DGMB CASINO, LLC

QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2015

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

DGMB CASINO, LLC
BALANCE SHEETS

AS OF DECEMBER 31, 2015 AND 2014

(UNAUDITED)

($ IN THOUSANDS)

Amended 7/22/2016

Line (a)	Description (b)	Notes	2015 (c)	2014 * (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$8,930	$9,649
2	Short-Term Investments			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2015, $ 1,138; 2014, $1,313)	3,4	5,508	4,582
4	Inventories	3	1,610	1,475
5	Other Current Assets	5	2,249	1,624
6	Total Current Assets		18,297	17,330
7	Investments, Advances, and Receivables	3,6	1,684	5,750
8	Property and Equipment - Gross	3, 7	134,342	119,303
9	Less: Accumulated Depreciation and Amortization		(27,278)	(19,575)
10	Property and Equipment - Net	7	107,064	99,728
11	Other Assets	3,8	3,874	3,425
12	Total Assets		$130,919	$126,233
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$7,364	$5,933
14	Notes Payable	9	1,310	1,485
	Current Portion of Long-Term Debt:			
15	Due to Affiliates	10	71,060	76,921
16	External			
17	Income Taxes Payable and Accrued			
18	Other Accrued Expenses	3,11	17,003	10,033
19	Other Current Liabilities		21,859	15,580
20	Total Current Liabilities		118,596	109,952
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	9	572	2,210
23	Deferred Credits	3, 12	3,169	2,707
24	Other Liabilities		723	736
25	Commitments and Contingencies		0	0
26	Total Liabilities		123,060	115,605
27	Stockholders', Partners', or Proprietor's Equity		7,859	10,628
28	Total Liabilities and Equity		$130,919	$126,233

* restated to conform with current year

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

DGMB CASINO, LLC
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	Revenue:			
1	Casino		$160,145	$137,746
2	Rooms		22,317	22,330
3	Food and Beverage		15,704	16,593
4	Other		8,634	7,751
5	Total Revenue		206,800	184,420
6	Less: Promotional Allowances	3	51,828	47,222
7	Net Revenue	3	154,972	137,198
	Costs and Expenses:			
8	Casino	3	77,049	72,595
9	Rooms, Food and Beverage	3	11,079	13,403
10	General, Administrative and Other		51,237	48,703
11	Total Costs and Expenses		139,365	134,701
12	Gross Operating Profit		15,607	2,497
13	Depreciation and Amortization	7	7,688	6,522
	Charges from Affiliates Other than Interest:			
14	Management Fees	10	2,857	1,404
15	Other			
16	Income (Loss) from Operations		5,062	(5,429)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	10	(9,308)	(7,117)
18	Interest Expense - External	9	(308)	(245)
19	CRDA Related Income (Expense) - Net	6	913	(576)
20	Nonoperating Income (Expense) - Net	3	1,111	5,574
21	Total Other Income (Expenses)		(7,592)	(2,364)
22	Income (Loss) Before Taxes and Extraordinary Items		(2,530)	(7,793)
23	Provision (Credit) for Income Taxes	3	239	106
24	Income (Loss) Before Extraordinary Items		(2,769)	(7,899)
25	Extraordinary Items (Net of Income Taxes - 20__, $___; 20__, $_____)			
26	Net Income (Loss)		($2,769)	($7,899)

The accompanying notes are an integral part of the financial statements.
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DGMB CASINO, LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	Revenue:			
1	Casino		$38,993	$34,410
2	Rooms		4,737	4,665
3	Food and Beverage		3,546	3,649
4	Other		1,987	1,237
5	Total Revenue		49,263	43,961
6	Less: Promotional Allowances	3	12,713	11,846
7	Net Revenue	3	36,550	32,115
	Costs and Expenses:			
8	Casino	3	19,617	18,928
9	Rooms, Food and Beverage	3	2,240	2,782
10	General, Administrative and Other		12,460	12,387
11	Total Costs and Expenses		34,317	34,097
12	Gross Operating Profit		2,233	(1,982)
13	Depreciation and Amortization	7	1,912	1,680
	Charges from Affiliates Other than Interest:			
14	Management Fees	10	1,177	356
15	Other			
16	Income (Loss) from Operations		(856)	(4,018)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	10	(2,419)	(1,605)
18	Interest Expense - External	9	(59)	(162)
19	CRDA Related Income (Expense) - Net	6	382	(183)
20	Nonoperating Income (Expense) - Net	3	159	23
21	Total Other Income (Expenses)		(1,937)	(1,927)
22	Income (Loss) Before Taxes and Extraordinary Items		(2,793)	(5,945)
23	Provision (Credit) for Income Taxes	3	237	104
24	Income (Loss) Before Extraordinary Items		(3,030)	(6,049)
	Extraordinary Items (Net of Income Taxes -			
25	20__, $_____; 20__, $______)			
26	Net Income (Loss)		($3,030)	($6,049)

The accompanying notes are an integral part of the financial statements.
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DGMB CASINO, LLC
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 and 2014

(UNAUDITED)
($ IN THOUSANDS)

Amended 7/22/2016

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	____ ____ ____ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2013..........**		$35,078	($16,551)	$0	$18,527
2	Net Income (Loss) - 2014..........			(7,899)		(7,899)
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions..........					0
6	Prior Period Adjustments..........					0
7	____________					0
8	____________					0
9	____________					0
10	**Balance, December 31, 2014..........**		35,078	(24,450)	0	10,628
11	Net Income (Loss) - 2015..........			(2,769)		(2,769)
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions..........					0
15	Prior Period Adjustments..........					0
16	____________					0
17	____________					0
18	____________					0
19	**Balance, December 31, 2015..........**		$35,078	($27,219)	$0	$7,859

The accompanying notes are an integral part of the financial statements.
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DGMB CASINO, LLC
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 * (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$12,137	$5,395
	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		(13,419)	(6,054)
5	Proceeds from Disposition of Property and Equipment			
6	CRDA Obligations		(1,970)	(1,675)
7	Other Investments, Loans and Advances made			
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities		0	0
10	CRDA Reimbursement		7,007	1,355
11				
12	Net Cash Provided (Used) By Investing Activities		(8,382)	(6,374)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt			
15	Proceeds from Long-Term Debt		0	2,470
16	Costs of Issuing Debt			
17	Payments to Settle Long-Term Debt		(1,813)	(700)
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0
19	Purchases of Treasury Stock			
20	Payments of Dividends or Capital Withdrawals			
21	Net Proceeds/Payments related party		(2,661)	66
22	Advance from Vendor		0	0
23	Net Cash Provided (Used) By Financing Activities		(4,474)	1,836
24	Net Increase (Decrease) in Cash and Cash Equivalents		(719)	857
25	Cash and Cash Equivalents at Beginning of Period		9,649	8,792
26	Cash and Cash Equivalents at End of Period		$8,930	$9,649

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$127	$245
28	Income Taxes		$2	$4

* restated to conform with current year

The accompanying notes are an integral part of the financial statements.
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DGMB CASINO, LLC
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 AND 2014

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 * (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)..		($2,769)	($7,899)
30	Depreciation and Amortization of Property and Equipment...		7,703	6,537
31	Amortization of Other Assets..		(15)	(15)
32	Amortization of Debt Discount or Premium..........................			
33	Deferred Income Taxes - Current		0	(9)
34	Deferred Income Taxes - Noncurrent		462	94
35	(Gain) Loss on Disposition of Property and Equipment.........			
36	(Gain) Loss on CRDA-Related Obligations..........................		(914)	610
37	(Gain) Loss from Other Investment Activities.......................		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(926)	(334)
39	(Increase) Decrease in Inventories		(135)	(52)
40	(Increase) Decrease in Other Current Assets.........................		(629)	138
41	(Increase) Decrease in Other Assets....................................		(449)	(71)
42	Increase (Decrease) in Accounts Payable.............................		1,431	(712)
43	Increase (Decrease) in Other Current Liabilities		8,378	7,298
44	Increase (Decrease) in Other Liabilities		0	(190)
45	....			
46	....			
47	Net Cash Provided (Used) By Operating Activities..................		$12,137	$5,395

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2015 (c)	2014 * (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment..................................		($13,419)	($6,054)
49	Less: Capital Lease Obligations Incurred.............................			
50	Cash Outflows for Property and Equipment.............................		($13,419)	($6,054)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired..			
52	Goodwill Acquired..			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed..			
55	Issuance of Stock or Capital Invested..................................			
56	Cash Outflows to Acquire Business Entities............................		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.................		$0	$0
58	Less: Issuances to Settle Long-Term Debt...........................		0	0
59	Consideration in Acquisition of Business Entities.................		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions......		$0	$0

* restated to conform to current year

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	186,277	$12,188	0	$0
2	Food	172,598	$5,315	419,917	6,768
3	Beverage	830,963	$5,402	0	0
4	Travel	0	$0	13,021	844
5	Bus Program Cash	5,223	$648	0	0
6	Promotional Gaming Credits	685,733	$24,260	0	0
7	Complimentary Cash Gifts	54,501	$2,473	0	0
8	Entertainment	74,867	$1,248	970	122
9	Retail & Non-Cash Gifts	0	$0	46,648	5,364
10	Parking	0	$0	0	0
11	Other	21,097	$294	70,719	1,768
12	Total	2,031,259	$51,828	551,275	$14,866

FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	44,243	$2,872	0	$0
2	Food	45,537	1,381	101,824	1,704
3	Beverage	188,571	1,226	0	0
4	Travel	0	0	3,626	227
5	Bus Program Cash	1,268	164	0	0
6	Promotional Gaming Credits	158,055	5,919	0	0
7	Complimentary Cash Gifts	4,981	686	0	0
8	Entertainment	23,129	398	545	68
9	Retail & Non-Cash Gifts	0	0	13,220	1,520
10	Parking	0	0	0	0
11	Other	4,746	67	15,721	393
12	Total	470,530	$12,713	134,936	$3,912

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

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

FOR THE QUARTER ENDED DECEMBER 31, 2015

1. I have examined this Quarterly Report.

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

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

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

3/31/2016
Date

Timothy A Ebling

VP, Chief Financial Officer
Title

9194-11
License Number

On Behalf of:

DGMB CASINO, LLC
Casino Licensee

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

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

2. Management's Plans Related to Liquidity and Capital Needs

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed below, the Company operates in a very competitive market and has incurred operating losses in the past. The Company has relied on financing from affiliates of the majority owner of Holding to meet its cash flow requirements since commencing operations in 2010. As described below, the majority owner can terminate funding the Company's cash flow requirements within 60 days of making such notice. The Company does not have adequate financing sources available should funding by affiliates of the majority owner of Holding be terminated. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The Company operates in an extremely competitive market with competitive pressures not only from casinos in Atlantic City, New Jersey but also from those in the surrounding states of Maryland, Delaware, Pennsylvania, New York and Connecticut. Gaming in New Jersey outside of Atlantic City is slated for a voter referendum in November 2016. The Atlantic City market had four casino hotels close in 2014 reducing the number of operating casinos to eight. The Company has a property management agreement with an established gaming company, Mohegan Sun. The benefits of this agreement have resulted in increased revenues and operating efficiencies and the Company expects that these benefits will continue. No assurance can be given as to whether the Company will generate sufficient future cash flows to sustain operations.

In October, 2013 the DGE modified the conditions of licensure to permit DGMB to support the requirement that it maintain sufficient cash balances to meet its operations needs with a $2 million revolving line of credit with a bank (the "Revolver"). In the event the Revolver is not sufficient to meet the Company's operational needs, is terminated or otherwise matures, the conditions require the majority owner of Holding to identify an alternative source of funds, acceptable to DGE, sufficient to meet the Company's operational needs. Affiliates of the majority owner of Holding continue to fund the cash flow needs of DGMB and as of December 31, 2015 and 2014, the net amount owed to affiliates of the majority owner of Holding was $ 74.3 million and $ 76.9 million, respectively and included in Due to Affiliates on the accompanying balance sheets. In addition, as part of the management agreement with Mohegan Sun, the amounts funded from the majority owner are subject to the accrual of interest. As of December 31, 2015 and 2014 there is $20.2 million and $14.0 million respectively included in Other Current Liabilities on the accompanying balance sheets.

3. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash in the bank and cash on the casino floor, which are all unrestricted. As of December 31, 2015, amounts held in financial institutions were in excess of FDIC insurance limits.

Receivables

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

Allowance for Doubtful Accounts

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

Inventories

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

Property and Equipment

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

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

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

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

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

Included in Non-operating Income (Expense)-Net on the accompanying statements of income are proceeds from insurance related to Super Storm Sandy. The net gain recorded in Non-operating Income (Expense) for the three months ended December 31, 2015 and 2014 is $0 and $23,000, and for twelve months ended December 31, 2015 and 2014 is $0 and $4.6 million, respectively. The dollar amount recorded from the insurance company is not contingent on any finalization of the loss amount or any other conditions.

Intangible Assets

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

Revenue Recognition

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

Cash discounts based upon a negotiated amount with each customer are recognized as a promotional allowance on the date the related revenues are recorded. The Company offers other incentive programs. 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.

Cashback Liability

The Company provides incentives to its casino customers, based on levels of gaming activity, through its "Cash Back" marketing program. The incentives are in the form of points, which may be redeemed for wagers on slot machines. The Company estimates a liability for outstanding "Cash Back" incentives (those incentives which have been earned, but not redeemed by the customer), adjusted for an estimated redemption factor based on historical results. The ultimate redemption amount resulting from this marketing program could vary from the estimated liability based on actual redemption activity. The amount is recorded as a promotional allowance in the statements of income. At December 31, 2015 and 2014, the "Cash Back" liability was $103,000 and $95,000, respectively and is included in other accrued expenses in the accompanying balance sheets.

Bankable Complimentaries

The Company customer loyalty program, Resorts Star Club, offers incentives to gaming customers at Resorts. Under the program, customers are able to accumulate, or bank, comp dollars over time that they may redeem at their discretion under the terms of the program. The comp dollars balance will be forfeited if the customer does not use their player card and earn points over a designated period from the time they were first earned. Because of the customer's ability to bank the comp dollars, the Company accrues the expense of the comp dollars as they are earned, after consideration of estimated breakage for points that will not be redeemed. The estimated cost to provide comp dollars is included in casino expense on the Company's statements of income. To arrive at the estimated cost associated with comp dollars, estimates and assumptions are made regarding the marginal costs of the benefits provided, breakage rates and the mix of goods and services for which comp dollars will be redeemed. At December 31, 2015 and 2014, the bankable complimentary liability was $1.5 million and $1.3 million, respectively and is included in other accrued expenses in the accompanying balance sheets.

Fair Value of Financial Instruments

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

Advertising

Advertising costs are expensed as incurred. Advertising expenses were $0.8 million and $1.1 million for the three months ended December 31, 2015 and 2014, respectively, and $3.7 million and $3.5 million for the twelve months ended December 31, 2015 and 2014, respectively. Advertising expenses are included in general, administrative and other expenses in the accompanying statements of income.

Gaming Tax

The Company remits to the State of New Jersey a tax equal to 8% of gross gaming revenue. Gaming taxes paid for the three months ended December 31, 2015 and 2014 were $2.8 million and $2.4 million, respectively, and for the twelve months ended December 31, 2015 and 2014 were $11.6 million and $9.9 million, respectively. Gaming tax is included in casino expenses in the accompanying statements of income.

Multiemployer Benefit Plans

Certain employees of the Company are covered by union sponsored, collectively bargained, health and welfare plans. The contributions for these plans totaled $2.0 million and $1.9 million for the three months ended December 31, 2015 and 2014, respectively, and $8.1 million and $7.5 million for the twelve months ended December 31, 2015 and 2014, respectively, and were included in total costs and expenses in the accompanying consolidated statements of income.

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

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

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

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

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

The Company has withdrawn from the NRF effective September 30, 2014 and has received confirmation that all conditions have been met to entitle it to a "free look" without any withdrawal liability. There is no additional liability to which the Company is exposed since its contributions in 2014 were less than 2% of the total contributions made by all employers participating in the NRF.

The CBA entered into between Local 54 and the Atlantic City casino industry expired on September 14, 2014. The Company and other Atlantic City casino operators entered into an extension agreement with the Union ("Extension Agreement") extending the CBA through March 14, 2015. A Second Contract Extension Agreement extended the CBA to February 29, 2016 and, further provides that, upon its expiration, the CBA shall continue in full force and effect subject to all terms and conditions of the Extension Agreements until either the Employer or the Union provides 15 days written notice of its intent to terminate the CBA.

As noted above, the Company withdrew from the NRF effective September 30, 2014. Under the terms of the Extension Agreement, the Company is accruing an amount each month in lieu of making pension contributions which amounts are included in Other Accrued Expenses on the accompanying balance sheets. . The final disposition of the amounts accrued shall be subject to bargaining between the Company and Local 54.

Income Taxes

The Company is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of Holding. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, the Company is required to record New Jersey state income taxes and file a consolidated return with other affiliates that derive income from the casino. These financial statements are prepared on a separate company return approach therefore certain amounts reported, including net operating loss carryforward, differ from the filed consolidated New Jersey income tax return. (See Note 12).

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

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Internet Gaming

The Company has been issued an Internet Gaming Permit by the DGE and the Company has transferred the permit to an affiliate, Resorts Digital Gaming, LLC.

Use of Estimates

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

4. Receivables

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

	2015	2014
Gaming	$ 3,922	$ 3,343
Less: allowance for doubtful accounts	(990)	(1,186)
	2,932	2,157
Non-gaming		
Hotel and related	509	613
Less: allowance for doubtful accounts	(148)	(127)
EDA Fund Receivable	962	958
Tenant Receivable	434	301
Other	819	680
	2,576	2,425
Receivables, net	$ 5,508	$ 4,582

5. Other Current Assets

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

	2015	2014
Prepaid insurance	$ 422	$ 503
Prepaid casino license	399	438
Prepaid maintenance agreements	598	455
Prepaid sewer	92	88
Prepaid Miscellaneous	185	90
Other prepaid expenses and current assets	557	50
	$ 2,253	$ 1,624

6. Investments, Advances and Receivables

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

Components of investments, advances and receivables were as follows at December 31, (in thousands):

	2015	2014
Deposits — net of valuation allowance for $246 and $1,418, respectively	$ 1,041	$ 2,760
CRDA Bonds — net of valuation allowance for $7,934 and $8,020, respectively	643	2,990
	$ 1,684	$ 5,750

The Company records (credits) charges to operations to reflect the estimated net realizable value of its CRDA investment. Such (credits) charges to operations were $(382,000) and $153,000 for the three months ended December 31, 2015 and 2014, respectively, and $(913,000) and $610,000 for the twelve months ended December 31, 2015 and 2014, respectively. CRDA (credits) charges are included in other income (expenses) in the accompanying statements of income.

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

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

In October, 2014, the Company applied to CRDA for financial assistance in the form of a direct investment grant in the amount of $9.4 million for the construction of an approximately 12,533 square foot meeting space expansion project ("Meeting Space Component") with an estimated budget of $4.7 million and renovation of 310 bathrooms ("Hotel Room Component"), also with an estimated budget of $4.7 million, which application was approved by CRDA in December, 2014. In or about March, 2015 the company requested modification to the project to allow the company to forgo proceeding with the Hotel Room Component unless future Investment Alternative Tax revenues are available to the Company to fund the Hotel Room Component as contemplated by the original application. The Hotel Room Component was in progress in the first quarter of 2016.

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

There is discussion in the New Jersey legislature of a Payment in Lieu of Taxes Program (PILOT) being implemented in Atlantic City. If and when the PILOT program becomes law it may have an impact on, among other things, the disposition of future CRDA payments.

7. Property and Equipment

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

	2015	2014
Land	$ 11,643	$ 11,579
Hotels and other buildings	78,561	73,665
Furniture, fixtures and equipment	40,640	32,958
Construction in progress	3,498	1,101
	134,342	119,303
Less: accumulated depreciation	(27,278)	(19,575)
Net property and equipment	$ 107,064	$ 99,728

Depreciation expense for the three months ended December 31, 2015 and 2014 was $1.9 million and $1.7 million respectively and for the twelve months ended December 31, 2015 and 2014 was $7.7 million and $6.5 million, respectively.

8. Intangible Assets

Intangible assets, included in Other Assets in the accompanying balance sheets, includes a trade name valued at $3.3 million at December 31, 2015 and 2014, respectively. The trade name is deemed to have an indefinite life.

9. Note Payable

In August 2011, the Company obtained a loan for $3.5 million to fund the purchase of heating ventilation and air-conditioning equipment, all of which are secured by the purchased equipment. An entity controlled by the Company's principal shareholder provided guarantees on the note payable. The payment terms of the note are 60 months spread ratably for the principle balance, plus interest on the outstanding principal balance at LIBOR plus 300 basis points. At no time will the interest rate fall below 400 basis points. At December 31, 2015 and 2014, the interest rate was 4%. The Company has estimated that the carrying amounts of $525,000 and $1.2 million approximate the fair value of the debt at December 31, 2015 and 2014, respectively.

In April 2013, the Company entered into a $2 million Revolver with an initial maturity date of April 30, 2014. The Revolver has been extended to April 30, 2016 under the same terms and conditions. Any outstanding amounts on the Revolver accrue interest at a rate of the greater of 5% or LIBOR plus 4%. There is a fee of .35% on the amount of unused funds. The Revolver is guaranteed by certain affiliates of Holding. There were no amounts outstanding or repaid as of December 31, 2015.

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

10. Related Party Transactions

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

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

Management Agreement. The Management Agreement was amended effective October 14, 2015 which, among other things, extended the minimum term to December 31, 2019. The Company recorded $1.2 million and $356,000, for the three months ended December 31, 2015 and 2014, respectively, and $2.9 million and $1.4 million, for the twelve months ended December 31, 2015 and 2014, respectively, in base and incentive fees related to the Management Agreement. As of December 31, 2015 and 2014, there was $1.3 million and $38,000, respectively, of accrued incentive fees on the accompanying balance sheets.

11. Other Accrued Expenses

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

	2015	2014
Payroll and related costs	$ 6,572	$ 4,778
Capital Liability	1,620	831
Unredeemed incentives	1,642	1,393
Property Taxes	790	497
Utilities	380	386
Guest Claims	412	397
Regulatory and State Taxes	1,261	959
Other	930	792
	$ 13,607	$ 10,033

12. Income Taxes

The Company is subject to the State of New Jersey Income Tax and, as noted above, is not subject to federal income taxes. The Company is required to file a New Jersey consolidated return with other affiliates that conduct business with the casino. We calculate the provision for income taxes by using a "separate return" method. Under this method, we are assumed to file a separate return with the tax authority, thereby reporting our taxable income or loss and paying the applicable tax to or receiving the appropriate refund without our affiliates. Our current provision is the amount of tax payable or refundable on the basis of a hypothetical, current-year separate return. We provide deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical separate return and assess the need for a valuation allowance on the basis of our projected separate return results.

Significant components of income taxes for the years ended December 31 were as follows (in thousands):

	2015	2014
Current	$ 2	$ 4
Deferred	237	102
Income tax provision	$ 239	$ 106

The differences between income taxes expected at the New Jersey statutory income tax rate of 9 percent and the reported income tax (benefit) expense is the Company's valuation allowance.

The Company's deferred tax assets and liabilities as of December 31 were as follows (in thousands):

	2015	2014
Total deferred tax assets	$ 3,605	$ 6,057
Total deferred tax liabilities	(4,797)	(4,093)
Valuation allowance	(1,755)	(4,674)
Total deferred tax liability, net	$ (2,947)	$ (2,710)

The significant components of the deferred tax assets and deferred tax liabilities include net operating losses, fixed assets and bargain purchase gain.

Net deferred tax assets have been reduced by a valuation allowance of $1.8 million and $4.7 million at December 31, 2015 and 2014, respectively. After consideration of all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations, the Company believes certain net deferred tax assets are not likely to be utilized. In the event the Company determines it would be able to realize these net deferred tax assets in the future in an amount different than their recorded amount, the Company would make an adjustment to the valuation allowance which would be recorded through the provision for income taxes.

The gross amount of the New Jersey State net operating loss carryforward as of December 31, 2015, was $32.8 million, which will begin to expire in 2033, if not utilized by the Company. These financial statements are prepared on a separate company return approach therefore the net operating loss carryforward differs from the filed consolidated New Jersey income tax return.

The Company has determined there were no unrecognized tax positions to recognize as a liability as of December 31, 2015 and 2014.

13. Leases

Operating Leases —

The Company leases real estate and equipment for use in its business through operating leases. Future minimum rental commitments for non-cancelable leases, including renewal options and capital leases, as of December 31, 2015, are as follows (in thousands):

Year ending, December 31,	Operating Lease Obligations
2016	$ 511
2017	344
2018	330
2019	330
2020	330
Thereafter	13,093
Total minimum lease payments	$ 14,938

14. Commitments and Contingencies

Litigation

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

Commitments

All the Atlantic City casino properties ("AC Industry") and the CRDA entered into an agreement with the Atlantic City Alliance (the "ACA") to provide funding to subsidize Atlantic City casino marketing. This agreement was signed on November 2, 2011 and expires on December 31, 2016. The agreement provides that in exchange for funding, the ACA will create and implement a marketing plan for the AC Industry. As part of the agreement, the AC Industry provided an initial deposit of $5.0 million as of December 31, 2011 and will continue to pay $30.0 million annually for the term of the agreement. Each payment will be allocated to the AC Industry based on each casino's prorated share of gross gaming revenues from the preceding period. In November, 2014, the ACA board voted unanimously to request the state legislature to disband the ACA and to divert the Industry's combined $30 million yearly ACA contributions to compensate both proposed tax structure changes and the cost of doing business in Atlantic City. While legislation for disbanding the ACA and use of the diverted funds has been proposed, it has yet to be adopted. The Company expensed $720,000 and $456,000 for the three months ended December 31, 2015 and 2014, respectively, and $2.0 million and $1.5 million for the twelve months ended December 31, 2015 and 2014, respectively.

There is discussion in the New Jersey legislature of a Payment in Lieu of Taxes Program (PILOT) being implemented in Atlantic City. If and when the PILOT program becomes law it may have an impact on, among other things, the ACA.

15. Subsequent Events

The Company completed its subsequent events review through March 31, 2016, the date on which the financial statements were available to be issued. No subsequent events have been identified that are required to be accounted for or disclosed in the financial statements.

DGMB CASINO, LLC

ANNUAL FILINGS

FOR THE PERIOD DECEMBER 31, 2015

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

DGMB CASINO, LLC

ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2015

(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	$2,661		
2	Returned Patrons' Checks	1,261		
3	Total Patrons' Checks	3,922	$990	$2,932
4	Hotel Receivables	1,084	148	$936
	Other Receivables:			
5	Receivables Due from Officers and Employees	-		
6	Receivables Due from Affiliates	-		
7	Other Accounts and Notes Receivables	1,640		
8	Total Other Receivables	1,640		$1,640
9	Totals (Form DGE-205)	$6,646	$1,138	$5,508

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)	$1,793
11	Counter Checks Issued	54,111
12	Checks Redeemed Prior to Deposit	(41,194)
13	Checks Collected Through Deposits	(10,298)
14	Checks Transferred to Returned Checks	(1,261)
15	Other Adjustments	(490)
16	Ending Balance	$2,661
17	"Hold" Checks Included in Balance on Line 16	0
18	Provision for Uncollectible Patrons' Checks	$294
19	Provision as a Percent of Counter Checks Issued	0.5%

DGMB CASINO, LLC
ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2015
($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	Table and Other Games	355			
2	Slot Machines	47			
3	Administration	11			
4	Casino Accounting	75			
5	Simulcasting	0			
6	Other	0			
7	Total - Casino	488	$9,799		$9,799
8	ROOMS	205	4,819		4,819
9	FOOD AND BEVERAGE	420	7,041		7,041
10	GUEST ENTERTAINMENT	153	1,181		1,181
11	MARKETING	123	4,748		4,748
12	OPERATION AND MAINTENANCE	187	3,959		3,959
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	11	1,791		1,791
14	Accounting and Auditing	19	1,825		1,825
15	Security	141	3,675		3,675
16	Other Administrative and General	70	3,411		3,411
	OTHER OPERATED DEPARTMENTS:				
17					0
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	1,817	$42,249	$0	$42,249