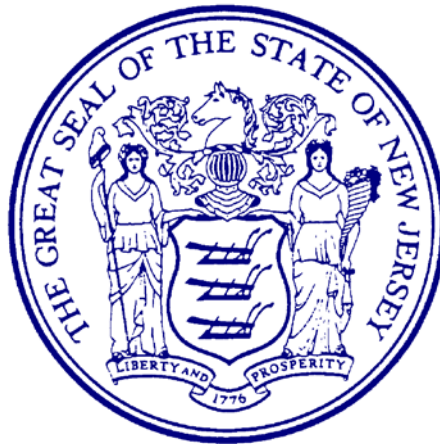


**GOLDEN NUGGET ATLANTIC CITY, LLC
QUARTERLY REPORT**

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

GOLDEN NUGGET ATLANTIC CITY, LLC

BALANCE SHEETS

AS OF SEPTEMBER 30, 2019 AND 2018

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2019 (c)	2018 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	3	\$36,317	\$13,689
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2019, \$1,273 ; 2018, \$1,589).....	4	53,735	7,824
4	Inventories	2	2,317	2,011
5	Other Current Assets.....	5	1,992	2,462
6	Total Current Assets.....		94,361	25,986
7	Investments, Advances, and Receivables.....	11	0	457
8	Property and Equipment - Gross.....	6	195,322	188,807
9	Less: Accumulated Depreciation and Amortization.....		(70,294)	(62,503)
10	Property and Equipment - Net.....		125,028	126,304
11	Other Assets.....	7	7,106	7,779
12	Total Assets.....		\$226,495	\$160,526
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$6,800	\$7,896
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	9	950	125
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	8	35,642	33,336
19	Other Current Liabilities.....	8	22,880	(9,077)
20	Total Current Liabilities.....		66,272	32,280
	Long-Term Debt:			
21	Due to Affiliates.....	9	0	0
22	External.....	9	760	0
23	Deferred Credits		3,360	4,196
24	Other Liabilities.....		16,240	7,285
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		86,632	43,761
27	Stockholders', Partners', or Proprietor's Equity.....		139,863	116,765
28	Total Liabilities and Equity.....		\$226,495	\$160,526

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

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

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2019 (c)	2018 (d)
	Revenue:			
1	Casino.....	2	\$133,336	\$140,929 *
2	Rooms.....		12,447	12,966
3	Food and Beverage.....		20,218	22,685
4	Other.....		15,901	14,808
5	Net Revenue.....	2	181,902	191,388 *
	Costs and Expenses:			
6	Casino.....	2	78,747	82,457
7	Rooms, Food and Beverage.....	2	25,888	28,076
8	General, Administrative and Other.....	2	39,950	42,987
9	Total Costs and Expenses.....		144,585	153,520
10	Gross Operating Profit.....		37,317	37,868
11	Depreciation and Amortization.....		6,644	6,372
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....	12	0	0
14	Income (Loss) from Operations.....		30,673	31,496
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....		(69)	(6)
17	CRDA Related Income (Expense) - Net.....	11	(2,972)	(3,046)
18	Nonoperating Income (Expense) - Net.....		13	21
19	Total Other Income (Expenses).....		(3,028)	(3,031)
20	Income (Loss) Before Taxes		27,645	28,465
21	Provision (Credit) for Income Taxes.....		6,382	8,194
22	Net Income (Loss).....		\$21,263	\$20,271

* Prior year balances changed to confirm with current year presentation.

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

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2019 (c)	2018 (d)
	Revenue:			
1	Casino.....	2	\$46,874	\$47,895 *
2	Rooms.....		5,326	5,027
3	Food and Beverage.....		7,942	8,768
4	Other.....		6,510	5,951
5	Net Revenue.....	2	66,652	67,641 *
	Costs and Expenses:			
6	Casino.....	2	26,198	29,092
7	Rooms, Food and Beverage.....	2	9,453	10,525
8	General, Administrative and Other.....	2	13,246	14,376
9	Total Costs and Expenses.....		48,897	53,993
10	Gross Operating Profit.....		17,755	13,648
11	Depreciation and Amortization.....		2,260	2,151
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....	12,12	0	0
14	Income (Loss) from Operations.....		15,495	11,497
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....		(59)	(1)
17	CRDA Related Income (Expense) - Net.....	11	(1,083)	(1,069)
18	Nonoperating Income (Expense) - Net.....		0	15
19	Total Other Income (Expenses).....		(1,142)	(1,055)
20	Income (Loss) Before Taxes		14,353	10,442
21	Provision (Credit) for Income Taxes.....		3,342	3,235
22	Net Income (Loss).....		\$11,011	\$7,207

* Prior year balances changed to confirm with current year presentation.

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

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2019

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2017.....		\$119,054	(\$22,560)		\$96,494
2	Net Income (Loss) - 2018.....			22,106		22,106
3	Capital Contributions.....		0			0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	_____					0
8	_____					0
9	_____					0
10	Balance, December 31, 2018.....		119,054	(454)	0	118,600
11	Net Income (Loss) - 2019.....			21,263		21,263
12	Capital Contributions.....		0			0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	_____					0
17	_____					0
18	_____					0
19	Balance, September 30, 2019.....		\$119,054	\$20,809	\$0	\$139,863

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

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2019 (c)	2018 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$16,551	\$14,572
	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.....		(6,106)	(8,013)
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations		(1,891)	(1,976)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities.....		0	0
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....		(7,997)	(9,989)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....		(218)	(375)
15	Proceeds from Long-Term Debt		1,929	
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....			(6,463)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....		1,711	(6,838)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		10,265	(2,255)
25	Cash and Cash Equivalents at Beginning of Period.....		26,052	15,944
26	Cash and Cash Equivalents at End of Period.....		\$36,317	\$13,689
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$70	\$9
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.

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2019 (c)	2018 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$21,263	\$20,271
30	Depreciation and Amortization of Property and Equipment.....		6,644	6,372
31	Amortization of Other Assets.....			
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current		(619)	0 *
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....		1,919	2,159
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		(45,723)	(371)
39	(Increase) Decrease in Inventories		290	282
40	(Increase) Decrease in Other Current Assets.....		537	(1,052)
41	(Increase) Decrease in Other Assets.....		(663)	(95)
42	Increase (Decrease) in Accounts Payable.....		(1,249)	41 *
43	Increase (Decrease) in Other Current Liabilities		33,889	(21,378) *
44	Increase (Decrease) in Other Liabilities		263	8,343 *
45				
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$16,551	\$14,572

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$6,106)	(\$8,013)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$6,106)	(\$8,013)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$0	\$0
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

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	166,698	\$8,275	0	\$0
2	Food	397,254	7,151	76,323	4,580
3	Beverage	1,016,479	4,320	0	0
4	Travel	0	0	5,899	148
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	237,951	24,480	0	0
7	Complimentary Cash Gifts	237,844	12,605	0	0
8	Entertainment	13,441	336	0	0
9	Retail & Non-Cash Gifts	287,923	3,686	0	0
10	Parking	0	0	783,291	2,350
11	Other	178,179	444	0	0
12	Total	2,535,769	\$61,297	865,513	\$7,078

**\$16M in PGCS are for RIS/Betfair/ 102737 \$16,018
Platforms as recorded in DGE 101&105 in GNAC's Income Statement

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	65,737	\$3,313	0	\$0
2	Food	146,291	2,633	27,185	1,631
3	Beverage	364,798	1,551	0	0
4	Travel	0	0	1,123	28
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	97,939	9,522	0	0
7	Complimentary Cash Gifts	86,810	4,601	0	0
8	Entertainment	7,667	192	0	0
9	Retail & Non-Cash Gifts	93,327	1,195	0	0
10	Parking	0	0	265,261	795
11	Other	65,176	162	0	0
12	Total	927,745	\$23,169	293,569	\$2,454

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

**\$5M in PGCS are for RIS/Betfair/N 32035 \$5,031

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

11/15/2019

Date



Michael Rodriguez

Vice President of Finance

Title

9254-11

License Number

On Behalf of:

GOLDEN NUGGET ATLANTIC CITY, LLC
Casino Licensee

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Golden Nugget Atlantic City, LLC (“GNAC”, the “Company”, “we”, “our” or “us”) is the subsidiary of Golden Nugget, LLC, a Delaware LLC. GNAC is the holder of the gaming license issued by the state of New Jersey and operates the Golden Nugget Atlantic City Hotel and Casino in Atlantic City, New Jersey and online gambling operations. Golden Nugget, LLC is wholly owned by Golden Nugget, LLC, a Nevada LLC (“GNI” or “Parent”), which is a national, diversified, restaurant, hospitality, entertainment and gaming company principally engaged in the ownership and operation of full service restaurants and Golden Nugget gaming facilities. GNI is an indirect subsidiary of Fertitta Entertainment, Inc. (“FEI”) which is wholly owned by Tilman J. Fertitta.

Unless otherwise stated, all dollars are in thousands.

Basis of Presentation

The accompanying consolidated financial statements include the consolidated accounts of GNAC. All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements included herein have been prepared without audit and pursuant to the rules and regulations of the New Jersey Division of Gaming Enforcement. In the opinion of management, all adjustments, consisting of normal recurring items and estimates necessary for a fair presentation of the results for interim periods have been made.

Use of Estimates

The consolidated financial statements have been prepared in conformity with Generally Accepted Accounting Principles (“GAAP”) in the United States of America. Those principles require 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. Estimates are used for, but not limited to, the assessment of recoverability of long-lived assets, costs to settle unpaid claims, and the redemptions of cash back points. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition and Promotional Allowances

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

Internet gaming revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs. We report 100% of casino wins as revenue and our service provider’s share is reported in costs and expenses. Free play and other incentives to customers related to internet gaming play are recorded as a reduction of internet gaming revenue.

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

We previously recorded promotional allowances in a separate line item within net gaming revenue. As part of adopting the new accounting standard related to revenue recognition, ASU 2014-09, *Revenue from Contracts with Customers*, promotional allowances will no longer be presented separately. Since we are a nonpublic entity, we are required to adopt the new accounting standard related to revenue recognition

for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. However, we have updated the presentation of promotional allowances in the required filings with the New Jersey Division of Gaming Enforcement to be more consistent with the new requirements. The final adoption of this new accounting standard may require us to make additional adjustments and other reclassifications within the revenue and expense categories on our consolidated statement of operations.

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

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rooms	\$ 2,141	\$ 2,103	\$ 5,346	\$ 5,701
Food and beverage	3,803	4,111	10,427	11,480
Other	<u>1,085</u>	<u>1,395</u>	<u>3,093</u>	<u>3,848</u>
Total	<u>\$ 7,029</u>	<u>\$ 7,609</u>	<u>\$ 18,866</u>	<u>\$ 21,029</u>

Financial Instruments

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

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

Inventories

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

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is computed utilizing the straight-line method over the estimated useful lives of the depreciable assets, as follows: buildings and improvements 10 to 40 years; furniture, fixtures and equipment 5 to 15 years; and automobiles and limousines 4 to 5 years.

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

Slot Player Club Liability

We have established promotional slot and player clubs to encourage repeat business from frequent and active slot machine customers and table games patrons. Members earn points based on gaming activity and such points can be redeemed for complimentary amenities, including meals in our non-casino restaurants. We establish a liability and reduce revenue for unredeemed points based upon historical redemption experience.

Insurance Liability

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

Advertising Costs

Advertising costs are expensed as incurred during such year. Advertising costs, included in casino, food and beverage, and general and administrative expense, were \$2.6 million and \$2.8 for the three months ended September 30, 2019 and 2018, respectively, and \$8.1 million for the nine months ended September 30, 2019 and 2018, respectively.

3. CASH & CASH EQUIVALENTS

Pursuant to N.J.A.C 13:69 1.3(j) we maintain a separate New Jersey bank account to ensure security of funds held in patrons' internet gaming accounts. On September 30, 2019, the above mentioned account balance was \$2.3 million and patron deposits in internet gaming accounts were \$2.3 million.

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

	<u>2019</u>	<u>2018</u>
Unrestricted cash	\$ 34,007	\$ 12,439
Restricted cash internet accounts	<u>2,310</u>	<u>1,250</u>
Total	<u>\$ 36,317</u>	<u>\$ 13,689</u>

4. ACCOUNTS RECEIVABLE

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

	<u>2019</u>	<u>2018</u>
Gaming	\$ 4,262	\$ 4,545
Allowance	(1,056)	(1,549)
Non-Gaming	50,616	4,899
Allowance hotel	<u>(87)</u>	<u>(71)</u>
Total	<u>\$ 53,735</u>	<u>\$ 7,824</u>

5. OTHER CURRENT ASSETS

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

	<u>2019</u>	<u>2018</u>
Prepaid insurance	\$ 77	\$ 60
Prepaid taxes	582	580
Other prepaid	<u>1,333</u>	<u>1,822</u>
Total	<u>\$ 1,992</u>	<u>\$ 2,462</u>

6. PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Land	\$ 17,650	\$ 17,650
Buildings and improvements	114,034	111,668
Furniture, fixtures, equipment	<u>63,638</u>	<u>59,489</u>
Property and equipment, gross	195,322	188,807
Accumulated depreciation	<u>(70,294)</u>	<u>(62,503)</u>
Property and equipment, net	<u>\$ 125,028</u>	<u>\$ 126,304</u>

7. OTHER ASSETS

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

	<u>2019</u>	<u>2018</u>
Deferred cost	\$ 3,215	\$ 3,215
Software	2,914	3,910
Deposits	<u>977</u>	<u>654</u>
Total	<u>\$ 7,106</u>	<u>\$ 7,779</u>

8. OTHER ACCRUED EXPENSES & LIABILITIES

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

	<u>2019</u>	<u>2018</u>
Payroll and related	\$ 4,199	\$ 5,927
Deposits	861	1,011
Other	30,582	26,398

Total accrued expenses	<u>\$ 35,642</u>	<u>\$ 33,336</u>
	<u>2019</u>	<u>2018</u>
Gaming	\$ 1,130	\$ 3,627
Other	<u>21,750</u>	<u>(12,704)</u>
Total other current liabilities	<u>\$ 22,880</u>	<u>\$ (9,077)</u>

9. LONG TERM DEBT

In April 2019 we entered into an equipment loan with Regent for the purchase of gaming hardware and software. The loan bears an interest rate of 5.0% and matures in March 2021. In July 2019 we entered into an additional equipment loan with CalFirst for the purchase of gaming hardware and software. The loan bears an interest rate of 5.76% and matures July 2021.

Total debt as of September 30 is comprised of the following (in thousands):

	<u>2019</u>	<u>2018</u>
Equipment loan	<u>1,710</u>	<u>125</u>
Total debt	1,710	125
Less current portion	<u>(950)</u>	<u>(125)</u>
Long term debt	<u>\$ 760</u>	<u>\$ -</u>

10. EMPLOYEE BENEFIT PLAN

Certain of our employees are covered by union-sponsored, collective bargained, multi-employer health and welfare and defined benefit pension plans. We recorded plan related expenses of \$2.4 million and \$2.5 million for the three months ended September 30, 2019 and 2018, respectively, and \$7.1 million and \$6.8 million for the nine months ended September 30, 2019 and 2018, respectively.

We sponsor a qualified defined contribution retirement plan (401(k) Plan) covering our eligible, non-union employees. The 401(K) plan allows eligible employees to contribute, subject to Internal Revenue Service limitations on total annual contributions, up to 75% of their base compensation as defined in the 401(k) Plan, to various investment funds. We may match at our discretion, within prescribed limits, a portion of eligible employees' contributions. Matching contributions for both the nine months ended September 30, 2019 and 2018 were immaterial. Employee contributions vest immediately while our contributions vest 20% annually beginning in the participant's second year of eligibility.

11. COMMITMENTS AND CONTINGENCIES

Casino Reinvestment Development Authority Obligation

As required by the provisions of the New Jersey Casino Control Act (the “Act”), a casino licensee must pay an investment alternative tax of 2.5% of its gross casino revenues and 5.0% of internet gaming revenues as defined in the Act. However, pursuant to contracts with the Casino Reinvestment Development Authority (“CRDA”), we pay 1.25% of our gross casino revenues and 2.5% of internet gaming revenues to the CRDA (the “CRDA Payment”) to fund qualified investments as defined in the Act and such CRDA Payment entitles us to an investment tax credit in an amount equal to twice the amount of the CRDA Payment against the investment alternative taxes. Qualified investments may include the purchase of bonds issued by the CRDA at a below market rate of interest, direct investment in projects or donation of funds to projects as determined by the CRDA. Pursuant to the contract with the CRDA, we are required to make quarterly deposits with the CRDA to satisfy our investment obligations.

The deposits are recorded at cost less a valuation allowance. The valuation allowance is established at the time the obligation is incurred by a charge to the statement of operations as part of general and administrative expense 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.

For the three months ended September 30, 2019 and 2018, we charged to general and administrative expense \$1.1 million, respectively, and for the nine months ended September 30, 2019 and 2018, we charged \$3.0 million, respectively.

As of September 30, 2019, the CRDA deposits and investments in CRDA Bonds reflected in non-current assets on the accompanying consolidated balance sheets, net of allowances \$15.1 million had no value. As of September 30, 2018 the deposits and bonds had a value of \$0.5 million, net of allowances of \$12.2 million.

Atlantic City PILOT Program

In June 2016, the State of New Jersey passed legislation known as the PILOT bill which requires casino properties for 10 years, starting January 1, 2017, to make payments in lieu of property taxes based on a statutory formula. An additional part of that bill requires the casinos to make annual payments to the state starting retroactively in 2015 through 2022 based on a similar formula. For our contribution to the state, we incurred expenses of \$0.3 million and \$0.7 million for the nine months ended September 30, 2019 and 2018, respectively.

Farley State Marina Leases

We have a non-cancelable operating lease that covers the land, building and marina adjacent to our property, which expires in 2020. Other lease commitments also include operating equipment used in daily operations.

Rent expense was \$0.1 million for both the three months ended September 30, 2019 and 2018, and \$0.4 million for both the nine months ended September 30, 2019 and 2018.

General Litigation

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

12. TRANSACTIONS WITH AFFILIATES

Shared Services Agreement

We have entered into Shared Services Agreements (SSA’s) with affiliates. Pursuant to the SSA’s, the parties agree to cooperatively develop and implement joint programs for the procurement and implementation of certain products and services including insurance and risk management, legal, information technology, entertainment, general purchasing, financial planning and accounting, human

resources and employee benefit administration, marketing, strategic and tactical business planning, retail and executive management. The SSA's provide for the reimbursement of expenses if either party incurs costs in excess of its proportional share.

Tenant Agreement

We have entered into certain lease agreements with affiliates wherein they operate restaurants in our casino property and we receive rental payments. Moreover, we routinely enter into certain transactions with affiliated companies. These transactions have been entered into between related parties and are not the result of arm's-length negotiations. Accordingly, the terms of the transactions may have been more or less favorable to us than might have been obtained from unaffiliated third parties. Rental revenue from the affiliates totaled \$0.1 million for both the three months ended September 30, 2019 and 2018, respectively, and \$0.4 million for both the nine months ended September 30, 2019 and 2018.

13. SUBSEQUENT EVENTS

We have evaluated subsequent events through November 15, 2019, which is the date our consolidated financial statements were available to be issued.