BORGATA HOTEL CASINO & SPA

QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BORGATA HOTEL CASINO & SPA
BALANCE SHEETS

AS OF SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	2, 9	$34,377	$32,712
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2015, $21,595; 2014, $19,813)	3	36,595	36,055
4	Inventories	2	4,662	4,332
5	Other Current Assets	9	18,610	25,256
6	Total Current Assets		94,244	98,355
7	Investments, Advances, and Receivables	2, 8, 9	9,110	8,392
8	Property and Equipment - Gross	2, 4	1,842,014	1,834,297
9	Less: Accumulated Depreciation and Amortization	2, 4	(691,351)	(653,520)
10	Property and Equipment - Net	2, 4	1,150,663	1,180,777
11	Other Assets	2, 9	11,229	14,692
12	Total Assets		$1,265,246	$1,302,216
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$3,469	$3,149
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External	7	8,000	3,800
17	Income Taxes Payable and Accrued	2	8,155	3,597
18	Other Accrued Expenses	2, 5	77,352	70,334
19	Other Current Liabilities	2, 6	28,166	25,975
20	Total Current Liabilities		125,142	106,855
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	2, 7, 9	659,449	762,327
23	Deferred Credits	7	6,713	9,202
24	Other Liabilities		5,234	14,589
25	Commitments and Contingencies	8	0	0
26	Total Liabilities		796,538	892,973
27	Stockholders', Partners', or Proprietor's Equity		468,708	409,243
28	Total Liabilities and Equity		$1,265,246	$1,302,216

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

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	Revenue:			
1	Casino		$549,021	$507,841
2	Rooms		91,933	89,164
3	Food and Beverage		111,520	104,832
4	Other		34,240	33,564
5	Total Revenue		786,714	735,401
6	Less: Promotional Allowances	2	175,501	176,337
7	Net Revenue		611,213	559,064
	Costs and Expenses:			
8	Casino		208,995	199,487
9	Rooms, Food and Beverage		66,913	63,621
10	General, Administrative and Other	10	169,438	174,098
11	Total Costs and Expenses		445,346	437,206
12	Gross Operating Profit		165,867	121,858
13	Depreciation and Amortization	4	43,802	44,173
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		122,065	77,685
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5, 7	(47,187)	(53,327)
19	CRDA Related Income (Expense) - Net	2, 9	(7,564)	(1,798)
20	Nonoperating Income (Expense) - Net	7	(17,634)	1,468
21	Total Other Income (Expenses)		(72,385)	(53,657)
22	Income (Loss) Before Taxes and Extraordinary Items		49,680	24,028
23	Provision (Credit) for Income Taxes	2	(7,151)	2,953
24	Income (Loss) Before Extraordinary Items		56,831	21,075
25	Extraordinary Items (Net of Income Taxes - 2014, $0; 2013, $0)		0	0
26	Net Income (Loss)		$56,831	$21,075

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

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	Revenue:			
1	Casino		$213,616	$187,556
2	Rooms		34,982	34,991
3	Food and Beverage		40,660	39,714
4	Other		14,331	13,687
5	Total Revenue		303,589	275,948
6	Less: Promotional Allowances	2	66,128	66,002
7	Net Revenue		237,461	209,946
	Costs and Expenses:			
8	Casino		75,019	71,023
9	Rooms, Food and Beverage		23,291	22,706
10	General, Administrative and Other	10	57,047	58,641
11	Total Costs and Expenses		155,357	152,370
12	Gross Operating Profit		82,104	57,576
13	Depreciation and Amortization	4	14,212	14,819
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		67,892	42,757
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5, 7	(14,223)	(17,809)
19	CRDA Related Income (Expense) - Net	2, 9	(6,140)	(654)
20	Nonoperating Income (Expense) - Net	7	(17,377)	1,334
21	Total Other Income (Expenses)		(37,740)	(17,129)
22	Income (Loss) Before Taxes and Extraordinary Items		30,152	25,628
23	Provision (Credit) for Income Taxes	2	(6,698)	2,651
24	Income (Loss) Before Extraordinary Items		36,850	22,977
	Extraordinary Items (Net of Income Taxes -			
25	2014, $0; 2013, $0)		0	0
26	Net Income (Loss)		$36,850	$22,977

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

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2013_........**		$446,700	($58,532)		$388,168
2	Net Income (Loss) - 2014..........			23,709		23,709
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2014.........**		446,700	(34,823)	0	411,877
11	Net Income (Loss) - 2015..........			56,831		56,831
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, September 30, 2015........**		$446,700	$22,008	$0	$468,708

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

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$118,104	$47,735
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment	4	(21,096)	(11,632)
5	Proceeds from Disposition of Property and Equipment	4	254	9
6	CRDA Obligations	2, 9	(7,433)	(6,274)
7	Other Investments, Loans and Advances made		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities		0	0
10	Gain from Insurance Recoveries		0	2,197
11				
12	Net Cash Provided (Used) By Investing Activities		(28,275)	(15,700)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt		0	0
15	Proceeds from Long-Term Debt	7	450,700	410,900
16	Costs of Issuing Debt		(1,366)	0
17	Payments to Settle Long-Term Debt	7	(554,900)	(447,750)
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0
19	Purchases of Treasury Stock		0	0
20	Payments of Dividends or Capital Withdrawals		0	0
21	Payments to Repurchase Sr. Secured Notes		(403,216)	0
22	Net Proceeds from Issuance of Term Loan		411,600	0
23	Net Cash Provided (Used) By Financing Activities		(97,182)	(36,850)
24	Net Increase (Decrease) in Cash and Cash Equivalents		(7,353)	(4,815)
25	Cash and Cash Equivalents at Beginning of Period		41,730	37,527
26	Cash and Cash Equivalents at End of Period	2	$34,377	$32,712

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)	7	$58,239	$60,177
28	Income Taxes		$1,916	($1,029)

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

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$56,831	$21,075
30	Depreciation and Amortization of Property and Equipment	4	43,363	43,834
31	Amortization of Other Assets		439	339
32	Amortization of Debt Discount or Premium	7	1,633	1,717
33	Deferred Income Taxes - Current	2	(136)	34
34	Deferred Income Taxes - Noncurrent	2	398	2,153
35	(Gain) Loss on Disposition of Property and Equipment		(16)	374
36	(Gain) Loss on CRDA-Related Obligations		7,564	1,798
37	(Gain) Loss from Other Investment Activities		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks	3	(3,756)	(2,727)
39	(Increase) Decrease in Inventories		(207)	(148)
40	(Increase) Decrease in Other Current Assets		1,899	(15,559)
41	(Increase) Decrease in Other Assets		1,609	1,882
42	Increase (Decrease) in Accounts Payable		(2,151)	(2,833)
43	Increase (Decrease) in Other Current Liabilities	6	2,165	2,205
44	Increase (Decrease) in Other Liabilities		(10,404)	(4,212)
45	Loss on Early Retirement of Debt		18,873	(2,197)
46			0	0
47	Net Cash Provided (Used) By Operating Activities		$118,104	$47,735

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2015	2014
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment	4	($21,096)	($11,632)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($21,096)	($11,632)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired			
52	Goodwill Acquired			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

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

BORGATA HOTEL CASINO & SPA
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	177,726	$20,820	0	$0
2	Food	443,509	10,410	326,100	3,261
3	Beverage	1,642,682	5,339	0	0
4	Travel	0	0	4,612	1,153
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	806,372	20,159	0	0
7	Complimentary Cash Gifts	151,663	3,791	0	0
8	Entertainment	45,492	1,820	500	50
9	Retail & Non-Cash Gifts	10,453	523	7,600	1,900
10	Parking	0	0	0	0
11	Other	25,815	3,266	404,426	1,441
12	Total	3,303,712	$66,128	743,238	$7,805

*Promotional Allowances - Other includes $775K of Spa comps, $280K of Comp room incidentals, 1,261M change in Comp and Slot dollars earned but not redeemed and $950K in other promotional allowances.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	473,331	$55,220	0	$0
2	Food	1,152,515	27,018	919,300	9,193
3	Beverage	4,493,557	14,604	0	0
4	Travel	0	0	14,172	3,543
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	2,242,788	56,070	0	0
7	Complimentary Cash Gifts	387,449	9,686	0	0
8	Entertainment	100,846	4,034	550	55
9	Retail & Non-Cash Gifts	31,915	1,596	21,076	5,269
10	Parking	0	0	0	0
11	Other	67,625	7,273	1,086,847	4,158
12	Total	8,950,026	$175,501	2,041,945	$22,218

*Promotional Allowances - Other includes $2,028M of Spa comps, $741K of Comp room incidentals, $1,222 change in Comp and Slot dollars earned but not redeemed and $3,282M in other promotional allowances.

BORGATA HOTEL CASINO & SPA
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

1. I have examined this Quarterly Report.

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

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

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

11/16/2015
Date

Hugh Turner

Vice President of Finance
Title

007833-11
License Number

On Behalf of:

BORGATA HOTEL CASINO & SPA
Casino Licensee

Marina District Development Company, LLC and Subsidiary

(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marina District Development Company, LLC, a New Jersey limited liability company ("MDDC"), is the parent of Marina District Finance Company, Inc., a New Jersey corporation ("MDFC"). MDFC is a 100% owned finance subsidiary of MDDC, which has fully and unconditionally guaranteed MDFC's securities.

MDDC was incorporated in July 1998 and has been operating since July 3, 2003. MDFC was incorporated in 2000 and has been a wholly owned subsidiary of MDDC since its inception. We developed, own and operate Borgata Hotel Casino and Spa, including The Water Club at Borgata (collectively, "Borgata"). Borgata is located on a 45.6-acre site at Renaissance Pointe in Atlantic City, New Jersey. Borgata is an upscale destination resort and gaming entertainment property.

Borgata was developed as a joint venture between Boyd Atlantic City, Inc. ("BAC"), a wholly owned subsidiary of Boyd Gaming Corporation ("Boyd"), and MAC, Corp. ("MAC"), a second tier, wholly owned subsidiary of MGM Resorts International (the successor-in-interest to MGM MIRAGE) ("MGM"). The joint venture operates pursuant to an operating agreement between BAC and MAC (the "Operating Agreement"), in which BAC and MAC each hold a 50% interest in Marina District Development Holding Co., LLC, MDDC's parent holding company ("MDDHC").

As managing member of MDDHC pursuant to the terms of the Operating Agreement, BAC, through MDDHC, has responsibility for the oversight and management of our day-to-day operations. We do not presently record a management fee to BAC, as our management team performs these services directly or negotiates contracts to provide for these services. As a result, the costs of these services are directly borne by us and are reflected in our consolidated financial statements. Boyd, the parent of BAC, is a diversified operator of 21 wholly owned gaming entertainment properties. Headquartered in Las Vegas, Nevada, Boyd has other gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana and Mississippi.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with GAAP and include the accounts of MDDC and MDFC. All intercompany accounts and transactions have been eliminated.
The results for the periods indicated are unaudited, but reflect all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of financial position, results of operations and cash flows. Results of operations and cash flows for the interim periods presented herein are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the U.S. Securities and Exchange Commission ("SEC") on March 19, 2015.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less at their date of purchase, and are on deposit with high credit quality financial institutions. The carrying values of these instruments approximate their fair values due to their short maturities.

Cash and cash equivalents consist of the following:

	September 30, 2015	September 30, 2014
Unrestricted cash and cash equivalents	$ 28,144,000	$ 26,891,000
Restricted cash	6,233,000	5,821,000
Total cash and cash equivalents	**$ 34,377,000**	**$ 32,712,000**

Cash and cash equivalents at September 30, 2015 and 2014 included restricted cash of $6,233,000 and $5,821,000, respectively, primarily related to the balances of patrons' internet gaming accounts as of the previous day. Pursuant to N.J.A.C. 13:69O-1.3(j), we maintain separate New Jersey bank accounts to ensure the security of funds held in patrons' internet gaming accounts. Restricted cash balances are on deposit with high credit quality financial institutions. The carrying values of these instruments approximate their fair values due to their short maturities.

CRDA Investments

Pursuant to the New Jersey Casino Control Act ("Casino Control Act"), as a casino licensee, we are assessed an amount equal to 1.25% of our land-based gross gaming revenues in order to fund qualified investments. This assessment is made in lieu of an investment alternative tax equal to 2.5% of land-based gross gaming revenues. The Casino Control Act also provides for an assessment of licensees equal to 2.5% of online gross gaming revenues, which is made in lieu of an investment alternative tax equal to 5.0% of online gross gaming revenues. Once our funds are deposited with the New Jersey Casino Reinvestment Development Authority ("CRDA"), qualified investments may be satisfied by: (i) the purchase of bonds issued by the CRDA at below market rates of interest; (ii) direct investment in CRDA-approved projects; or (iii) a donation of funds to projects as determined by the CRDA. According to the Casino Control Act, funds on deposit with the CRDA are invested by the CRDA and the resulting income is shared two-thirds to the casino licensee and one-third to the CRDA. Further, the Casino Control Act requires that CRDA bonds be issued at statutory rates established at two-thirds of market value.

We are required to make quarterly deposits with the CRDA to satisfy our investment obligations. As the date the obligation arises, we record charges to expense (i) pursuant to the respective underlying agreements for obligations with identified qualified investments, and (ii) by applying a one-third valuation reserve to our obligations that are available to fund qualified investments to reflect the anticipated below market return on investment. The one-third valuation reserve is adjusted accordingly, if necessary, when a qualified investment is identified. Our deposits with the CRDA, net of valuation reserves held by us, were $8,715,000 and $8,037,000 as at September 30, 2015 and 2014, respectively, and are included in other assets, net, on our condensed consolidated balance sheets. Additionally, legislation has been proposed that would create a payment in lieu of taxes ("PILOT") program for the Atlantic City casinos which would establish annual fixed payments for 15 years and also re-direct funding from other sources to the City. Other redirected funding would include, but would not be limited to deposits held by the CRDA. As such, a 100% reserve rate has been applied for CRDA obligations that have accumulated during 2015.

Promotional Allowances

The retail value of accommodations, food and beverage, and other services furnished to guests on a complimentary basis is included in gross revenues and then deducted as promotional allowances. Promotional allowances also include incentives such as cash, goods and services (such as complimentary rooms and food and beverages) earned pursuant to our loyalty programs. We reward customers, through the use of loyalty programs, with points based on amounts wagered that can be redeemed for a specified period of time, principally for restricted free play slot machine credits and complimentary goods and services. We record the estimated retail value of these goods and services as revenue and then record a corresponding deduction as promotional allowances.

The amounts included in promotional allowances are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Rooms	$ 20,820,000	$ 20,231,000	$ 55,220,000	$ 54,143,000

Food and Beverage	15,691,000	14,717,000	41,452,000	38,955,000
Other	29,617,000	31,054,000	78,829,000	83,239,000
Total promotional allowances	**$ 66,128,000**	**$ 66,002,000**	**$ 175,501,000**	**$ 176,337,000**

The estimated costs of providing such promotional allowances are as follows:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2015	**2014**	**2015**	**2014**
Rooms	$ 5,740,000	$ 5,631,000	$ 16,178,000	$ 16,330,000
Food and Beverage	12,002,000	11,315,000	32,483,000	30,586,000
Other	4,156,000	3,651,000	9,698,000	8,831,000
Total cost of promotional allowances	**$ 21,898,000**	**$ 20,597,000**	**$ 58,359,000**	**$ 55,747,000**

Gaming Taxes

In New Jersey, we are subject to an annual tax assessment based on gross gaming revenues of 8% on our land-based gross gaming revenues and 15% on our online gross gaming revenues. These gaming taxes are recorded as a gaming expense in the condensed consolidated statements of operations. These taxes were $16,348,000 and $14,332,000 during the three months ended September 30, 2015 and 2014, respectively, and $42,587,000 and $39,195,000 during the nine months ended September 30, 2015 and 2014, respectively.

Income Taxes

As a single member LLC, MDDC is treated as a disregarded entity for federal income tax purposes. As such, it is not subject to federal income tax and its income is treated as earned by its member, MDDHC. MDDHC is treated as a partnership for federal income tax purposes and federal income taxes are the responsibility of its members. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, MDDC, considered a casino partnership, is required to record New Jersey state income taxes. In 2004, MDDC was granted permission by the state of New Jersey, pursuant to a ruling request, to file a consolidated New Jersey corporation business tax return with the members of its parent, MDDHC. The amounts reflected in the condensed consolidated financial statements are reported as if MDDC was taxed for state purposes on a stand-alone basis; however, MDDC files a consolidated state tax return with the members of MDDHC. Under the terms of the tax sharing agreement between MDDC and the members of its parent, current year tax attributes of the members are utilized prior to MDDC's separately determined net operating loss carryforward. The utilization of the current year member tax attributes resulted in an income tax payable that will be remitted to the members of MDDHC under the tax sharing agreement. Amounts due to the State reflect the estimated post audit tax effect of roll-forward audit adjustments resulting from the New Jersey 2003 through 2009 state income tax examination. Such amounts were reclassified from other long term tax liabilities, as it is reasonably possible that payment will occur in the next twelve month period.

The amounts due to these members are a result of each member's respective tax attributes included in the consolidated state tax return. A reconciliation of the components of our stand-alone state income taxes receivable is presented below:

	September 30,	
	2015	**2014**
Amounts payable to members of MDDHC	$ 7,805,000	$ -
Amounts payable (receivable) – the State of New Jersey	349,000	(9,000)
Income taxes payable (receivable), net	**$ 8,154,000**	**$ (9,000)**

Income taxes receivable at September 30, 2015 is included in other current assets on our condensed balance sheets.

Accounting for Uncertain Tax Positions

The impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Accounting guidance, which is applicable to all income tax positions, provides direction on derecognition, classification, interest and penalties, accounting in interim periods and disclosure.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(In thousands)		Nine Months Ended September 30, 2015
Unrecognized tax benefit as of January 1,	$	6,217,000
Additions based on tax positions related to current year		-
Additions based on tax positions related to prior years		-
Reductions based on tax positions settled with taxing authorities		-
Reductions based on tax positions related to prior years		-
Thereafter		(6,217,000)
Unrecognized tax benefit as of September 30,	**$**	**-**

During the first quarter, we effectively settled our 2005 through 2009 IRS examination and adjusted our unrecognized tax benefits and state income tax payable for the expected state tax impact of the federal income tax adjustments, where the state and federal tax treatment should be consistent. As a result, we reduced our unrecognized tax benefits by $3,213,000. The reduction in our unrecognized tax benefits and reversal of interest accrued on other state income tax liabilities resulted in a first quarter income statement benefit to our tax provision of $2,548,000.

In July 2015, we received a final audit determination from the New Jersey Division of Taxation in connection with the examination of our New Jersey state income tax returns for the years ended December 31, 2003 through December 31, 2009. As a result of the determination, it is reasonably possible over the next twelve-month period that we will experience a decrease in our unrecognized tax benefits, as of September 30, 2015, in an amount up to $3,000,000, all of which would impact our effective tax rate. Such reduction is due to the resolution of certain issues, primarily related to the realization of tax attributes, in connection with our state examination.

Use of Estimates

The preparation of financial statements in conformity with 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 these estimates.

Recently Issued Accounting Pronouncements

Accounting Standards Update 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements ("Update 2015-15")

In August 2015, the Financial Accounting Standards Board ("FASB") issued Update 2015-15, which further clarifies the presentation and subsequent measurement of debt issuance costs related to line-of-credit arrangements. Debt issuance costs related to line-of-credit of arrangements can be recorded as an asset and subsequently amortized ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, for interim periods within those fiscal years, and early adoption is permitted. The Company determined that the impact of the new standard on its financial reporting will not be material.

Accounting Standards Update 2015-14, Revenue from Contracts with Customers - Deferral of the Effective Date ("Update 2015-14")

In August 2015, the FASB issued Update 2015-14, which defers the implementation of Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("Update 2014-09") for one year from the initial effective date. The initial effective date of Update 2014-09 was for annual reporting periods beginning after December 15, 2016, and early adoption was not permitted. Update 2015-14 extends the effective date to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the impact of the adoption of Update 2015-14 and 2014-09 to the condensed consolidated financial position.

Accounting Standards Update 2015-11, Simplifying the Measurement of Inventory ("Update 2015-11")
In July 2015, the FASB issued Update 2015-11, which provides guidance on inventory measurement. Inventory, excluding inventory that is measured using last-in, first-out (LIFO) or the retail inventory method, should be measured at the lower of cost and net realizable value. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. The Company determined that the impact of the new standard on its financial reporting will not be material.

Accounting Standards Update 2015-08 Business Combinations ("Update 2015-08")
In May 2015, the Financial Accounting Standards Board ("FASB") issued Update 2015-08, which provides updates to guidance related to pushdown accounting and is effective immediately. The Company determined that the impact of the new standard on its financial reporting will not be material.

Accounting Standards Update 2015-05 Customers Accounting for Fees Paid in a Cloud Computing Arrangement (Topic 350) ("Update 2015-05")
In April 2015, the FASB issued Update 2015-05, which provides guidance on a customer's accounting for cloud computing costs. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, and early adoption is permitted. The Company is evaluating the impact of the adoption of Update 2015-05 to the condensed consolidated financial position.

Accounting Standards Update 2015-03 Simplifying the Presentation of Debt Issuance Costs
In April 2015, the FASB issued Update 2015-03. Update 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, for interim periods within those fiscal years, and early adoption is permitted. The Company determined that the impact of the new standard on its financial reporting will not be material.

Accounting Standards Update 2015-01 Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items ("Update 2015-01")
In January 2015, the FASB issued Update 2015-01. Update 2015-01 eliminates from GAAP the concept of an extraordinary item, which is an event or transaction that is both (1) unusual in nature and (2) infrequently occurring. Under Update 2015-01, an entity will no longer (1) segregate an extraordinary item from the results of ordinary operations; (2) separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; or (3) disclose income taxes and earnings-per-share data applicable to an extraordinary item. The standard is effective for annual periods beginning after December 15, 2015 with early adoption permitted. The Company determined that the impact of the new standard on its financial reporting will not be material.

A variety of proposed or otherwise potential accounting standards are currently being studied by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our consolidated financial statements.

NOTE 3. RECEIVABLES AND PATRONS' CHECKS
Receivables and patrons' checks consist of the following:

	September 30,	
	2015	**2014**
Casino receivables (net of an allowance for doubtful accounts – 2015 $21,587,000 and 2014 $19,796,000)	$ 28,034,000	$ 27,463,000
Other (net of an allowance for doubtful accounts – 2015 $8,000 and 2014 $16,000)	8,427,000	8,460,000
Due from related parties (Note 10)	134,000	132,000
Receivables and patrons' checks, net	**$ 36,595,000**	**$ 36,055,000**

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	September 30, 2015	September 30, 2014
Land	$ 87,301,000	$ 87,301,000
Building and improvements	1,430,039,000	1,420,282,000
Furniture and equipment	317,331,000	322,943,000
Construction in progress	7,343,000	3,771,000
Total property and equipment	1,842,014,000	1,834,297,000
Less accumulated depreciation	691,351,000	653,520,000
Property and equipment, net	**$ 1,150,663,000**	**$ 1,180,777,000**

Depreciation expense was $14,064,000 and $14,665,000 during the three months ended September 30, 2015 and 2014, respectively, and $43,363,000 and $43,834,000 during the nine months ended September 30, 2015 and 2014, respectively.

Construction in progress presented in the table above primarily relates to costs capitalized in conjunction with major improvements that have not yet been placed into service and, accordingly, such costs are not currently being depreciated.

NOTE 5. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	September 30, 2015	September 30, 2014
Accrued payroll and related expenses	$ 27,409,000	$ 23,331,000
Accrued interest	744,000	5,323,000
Accrued expenses and other liabilities	49,199,000	41,680,000
Other accrued expenses	**$ 77,352,000**	**$ 70,334,000**

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	September 30, 2015	September 30, 2014
Casino related liabilities	$ 18,224,000	$ 16,012,000
Due to related parties (see Note 10)	32,000	21,000
Other	9,910,000	9,942,000
Other current liabilities	**$ 28,166,000**	**$ 25,975,000**

NOTE 7. LONG-TERM DEBT, NET

Long-term debt, net consists of the following:

	September 30, 2015			
	Interest Rates at September 30, 2015	**Outstanding Principal**	**Unamortized Discount**	**Long-Term Debt, Net**
Revolving Credit Facility	3.64 %	$ 16,300,000	$ -	$ 16,300,000
2018 Incremental Term Loan	6.50 %	240,900,000	(1,484,000)	239,416,000
2023 Incremental Term Loan	6.75 %	420,000,000	(8,267,000)	411,733,000
		677,200,000	**(9,751,000)**	**667,449,000**
Less current maturities		8,000,000	-	8,000,000
Long-term debt, net		**$ 669,200,000**	**$ (9,751,000)**	**$ 659,449,000**

	September 30, 2014				
	Interest Rates at September 30, 2014	**Outstanding Principal**	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
Revolving Credit Facility	4.12 %	$ 5,900,000	$ -	$ -	$ 5,900,000
2018 Incremental Term Loan	6.75 %	377,150,000	(3,155,000)	-	373,995,000
9.875% Senior Secured Notes due 2018	9.88 %	393,500,000	(1,572,000)	(5,696,000)	386,232,000
		776,550,000	**(4,727,000)**	**(5,696,000)**	**766,127,000**
Less current maturities		3,800,000	-	-	3,800,000
Long-term debt, net		**$ 772,750,000**	**$ (4,727,000)**	**$ (5,696,000)**	**$ 762,327,000**

At September 30, 2015, $16,300,000 was outstanding under the revolving credit facility (the “Revolving Credit Facility”) component of the MDFC Amended and Restated Credit Agreement (the "Credit Facility"), and $6,000,000 was allocated to support a letter of credit, leaving remaining contractual availability of $47,700,000.

2018 Incremental Term Loan

On December 16, 2013, MDFC entered into a Lender Joint Agreement (the "2018 Incremental Term Loan"), among MDDC, Wells Fargo Bank, National Association, as administrative agent, and Deutsche Bank AG New York Branch, as incremental term lender. The 2018 Incremental Term Loan increased the term commitments under the Revolving Credit Facility by an aggregate amount of $380,000,000.

2023 Incremental Term Loan

On July 16, 2015, MDFC entered into a Lender Joinder Agreement and Refinancing Amendment (the “Joinder Agreement”) among MDFC, MDDC, Wells Fargo Bank, National Association, as Administrative Agent, and the lenders party thereto. The Joinder Agreement increases the Term Commitments under the Amended and Restated Credit Agreement dated as of July 24, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”; capitalized terms used herein and not defined herein or in the Joinder Agreement shall have the meanings given to such terms in the Credit Agreement) among MDFC, MDDC, various lenders ("Incremental Term Lenders") and Wells Fargo Bank, National Association, as administrative agent, letter of credit issuer and swing line lender, by an aggregate amount of $650,000,000 (the “2023 Incremental Term Loan”).

Drawings of the 2023 Incremental Term Loan can be funded in multiple drawings. An initial draw of $420,000,000 was funded on August 17, 2015 and used to redeem the 2018 Notes (see below).

The interest rate per annum applicable to the 2023 Incremental Term Loan is (a) the Effective Eurodollar Rate (defined below) plus the Term Loan Applicable Rate (defined below) if and to the extent the Incremental Term Loan is a Eurodollar Rate Loan under the Credit Agreement and (b) the Base Rate plus the Term Loan Applicable Rate if and to the extent the Incremental Term Loan is a Base Rate Loan under the Credit Agreement. "Effective Eurodollar Rate" means, for any interest period, the greater of (x) the Eurodollar Rate in effect for such interest period and (y) 1.00%. "Term Loan Applicable Rate" means (x) in the case of a Eurodollar Rate Loan, (i) at any time that the Total Leverage Ratio is equal to or greater than 4.50 to 1.0, 6.00%, (ii) at any time that the Total Leverage Ratio is equal to or greater than 3.50 to 1.0 but less than 4.50 to 1.0, 5.75%, (iii) at any time that the Total Leverage Ratio is equal to or greater than 3.00 to 1.0 but less than 3.50 to 1.0, 5.50%, (iv) at any time that the Total Leverage Ratio is equal to or greater than 2.50 to 1.0 but less than 3.00 to 1.0, 5.25%, and (v) at any time that the Total Leverage Ratio is less than 2.50 to 1.0, 5.00%, and (y) in the case of Base Rate Loans, (i) at any time that the Total Leverage Ratio is equal to or greater than 4.50 to 1.0, 5.00%, (ii) at any time that the Total Leverage Ratio is equal to or greater than 3.50 to 1.0 but less than 4.50 to 1.0, 4.75%, (iii) at any time that the Total Leverage Ratio is equal to or greater than 3.00 to 1.0 but less than 3.50 to 1.0, 4.50%, (iv) at any time that the Total Leverage Ratio is equal to or greater than 2.50 to 1.0 but less than 3.00 to 1.0, 4.25%, and (v) at any time that the Total Leverage Ratio is less than 2.50 to 1.0, 4.00%.

The 2023 Incremental Term Loan has yield protection in the event that the effective yield for any term facility under the Credit Agreement (other than the Incremental Term Loan) is higher than the effective yield for the Incremental Term Loan by more than 50 basis points, in which case the interest rates referred to above shall be increased to the extent necessary so that the effective yield for the 2023 Incremental Term Loan is equal to the effective yield for such other term facility minus 50 basis points.

The 2023 Incremental Term Lender has the benefit of the covenants currently set forth in the Credit Agreement. The Joinder Agreement adds a covenant that limits the capital expenditures of MDDC, MDFC, and their subsidiaries to $40,000,000 in any fiscal year (and up to $10,000,000 of any such amount not utilized in any fiscal year may be carried over for expenditure in the following fiscal year (but not any fiscal years thereafter)). The Joinder Agreement also adds a covenant that limits payment of dividends or distributions with respect to equity interests issued by MDDC (or any of its subsidiaries including MDFC) (including by repurchase, redemption, sinking fund or other retirement) or payment or prepayment of subordinated debt (including by redemption, purchase or defeasance) to the amount of Excess Cash Flow not required to be used to prepay the Term Loans under the Credit Agreement and then only if the Total Leverage Ratio is greater than levels set forth in the Joinder Agreement.

MDFC is required to make repayments on the 2023 Incremental Term Loan on or before the last business day of each fiscal quarter of MDFC commencing with the fiscal quarter ending December 31, 2015 in an amount equal to 0.25% of the original principal amount of the 2023 Incremental Term Loan. MDFC is required to repay the remaining outstanding principal amount of the 2023 Incremental Term Loan on July 16, 2023.

In addition to the mandatory prepayments required pursuant to the Credit Agreement, following repayment in full of the term facility currently outstanding under the Credit Agreement, MDFC is required to prepay the 2023 Incremental Term Loan (a) based on a certain percentage of Excess Cash Flow and (b) with proceeds received in connection with any cash settlement of any disputed property tax assessment if the Total Leverage Ratio was greater than 3.00 to 1.00 as of the most recently ended fiscal quarter of MDDC prior to the date such proceeds were received.

With some exceptions, in the event of a full or partial prepayment of the 2023 Incremental Term Loan prior to the third anniversary of the Incremental Term Facility Effective Date, such prepayment will include a premium in an amount equal to (a) 4.00% of the principal amount so prepaid, in the case of any such prepayment on or prior to the first anniversary of the Incremental Term Facility Effective Date, (b) 2.00% of the principal amount so prepaid, in the case of any such prepayment after the first anniversary of the Incremental Term Facility Effective Date but on or prior to the second anniversary of the Incremental Term Facility Effective Date and (c) 1.00% of the principal amount so prepaid, in the case of any such prepayment after the second anniversary of the Incremental Term Facility Effective Date but on or prior to the third anniversary of the Incremental Term Facility Effective Date.

Redemption of 9.875% Senior Secured Notes due 2018

On August 17, 2015, the Company redeemed all of the remaining, outstanding 9.875% Senior Secured Notes due 2018 (the "2018 Notes") at a redemption price of 102.469% of the principal amount thereof, plus accrued and unpaid interest to the redemption date. The redemption resulted in a loss on early extinguishment of debt of $16,743,000, comprised of the $9,716,000 premium paid at redemption plus the write-off of approximately $7,027,000 of unamortized deferred finance charges.

As a result of this redemption, the 2018 Notes have been fully extinguished.

Covenant Compliance
As of September 30, 2015, we believe that we were in compliance with the financial and other covenants of our debt instruments.

Loss on Early Extinguishments of Debt
In addition to the loss on the extinguishment of the 2018 Notes, during the three and nine months ended September 30, 2015, we incurred non-cash charges of $1,095,000 and $2,130,000, respectively, for deferred debt financing costs written off, which represents the ratable reduction in borrowing capacity due to optional prepayments of our 2018 Incremental Term Loan made during these periods.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Commitments
There have been no material changes to our commitments described under Note 6, *Commitments and Contingencies*, in our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on March 19, 2015.

Contingencies
Borgata Property Taxes
We have filed tax appeal complaints, in connection with our property tax assessments for tax years 2009 through 2014, in New Jersey Tax Court ("Tax Court"). The trial for tax years 2009 and 2010 was held during the second quarter of 2013 and a decision was issued on October 18, 2013. The assessor valued our real property at approximately $2.3 billion. The Tax Court found in our favor and reduced our real property valuation to $880 million and $870 million for tax years 2009 and 2010, respectively. The City of Atlantic City (the "City") filed an appeal in the New Jersey Superior Court - Appellate Division
We have filed tax appeal complaints, in connection with our property tax assessments for tax years 2009 through 2014, in New Jersey Tax Court ("Tax Court"). The trial for tax years 2009 and 2010 was held during the second quarter of 2013 and a decision was issued on October 18, 2013. The assessor valued our real property at approximately $2.3 billion. The Tax Court found in our favor and reduced our real property valuation to $880 million and $870 million for tax years 2009 and 2010, respectively. The City of Atlantic City (the "City") filed an appeal in the New Jersey Superior Court - Appellate Division ("Appellate Court") in November 2013. The Appellate Court hearing took place on June 1, 2015 and the Appellate Court issued a unanimous decision, affirming the Tax Court ruling, on July 6, 2015. The City appealed the decision to the New Jersey Supreme Court on July 24, 2015. We have paid our property tax obligations consistent with the assessor's valuation and based on the Tax Court's decision, we estimate the 2009 and 2010 property tax refunds and related statutory interest will be approximately $48,869,000 and $14,252,000, respectively. On October 20, 2015, the New Jersey Supreme Court denied the City's appeal. As such, the Appellate Court's affirmation of the Tax Court decision in the 2009-2010 appeal is a final, non-appealable decision. However, due to the uncertainty surrounding the City's ability to pay the judgment, we will not recognize any gain until the City has obtained dedicated sources of funding in an amount sufficient to pay the judgment.

On June 5, 2014, we entered into a settlement agreement with the City. The agreement resolved the tax appeal complaints we filed in connection with property tax assessments for tax years 2011 through 2014. Under the terms of the agreement, we are entitled to receive a tax refund of $88,250,000 for tax years 2011 through 2013, as well as a tax credit of approximately $19,300,000 for tax year 2014. Such credit results from a lower 2014 property tax valuation relative to the prior year and the City's issuance of a final 2014 property tax rate. Additionally, the City has agreed to a defined property tax valuation for tax year 2015. In exchange, we have agreed to relinquish our right to further contest the property tax assessments for tax years 2011 through 2015, contingent upon the City fulfilling its obligations under the agreement. We filed a protective appeal in Tax Court on our 2015 property tax valuation on March 20, 2015. The agreement does not affect the pending appeals of the property tax assessments for tax years 2009 and 2010. Per the terms of the agreement, the City intends to fulfill its obligation to pay the refund to us through a bond issuance. The ordinance to issue the bonds was approved by applicable state and local agencies in September 2014; however, the occurrence and timing of such issuance continues to be subject to general market conditions. Per the terms of the agreement, the City began refunding $150,000 per month, beginning in February 2015, until such time as they pay the refund in its entirety or the agreement is terminated by either party. In the event that the City does not issue bonds, or otherwise fails to pay the refund in its entirety, we retain our right to compel a trial on the filed appeals. We cannot be certain that the City will issue bonds or fund their obligations under the agreement through other sources. Due to this uncertainty, we will not record the recovery of the $88,250,000 in previously paid property taxes until payment is received or the City has successfully issued bonds or obtained other dedicated sources of funding in an amount sufficient to pay the refund for tax years 2011 through 2013 per the terms of the agreement.

Legal Matters
We are subject to various claims and litigation in the ordinary course of business. In our opinion, all pending legal matters are either adequately covered by insurance, or, if not insured, will not have a material adverse impact on our financial position, results of operations or cash flows.

NOTE 9. FAIR VALUE MEASUREMENTS

The authoritative accounting guidance for fair value measurements specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These inputs create the following fair value hierarchy:

- *Level 1*: Quoted prices for identical instruments in active markets.
- *Level 2*: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- *Level 3*: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Thus, assets and liabilities categorized as Level 3 may be measured at fair value using inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Balances Measured at Fair Value

The following tables show the fair values of certain of our financial instruments:

	September 30, 2015			
	Balance	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and cash equivalents	$ 28,144,000	$ 28,144,000	$ -	$ -
Restricted Cash	6,233,000	6,233,000	-	-
CRDA investments, net	8,715,000	-	-	8,715,000

	September 30, 2014			
	Balance	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and cash equivalents	$ 26,891,000	$ 26,891,000	$ -	$ -
Restricted Cash	5,821,000	5,821,000	-	-
CRDA investments, net	8,037,000	-	-	8,037,000

The fair value of our cash and cash equivalents and restricted cash, classified in the fair value hierarchy as Level 1, is based on statements received from our banks at September 30, 2015 and December 31, 2014. The fair value of our CRDA deposits, classified in the fair value hierarchy as Level 3, is based on estimates of the realizable value applied to the balances on statements received from the CRDA at September 30, 2015 and December 31, 2014.

The following table summarizes the changes in fair value of the Company's Level 3 assets:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Balance at July 1,	$ 12,008,000	$ 6,728,000
Deposits	2,846,000	1,964,000
Included in earnings	(6,139,000)	(655,000)
Ending balance at September 30,	**$ 8,175,000**	**$ 8,037,000**

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Balance at January 1,	$ 12,008,000	$ 4,613,000
Deposits	7,121,000	5,482,000
Included in earnings	(7,564,000)	(1,799,000)
Settlements	-	(259,000)
Ending balance at September 30,	**$ 11,565,000**	**$ 8,037,000**

Balances Disclosed at Fair Value

The following tables present the fair value measurement information about our long-term debt:

	September 30, 2015			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Revolving Credit Facility	$ 16,300,000	$ 16,300,000	$ 16,300,000	Level 2
2018 Incremental Term Loan	240,900,000	240,900,000	243,454,000	Level 2
2023 Incremental Term Loan	420,000,000	420,000,000	420,000,000	Level 1
Total long-term debt	**$ 677,200,000**	**$ 677,200,000**	**$ 679,754,000**	

	September 30, 2014			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Revolving Credit Facility	$ 5,900,000	$ 5,900,000	$ 5,900,000	Level 2
2018 Incremental Term Loan	377,150,000	373,995,000	376,396,000	Level 2
9.875% Senior Secured Notes due 2018	393,500,000	386,232,000	413,175,000	Level 1
Total long-term debt	**$ 776,550,000**	**$ 766,127,000**	**$ 795,471,000**	

The estimated fair value of our Revolving Credit Facility at September 30, 2015 and December 31, 2014 approximates its carrying value due to the short-term nature and variable repricing of the underlying Eurodollar loans comprising our Revolving Credit Facility. The estimated fair value of our 2018 Incremental Term Loan is based on a relative value analysis performed on or about September 30, 2015 and December 31, 2014. The estimated fair value of our senior secured notes is based on quoted market prices as of December 31, 2014.

There were no transfers between Level 1, Level 2 or Level 3 measurements during the nine months ended September 30, 2015.

NOTE 10. RELATED PARTY TRANSACTIONS

We engage in transactions with BAC and MAC in the ordinary course of business. Related party balances are non-interest-bearing and are included in accounts receivable or accrued liabilities, as applicable, on the condensed consolidated balance sheets.

Pursuant to the Operating Agreement, MAC is solely responsible for any investigation, analyses, clean-up, detoxification, testing, monitoring, or remediation related to Renaissance Pointe. MAC is also responsible for their allocable share of expenses related to master plan and government improvements at Renaissance Pointe. The related amounts due from MGM for these types of expenditures incurred by us were $134,000 and $75,000 at September 30, 2015 and 2014, respectively. Reimbursable expenditures incurred were $167,000 and $425,000 for the three and nine months ended September 30, 2015 respectively and $148,000 and $127,000 for the three and nine months ended September 30, 2014, respectively.

Boyd Gaming Corporation reimburses us for expenses relating to investigative services for our casino license and other expenses. The related amounts due from Boyd Gaming Corporation for these types of expenditures were $0 and $57,000 at September 30, 2015 and 2014, respectively. Reimbursable expenditures incurred were $89,000 and $169,000 for the three and nine months ended September 30, 2015, respectively and $51,000 and $158,000 for the three and nine months ended September 30, 2014, respectively.

We reimburse BAC for out-of-pocket costs and expenses incurred related to travel. BAC is also reimbursed for various payments made on our behalf, primarily related to third party insurance premiums and certain financing fees. The related amounts due to BAC for these types of expenditures paid by BAC were $32,000 and $21,000 at September 30, 2015 and 2014, respectively. Reimbursable expenditures were $90,000 and $1,751,000 for the three and nine months ended September 30, 2015, respectively, and $280,000 and $2,602,000 for the three and nine months ended September 30, 2014, respectively. Reimbursable expenses, with the exception of deferred financing fees, are included in selling, general and administrative on the condensed consolidated statements of operations.

NOTE 11. SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after September 30, 2015. This period, up to the filing date, we did not identify any subsequent events.