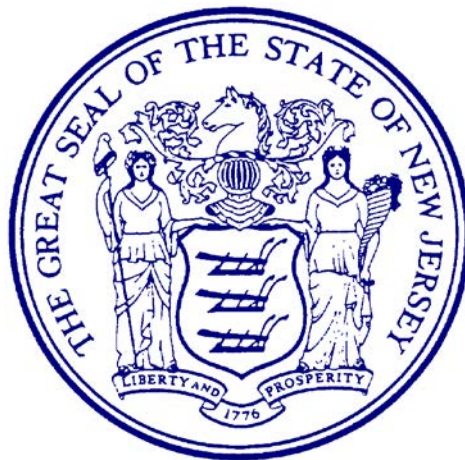


**GOLDEN NUGGET ATLANTIC CITY, LLC
QUARTERLY REPORT**

FOR THE QUARTER ENDED MARCH 31, 2020

**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 MARCH 31, 2020 AND 2019

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2020 (c)	2019 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	3	\$33,117	\$26,942
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2020, \$1,273 ; 2019, \$1,273).....	4	66,396	35,713
4	Inventories	2	2,476	2,468
5	Other Current Assets.....	5	1,492	1,989
6	Total Current Assets.....		103,481	67,112
7	Investments, Advances, and Receivables.....	11	0	28
8	Property and Equipment - Gross.....	6	196,946	191,353
9	Less: Accumulated Depreciation and Amortization.....		(74,170)	(66,404)
10	Property and Equipment - Net.....		122,776	124,949
11	Other Assets.....	7	6,300	7,096
12	Total Assets.....		\$232,557	\$199,185
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$7,934	\$7,227
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	9	976	0
17	Income Taxes Payable and Accrued.....		18,561	10,811
18	Other Accrued Expenses.....	8	36,386	39,770
19	Other Current Liabilities.....	8	21,797	17,912
20	Total Current Liabilities.....		85,654	75,720
	Long-Term Debt:			
21	Due to Affiliates.....	9	0	0
22	External.....	9	266	0
23	Deferred Credits		3,526	2,763
24	Other Liabilities.....		0	0
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		89,446	78,483
27	Stockholders', Partners', or Proprietor's Equity.....		143,111	120,702
28	Total Liabilities and Equity.....		\$232,557	\$199,185

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 MARCH 31, 2020 AND 2019

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2020 (c)	2019 (d)
	Revenue:			
1	Casino.....	2	\$35,801	\$37,070 *
2	Rooms.....		3,132	4,325
3	Food and Beverage.....		7,501	9,465
4	Other.....		3,634	4,133
5	Net Revenue.....	2	50,068	54,993 *
	Costs and Expenses:			
6	Casino.....	2	23,054	23,701
7	Rooms, Food and Beverage.....	2	7,794	9,019
8	General, Administrative and Other.....	2	11,922	12,978
9	Total Costs and Expenses.....		42,770	45,698
10	Gross Operating Profit.....		7,298	9,295
11	Depreciation and Amortization.....		2,165	2,204
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....	12	0	0
14	Income (Loss) from Operations.....		5,133	7,091
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....		0	0
17	CRDA Related Income (Expense) - Net.....	11	(945)	(944)
18	Nonoperating Income (Expense) - Net.....		(17)	5
19	Total Other Income (Expenses).....		(962)	(939)
20	Income (Loss) Before Taxes		4,171	6,152
21	Provision (Credit) for Income Taxes.....		1,088	1,459
22	Net Income (Loss).....		\$3,083	\$4,693

* 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, 2019

AND THE THREE MONTHS ENDED MARCH 31, 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2018.....		\$119,054	(\$3,046)		\$116,008
2	Net Income (Loss) - 2019.....			24,020		24,020
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, 2019.....		119,054	20,974	0	140,028
11	Net Income (Loss) - 2020.....			3,083		3,083
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, March 31, 2020.....		\$119,054	\$24,057	\$0	\$143,111

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 THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2020 (c)	2019 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$15,474)	\$3,628
	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.....		(481)	(2,137)
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations		(476)	(602)
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.....		(957)	(2,739)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt		(235)	0
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....			0
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.....		(235)	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(16,666)	889
25	Cash and Cash Equivalents at Beginning of Period.....		49,783	26,053
26	Cash and Cash Equivalents at End of Period.....		\$33,117	\$26,942
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$0	\$0
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 THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2020 (c)	2019 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$3,083	\$4,693
30	Depreciation and Amortization of Property and Equipment...		2,165	2,204
31	Amortization of Other Assets.....			
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current			0 *
34	Deferred Income Taxes - Noncurrent		(179)	(114)
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....		476	602
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		(6,583)	(10,445)
39	(Increase) Decrease in Inventories		21	139
40	(Increase) Decrease in Other Current Assets.....		530	540
41	(Increase) Decrease in Other Assets.....		354	(103)
42	Increase (Decrease) in Accounts Payable.....		(57)	(822) *
43	Increase (Decrease) in Other Current Liabilities		(9,122)	6,238 *
44	Increase (Decrease) in Other Liabilities		(6,162)	696 *
45				
46				
47	Net Cash Provided (Used) By Operating Activities.....		(\$15,474)	\$3,628

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$481)	(\$2,137)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$481)	(\$2,137)
	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.
Valid comparisons cannot be made without using information contained in the notes.

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

FOR THE THREE MONTHS ENDED MARCH 31, 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	35,034	\$2,262	0	\$0
2	Food	88,117	1,586	47,152	\$2,829
3	Beverage	426,807	3,415	0	\$0
4	Travel	0	0	1,516	\$37
5	Bus Program Cash	0	0	0	\$0
6	Promotional Gaming Credits	84,539	5,792	0	\$0
7	Complimentary Cash Gifts	214,527	4,677	0	\$0
8	Entertainment	0	0	0	\$0
9	Retail & Non-Cash Gifts	66,350	849	0	\$0
10	Parking	0	0	139,415	\$696
11	Other	37,147	93	0	\$0
12	Total	952,521	\$18,674	188,083	\$3,562

**\$5M in PGCS are for RIS/Betfair/N 37349 \$5,472
Platforms as recorded in DGE 101&105 in GNAC's Income Statement

FOR THE THREE MONTHS ENDED MARCH 31, 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				
2	Food				
3	Beverage				
4	Travel				
5	Bus Program Cash				
6	Promotional Gaming Credits				
7	Complimentary Cash Gifts				
8	Entertainment				
9	Retail & Non-Cash Gifts				
10	Parking				
11	Other				
12	Total	0	\$0	0	\$0

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

**\$M in PGCS are for RIS/Betfair

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

FOR THE QUARTER ENDED MARCH 31, 2020

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.

5/15/2020

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 preparation of financial statements in conformity with Accounting Principles Generally Accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

We recognize revenue when control over the goods and services we provide has transferred to the customer, which is generally when the services are performed and we have no substantive performance obligations remaining. Sales taxes collected from customers and remitted to governmental authorities are presented on a net basis, or excluded from revenues, in our consolidated statements of operations.

Casino revenue is the aggregate net difference between gaming wins and losses, less sales incentives and other adjustments. Liabilities are recognized for funds deposited by customers before gaming play occurs and for chips in the customer’s possession. Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. We accrue the incremental amount of progressive jackpots as the progressive machine is played, and the progressive jackpot amount increases, with a corresponding reduction to casino revenues.

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, and other revenues are recognized as goods and services are transferred to the customer. Room revenue is generally recognized over time, consistent with the customer’s reservation period. Advance deposits for future hotel occupancy, convention space or food and beverage services are recorded as a liability until the goods and services are provided to the customer. Food and beverage and other revenues are recognized at the point in time the services are performed or events are held.

The relative standalone selling price of accommodations, food and beverage, and other services furnished to hotel-casino guests without charge is recognized as a reduction to revenues for the department which issued the complimentary offering and as an increase to revenues for the department redeemed. Complimentary offerings periodically offered by third parties at the discretion and under our control are recorded as an expense when incurred.

Our gaming revenues included complimentary offerings and loyalty point redemptions as follows (in thousands):

	<u>Quarter Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Rooms.....	\$1,673	\$2,181
Food and beverage.....	2,677	3,564
Other.....	942	1,380
	<u>\$5,292</u>	<u>\$7,125</u>

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. The incentives earned by customers under these programs are based on their past play and represent separate performance obligations. Player club points generally expire within twelve months.

For transactions where players club points are earned we allocate a portion of the transaction price to the points that are earned based upon the relative standalone selling prices of the goods and services involved. We have determined the standalone selling price of player's club points by computing the redemption value of points expected to be redeemed. We have applied the practical expedient under the portfolio approach to each of our player's club transactions because of the similarity of gaming transactions. When the activity underlying the earning of the points has a wide range of selling prices and is highly variable, we use the residual approach in the allocation by computing the value of the player's club points and allocating the residual amount to the remaining revenue generating activity. This allocation results in a portion of the transaction price being deferred and presented as contract liabilities in our accompanying Balance Sheets.

Our loyalty programs include various tiers that offer different benefits, and members are able to earn credits towards tier status, which generally enables them to receive discounts similar to those provided as the complimentary offerings described above. We have determined that any such discounts received as a result of tier status do not represent material rights, and therefore, we do not account for them as distinct performance obligations.

Accounts Receivable

Accounts receivable is comprised primarily of casino and hotel receivables, net of an allowance for doubtful accounts. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Receivables are written off when management deems the account to be uncollectible.

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.

Inventories

Inventories consist primarily of food and beverages used in our restaurant outlets and retail goods are recorded 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.

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 \$0.5 million and \$0.5 million for the three months ended March 31, 2020 and 2019, respectively.

Adopted Accounting Pronouncements

On January 1, 2019, we adopted ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" using the full retrospective method and recast prior periods presented. ASU 2014-09 provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and eliminates existing industry guidance. Under ASU 2014-09, revenue is recognized in an amount that reflects the consideration an entity expects to receive for the transfer of goods and services. The standard also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from contracts with customers. In connection with the adoption of ASU No. 2014-09, a cumulative effect adjustment of \$2.4 million, net of tax, was recorded as a decrease to the ending balance of Retained earnings as of December 31, 2017.

The primary impact on gaming revenues of adopting this new guidance is as follows:

- We previously reported promotional allowances in a separate line item within net gaming revenues. As part of adoption of the new standard, promotional allowances are no longer presented separately. Alternatively, revenue is recognized based on relative standalone selling prices for transactions with more than one performance obligation and included as revenues within rooms, food and beverage and other categories. The majority of such amounts were previously included in promotional allowances now offset casino revenues.
- Previously, we accrued a liability based on the estimated cost of fulfilling the redemption of slot and players club points after consideration of estimated forfeitures, based on the cost of historical redemptions. Upon adoption of the new accounting standard, slot and player points are no longer recorded at cost. A deferred revenue model is used to account for the classification and timing of revenue recognized as well as the classification of related expenses as points are redeemed. This results in a portion of casino revenues being recorded as deferred revenue when points are earned. Revenue is recognized in a future period based on when and what goods or services for which the points are redeemed, such as food and beverage.

- The costs of providing complimentary goods or services are included as expenses within rooms, food and beverage and other categories. The estimated cost of providing complimentary good or services were previously allocated primarily to casino expenses from other operating departments.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." This guidance requires recognition of most lease liabilities on the balance sheet to give investors, lenders, and other financial statement users a more comprehensive view of a company's long-term financial obligations, as well as the assets it owns versus leases. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2020, and for interim periods within annual periods after December 15, 2021. In July 2018, the FASB issued ASU 2018-11 making transition requirements less burdensome. The standard provides an option to apply the transition provisions of the new standard at its adoption date instead of at the earliest comparative period presented in the Company's consolidated financial statements. We are currently evaluating the impact that this guidance will have on our consolidated financial statements as well as the expected adoption method. We believe the impact upon adoption will be an increase in our current and long term liabilities with a corresponding increase to long term assets.

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 March 31, 2020, the above mentioned account balance was \$2.6 million and patron deposits in internet gaming accounts were \$2.5 million.

Cash as of March 31 consisted of the following (in thousands):

	2020	2019
Unrestricted cash	\$ 30,503	\$ 25,382
Restricted cash internet accounts	2,614	1,560
Total	\$ 49,783	\$ 29,642

4. ACCOUNTS RECEIVABLE

Accounts receivable as of March 31 consisted of the following (in thousands):

	2020	2019
Gaming	\$ 3,290	\$ 4,290
Allowance	(1,278)	(1,188)
Non-Gaming	64,422	32,696

Allowance hotel	(38)	(85)
Total	<u>\$ 66,396</u>	<u>\$ 35,713</u>

5. OTHER CURRENT ASSETS

Other current assets as of March 31 consisted of the following (in thousands):

	2020	2019
Prepaid insurance	<u>\$ -</u>	<u>\$ 190</u>
Prepaid taxes	342	342
Other prepaid	1,149	1,457
Total	<u>\$ 1,491</u>	<u>\$ 1,989</u>

6. PROPERTY AND EQUIPMENT

Property and equipment as of March 31 consisted of the following (in thousands):

	2020	2019
Land	<u>\$ 17,650</u>	<u>\$ 17,650</u>
Buildings and improvements	113,222	111,248
Furniture, fixtures, equipment	66,075	62,275
Property and equipment, gross	<u>196,946</u>	<u>191,353</u>
Accumulated depreciation	(74,170)	(66,404)
Property and equipment, net	<u>\$ 122,776</u>	<u>\$ 124,949</u>

7. OTHER ASSETS

Other assets as of March 31 consisted of the following (in thousands):

	2020	2019
Deferred cost	\$ 3,393	\$ 3,215
Software	2,449	3,639
Deposits	458	512
Total	<u>\$ 6,300</u>	<u>\$ 7,096</u>

8. OTHER ACCRUED EXPENSES & LIABILITIES

Other accrued expenses and liabilities as of March 31 consisted of the following (in thousands):

	2020	2019
Payroll and related	\$ 4710	\$ 6,475
Deposits	1,343	1,363
Other	30,333	31,932
Total accrued expenses	<u>\$ 36,386</u>	<u>\$ 39,770</u>
Gaming	\$ 1,332	\$ 940
Other	20,464	16,972
Total other current liabilities	<u>\$ 21,797</u>	<u>\$ 17,912</u>

9. LONG TERM DEBT

In April 2019 we entered into an equipment loan 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 March 31 is comprised of the following (in thousands):

	2020	2019
Equipment loan	1,241	-
Total debt	1,241	-
Less current portion	(975)	-
Long term debt	<u>\$ 266</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 \$2.5 million and \$2.5 million for the three months ended March 31, 2020 and 2019, 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 the three months ended March 31, 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 March 31, 2020 and 2019, we charged to general and administrative expense \$0.1 million, respectively.

CRDA deposits and investments in CRDA bonds, net of allowances of \$16.1 million, reflected in other assets, net on the accompanying consolidating balance sheet as of March 31, 2020 had no value.

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 0.1 million and \$0.2 million for the three months ended March 31, 2020 and 2019, 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 March 31, 2020 and 2019.

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 March 31, 2019 and 2018, respectively.

13. SUBSEQUENT EVENTS

We have evaluated subsequent events through March 31, 2020, which is the date our consolidated financial statements were available to be issued.