TROPICANA CASINO AND RESORT
QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2014

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

TROPICANA CASINO AND RESORT
BALANCE SHEETS

AS OF MARCH 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$59,813	$106,295
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2014, $11,070; 2013, $11,524)	1	18,056	13,853
4	Inventories		2,907	2,013
5	Other Current Assets	3	4,666	4,174
6	Total Current Assets	4,8,14	85,442	126,335
7	Investments, Advances, and Receivables	2	159,783	35,192
8	Property and Equipment - Gross	2	244,252	221,269
9	Less: Accumulated Depreciation and Amortization	2	(52,382)	(40,012)
10	Property and Equipment - Net		191,870	181,257
11	Other Assets		5,421	3,419
12	Total Assets		$442,516	$346,203
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$7,701	$7,569
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		872	0
16	External	6,15	0	46
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	11	25,658	23,065
19	Other Current Liabilities	12	5,705	3,799
20	Total Current Liabilities		39,936	34,479
	Long-Term Debt:			
21	Due to Affiliates		85,458	0
22	External	6	0	33
23	Deferred Credits		0	0
24	Other Liabilities		0	29,049
25	Commitments and Contingencies		0	0
26	Total Liabilities	8,13	125,394	63,561
27	Stockholders', Partners', or Proprietor's Equity		317,122	282,642
28	Total Liabilities and Equity		$442,516	$346,203

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

TROPICANA CASINO AND RESORT
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	Revenue:			
1	Casino		$61,623	$54,182
2	Rooms		10,219	9,999
3	Food and Beverage		7,556	7,644
4	Other		2,607	2,452
5	Total Revenue		82,005	74,277
6	Less: Promotional Allowances		18,986	18,106
7	Net Revenue		63,019	56,171
	Costs and Expenses:			
8	Casino		24,063	21,748
9	Rooms, Food and Beverage		7,358	6,842
10	General, Administrative and Other		(495)	25,603
11	Total Costs and Expenses		30,926	54,193
12	Gross Operating Profit		32,093	1,978
13	Depreciation and Amortization	2	3,452	2,859
	Charges from Affiliates Other than Interest:			
14	Management Fees		1,936	1,455
15	Other			
16	Income (Loss) from Operations		26,705	(2,336)
	Other Income (Expenses):			
17	Interest Expense - Affiliates		(943)	0
18	Interest Expense - External		0	(2)
19	CRDA Related Income (Expense) - Net	7	(339)	(415)
20	Nonoperating Income (Expense) - Net	15	1,346	148
21	Total Other Income (Expenses)		64	(269)
22	Income (Loss) Before Taxes and Extraordinary Items	9	26,769	(2,605)
23	Provision (Credit) for Income Taxes		0	176
24	Income (Loss) Before Extraordinary Items		26,769	(2,781)
	Extraordinary Items (Net of Income Taxes -			
25	2014, $0; 2013, $0)			
26	Net Income (Loss)		$26,769	($2,781)

The accompanying notes are an integral part of the financial statements.
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TROPICANA CASINO AND RESORT
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 AND THE THREE MONTHS ENDED MARCH, 2014

(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)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2012..........**						$282,128		$3,295	$285,423
2	Net Income (Loss) - 2013.............								4,930	4,930
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, 2013..........**		0	0	0	0	282,128	0	8,225	290,353
11	Net Income (Loss) - 2014.............								26,769	26,769
12	Contribution to Paid-in-Capital.....									0
13	Dividends....................................									0
14	Prior Period Adjustments..............									0
15										0
16										0
17										0
18										0
19	**Balance, March 31, 2014 ....**		0	$0	0	$0	$282,128	$0	$34,994	$317,122

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

TROPICANA CASINO AND RESORT
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		$27,099	$3,437
	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........		(5,028)	(3,478)
5	Proceeds from Disposition of Property and Equipment........		0	2
6	CRDA Obligations		(835)	(685)
7	Other Investments, Loans and Advances made........		(85,383)	0
8	Proceeds from Other Investments, Loans, and Advances		2,811	64
9	Cash Outflows to Acquire Business Entities........		0	0
10	Proceeds from Sales and Luxury Tax Credits		857	857
11	....			
12	Net Cash Provided (Used) By Investing Activities........		(87,578)	(3,240)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt........		0	0
15	Proceeds from Long-Term Debt		0	(12)
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	....			
22	....			
23	Net Cash Provided (Used) By Financing Activities........		0	(12)
24	Net Increase (Decrease) in Cash and Cash Equivalents........		(60,479)	185
25	Cash and Cash Equivalents at Beginning of Period........		120,292	106,110
26	Cash and Cash Equivalents at End of Period........		$59,813	$106,295

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)........		$0	$2
28	Income Taxes........			

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

TROPICANA CASINO AND RESORT
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)...		$26,769	($2,781)
30	Depreciation and Amortization of Property and Equipment...		3,452	2,781
31	Amortization of Other Assets...		0	78
32	Amortization of Debt Discount or Premium..........................		0	2
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.........		0	(2)
36	(Gain) Loss on CRDA-Related Obligations...........................		339	415
37	(Gain) Loss from Other Investment Activities.......................		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(5,969)	(275)
39	(Increase) Decrease in Inventories		(427)	474
40	(Increase) Decrease in Other Current Assets..........................		(1,606)	(1,813)
41	(Increase) Decrease in Other Assets......................................		170	164
42	Increase (Decrease) in Accounts Payable..............................		976	(1,873)
43	Increase (Decrease) in Other Current Liabilities		3,395	1,422
44	Increase (Decrease) in Other Liabilities		0	4,845
45	....			
46	....			
47	Net Cash Provided (Used) By Operating Activities...................		$27,099	$3,437

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment..................................		($5,028)	($3,478)
49	Less: Capital Lease Obligations Incurred..............................			
50	Cash Outflows for Property and Equipment..............................		($5,028)	($3,478)
	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

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

TROPICANA CASINO AND RESORT
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2014
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	67,990	$3,963	0	$0
2	Food	107,884	2,514	40,869	953
3	Beverage	1,498,686	1,824	0	0
4	Travel	0	0	474	142
5	Bus Program Cash	473	48	0	0
6	Promotional Gaming Credits	87,081	9,659	0	0
7	Complimentary Cash Gifts	23,660	945	0	0
8	Entertainment	3,476	23	187	28
9	Retail & Non-Cash Gifts	0	0	60,261	592
10	Parking	0	0	125,606	377
11	Other	1,036	10	11,045	110
12	Total	1,790,286	$18,986	238,442	$2,202

FOR THE THREE MONTHS ENDED MARCH 31, 2014

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	67,990	$3,963	0	$0
2	Food	107,884	$2,514	40,869	$953
3	Beverage	1,498,686	$1,824	0	$0
4	Travel	0	$0	474	$142
5	Bus Program Cash	473	$48	0	$0
6	Promotional Gaming Credits	87,081	$9,659	0	$0
7	Complimentary Cash Gifts	23,660	$945	0	$0
8	Entertainment	3,476	$23	187	$28
9	Retail & Non-Cash Gifts	0	$0	60,261	$592
10	Parking	0	$0	125,606	$377
11	Other	1,036	$10	11,045	$110
12	Total	1,790,286	$18,986	238,442	$2,202

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

TROPICANA CASINO AND RESORT
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2014

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 <u>N.J.S.A.</u> 5:12-84a(1)-(5) during the quarter.

5/15/2014
Date

Vice President - Finance
Title

7571-11
License Number

On Behalf of:

TROPICANA CASINO AND RESORT
Casino Licensee

TROPICANA ATLANTIC CITY CORP.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013
(Unaudited)
(Dollars in Thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tropicana Atlantic City Corp. ("the Company") operates a casino hotel in Atlantic City, New Jersey ("the Property") and is a wholly owned subsidiary of Tropicana Entertainment, Inc. ("TE").

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Tropicana AC Sub Corp. ("TAC Sub"), after elimination of all significant intercompany accounts and transactions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated in our consolidated financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, the estimated valuation allowance for deferred tax assets, certain tax liabilities, estimated cash flows in assessing the impairment of long-lived assets, intangible assets, CRDA investments, fair values of acquired assets and liabilities, self-insured liability reserves, customer loyalty program reserves, contingencies, litigation, claims, assessments and loss contingencies. Actual results could differ from these estimates.

Cash and Cash Equivalents

Highly liquid investments purchased with an original maturity of three months or less are classified as cash equivalents. These instruments are stated at cost, which approximates fair value because of their short maturity.

Pursuant to N.J.A.C. 13:69O-1.3(j) the Property maintains a separate New Jersey bank account to ensure security of funds held in patrons internet gaming accounts. On March 31, 2014 the above mentioned account balance was $4,548 which included patron's deposits in IGaming accounts of $222.

Receivables

Receivables consist primarily of casino, hotel and other receivables, net of an allowance for doubtful accounts. Receivables are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their expected realization, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Recoveries of accounts previously written off are recorded when received.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments in excess of $250,000 which are all invested in the same financial institution, investments and trade accounts receivable. Concentration of credit risk, with respect to casino receivables, is limited through the Company's credit evaluation process. The Company issues markers to approved casino customers following credit checks and investigation of credit worthiness.

Inventories

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

Property and equipment

Property and equipment under business combination guidance is stated at fair value as of the Acquisition Date. Property and equipment acquired subsequent to the Acquisition Date are stated at cost (Refer to Note 2). Maintenance and repairs are charged to operations when incurred. Renewals and betterments which significantly extend the useful lives of existing property and equipment are capitalized. During construction, the Company capitalizes interest and other direct and indirect costs, which are primarily property taxes, insurance costs, outside legal costs and the compensation costs of project personnel devoted exclusively to managing the project. Interest is capitalized monthly by applying the effective interest rate on certain borrowings to the average balance of expenditures. No interest was capitalized during the three months ended March 31, 2014 or 2013. Gains or losses on dispositions of property and equipment are reflected in earnings as realized.

Depreciation is computed on the straight-line basis over the estimated useful lives (building and improvements - 3 to 40 years; equipment, furniture and fixtures - 3 to 15 years).

CRDA Investment

The Casino Reinvestment Development Authority ("CRDA") deposits are carried at cost less a valuation allowance because they have to be used to purchase CRDA bonds that carry below market interest rates unless an alternative investment is approved. The valuation allowance is established by a charge to the Statements of Income 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 income using the interest method. 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. The average interest rate on the CRDA investment was 0.26% and 0.17% for the three months ended March 31, 2014 and 2013, respectively.

Leasing Costs

Leasing costs are capitalized as incurred and amortized evenly, as a reduction to rental income, over the related lease terms. Leasing costs consist primarily of tenant allowances, which are incentives provided to tenants whereby the Company agrees to pay certain amounts toward tenant leasehold improvements or other tenant development costs. Leasing costs are included in Other Assets on the consolidated balance sheet.

Valuation of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances warrant such a review. The carrying value of a long-lived or amortizable intangible asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset.

Intangible Assets

The Company's definite life intangible assets include customer lists and favorable lease agreements. Intangible assets with a definite life are amortized over their useful life, which is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Management periodically assesses the amortization period of intangible assets with definite lives based upon estimated future cash flows from related operations.

Self-Insurance Reserves

The Company is self-insured up to certain stop loss amounts for employee health coverage, workers' compensation and general liability claims. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of estimates for claims incurred but not yet reported as estimated by management with the assistance of a third party. In estimating these accruals, historical loss experience is considered and judgments are made about the expected levels of costs per claim. The Company believes its estimates of future liability are reasonable based upon its methodology; however, changes in health care costs, accident frequency and severity and other factors could materially affect the estimates for these liabilities. The Company continually monitors changes in claim type and incident and evaluates the insurance accrual, making necessary adjustments based on the evaluation of these qualitative data points. The Company's accrual for general liability claims was approximately $2,291 and $2,088 at March 31, 2014 and 2013, respectively. The Company's accrual for workers compensation and employee health insurance claims was approximately $3,614 million and $3,094 at March 31, 2014 and 2013, respectively.

Customer Loyalty Program

The Company provides certain customer loyalty programs (the "Programs") at its casino, which allow customers to redeem points earned from their gaming activity for cash, food, beverage, rooms or merchandise. Under the Programs, customers are able to accumulate points that may be redeemed in the future, subject to certain limitations and the terms of the Programs. The Company records a liability for the estimated cost of the outstanding points under the Programs that it believes will ultimately be redeemed. The estimated cost of the outstanding points under the Programs is calculated based on estimates and assumptions regarding marginal costs of the goods and services, redemption rates and the mix of goods and services for which the points are expected to be redeemed. For points that may be redeemed for cash, the Company accrues this cost (after consideration of estimated redemption rates) as they are earned, which is included in promotional allowances. For points that may only be redeemed for goods or services but cannot be redeemed for cash, the Company estimates the cost and accrues for this expense as the points are earned from gaming play, which is recorded as casino operating costs and expenses. At March 31, 2014 and 2013, the Company had $1,518 and $823, respectively, accrued for the estimated cost of anticipated redemptions under the Programs.

Revenue Recognition and Promotional Allowances

Casino revenue represents the difference between wins and losses from gaming activities. Room, food and beverage and other operating revenues are recognized at the time the goods or services are provided. The Company collects taxes from customers at the point of sale on transactions subject to sales and other taxes. Revenues are recorded net of any taxes collected. The majority of our casino revenue is counted in the form of cash and chips and, therefore, is not subject to any significant or complex estimation. The retail value of rooms, food and beverage and other services provided to customers on a complimentary basis is included in gross revenues and then deducted as promotional allowances.

Internet Gaming Operations

On November 21, 2013 the Company commenced online gaming operations with Gamesys Limited ("Gamesys") as our exclusive internet provider. The Company currently offers two online gaming brands *TropicanaCasino.com* and *VirginCasino.com*. IGaming casino revenues represent the difference between wins and losses from online gaming activities and are recognized on a gross basis as a component of Casino Revenue in the Statements of Income. Progressive jackpots are accrued on IGaming progressive games when earned and recorded on the Statements of Income as a component of Casino Revenue. The Company makes cash promotional offers to certain of its IGaming customers, including cash rebates as part of loyalty programs generally based on an individual's level of gaming play. These costs are classified as promotional allowances.

The State of New Jersey imposes an annual tax of 15% on IGaming gross revenue. These taxes along with expenses for software & licensing fees, royalty fees and payment processing fees are recorded as a component of Casino Costs and Expenses. Certain legal, marketing, advertising and administrative fees associated with the setup and ongoing support of IGaming are reflected in General, Administrative and Other on the Statements of Income.

An initial Internet Gaming Permit Fee of $400 along with an annual Responsible Internet Gaming Fee of $250 were required at the time the license was granted. These fees are treated as prepaid expenses and are being written off over the year. IGaming licensees are also required to invest an additional 2.5% of gross casino revenue to satisfy investment obligations with the CRDA.

Advertising Costs

Costs for advertising are expensed as incurred. Advertising costs for the three months ended March 31, 2014 and 2013 were $2,403 and $708 respectively.

Income taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that included the enactment date. Future tax benefits are recognized to the extent that realization of those benefits is considered more likely than not, and a valuation allowance is established for deferred tax assets which do not meet this threshold.

Accounts Receivable - Concentration of Credit Risk

The Company's gaming and hotel receivables are concentrated primarily in the northeastern region of the United States. As a general policy, the Company does not require collateral for these accounts receivable. Accounts receivable, net, was $18,056 and $13,853, of which $5,742 and $8,012 was related to gaming as of March 31, 2014 and 2013, respectively.

Trade receivables are initially recorded at cost. Accounts are written off when the Company deems the account to be uncollectible. An allowance for doubtful accounts is maintained at a level considered adequate to provide for probable future losses. The allowance is estimated based on specific review of customer accounts, the age of the receivables, the Company's historical collection experience and current economic conditions. At March 31, 2014 and 2013, the allowance for doubtful accounts was $11,070 and $11,524, respectively. The Company recognized bad debt expense of $434 and $476 for the three months ended March 31, 2014 and 2013, respectively.

Fair Value of Financial Instruments

The carrying value of the Company's cash and cash equivalents, receivables, and accounts payable approximate fair value primarily due to the short maturities of these instruments. The fair value of the advances to affiliated companies is not determinable given the related party nature of such items.

Disclosures Not Presented

In accordance with the Division of Gaming Enforcement Financial Reporting guidelines, the Company has elected not to include certain disclosures which have not changed significantly since the most recent Annual Report filing. Accordingly, the following disclosures have been omitted: Retirement Plans and Income Taxes.

Recently Issued Accounting Standards

A variety of proposed or otherwise potential accounting standards are currently under consideration by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, the Company has not yet determined the effect, if any, that the implementation of such proposed standards has on our financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

Property and Equipment consists of the following (in thousands):

	March 31, 2014	March 31, 2013
Land and land improvements	$ 68,020	$ 68,020
Building and improvements	110,330	103,196
Furniture, fixtures and equipment	55,265	44,268
Construction in progress	10,637	5,785
Total property and equipment-gross	244,252	221,269
Less: accumulated depreciation and amortization	(52,382)	(40,012)
Total property and equipment	$ 191,870	$ 181,257

Depreciation expense related to property and equipment was $3,452 and $2,781 for the three months ended March 31, 2014 and 2013 respectively.

NOTE 3. OTHER CURRENT ASSETS

Other Current Assets consists of the following (in thousands):

	March 31, 2014	March 31, 2013
Prepaid Insurance	$ 2,392	$ 2,591
Prepaid - Taxes & Licenses	751	345
Other	1,523	1,238
Total other current assets	$ 4,666	$ 4,174

NOTE 4. INVESTMENTS

The NJCCC Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues and 2.5% on IGaming gross revenue in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues and 5% on IGaming gross revenue. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the New Jersey Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations.

Investments consist of the following (in thousands):

	March 31, 2014	March 31, 2013
Investment in bonds-CRDA	$ 16,516	$ 16,655
Less unamortized discount	(4,409)	(4,508)
Less valuation allowance	(3,463)	(3,415)
Deposits - CRDA	29,966	29,979
Less valuation allowance	(7,285)	(7,114)
Direct investment - CRDA	1,644	4,595
Less valuation allowance	(1,644)	(1,000)
Total investments	$ 31,325	$ 35,192

The CRDA bonds have various contractual maturities that range from 2 to 40 years. Actual maturities may differ from contractual maturities because of prepayment rights. For the quarter ended March 31st, 2014 and 2013, the Company recognized an expense of $570 and $209, respectively, related to CRDA investments which are purchased at below market rates and are recorded in general and administrative, and other on the Statements of Income. In addition, the Company recognized interest income of $131 and $87 related to the CRDA investment for the three months ended March 31, 2014 and 2013, respectively.

NOTE 5. INTANGIBLE ASSETS

The Company's intangible assets, a component of Other Assets, consist of the following (in thousands):

	March 31, 2014	March 31, 2013
Favorable leases	$ 2,385	$ 2,385
Customer lists	1,400	1,400
Total intangible assets	3,785	3,785
Less: accumulated amortization		
Favorable leases	(1,719)	(1,298)
Customer lists	(1,400)	(1,400)
Total accumulated amortization	(3,119)	(2,698)
Total intangible assets	$ 666	$ 1,087

Customer lists represent the value associated with customers enrolled in our customer loyalty programs were amortized to amortization expense on a straight-line basis over three years. Favorable lease arrangements are being amortized to tenant income on a straight-line basis over the terms of the various leases.

NOTE 6. DEBT

TE has long-term debt where the Company is a guarantor and substantially all of the Company's property and equipment is pledged as collateral. As a result, a portion of TE's debt and unamortized debt discount is allocated to the Company based on total asset valuation.

The Company's allocated portion of TE's long-term debt consisted of the following (in thousands):

	March 31,	
	2014	2013
TE Term Loan Facility; 4.0% due 2020, net of unamortized discount of $414 thousand at March 31, 2014	$ 86,330	$ -
Contract Payable, interest at 7.2%; matures 2014	-	79
Less: current portion	(872)	(46)
Long-term debt	$ 85,458	$ 33

TE Debt

On November 27, 2013, TE entered into (i) a senior secured first lien term loan facility in an aggregate principal amount of $300 million, issued at a discount of 0.5% (the "Term Loan Facility") and (ii) a senior secured first lien revolving credit facility in an aggregate principal amount of $15 million (the "Revolving Facility" and, together with the Term Loan Facility, the "Credit Facilities"). Commencing on December 31, 2013, the Term Loan Facility will amortize in equal quarterly installments in an amount of $750, with any remaining balance payable on the final maturity date of the Term Loan Facility, which is November 27, 2020. Amounts under the Revolving Facility are available to be borrowed and re-borrowed until its termination on November 27, 2018. TE allocates its debt and unamortized debt discount to its subsidiaries based on the portion of collateralized assets at each subsidiary.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Licensing

On November 10, 2010, the Company was granted its plenary casino license by the New Jersey Casino Control Commission.

The State of New Jersey imposes an annual tax of 8% on gross casino revenue and commencing with the operations of IGaming, an annual tax of 15% on IGaming gross revenue. Pursuant to legislation adopted in 1984, casino licensees or IGaming permit holders are required to invest an additional 1.25% percent of gross casino revenue and 2.5% of IGaming gross revenue for the purchase of bonds to be issued by the CRDA or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of 2.5% percent on gross casino revenue and 5% on gross IGaming revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. For the period ending March 31, 2014 and 2013, the Company's reinvestment obligation was $835 and $685 respectively for the purchase of CRDA bonds. For the period ending March 31, 2014 and 2013, the Company recorded a loss provision of $339 and $415 respectively. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at March 31, 2014 and 2013.

Other

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter-claim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters, and the Company's legal posture can be successfully defended or satisfactorily settled without material adverse effect on its consolidated financial position, results of operations or cash flows.

2011 Legislation

On February 1, 2011, the Governor of New Jersey signed two pieces of legislation, effective on that date, S-11 (the “Tourism District Bill”) and S-12 (the “Deregulation Bill”). The overall intent of the Tourism District Bill among other things delegates redevelopment authority and creation of a master plan to the CRDA and allows the CRDA the ability to enter into a five year public private partnership with the Casinos in Atlantic City that have formed the Atlantic City Alliance (“ACA”) to jointly market the city. Through this legislation the Atlantic City Casinos were required to contribute $5 million prior to 2012. Thereafter, the legislation obligates the Atlantic City Casinos either through the ACA, or if not a member of the ACA, through individual assessments, to provide funding for the Tourism District Bill in the aggregate amount of $30 million annually over the next five years. Each casino’s proportionate share of the assessment will be based on the casino’s gross revenue generated in the preceding calendar quarter. The Property estimates its portions of these industry obligations to be approximately 9.5%.

The Deregulation Bill removes duplicative and onerous functions that both the NJCCC and the Division of Gaming Enforcement (“DGE”) currently require the Atlantic City Casinos to perform. Reforms in technology, internal controls and licensing requirements are among the many sections that are being amended in the New Jersey Casino Control Act which is expected to provide the industry significant cost savings and make it more competitive in the market.

Tax Appeal Settlement

In January 2013, the Company settled outstanding real estate tax appeals with the City of Atlantic City. The settlement involves the tax years 2008 through 2012 and also covers negotiated real estate assessments for 2013 and 2014. Under the terms of the settlement, the Company was to receive a $49.5 million refund in the form of credits against annual real estate tax bills beginning in 2013 and ending in 2017. In addition, under the terms of the settlement, the property was assessed at $700 million in 2013 and will be assessed at $680 million in 2014. The credits were to be front-loaded in 2013 and 2014 so that after the credits are applied, the Company paid $1,750 in taxes in 2013. The Company utilized $16,044 of credits as a reduction to operating expenses in the year ended December 31, 2013. In addition, the Company expensed $4,065 in professional fees related to this settlement in the year ended December 31, 2013. In January 2014, the Company received $31,725 in cash as payment to satisfy future credits which is reflected in General , Administrative, and Other in the Statements of Income.

For the three months ended March 31, 2014 and 2013, the Company recorded, as a component of General, Administrative and Other, realty tax expense for the land and improvements of $4,829 and $454 respectively. In addition, for the three months ended March 31, 2013, the Company recorded, as a component of General, Administrative and Other, $4.1 million in professional fees related to this settlement.

NOTE 8. RELATED PARTIES

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliate and corresponding balances at March 31, 2014 and 2013 are as follows (in thousands):

	March 31, 2014	March 31, 2013
Due from Tropicana Entertainment Inc.	$ 128,458	$ -

Transactions with TE include activity principally related to TE's Term Loan Facility, joint insurance programs, federal income tax filings, and other administrative services. Various corporate services were provided to the Company in the three months ended March 31, 2014 and 2013 for which a management fee was charged. For the three months ended March 31, 2014 and 2013 the Company recorded a management fee of $1,936 and $1,455 respectively.

Due to affiliates are reflected in Other Liabilities. The identity of the affiliate and corresponding balance consists of the following (in thousands):

	March 31, 2014	March 31, 2013
Due to Tropicana Entertainment, Inc.	$ -	$ 29,049

NOTE 9. LEASES

For the three months ended March 31, 2014 and 2013 the Company recorded rental revenue of $1,392 and $1,142, respectively.

The future minimum lease payments to be received under non-cancelable operating leases for the nine months and years subsequent to March 31, 2014 are as follows (in thousands):

2014	$ 2,868
2015	2,926
2016	2,886
2017	2,800
2018	2,497
Thereafter	8,729
Total	$ 22,706

The above minimum rental income does not include contingent rental income or common area maintenance costs contained within certain rental operating leases.

NOTE 10. OTHER ACCRUED EXPENSES

Other Accrued Expenses consists of the following (in thousands):

	March 31, 2014	March 31, 2013
Accrued payroll, taxes, and benefits	$ 12,610	$ 12,289
Accrued progressive liability	722	473
Insurance Reserves	5,905	5,182
Other	6,421	5,121
Total other accrued expenses	$ 25,658	$ 23,065

NOTE 11. OTHER CURRENT LIABILITIES

Other Current Liabilities consists of the following (in thousands):

	March 31, 2014	March 31, 2013
Chip liability	$ 1,582	$ 1,769
Other	4,123	2,030
Total other current liabilities	$ 5,705	$ 3,799

NOTE 12. OTHER LIABILITIES

Other Liabilities consists of the following (in thousands):

	March 31, 2014	March 31, 2013
Due to affiliates	$ -	$ 29,049

NOTE 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents (in thousands) the carrying amounts and estimated fair values of the Company's financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Assets				
Investments	$ 31,325	$ 31,325	$ 35,192	$ 35,192
Liabilities				
Current portion of long-term debt	$ 872	$ 872	$ 46	$ 46
Long-term debt	$ 85,458	$ 85,458	$ 33	$ 33

The carrying amounts shown in the table are included in the Consolidated Balance Sheets under the indicated captions. All of the Company's financial instruments are held or issued for purposes other than trading.

Investments consisted of deposits with the CRDA, CRDA bonds that bear interest at two-thirds of market rates resulting in a fair value lower than cost and other CRDA investments (primarily loans). The carrying amounts of these deposits, bonds and other investments are presented net of a valuation allowance and in the case of the bonds an unamortized discount that result in an approximation of fair values.

NOTE 14. NON-OPERATING INCOME/EXPENSE

Non-operating Income/(Expense) consists of the following (in thousands):

	March 31, 2014	March 31, 2013
Interest income	$ 1,342	$ 121
Reorganization/Construction Accident related	4	25
(Loss)/Proceeds on disposal of asset	-	2
Total non-operating expense/(income)	$ 1,346	$ 148