DGMB CASINO, LLC

QUARTERLY REPORT

FOR THE PERIOD ENDED DECEMBER 31, 2012

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, 2012 AND 2011

(UNAUDITED)
($ IN THOUSANDS)

AMENDED MAY 2, 2013

Line (a)	Description (b)	Notes	2012 (c)	2011 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$9,877	$11,703
2	Short-Term Investments			0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2012, $1,691 ; 2011, $1,413)	3, 4	4,941	16,211
4	Inventories		1,198	1,376
5	Other Current Assets	5,11	1,803	3,325
6	Total Current Assets		17,819	32,615
7	Investments, Advances, and Receivables	6	20,561	15,120
8	Property and Equipment - Gross	7	63,797	49,531
9	Less: Accumulated Depreciation and Amortization	7	(6,797)	(2,696)
10	Property and Equipment - Net	7	57,000	46,835
11	Other Assets		3,624	3,918
12	Total Assets		$99,004	$98,488
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$10,821	$6,908
14	Notes Payable	12	700	700
	Current Portion of Long-Term Debt:			
15	Due to Affiliates	9	35,218	1,703
16	External		0	0
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	10	11,214	8,794
19	Other Current Liabilities		2,283	1,475
20	Total Current Liabilities		60,236	19,580
	Long-Term Debt:			
21	Due to Affiliates	9	0	30,532
22	External	12	1,925	2,625
23	Deferred Credits	11	1,709	1,921
24	Other Liabilities		768	784
25	Commitments and Contingencies	14	0	0
26	Total Liabilities		64,638	55,442
27	Stockholders', Partners', or Proprietor's Equity		34,366	43,046
28	Total Liabilities and Equity		$99,004	$98,488

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, 2012 AND 2011

(UNAUDITED)
($ IN THOUSANDS)

AMENDED MAY 2, 2013

Line (a)	Description (b)	Notes	2012 (c)	2011 (d)
	Revenue:			
1	Casino		$130,406	$152,982
2	Rooms		20,336	17,958
3	Food and Beverage		27,361	27,560
4	Other		5,321	6,498
5	Total Revenue		183,424	204,998
6	Less: Promotional Allowances	3	56,237	70,233
7	Net Revenue		127,187	134,765
	Costs and Expenses:			
8	Cost of Goods and Services		102,854	108,795
9	Selling, General, and Administrative		31,749	36,634
10	Provision for Doubtful Accounts	3&4	502	1,580
11	Total Costs and Expenses		135,105	147,009
12	Gross Operating Profit		(7,918)	(12,244)
13	Depreciation and Amortization		4,387	2,816
	Charges from Affiliates Other than Interest:			
14	Management Fees	9	496	1,200
15	Other		0	0
16	Income (Loss) from Operations		(12,801)	(16,260)
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External		(832)	(48)
19	CRDA Related Income (Expense) - Net		4,242	(1,656)
20	Nonoperating Income (Expense) - Net		589	878
21	Total Other Income (Expenses)		3,999	(826)
22	Income (Loss) Before Taxes and Extraordinary Items		(8,802)	(17,086)
23	Provision (Credit) for Income Taxes		(172)	(636)
24	Income (Loss) Before Extraordinary Items		(8,630)	(16,450)
25	Extraordinary Items (Net of Income Taxes - 2012, $0; 2011, $0)		0	0
26	Net Income (Loss)		($8,630)	($16,450)

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 THREE MONTHS ENDED DECEMBER 31, 2012 AND 2011

(UNAUDITED)
($ IN THOUSANDS)

AMENDED MAY 2, 2013

Line (a)	Description (b)	Notes	2012 (c)	2011 (d)
	Revenue:			
1	Casino		$26,730	$34,449
2	Rooms		3,593	4,055
3	Food and Beverage		5,026	6,484
4	Other		1,201	1,237
5	Total Revenue		36,550	46,225
6	Less: Promotional Allowances	3	11,057	15,909
7	Net Revenue		25,493	30,316
	Costs and Expenses:			
8	Cost of Goods and Services		23,372	17,542
9	Selling, General, and Administrative		7,443	8,480
10	Provision for Doubtful Accounts	3&4	86	366
11	Total Costs and Expenses		30,901	26,388
12	Gross Operating Profit		(5,408)	3,928
13	Depreciation and Amortization		1,312	939
	Charges from Affiliates Other than Interest:			
14	Management Fees	9	296	300
15	Other		0	0
16	Income (Loss) from Operations		(7,016)	2,689
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External		(731)	(36)
19	CRDA Related Income (Expense) - Net		4,878	(516)
20	Nonoperating Income (Expense) - Net		1,019	489
21	Total Other Income (Expenses)		5,166	(63)
22	Income (Loss) Before Taxes and Extraordinary Items		(1,850)	2,626
23	Provision (Credit) for Income Taxes		(174)	(639)
24	Income (Loss) Before Extraordinary Items		(1,676)	3,265
25	Extraordinary Items (Net of Income Taxes - 2012, $0; 2011, $0)		0	0
26	Net Income (Loss)		($1,676)	$3,265

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 CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012 AND 2011

(UNAUDITED)
($ IN THOUSANDS)

AMENDED MAY 2, 2013

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	________ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2010..........**		$34,778	$24,368		$59,146
2	Net Income (Loss) - 2011..........			(16,450)		(16,450)
3	Capital Contributions................		350			350
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2011..........**		35,128	7,918	0	43,046
11	Net Income (Loss) - 2012..........			(8,630)		(8,630)
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16	Member Contributions		4,800			4,800
17	Member distributions		(4,850)			(4,850)
18						0
19	**Balance, December 31, 2012..........**		$35,078	($712)	$0	$34,366

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 CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012 AND 2011

(UNAUDITED)
($ IN THOUSANDS)

AMENDED MAY 2, 2013

Line (a)	Description (b)	Notes	2012 (c)	2011 (d)	
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		$3,268	($19,459)	
	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.....		(7,030)	(11,113)	
5	Proceeds from Disposition of Property and Equipment.....		8	30	
6	CRDA Obligations		(1,746)	(1,717)	
7	Other Investments, Loans and Advances made.....				
8	Proceeds from Other Investments, Loans, and Advances		1,000		
9	Cash Outflows to Acquire Business Entities.....		0	0	
10	CRDA Reimbursement		441	220	
11	.....				
12	Net Cash Provided (Used) By Investing Activities.....		(7,327)	(12,580)	
	CASH FLOWS FROM FINANCING ACTIVITIES:				
13	Proceeds from Short-Term Debt		0	0	*
14	Payments to Settle Short-Term Debt.....				
15	Proceeds from Long-Term Debt			3,500	
16	Costs of Issuing Debt.....				
17	Payments to Settle Long-Term Debt.....		(700)	(175)	
18	Cash Proceeds from Issuing Stock or Capital Contributions...		4,800	350	
19	Purchases of Treasury Stock.....				
20	Payments of Dividends or Capital Withdrawals.....		10,233	29,985	
21	Proceeds from related party debt		(12,100)	(2,750)	*
22	Payments of related party debt	9	0	0	
23	Net Cash Provided (Used) By Financing Activities.....		2,233	30,910	
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(1,826)	(1,129)	
25	Cash and Cash Equivalents at Beginning of Period.....		11,703	12,832	
26	Cash and Cash Equivalents at End of Period.....		$9,877	$11,703	

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		$130	$37
28	Income Taxes.....		$2	$3

* Amounts have been restated in order to conform to current classification.

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 CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012 AND 2011

(UNAUDITED)

($ IN THOUSANDS)

AMENDED MAY 2, 2013

Line (a)	Description (b)	Notes	2012 (c)	2011 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($8,630)	($16,450)
30	Depreciation and Amortization of Property and Equipment		4,102	2,531
31	Amortization of Other Assets		285	285
32	Amortization of Debt Discount or Premium			0
33	Deferred Income Taxes - Current	11	86	(159)
34	Deferred Income Taxes - Noncurrent	11	(260)	(480)
35	(Gain) Loss on Disposition of Property and Equipment		(8)	(30)
36	(Gain) Loss on CRDA-Related Obligations		(4,242)	1,656
37	(Gain) Loss from Other Investment Activities		(707)	0
38	(Increase) Decrease in Receivables and Patrons' Checks	4	11,264	(13,461)
39	(Increase) Decrease in Inventories		178	(765)
40	(Increase) Decrease in Other Current Assets		1,490	(1,604)
41	(Increase) Decrease in Other Assets		(6)	1,657
42	Increase (Decrease) in Accounts Payable		3,913	2,949
43	Increase (Decrease) in Other Current Liabilities		(4,197)	4,012
44	Increase (Decrease) in Other Liabilities			0
45	Asset Impairment Charges			400
46	Gain on Puchase of Assets			0
47	Net Cash Provided (Used) By Operating Activities		$3,268	($19,459)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2012 (c)	2011 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($7,030)	($11,113)
49	Less: Capital Lease Obligations Incurred			0
50	Cash Outflows for Property and Equipment		($7,030)	($11,113)
	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		$4,800	$350
58	Less: Issuances to Settle Long-Term Debt			
59	Consideration in Acquisition of Business Entities			
60	Cash Proceeds from Issuing Stock or Capital Contributions		$4,800	$350

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, 2012
(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	159,768	$10,959	0	$0
2	Food	336,563	12,968	60,636	2,123
3	Beverage	792,425	5,151	0	0
4	Travel	0	0	91,553	4,394
5	Bus Program Cash	4,422	445	0	0
6	Promotional Gaming Credits	668,929	21,700	0	0
7	Complimentary Cash Gifts	289,383	2,460	0	0
8	Entertainment	107,324	2,504	1,949	243
9	Retail & Non-Cash Gifts	0	0	23,787	2,736
10	Parking	0	0	0	0
11	Other	3,518	50	47,041	1,176
12	Total	2,362,332	$56,237	224,967	$10,672

FOR THE THREE MONTHS ENDED DECEMBER 31, 2012

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	29,861	$2,062	0	$0
2	Food	52,202	2,305	11,474	402
3	Beverage	162,873	1,059	0	0
4	Travel	0	0	15,535	796
5	Bus Program Cash	921	99	0	0
6	Promotional Gaming Credits	136,405	4,249	0	0
7	Complimentary Cash Gifts	52,473	570	0	0
8	Entertainment	29,132	697	620	77
9	Retail & Non-Cash Gifts	0	0	8,614	991
10	Parking	0	0	0	0
11	Other	1,138	16	(2,769)	(69)
12	Total	465,005	$11,057	33,474	$2,197

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

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

FOR THE PERIOD ENDED DECEMBER 31, 2012

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.

Lawrence J. McCabe

4/30/2013
Date

Lawrence J. McCabe

Director - Finance
Title

3392-11
License Number

On Behalf of:

DGMB CASINO, LLC
Casino Licensee

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation **AMENDED MAY 2, 2013 (Footnotes 1, 2, 3, 6, 7, 9, 10, and 11)**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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.

On December 7, 2010, with a net purchase price of $31.5 million, the Company acquired certain assets and assumed certain liabilities of Resorts. However, the assets acquired and liabilities assumed by the Company constitute a business, as all associated processes and productive outputs were obtained in the transaction. The Company completed its valuation procedures, and the resulting fair value of the acquired assets and assumed liabilities was recorded based upon our consideration of an independent valuation of the business enterprise and Resort's tangible and intangible assets.

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 since inception in August 2010. The Company has relied on financing from Holding's majority owner to meet its cash flow requirements since the commencing operations in 2010. As described below, the majority owner can terminate the borrowing agreement within 60 days of making such notice. The Company does not have any adequate financing sources available should the current borrowing facility 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. The Company has entered in a property management agreement with an established gaming company. The Company expects that the benefits of this agreement will result in increased revenues and operating efficiencies. In addition, during 2012, the Company entered into an agreement with a prominent entertainment group to develop a non-gaming facility. That facility is expected to open in mid-2013 and will result in increased customer volume and revenues. No assurance can be given as to whether such improvements will generate sufficient cash flows to sustain the Company's operations or the timing thereof.

The Company has in place the Unlimited Line of Credit for purposes of funding cash short falls that may occur. This Unlimited Line of Credit has been provided by Morris Bailey as a condition of the Company's permanent gaming license. However, under this condition Mr. Bailey can cancel the Unlimited Line of Credit with 60 days prior notice to the New Jersey Division of Gaming Enforcement (the "DGE"). As of December 31 2012 and 2011, the amount outstanding under the Unlimited Line of Credit was $28.0 million and $25.0 million, respectively and included in Related Party Debt on the accompanying balance sheets.

In addition, Morris Bailey has provided to the Company a source of funds for capital improvements under a $10 million Capital Funding Agreement. The maturity date of the agreement is December 31, 2013. The terms of the Capital Funding Agreement are that the amounts borrowed carry no interest charge and repayment will be made to the extent funds are available after all day-to-day operating expenses and maintenance expenditures have been made. Effective October 1, 2012, the Capital Funding Agreement was amended to provide for the accrual of interest at a rate of 10% per annum. At December 31, 2012 and 2011, approximately $7.2 million was outstanding under the Capital Funding Agreement and included in Related Party Debt on the accompanying balance sheets.

3. Summary of Significant Accounting Policies

Receivables

Receivables consist primarily of casino, hotel and other receivables. Accounts receivables are typically non-interest bearing and are initially recorded at cost. During 2011, the Company reached an agreement with the city of Atlantic City related to property taxes for $10.2 million. This amount was included in receivables as of December 31, 2011 and was collected in 2012.

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, operating supplies and retail items, are stated at the lower of average cost or market value.

Property and Equipment

Land, 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 are stated at cost.

The Company capitalizes the costs of improvements that extend the life of the asset and expense 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	2-5 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 was recognized for the year ended December 31, 2012 and 2011.

Included in the other income (net) on the accompanying statements of income are proceeds from insurance as well as expenses incurred and provision for impairment of net book value of assets related to Super Storm Sandy at December 31, 2012. The net gain recorded in other income (net) for the year ended December 31, 2012 is $707,000. The dollar amount received from the insurance company as of December 31, 2012 is not contingent on any finalization of the loss amount or any other conditions. At this time evaluation and analysis of property damage is continuing and has not been finalized. As the process becomes finalized adjustments to the financial statements will be made.

Intangible Assets

Intangible assets, included in Other Assets in the accompany balance sheet, includes customer relationships and trade name. Customer relationships represent the value of repeat business associated with our customer loyalty programs. These intangible assets are amortized over a 3-year period under the straight-line method. 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. For the year ended December 31, 2011, we incurred a $0.4 million impairment charge, which is reflected in the statements of income. No impairment of intangible assets was recognized for the year ended December 31, 2012.

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. In 2011, the Company accrued the base and incremental amount of progressive jackpots as the progressive machine was played and the progressive jackpot amount increased, with a corresponding reduction of casino revenue. In March 2012, the Division of Gaming Enforcement of the State of New Jersey ("DGE") approved regulations allowing casinos to remove in-house progressive jackpots from their floor and were liable for progressive jackpot obligations previously accrued. During 2012, the Company removed its in-house progressive jackpots, which resulted in the elimination of the related liability and an equivalent increase in revenue of approximately $712,000. 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 their levels of gaming activity, through its "Cash back" marketing program. The incentives are in the form of points, which may be redeemed for cash to wager 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, 2012 and 2011, the Cash back liability was $75,000 and $156,000, respectively. Cash back liability is included in accrued expenses and other current liabilities in the accompanying balance sheets.

Bankable Complimentaries

The Company customer loyalty program, Resorts Star Club, offers incentives to customers who gamble 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 redeem them over an eight-month 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, 2012 and 2011, the bankable complimentaries liability was $1.1 million and $1.3 million, respectively and is included in accrued expenses and current liabilities 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 $1.7 million and $1.6 million for the years ended December 31, 2012 and 2011, respectively. Advertising expenses are included in selling, general and administrative expenses in the accompanying statement of operations.

Gaming Tax

The Company remits weekly to the Commission a tax equal to 8% of the gross gaming revenue. Gaming taxes paid to the Commission for the years ended December 31, 2012 and 2011 were $9.2 million and $10.9 million, respectively.

Income Taxes

The Company is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of Holding and SPE. 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 (see Note 11).

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.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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.

Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-09, "Compensation — Retirement Benefits —Multiemployer Plans" to provide updated guidance related to disclosures around employer's participation in multiemployer benefit plans. The updated guidance increases the quantitative and qualitative disclosures an employer will be required to provide about its participation in significant multiemployer plans that offer pension or other postretirement benefits and is effective for annual periods ending after December 31, 2012. The updated disclosure requirements are included in Note 9 to the financial statements. As ASU 2011-09 only required additional footnote disclosures, there was no impact on the Company's financial position, results of operations, or cash flows upon adoption.

In July 2012, the FASB issued ASU No. 2012-02 (ASU 2012-02), Testing Indefinite-Lived Intangible Assets for Impairment, which gives entities testing indefinite-lived intangible assets for impairment the option of performing a qualitative assessment before calculating the fair value of the asset. If entities determine, based on qualitative factors, that the indefinite-lived intangible asset is not more likely than not impaired, a quantitative fair value calculation would not be needed. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 and is not expected to significantly impact the Company's financial position, results of operations, or cash flows.

In December 2011, the FASB issued updated guidance related to disclosures about offsetting assets and liabilities. The new guidance contains disclosure requirements regarding the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. The new disclosures are designed to make financial statements that are prepared under GAAP more comparable to those prepared under International Financial Reporting Standards ("IFRS"). To facilitate comparison between financial statements prepared under GAAP and IFRS, the new disclosures give financial statement users information about both gross and net exposures. The new disclosure requirements will be effective for the Company January 1, 2013. As this is a disclosure requirement only, there will be no impact on the Company's financial position, results of operations, or cash flows upon adoption.

Effective January 1, 2012, the Company adopted the updated guidance related to fair value measurement and disclosure requirements. The changes result in common fair value measurement and disclosure requirements between GAAP and IFRS and change the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. The new disclosure requirements have been included in this report, and, as this update relates only to disclosures, there was no impact on the Company's financial position, results of operations, or cash flows upon adoption.

A variety of proposed or otherwise potential accounting standards are currently under study by standard-setting organizations. Because of the tentative and preliminary nature of such proposed standards, the Company has not yet determined the effect, if any, that the implementation of such proposed standards would have on its financial statements. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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):

	2012	2011
Gaming	$ 4,415	$ 4,777
Less: allowance for doubtful accounts	(1,577)	(1,413)
	2,838	3,364
Non-gaming:		
Hotel and related	1,370	1,330
Less: allowance for doubtful accounts	(114)	
Other	847	11,517
	2,103	12,847
Less: allowance for doubtful accounts	-	-
	2,103	12,847
Receivables, net	$ 4,941	$ 16,211

5. Other Current Assets

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

	2012	2011
Prepaid insurance	$ 558	$ 1,086
Prepaid casino license	518	561
Prepaid maintenance agreements	360	296
Current deferred tax asset	113	150
Purse Enhancement Agreement payments	-	729
Prepaid rent	-	180
Other prepaid expenses and current assets	254	323
	$ 1,803	$ 3,325

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):

	2012	2011
Deposits — net of valuation allowance for $1,060 and $6,185, respectively	$ 17,394	$ 12,370
CRDA Bonds — net of valuation allowance for $8,160 and $7,991, respectively	3,167	2,750
	$ 20,561	$ 15,120

The Company records (credits) charges to operations to reflect the estimated net realizable value of its CRDA investment. Such (credits) charges to operations were $ (4.2) million and $1.7 million for the years ended December 31, 2012 and 2011, 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. The Company accretes such discount over the remaining life of the bonds. Accretion for the years ended December 31, 2012 and 2011 was $63,000 and $93,000, respectively, and is included in other income (expenses) in the accompanying statements of income.

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 2012, the Company entered into a Licensing and Lease Agreement with Margaritaville. Margaritaville restaurants are affiliated with the famed singer Jimmy Buffet and are heavily themed with Key West and Tropical motif and lifestyles depicted in the music of Mr. Buffet. The agreements call for the Company to construct a Margaritaville themed Café, Landshark Bar and Grill, 5 O'clock Somewhere Bar, along with a Margaritaville themed section of the existing gaming floor all within the existing Resorts property. In consideration for the Company investing in the project, in the lease agreement between the Company and Margaritaville, Margaritaville has agreed to operate the facilities for a 10 year period, with an option for an additional 10 years, and pay a portion of their Food, Beverage and Retail revenues, with a minimum amount guaranteed, as rent. In addition, the Trademark Sublicense Agreement calls for the Company to make payments to Margaritaville for use of its name in connection with the operation Resorts with a guaranteed amount per year with a potential for increased amounts based upon gaming revenues as defined.

In addition, the Company has planned the development of a Food Court within its casino hotel property that will house five different food and beverage offerings to its customers. The Food Court outlets will be operated by third party vendors under a Master Lease paying rent based upon a percentage of food and beverage revenues.

In 2011 the CRDA created the Atlantic City Tourism District, an area that includes all casino hotels and facilities in Atlantic City, in which the CRDA is authorized to facilitate development, and as such created a Tourism District Master Plan (the "Master Plan"). As part of the Master Plan the CRDA is authorized to allow funds invested with the CRDA to be used by entities for approved projects under the Master Plan. In accordance with these guidelines Resorts requested funds, currently on deposit with the CRDA, to be used as part of its Margaritaville project. The CRDA approved the use of these funds and granted Resorts $12.8 million for use in its development of the Margaritaville project.

The CRDA has granted $2.8 million of funds currently on deposit with the CRDA in the CRDA Atlantic City Expansion Fund, to Resorts for use in the development of the Food Court project.

In addition the Company has obtained CRDA funding for a project, previously approved by the CRDA, to repair its certain sections of its building Façade facing the boardwalk. The commencement of this project allowed the CRDA to grant $2.3 million, currently on deposit with the CRDA, to be used by Resorts in this project.

All projects are anticipated to be completed by the summer of 2013.

As funds currently on deposit with the CRDA are normally provided a valuation allowance of 1/3 of the face value for purposes of valuing at the expected conversion into bonds and the resulting fair value, the valuation allowance at December 31, 2012 related to the funds on deposit that have been granted for use in the above projects has been reversed resulting in a reduction in the 2012 other income (expenses) of $5.1million.

7. Property and Equipment

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

	2012	2011
Land	$ 11,500	$ 11,500
Hotels and other buildings	24,691	24,626
Furniture, fixtures and equipment	17,480	12,429
Construction in progress	10,127	976
	63,798	49,531
Less: accumulated depreciation	(6,798)	(2,696)
Net property and equipment	$ 57,000	$ 46,835

Depreciation expense for the years ended December 31, 2012 and 2011 was $4.1 million and $2.5 million respectively.

Interest capitalized for construction in progress was $0.1 million and $0 for the years ended December 31, 2012 and 2011, respectively.

In 2012, the Company entered into a Licensing and Lease Agreement with Margaritaville of Atlantic City, LLC, ("Margaritaville") a subsidiary of Margaritaville Enterprises, LLC, an owner, operator and licensor of multiple Margaritaville restaurants in the United States. Margaritaville restaurants are affiliated with the famed singer Jimmy Buffet and are heavily themed with Key West and Tropical motif and lifestyles depicted in the music of Mr. Buffet. The agreements call for the Company to construct a Margaritaville themed Café, Landshark Bar and Grill, 5 O'clock Somewhere Bar, along with a Margaritaville themed section of the existing gaming floor all within the existing Resorts property ("Margaritaville Projects"). At December 31, 2012, the $10.1 million recorded within construction in progress was predominantly associated with the construction of the Margaritaville Projects.

In 2012, the Company had entered into a $29.2 million agreement with a contractor for construction of the Margaritaville Projects. At December 31, 2012, Resorts had recorded approximately $6.1 million in construction costs associated with this agreement, with approximately $23.1 million due in remaining progress installment payments, until completion in 2013.

8. Intangible Assets

Intangible assets, included in other assets in the accompanying balance sheets, represents a trade name valued at $3,300,000 at December 31, 2012 and 2011 and a customer database with a net value of $275,000 and $575,000 at December 31, 2012 and 2011, respectively. The customer database was determined to have an initial value of $900,000 based on the application of purchase accounting in 2010 and a three-year life based upon attrition rates and computations of incremental value derived from existing relationships. The trade name is deemed to have an indefinite life. The Company recorded $300,000 of amortization expense for the customer database in 2012 and 2011. The amortization expense is expected to approximate $275,000 in 2013 and the asset will then be fully amortized. The accumulated amortization for the customer database at December 31, 2012 and 2011 was $625,000 and $325,000, respectively.

9. Related Party Transactions

In September 2010, Gomes Gaming NJ, LLC, ("Gomes Gaming NJ"), a New Jersey Limited Liability Company, and the Company entered into an Operating Agreement (the "Gomes Agreement"), whereby Gomes Gaming would have exclusive operating responsibility and full control for the operation of Resorts. Under conditions of the Commission, Gomes Gaming NJ was required to hold a casino license in New Jersey. Per the terms of the Gomes Agreement, Gomes Gaming NJ was to be paid $1.2 million per year in equal monthly installments. In February 2012, Dennis C Gomes, President and Chief Executive Officer of the Company and principal of Gomes Gaming, passed away. Under the terms of the Gomes Agreement, the death of Mr. Gomes created an event that allowed for the termination of the Gomes Agreement by the Company. In March 2012, the Company terminated the Gomes Agreement. There was no amount owed under the Gomes agreement at December 31, 2012 and the expense for the years ended December 31, 2012 and 2011 was $250,000 and $1.2 million, respectively.

In connection with a condition of the Company's permanent gaming license, Morris Bailey has provided to the Company an "Unlimited Line of Credit". In accordance with the gaming license condition, if in the event that the Unlimited

Line of Credit is terminated or otherwise matures, Mr. Bailey shall identify an alternative source of funds to replace the Unlimited Line of Credit. However, under this condition Mr. Bailey can cancel the Unlimited Line of Credit with 60 days prior notice to the Division The initial terms of the Unlimited Line of Credit were that the amounts borrowed carry no interest charge and require that if the Company is financially able, and if the cash levels of the Company exceed a certain level, payment will be made to reduce the amount outstanding. On October 1, 2012, under an amendment to the operating agreement of Holding, the terms of the Unlimited Line of Credit were changed to allow interest to accrue at 10% per annum and compound annually on the unpaid principal balance. At December 31, 2012 and 2011, approximately $28.0 million and $25.0 million, respectively were outstanding under the Unlimited Line of Credit and are included in the Related Party Debt on the accompanying balance sheets. The amount of interest expense incurred was $599,000 and $0 for the years ended December 31, 2012 and 2011, respectively.

In addition, Morris Bailey has provided to the Company a source of funds for capital improvements under a $10 million Capital Funding Agreement. The maturity date of the agreement is December 31, 2013. The terms of the Capital Funding Agreement are that the amounts borrowed carry no interest charge and repayment will be made to the extent funds are available after all day-to-day operating expenses and maintenance expenditures have been made. On October 1, 2012, under an amendment of the operating agreement of Holding, this outstanding balance began accruing interest. At December 31, 2012 and 2011, approximately $7.2 million was outstanding under the Capital Funding Agreement and included in Related Party Debt on the accompanying balance sheets. The amount of interest expense incurred was $177,000 and $0 for the years ended December 31, 2012 and 2011, respectively.

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 (1%) 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. For the year ended December 31, 2012, the Company recorded $255,000 in base fees related to the Management Agreement. No amount was recorded or paid for incentive fees based on 2012 annual results.

Multiemployer Benefit Plans — Certain employees of the Company are covered by union sponsored, collectively bargained, health and welfare plans. The contributions and charges for these plans totaled $7.5 million and $6.2 million for the years ended December 31, 2012 and 2011, respectively, and were included in total costs and expenses in the accompanying consolidated statements of operations.

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.

The Company’s participation in these plans for the years ended December 31, 2012 and 2011 is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employer Identification Number (“EIN”) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (“PPA”) zone status available in 2012 and 2011 is for the plan years beginning January 1, 2012 and 2011, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan’s actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. All plans detailed in the table below utilized extended amortization provisions to calculate zone status except the Pension Plan of the UNITE HERE National Retirement Fund. The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan (“FIP”) or a rehabilitation plan (“RP”) is either pending or has been implemented.

Under the Collective Bargaining Agreement entered into with UNITE HERE Local 54, Resorts began contributing as a new employer to the UNITE HERE National Retirement Fund (NRF) effective July 1, 2012 based on the fact that the NRF will receive approval from the Pension Benefit Guarantee Corporation ("PBGC") to use a withdrawal liability method that places Resorts in a new pool with other new employers for purposes of calculating withdrawal liability. If approved by the

PBGC, Resorts' withdrawal liability exposure is significantly reduced and, at this point in time, non-existent, because the new employer pool is not underfunded at this time. More importantly, Resorts is not liable for the large underfunded amount in the existing NRF pool. In the event the PBGC does not approve Resorts participation in the new employer pool, then the NRF will refund Resorts' contributions without interest and Resorts' agreement to contribute to the NRF will cease. Resorts and UNITE HERE Local 54 will then meet in a good faith attempt to agree upon an alternate retirement contribution method, which will not expose Resorts to a significant unfunded liability.

The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2012	Pension Protection Act Zone Status 2011	FIP/RP Status Pending/ Implement	Contributions ($ in thousands) 2012	Contributions ($ in thousands) 2011	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
Pension Plan of the								
UNITE HERE National Retirement Fund	13-6130178/001	Red	Red	Yes	$ 1,124	$ -	No	September 14, 2014
Local 68 Maintenance Engineers Union Pension Plan	51-0176618/001	Green	Green	No	317	310	No	April 30, 2014
Local 68 Entertainment Engineers Union Pension Plan	51-0176618/001	Green	Green	No	171	102	No	June 30, 2014
NJ Carpenters Pension Fund	22-6174423/001	Yellow	Yellow	Yes	147	176	No	April 30, 2014
Local 711 Painters Union	*	*	*	*	163	-	*	April 30, 2014
					$ 1,922	$ 588		

* Information not available

10. Other Accrued Expenses

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

	2012	2011
Payroll and related costs	$ 5,586	$ 4,144
Unredeemed incentives	1,196	1,587
Capital slot lease	1,629	-
Property Taxes	497	525
Regulatory fees	392	427
Utilities	339	2
Guest Claims	332	108
Unredeemed gaming tickets	165	268
Accounting fees	162	212
Progressive jackpot liability	-	681
Other	916	840
	$ 11,214	$ 8,794

11. Income Taxes

Significant components of the (benefit) provision for income taxes were as follows for the periods ended December 31, (in thousands):

	2012	2011
Current:	$ 2	$ 3
Deferred:	(174)	(639)
Income Tax (benefit) provision	$ (172)	$ (636)

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

	2012	2011
Total deferred tax assets	$ 2,688	$ 2,118
Total deferred tax liabilities	(2,860)	(2,978)
Valuation allowance	(1,424)	(911)
Total deferred tax liability, net	$ (1,596)	$ (1,771)

The significant 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 $1.6 million and $0.9 million at December 31, 2012 and 2011, 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 carry forward as of December 31, 2012 was $28.7 million, which will expire in 2031, if not utilized by the Company.

The Company has determined there were no unrecognized tax positions to recognize as a liability as of December 31, 2012 and 2011.

12. 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, 2012 and 2011, the interest rate was 4%. The Company has estimated that the carrying amount of $2.6 million approximates the fair value of the debt.

The maturity for the note payable at December 31, 2012 is the following (in thousands):

Year ending, December 31,		Note Payable
2013	$	700
2014		700
2015		700
2016		525
Total	$	2,625

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, 2012, are as follows (in thousands):

Year ending, December 31,		Operating Lease Obligations
2013	$	510
2014		338
2015		330
2016		330
2017		330
Thereafter		14,082
Total minimum lease payments	$	15,920

Scheduled rent increases are amortized on a straight-line basis primarily over the life of the applicable lease. Lease expense totaled $2.4 million and $3.5 million for the years ended December 31, 2012 and 2011, respectively.

14. Commitments and Contingencies

Litigation

There are other various claims and legal actions arising in the ordinary course of business. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Atlantic City Alliance

All the Atlantic City casino properties 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 Atlantic City casino industry. As part of the agreement, the Atlantic City casino 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 next five years. Each annual payment will be allocated to the AC Industry based on each casino's prorated share of gross gaming revenues from the preceding year. The Company's obligation for the initial deposit in 2011 was $131,000. The Company's obligation was $1.3 million for the year ended December 31, 2012.

15. Subsequent Events

The Company completed its subsequent events review through April 30, 2013, the date on which the financial statements were available to be issued.

In April 2013, the Company entered into a $2 million Revolving Line of Credit with a bank (the "Revolver") with maturity date of April 30, 2014. Any outstanding amounts on the Revolver accrue interest at a rate of greater of 5% or LIBOR plus 4%. There is a fee of .0035% on the amount of unused funds during the year payable at December 31, 2013. The Revolver is guaranteed by certain affiliates of Holding.

DGMB CASINO, LLC

ANNUAL FILINGS

FOR THE PERIOD DECEMBER 31, 2012

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 PERIOD DECEMBER 31, 2012

(UNAUDITED)
($ IN THOUSANDS)

Amended 10/20/14

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	**Description (b)**	**Account Balance (c)**	**Allowance (d)**	**Accounts Receivable (Net of Allowance) (e)**
	Patrons' Checks:			
1	Undeposited Patrons' Checks	$2,473		
2	Returned Patrons' Checks	1,942		
3	Total Patrons' Checks	4,415	$1,577	$2,838
4	Hotel Receivables	1,281	114	$1,167
	Other Receivables:			
5	Receivables Due from Officers and Employees	-		
6	Receivables Due from Affiliates	-		
7	Other Accounts and Notes Receivables	936		
8	Total Other Receivables	936		$936
9	Totals (Form DGE-205)	$6,632	$1,691	$4,941

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)	$2,903
11	Counter Checks Issued	53,627
12	Checks Redeemed Prior to Deposit	(41,454)
13	Checks Collected Through Deposits	(10,363)
14	Checks Transferred to Returned Checks	(1,942)
15	Other Adjustments	(298)
16	Ending Balance	$2,473
17	"Hold" Checks Included in Balance on Line 16	0
18	Provision for Uncollectible Patrons' Checks	$461
19	Provision as a Percent of Counter Checks Issued	0.9%

DGMB CASINO, LLC
ANNUAL EMPLOYMENT AND PAYROLL REPORT
AT DECEMBER 31, 2012
($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages: Other Employees (d)	Salaries and Wages: Officers & Owners (e)	Salaries and Wages: Totals (f)
	CASINO:				
1	Table and Other Games	392			
2	Slot Machines	66			
3	Administration	9			
4	Casino Accounting	94			
5	Simulcasting	0			
6	Other	0			
7	Total - Casino	561	$10,256	$0	$10,256
8	ROOMS	223	3,577		3,577
9	FOOD AND BEVERAGE	598	9,984		9,984
10	GUEST ENTERTAINMENT	58	1,788		1,788
11	MARKETING	123	3,123		3,123
12	OPERATION AND MAINTENANCE	202	3,837		3,837
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	19	2,257		2,257
14	Accounting and Auditing	18	1,323		1,323
15	Security	132	3,499		3,499
16	Other Administrative and General	28	3,000		3,000
	OTHER OPERATED DEPARTMENTS:				
17	Health Club/Spa	0	70		70
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	1,962	$42,714	$0	$42,714