consideration in Acquisition of Business Entities.....			
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$16,181	\$97,778

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

GOLDEN NUGGET ATLANTIC CITY, LLC
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	129,140	\$7,101	0	\$0
2	Food	279,035	\$5,014	42,337	\$2,536
3	Beverage	599,944	\$2,550	0	\$0
4	Travel	0	\$0	6,291	\$158
5	Bus Program Cash	0	\$0	0	\$0
6	Promotional Gaming Credits	306,620	\$15,331	0	\$0
7	Complimentary Cash Gifts	37,638	\$3,011	0	\$0
8	Entertainment	25,078	\$627	0	\$0
9	Retail & Non-Cash Gifts	194,521	\$2,489	0	\$0
10	Parking	0	\$0	378,592	\$1,136
11	Other	21,639	\$152	0	\$0
12	Total	1,593,614	\$36,275	427,220	\$3,830

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	50,438	\$2,528	0	\$0
2	Food	127,435	\$2,285	15,826	\$948
3	Beverage	215,989	\$918	0	\$0
4	Travel	0	\$0	40	\$2
5	Bus Program Cash	0	\$0	0	\$0
6	Promotional Gaming Credits	124,360	\$6,218	0	\$0
7	Complimentary Cash Gifts	8,437	\$675	0	\$0
8	Entertainment	4,808	\$120	0	\$0
9	Retail & Non-Cash Gifts	54,322	\$695	0	\$0
10	Parking	0	\$0	114,013	\$342
11	Other	4,815	\$63	0	\$0
12	Total	590,603	\$13,502	129,879	\$1,292

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

**GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE**

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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.

11/15/2013

Date



Alison Trazzera

Controller

Title

8150-11

License Number

On Behalf of:

GOLDEN NUGGET ATLANTIC CITY, LLC

Casino Licensee

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Golden Nugget Atlantic City, LLC (“GNAC”) operates the Golden Nugget Atlantic City hotel and casino in Atlantic City, NJ. We are wholly owned by Fertitta Entertainment Holdings, LLC and are an affiliate of Landry’s, Inc., which also owns the Golden Nugget hotels and casinos in Las Vegas and Laughlin, NV. On May 24, 2011, GNAC purchased the assets of Trump Marina Associates, LLC for approximately \$37.7 million.

We had no operations prior to May 24, 2011.

Basis of Presentation

The accompanying financial statements include the consolidated accounts of Golden Nugget Atlantic City, LLC, and its wholly owned subsidiaries (collectively, the “Company,” “we” or “us”). All intercompany accounts and transactions have been eliminated in consolidation. The condensed financial statements included herein have been prepared without audit and pursuant to the rules and regulations of the New Jersey Division of Gaming Enforcement. In the opinion of management, all adjustments, consisting of normal recurring items and estimates necessary for a fair presentation of the results for interim periods have been made.

Use of Estimates

Estimates are used for, but not limited to, the assessment of recoverability of long lived assets; costs to settle unpaid claims and the redemptions of points. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition and Promotional Allowances

Casino revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs (“casino front money”) and for chips in the customer’s possession (“outstanding chip liability”). Cash discounts and other incentives to customers related to gaming play are recorded as a reduction of gross gaming revenue as promotional allowances.

Hotel, food and beverage, entertainment and other operating revenues are recognized as services are performed. The retail value of accommodations, food and beverage, and other services furnished to hotel-casino guests without charge is included in gross revenue and then deducted as promotional allowances.

The estimated cost of providing such promotional allowances for the three and nine months ended September 30 is as follows (in thousands):

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Rooms	\$1,760	\$ 1,647	\$4,943	\$ 4,996
Food & Beverage	4,046	1,891	9,561	7,334
Other	931	997	3,585	2,934
Total	<u>\$6,737</u>	<u>\$ 4,535</u>	<u>\$18,089</u>	<u>\$15,264</u>

Progressive Jackpots

We maintain a number of progressive slot machines and table games. As wagers are made on the respective progressive games, the amount available to win (to be paid out when the appropriate jackpots are hit) increases. In April 2010, the FASB issued ASU No. 2010-16, “*Accruals for Casino Jackpot Liabilities*”, which clarifies when a casino entity is required to accrue a jackpot liability. ASU No. 2010-16 clarifies that base jackpot liabilities should not be accrued before the jackpot is won, if payment of the jackpot can be avoided. Based on this guidance, we do not record a liability for the progressive jackpots. Jackpots are charged to revenue when won.

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

Financial Instruments

Generally Accepted Accounting Principles (GAAP) establishes a hierarchy for fair value measurements, such that Level 1 measurements include unadjusted quoted market prices for identical assets or liabilities in an active market, Level 2 measurements include quoted market prices for identical assets or liabilities in an active market which have been adjusted for items such as effects of restrictions for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets, and Level 3 measurements include those that are unobservable and of a highly subjective measure.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate the carrying amounts due to their short maturities. The fair value of our long-term debt instruments are estimated based on quoted market prices, where available, or on the amount of future cash flows associated with each instrument, discounted using our current borrowing rate for comparable debt instruments.

Inventories

Inventories consisting of principally food and beverage, operating supplies and retail items are stated at the lower of cost or market value.

Property and Equipment

Property and equipment purchased subsequent to the acquisition are recorded at cost. Depreciation expense is computed utilizing the straight-line method over the estimated useful lives of the depreciable assets, as follows: buildings and improvements — 40 years; equipment — 5 to 10 years; furniture, fixtures and leasehold improvements — 5 to 20 years; and automobiles and limousines — 4 to 5 years.

Costs of major improvements are capitalized; costs of normal repairs and maintenance are charged to expense as incurred. Gains or losses on dispositions of property and equipment are recognized in the consolidated statements of operations when incurred.

Interest is capitalized in connection with construction and development activities, and other real estate development projects. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. During the three months ending September 30, 2013 and 2012, we capitalized interest costs of approximately \$0 and \$0 respectively. During the nine months ending September 30, 2013 and 2012, we capitalized interest costs of approximately \$0 and \$1,004,000 respectively.

Slot Player Club Liability

We have established promotional slot and player clubs to encourage repeat business from frequent and active slot machine customers and table games patrons. Members earn points based on gaming activity and such points can be redeemed for free slot play or complimentary amenities. We establish a liability for unredeemed points based upon historical redemption experience.

Self-Insurance Liability

We maintain large deductible insurance policies related to workers compensation, general liability and certain employee medical claims. Predetermined loss limits have been arranged with insurance companies to limit our per occurrence cash outlay. Accrued liabilities include estimated costs to settle unpaid claims and estimated incurred but not reported claims using actuarial methodologies.

Advertising Costs

Costs for advertising are expensed as incurred during such year. Advertising costs, included in Selling, General and Administrative expense, were \$1,634,000 and \$550,000 for the three months ended September 30, 2013 and 2012, respectively and \$3,270,000 and \$1,682,000 for the nine months ended September 30, 2013 and 2012, respectively.

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

Casino License

We are subject to regulation and licensing by the New Jersey Division of Gaming Enforcement (“DGE”). We operated under a temporary license issued by the DGE on May 24, 2011 through February 15, 2012. During the formal licensing process, our license was held in trust to be in compliance with the DGE regulations. On February 15, 2012, we received full licensure approval.

3. ACCOUNTS RECEIVABLE

Accounts receivable as of September 30 consisted of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Gaming	\$4,753	\$4,391
Allowance	(3,038)	(1,698)
Non-Gaming	2,728	1,979
Allowance	<u>(369)</u>	<u>(91)</u>
Total	<u>\$4,074</u>	<u>\$4,581</u>

4. OTHER CURRENT ASSETS

Other current assets as of September 30 consisted of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Prepaid Insurance	\$ 79	\$ 250
Prepaid taxes	567	580
Other prepaid	<u>745</u>	<u>601</u>
Total	<u>\$1,391</u>	<u>\$1,431</u>

5. PROPERTY AND EQUIPMENT

Property and equipment as of September 30 consisted of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Land	\$ 17,650	\$ 17,650
Buildings and Improvements	95,161	91,472
Furniture, Fixtures, Equipment	45,666	40,250
Construction in Progress	<u>590</u>	<u>2,541</u>
Property and Equipment, Gross	159,067	151,913
Accumulated Depreciation	<u>(17,026)</u>	<u>(6,907)</u>
Property and Equipment, Net	<u>\$142,041</u>	<u>\$ 145,006</u>

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

6. OTHER ASSETS

Other assets as of September 30 consisted of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Deferred Cost	\$3,526	\$5,052
Software	9,005	8,154
Deposits	<u>628</u>	<u>553</u>
Total	<u>\$13,159</u>	<u>\$13,759</u>

7. OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consisted of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Payroll & related	\$ 4,319	\$ 6,991
Deposits	1,286	1,180
Other	<u>3,648</u>	<u>1,838</u>
Total	<u>\$9,253</u>	<u>\$10,009</u>

8. LONG TERM DEBT

On January 6, 2012, we repaid our outstanding term loan and accrued interest for an aggregate \$37.1 million. Our \$10.0 million revolving credit facility and certain equipment loans remain outstanding. In addition, the delayed draw term loan was cancelled and a commitment from an affiliate to provide up to \$20.0 million in additional funding was terminated. The revolving credit facility expires on November 30, 2015 and bears interest at Libor or the bank's base rate, plus a financing spread of 8.5% at September 30, 2013. The facility has a minimum interest rate of 10%. In addition, the credit facility requires a commitment fee on the unfunded portion of the \$10.0 million revolving credit facility. We have granted liens on substantially all real property and personal property as collateral under the credit facility and guarantee the credit facility.

In addition to the credit facility, we have entered into a number of equipment loans for the purchase of gaming hardware and software. These loans have maturities ranging from May 2014 to August 2015 and bear interest at rates ranging from 4.3% to 8.1%. Principal and interest payments are due monthly.

Our debt agreements contain various restrictive covenants including limitations on additional indebtedness, dividend payments and other restricted payments as defined in the agreements. At September 30, 2013, we were in compliance with all such covenants. As of September 30, 2013 we had \$750,000 available borrowing capacity under the revolving credit facility.

Long-term debt as of September 30 is comprised of the following:	<u>2013</u>	<u>2012</u>
\$10.0 million revolving credit facility due November 2015	9,250	\$9,250
Various Equipment loans due May 2013-July 2015	<u>6,412</u>	<u>8,039</u>
Total debt	15,662	17,289
Less current portion	<u>(4,540)</u>	<u>(3,503)</u>
Long term debt	<u>\$11,122</u>	<u>\$13,785</u>

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

9. EMPLOYEE BENEFIT PLAN

Certain of our employees are covered by union-sponsored, collective bargained, multi-employer health and welfare and defined benefit pension plans. We recorded expenses of \$1.8 million and \$1.7 million for the three months ended September 30, 2013 and 2012, respectively and \$5.0 million and \$5.3 million for the nine months ended September 30, 2013 and 2012, respectively. The plans' sponsors have not provided sufficient information to permit us to determine our share of unfunded vested benefits, if any. However, based on available information, we do not believe that unfunded amounts attributable to our casino operations are material.

We are self-insured up to certain limits for most health care benefits for our non-union employees. The liability for claims filed and estimates of claims incurred but not reported is included in the accrued liabilities caption in the accompanying consolidated balance sheets.

We sponsor a retirement savings plan under Section 401(k) of the Internal Revenue Code covering our non-union employees. The plan is available to certain employees with at least six months of service. For those employees who were previously employed by Trump Marina Associates, LLC, for at least six months, participation in the plan was made available beginning June 1, 2011. The plan allows eligible employees to defer, within prescribed limits, a percentage of their income on a pre-tax basis through contributions to the plan. We match on a discretionary basis, subject to a vesting schedule. We recorded \$0 charges for matching contributions for the three and nine months ended September 30, 2013 and 2012.

10. COMMITMENTS AND CONTINGENCIES

Casino Reinvestment Development Authority Obligation

As required by the provisions of the New Jersey Casino Control Act (the "Act"), a casino licensee must pay an investment alternative tax of 2.5% of its gross casino revenues as defined in the Act. However, pursuant to contracts with the Casino Reinvestment Development Authority ("CRDA"), the Company pays 1.25% of its gross casino revenues to the CRDA (the "CRDA Payment") to fund qualified investments as defined in the Act and such CRDA Payment entitles the Company to an investment tax credit in an amount equal to twice the amount of the CRDA Payment against the 2.5% investment alternative tax. Qualified investments may include the purchase of bonds issued by the CRDA at a below market rate of interest, direct investment in projects or donation of funds to projects as determined by CRDA. Pursuant to the contract with CRDA, the Company is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

The deposits are recorded at cost less a valuation allowance. The valuation allowance is established by a charge to the statement of income as part of Other Income/(Expense) at the time the obligation is incurred to make the deposit unless there is an agreement with the CRDA for a return of the deposit at full face value. If the CRDA deposits are used to purchase CRDA bonds, the valuation allowance is transferred to the bonds as a discount, which is amortized to interest. If the CRDA deposits are used to make other investments, the valuation allowance is transferred to those investments and remains a valuation allowance. The CRDA bonds are classified as held-to-maturity securities and are carried at amortized cost less a valuation allowance.

For the three months ended September 30, 2013 and 2012, the Company charged to Other Income/ (Expense) \$130,000 and \$157,000, respectively, and for the nine months ended September 30, 2013 and 2012 the Company charged \$356,000 and \$421,000, respectively, to give effect to the below market interest rates associated with CRDA deposits.

CRDA deposits, net of allowances of \$1,215,000 and \$758,000 respectively, reflected in Investments, Advances, and Receivables on the accompanying consolidated balance sheet as of September 30, 2013 and 2012 are \$2,336,000 and \$1,343,000 respectively.

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

Atlantic City Tourism District

As part of the State of New Jersey's plan to revitalize Atlantic City, a new law was enacted in February 2011 requiring that a tourism district (the "Tourism District") be created and managed by the CRDA. The Tourism District has been established to include each of the Atlantic City casino properties along with certain other tourism related areas of Atlantic City. The law requires that a public-private partnership be created between the CRDA and a private entity that represents existing and future casino licensees. The private entity, known as the Atlantic City Alliance ("ACA"), has been established in the form of a not-for-profit limited liability company, of which we are a member. The public-private partnership between the ACA and CRDA shall be for an initial term of five years and its general purpose shall be to revitalize the Tourism District. The law requires that a \$5.0 million contribution be made to this effort by all casinos prior to 2012 followed by an annual amount of \$30.0 million to be contributed by the casinos commencing January 1, 2012 for a term of five years. Each casino's share of the annual contributions will equate to a percentage representing its gross gaming revenue compared to the aggregate gross gaming revenues for that period for all casinos. As a result, we will expense our pro rata share of the \$155.0 million as incurred. For the three months ended September 30, 2013 and 2012, we incurred expense of \$337,000 and \$326,000, respectively, and for the nine months ending September 30, 2013 and 2012, expensed \$1,087,000 and \$992,000 respectively, for the pro rata share of contribution to the ACA.

General Litigation

We are subject to legal proceedings and claims that arise in the ordinary course of business. We do not believe that the outcome of any of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

11. TRANSACTIONS WITH AFFILIATES

Trademark Licensing Agreement

We license the Golden Nugget trademark pursuant to a five-year Trademark License Agreement (the "Agreement") from an affiliate, GNLV, Corp., which commenced on May 24, 2011. Under the Agreement, we are granted a nonexclusive license to use the Golden Nugget trademarks and other marks in connection with the marketing and operation of our hotel and casino property. Fees payable under the agreement include license fees of \$250,000 per year and royalty fees equal to 3% of certain non-gaming revenues above \$55.0 million during each year of the license term.

Shared Services Agreement

We have entered into a Shared Services Agreement (SSA) with an affiliate, Landry's, Inc. ("Landry's"). Pursuant to the SSA, the parties agree to cooperatively develop and implement joint programs for the procurement and implementation of certain products and services including insurance and risk management, legal, information technology, entertainment, general purchasing, financial planning and accounting, human resources and employee benefit administration, marketing, strategic and tactical business planning, retail and executive management. The SSA provides for the reimbursement of expenses if either party incurs costs in excess of its proportional share.

Tenant Agreement

We have entered into certain lease agreements with wholly owned subsidiaries of Landry's wherein they operate restaurants in our casino property and we receive rental payments. Moreover, we routinely enter into certain transactions with affiliated companies. These transactions have been entered into between related parties and are not the result of arm's-length negotiations. Accordingly, the terms of the transactions may have been more or less favorable to us than might have been obtained from unaffiliated third parties. Rental revenue from the Landry's subsidiaries totaled \$184,000 and \$192,000 for the three months ended September 30, 2013 and 2012 respectively, and \$542,000 and \$520,000 for the nine months ended September 30, 2013 and 2012, respectively.

12. SUBSEQUENT EVENTS

We have evaluated subsequent events through November 13, 2013 which is the date our financial statements were available to be issued.