

FORECAST INSTRUCTIONS

A. General Comments

1. In accordance with N.J.A.C. 19:69C-4.4(b) and 19:69C-8.4(a) each licensee and holding company thereof shall file its financial projections for its upcoming fiscal year in a format acceptable to the Division. The forecasts shall present, to the best of management's knowledge and belief, each entity's expected financial position, results of operations, and cash flows. The information shall be based on management's assumptions reflecting conditions it expects to exist and the course of action it expects to take.

2. For licensees or holding companies, the following formats may be used in completing the financial projection requirements:
 - Forecasted Balance Sheet
 - Forecasted Statement of Income
 - Schedule of Forecasted Net Revenue
 - Schedule of Forecasted Costs and Expenses
 - Forecasted Statement of Cash Flows
 - Schedule of Forecasted Capital Expenditures
 - Schedule of Forecasted Fixed Cash Requirements
 - Representation by Management

All dollar amounts in the forecasts, including parenthetical amounts, shall be rounded to the nearest thousand, with the last three digits being omitted.

The Division reserves the right to request other information as may be necessary to supplement these filings. If a forecast package exists that addresses all of the needs of the Division, that format may be substituted in lieu of the filings noted above, provided the format is approved by the Division.

B. Preparation of the Forecasts

1. Forecasted Balance Sheet, Forecasted Statements of Income, and Forecasted Statements of Cash Flows
 - a. Prepare these forms for the forecast periods requested by the Division in the format provided and in accordance with the instructions used for preparing the Quarterly Report.

 - b. Formats for the Forecasted Statements of Income and the Forecasted Statements of Cash Flows columns (c), (d), (e), and (f) shall reflect the amounts for each quarter of the year. Column (g) shall reflect the cumulative amounts for the year.

2. Schedule of Forecasted Net Revenue

- a. The purpose of the Schedule of Forecasted Net Revenue is to provide additional information to supplement lines 1 through 7 of the Forecasted Statements of Income.
- b. In column (c), enter the applicable revenue or promotional allowances forecasted for the requested forecast period. In column (d), enter the applicable revenue or allowances for the comparable prior period. The amounts to be entered in columns (c) and (d) are more fully described as follows:

<u>Line</u>	<u>Description</u>
1(c),(d)	Enter slot machine revenue for the requested forecast period and the comparable prior period (accounts 10-3100 through 10-3889).
2(c),(d)	Enter table and other games revenue for the requested forecast period and the comparable prior period (accounts 10-3000 through 10-3085 and 10-3090).
3(c),(d)	Enter simulcasting revenue for the requested forecast period and the comparable prior period (account 10-3900).
4(c),(d)	The sum of lines 1 through 3. This amount must agree with line 1(g) of the Forecasted Statements of Income for the corresponding forecast period.
5(c),(d)	Enter promotional allowances for casino revenue (bus coin and other cash comps) for the requested forecast period and the comparable prior period (account 6245 for all departments).
6(c),(d)	The amount of line 4 less line 5.
7(c),(d)	Enter rooms revenue for the requested forecast period and the comparable prior period (accounts 20-3200 through 20-3299, less account 20-3900). This amount must agree with line 2(g) of the Forecasted Statements of Income for the corresponding forecast period.
8(c),(d)	Enter promotional allowances for rooms for the requested forecast period and the comparable prior period (accounts 20-3290 and 20-3295).
9(c),(d)	The amount of line 7 less line 8.
10(c),(d)	Enter food and beverage revenue for the requested forecast period and the comparable prior period (accounts 40-3300 through 40-3499, plus 40-3890, less 40-3910 and 40-3920).

<u>Line</u>	<u>Description</u>
	This amount must agree with line 3(g) of the Forecasted Statements of Income for the corresponding forecast period.
11(c),(d)	Enter promotional allowances for food and beverage for the requested forecast period and the comparable prior period (accounts 40-3390, 40-3395, 40-3490, and 40-3495).
12(c),(d)	The amount of line 10 less line 11.
13(c),(d)	Enter other revenue for the requested forecast period and the comparable prior period (accounts 10-3890, the sum of accounts 3500 through 3599 less 3900 for departments 60 through 78, accounts 79-3800 through 79-3899, and account 91-3710). This amount must agree with line 4(g) of the Forecasted Statements of Income for the corresponding forecast period.
14(c),(d)	Enter other promotional allowances for the requested forecast period and the comparable prior period (accounts 3530, 3535, 3540, 3545, 3590, and 3595 for departments 60 through 78). (Note - The sum of lines 5, 8, 11, and 14 must agree with the amount reported on line 6(g) of the Forecasted Statements of Income for the corresponding forecast period.)
15(c),(d)	The amount of line 13 less line 14.
16(c),(d)	The sum of lines 6, 9, 12, and 15 for the requested forecast period and the comparable prior period. This amount must agree with line 7(g) of the Forecasted Statements of Income for the corresponding forecast period.

- c. Columns (e) and (f) are the favorable or unfavorable variance between column (c) and column (d) for lines 1 through 16.
- d. In column (g), enter a description of the primary factors contributing to the variances in columns (e) and (f). If necessary, additional pages may be attached.

3. Schedule of Forecasted Costs and Expenses

- a. The purpose of the Schedule of Forecasted Costs and Expenses is to provide additional information to supplement lines 8, 9, and 15 of the Forecasted Statements of Income.
- b. Lines 1 through 9 are used to provide a breakdown of the major components of Cost of Goods and Services (line 8 of the Forecasted Statements of Income).

- On lines 1(b) through 8(b), list the major components of Costs of Goods and Services for the requested forecast period which are expected to incur a significant variance. ("Other" should not exceed 5.0% of total caption variance.)
 - In columns (c) and (d) of lines 1 through 8, enter the expenses for the requested forecast period and the comparable prior period.
 - Line 9(c) is the sum of lines 1(c) through 8(c). Line 9(d) is the sum of lines 1(d) through 8(d). The amount reported on line 9(c) must agree with line 8(c) of Form DGE-610 for the corresponding forecast period.
- c. Lines 10-18 are used to provide a breakdown of the major components of Selling, General and Administrative (line 9 of the Forecasted Statements of Income).
- On lines 10(b) through 17(b), list the major components of Selling, General, and Administrative for the requested forecast period which are expected to incur a significant variance. ("Other" should not exceed 5.0% of total caption variance.)
 - In columns (c) and (d) of lines 10 through 17, enter the expenses for the requested forecast period and the comparable prior period.
 - Line 18(c) is the sum of lines 10(c) through 17(c). Line 18(d) is the sum of lines 10(d) through 17(d). The amount reported on line 18(c) must agree with line 9(c) of the Forecasted Statements of Income for the corresponding forecast period.
- d. Line 19-23 is to be used to provide a breakdown of the major components of Other Charges from Affiliates (line 15 of the Forecasted Statements of Income).
- On line 19 (b) to 22(b), list the major components of Other Charges from Affiliates for the requested forecast period which are expected to incur a significant variance. ("Other" should not exceed 5.0% of total caption variance.)
 - In columns (c) and (d) of line 19 through 22, enter the expenses for the requested forecast period and comparable prior period.
 - Line 23(c) is the sum of line 19(c) through 22(c). Line 23(d) is the sum of line 19(d) through 22(d). The amount reported on line

23(c) must agree with line 15(c) of the Forecasted Statements of Income for the corresponding forecast period.

- f. In column (g), enter a description of the primary factors contributing to the variance in columns (e) and (f). If necessary, additional pages may be attached.

4. Schedule of Forecasted Capital Expenditures

- a. The Schedule of Forecasted Capital Expenditures is used to provide details of the forecasted capital expenditures reported on line 48(c) of Forecasted Statement of Cash Flows.
- b. In column (a), enter the major categories of forecasted capital expenditures.
- c. In column (b), enter a description of the forecasted capital expenditures listed in column (a).
- d. In column (c), enter the forecasted dollar amount of the capital expenditures listed in column (a). The total of column (c) should agree with the amount reported on line 48(c) of Forecasted Statement of Cash Flows.
- e. If the total amount reported on the Miscellaneous Projects line is a significant portion of the total amount of forecasted capital expenditures, additional information may be required.

5. Schedule of Forecasted Fixed Cash Requirements

- a. The purpose of the Schedule of Forecasted Fixed Cash Requirements is to provide a detailed schedule of a licensee or applicant's upcoming fixed cash requirements.
- b. Debt Principal Repayments
 - Each debt obligation equal to or greater than \$5.0 million shall be separately identified. Debt obligations under \$5.0 million may be grouped together and labeled "Other".
 - On lines 1 through 7, columns (c) through (f), report the scheduled principal repayments for each debt obligation listed in column (b).
- c. Debt Interest Payments

- On lines 9 through 15, columns (c) through (f), report the scheduled interest payments for each debt obligation listed in column (b).

d. Capital and Operating Lease Payments

- Each capital or operating lease that has annual payments equal to or greater than \$1.0 million shall be separately identified. Capital or operating leases with annual payments under \$1.0 million may be grouped together and labeled "Other".
- On lines 17 through 25, columns (c) through (f), report the scheduled payments (principal and interest) for each capital or operating lease listed in column (b).

e. Other Contractual Payments -

- Any other contractual payments not captured in the preceding lines, including properties' real estate tax payments that have annual payments equal to or greater than \$1.0 million shall be separately identified. Contractual obligations with annual payments under \$1.0 million may be grouped together and labeled "Other".
- On lines 27 through 32, columns (c) through (f), report the schedule payments for each contract listed in column (b).

f. Total Forecasted Fixed Cash Requirements [Line 34, columns (c) through (g)]

- This is the sum of lines 8, 16, 26 and 33 for each applicable column.

6. Summary of Significant Forecast Assumptions and Accounting Policies

a. Disclose the significant assumptions used in the preparation of all forecasted financial statements and schedules for the requested forecast period including, but not limited to:

- The basis or rationale for the assumptions used (key factors that are basic to future operations and serve as the foundation for the financial forecast) shall be identified and disclosed.

- Particularly sensitive assumptions from which there is a relatively high probability of variation shall be disclosed. Quantification of the potential effects of variations in those assumptions on the financial forecast shall also be disclosed.
- Assumptions reflecting anticipated conditions that are expected to be significantly different from current conditions shall be disclosed unless such changes are otherwise reasonably apparent.
- The forecasts shall be prepared on a basis consistent with the accounting principles expected to be used when the actual historical financial statements covering the prospective period are later prepared. Disclosure of significant accounting principles and policies used in the preparation of the forecasts shall be made.
- Indicate what, if any, actual financial data is included in the forecast.
- If the forecasts gives effect to changes in accounting principles from those used in prior period historical financial statements, the changes should be disclosed and reported for the period in which they are expected to be made as would be required in reporting such accounting changes in historical financial statements.
- The assumptions shall contain full disclosure of all forecasted related party transactions.

b. Forecasted Balance Sheets

Changes during the course of the prospective period and their effects shall be disclosed. Among the significant balance sheet assumptions that should be disclosed are the following:

- Anticipated new financings or refinancings of the present debt structure
- Anticipated equity offerings
- Anticipated repurchases of stock
- Significant capital expenditures
- Investment activity

c. Forecasted Statements of Income

Changes during the course of the requested forecast period and their effects shall be disclosed. Among the assumptions that should be disclosed, are the following:

- Casino revenue - Changes in industry win and applicant's market share, average number of tables and slot machines and changes in the mix of the units, credit play, etc.
- Costs and expenses - Food and beverage costs, payroll and related expenses (e.g., number of employees, union/nonunion, wage scales, pending union negotiations, adoption of pension plans), contract entertainment, marketing expenses (e.g., promotions, advertising expenses, air charter, bus programs), charges from affiliates, interest expense, etc.

C. Filing the Forecasts

1. Per N.J.A.C.13:69D-1.6(d), the Representation By Management shall be attested to on the licensee's behalf by the Chief Executive Officer, Chief Gaming Executive, Treasurer, Financial Director, Controller or their functional equivalent.

The preparation date of the forecasts shall be disclosed in the space provided.

2. The forecasts and related correspondence should be filed electronically with the Division at the following address

ofi@njdge.org

3. In the event that the licensee or applicant wishes to hand deliver a hard copy of the forecasts, they must be received by the Division by the due date at the following addresses:

Department of Law and Public Safety
Division of Gaming Enforcement
Office of Financial Investigations
1300 Atlantic Ave. – 3rd Floor
Atlantic City, New Jersey 08401