BORGATA HOTEL CASINO & SPA

QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents	1,11	$47,308	$34,377	
2	Short-Term Investments		0	0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2016, $20,029; 2015, $21,595)	3	37,232	36,595	
4	Inventories	2	4,444	4,662	
5	Other Current Assets	11	10,052	18,610	
6	Total Current Assets		99,036	94,244	
7	Investments, Advances, and Receivables	2,4,11	652,884	9,110	
8	Property and Equipment - Gross	5	1,861,809	1,842,014	
9	Less: Accumulated Depreciation and Amortization	5	(735,423)	(691,351)	
10	Property and Equipment - Net	5	1,126,386	1,150,663	
11	Other Assets	11	5,690	5,763	*
12	Total Assets		$1,883,996	$1,259,780	
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$3,712	$3,469	
14	Notes Payable		0	0	
	Current Portion of Long-Term Debt:				
15	Due to Affiliates		14,858	0	
16	External	8	0	8,000	
17	Income Taxes Payable and Accrued	2	13,376	8,155	
18	Other Accrued Expenses	6	74,948	77,352	
19	Other Current Liabilities	7	65,753	28,166	
20	Total Current Liabilities		172,647	125,142	
	Long-Term Debt:				
21	Due to Affiliates		0	0	
22	External	8	0	653,983	*
23	Deferred Credits		5,577	6,713	
24	Other Liabilities	9	1,305,719	5,234	
25	Commitments and Contingencies	10	0	0	
26	Total Liabilities		1,483,943	791,072	
27	Stockholders', Partners', or Proprietor's Equity		400,053	468,708	
28	Total Liabilities and Equity		$1,883,996	$1,259,780	

*Certain prior period amounts presented have been reclassified to conform to the current year presentation. These reclassifications relate to debt issuance costs being recorded as a direct deduction from the carrying amount of the related debt liability (see Note 1).

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, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	Revenue:			
1	Casino	2	$573,356	$549,021
2	Rooms		92,613	91,933
3	Food and Beverage		113,247	111,520
4	Other		37,029	34,240
5	Total Revenue		816,245	786,714
6	Less: Promotional Allowances	2	179,729	175,501
7	Net Revenue		636,516	611,213
	Costs and Expenses:			
8	Casino		211,056	208,995
9	Rooms, Food and Beverage		65,175	66,913
10	General, Administrative and Other	12	171,966	169,438
11	Total Costs and Expenses		448,197	445,346
12	Gross Operating Profit		188,319	165,867
13	Depreciation and Amortization	5	43,783	43,802
	Charges from Affiliates Other than Interest:			
14	Management Fees			
15	Other			
16	Income (Loss) from Operations		144,536	122,065
	Other Income (Expenses):			
17	Interest Expense - Affiliates	9,12	(426)	0
18	Interest Expense - External	8	(26,378)	(47,187)
19	CRDA Related Income (Expense) - Net	11	(2,252)	(7,564)
20	Nonoperating Income (Expense) - Net		(19,464)	(17,634)
21	Total Other Income (Expenses)		(48,520)	(72,385)
22	Income (Loss) Before Taxes		96,016	49,680
23	Provision (Credit) for Income Taxes	2	8,450	(7,151)
24	Income (Loss) Before Extraordinary Items		87,566	56,831
25	Extraordinary Items (Net of Income Taxes - 20__, $0; 20__, $0)			
26	Net Income (Loss)		$87,566	$56,831

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, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Amended January 20, 2017

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	Revenue:			
1	Casino	2	$218,356	$213,616
2	Rooms		35,279	34,982
3	Food and Beverage		41,487	40,660
4	Other		15,420	14,331
5	Total Revenue		310,542	303,589
6	Less: Promotional Allowances	2	67,666	66,128
7	Net Revenue		242,876	237,461
	Costs and Expenses:			
8	Casino		76,030	75,019
9	Rooms, Food and Beverage		23,375	23,291
10	General, Administrative and Other	12	61,297	57,047
11	Total Costs and Expenses		160,702	155,357
12	Gross Operating Profit		82,174	82,104
13	Depreciation and Amortization	5	14,796	14,212
	Charges from Affiliates Other than Interest:			
14	Management Fees			
15	Other			
16	Income (Loss) from Operations		67,378	67,892
	Other Income (Expenses):			
17	Interest Expense - Affiliates	9,12	(426)	0
18	Interest Expense - External	8	(3,498)	(14,223)
19	CRDA Related Income (Expense) - Net	11	(2,172)	(6,140)
20	Nonoperating Income (Expense) - Net		(31,983)	(17,377)
21	Total Other Income (Expenses)		(38,079)	(37,740)
22	Income (Loss) Before Taxes		29,299	30,152
23	Provision (Credit) for Income Taxes	2	2,382	(6,698)
24	Income (Loss) Before Extraordinary Items		26,917	36,850
	Extraordinary Items (Net of Income Taxes -			
25	20__, $_____; 20__, $________)			
26	Net Income (Loss)		$26,917	$36,850

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, 2015
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	__________ __________ __________ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2014_........**		$446,700	($34,823)	$0	$411,877
2	Net Income (Loss) - 2015..........			71,997		71,997
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........			(28,189)		(28,189)
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2015.........**		446,700	8,985	0	455,685
11	Net Income (Loss) - 2016..........			87,566		87,566
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........			(17,098)		(17,098)
15	Prior Period Adjustments..........					0
16	Distribution to Parent in					0
17	connection with REIT	1,4,9,12		(126,100)		(126,100)
18						0
19	**Balance, September 30, 2016........**		$446,700	($46,647)	$0	$400,053

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, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Amended January 20, 2017

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)	
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$177,315	$118,104	
	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...........................	5	(22,564)	(21,096)	
5	Proceeds from Disposition of Property and Equipment..........	5	76	254	
6	CRDA Obligations	2,11	(7,250)	(7,433)	
7	Other Investments, Loans and Advances made.......................		0	0	
8	Proceeds from Other Investments, Loans, and Advances		12,364	0	
9	Cash Outflows to Acquire Business Entities..........................		0	0	
10	....				
11	....				
12	Net Cash Provided (Used) By Investing Activities....................		(17,374)	(28,275)	
	CASH FLOWS FROM FINANCING ACTIVITIES:				
13	Proceeds from Short-Term Debt		604,708	0	
14	Payments to Settle Short-Term Debt......................................		(45,000)	0	
15	Proceeds from Long-Term Debt	8	253,600	862,300	*
16	Costs of Issuing Debt..		0	(1,366)	
17	Payments to Settle Long-Term Debt......................................	1,8,9	(291,300)	(554,900)	
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......................	12	(17,098)	0	
21	Payments to Repurchase Sr. Sec Notes / Term Loa	8	(659,850)	(403,216)	
22	Call Premium - Repurchase of Long-Term Debt	8	(8,337)	0	*
23	Net Cash Provided (Used) By Financing Activities..................		(163,277)	(97,182)	
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(3,336)	(7,353)	
25	Cash and Cash Equivalents at Beginning of Period...................		50,644	41,730	
26	Cash and Cash Equivalents at End of Period............................		$47,308	$34,377	

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................	8	$24,652	$58,239
28	Income Taxes..	2	$1	$1,916

* 2015 amounts for proceeds from LT Debt were combined to conform with current year presentation.

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

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Amended January 20, 2017

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$87,566	$56,831
30	Depreciation and Amortization of Property and Equipment	5	43,421	43,363
31	Amortization of Other Assets		362	439
32	Amortization of Debt Discount or Premium	8	1,973	1,633
33	Deferred Income Taxes - Current	2	0	(136)
34	Deferred Income Taxes - Noncurrent	2	(1,236)	398
35	(Gain) Loss on Disposition of Property and Equipment		1,595	(16)
36	(Gain) Loss on CRDA-Related Obligations		2,252	7,564
37	(Gain) Loss from Other Investment Activities		(4,464)	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(2,271)	(3,756)
39	(Increase) Decrease in Inventories		174	(207)
40	(Increase) Decrease in Other Current Assets		(2,340)	1,899
41	(Increase) Decrease in Other Assets		(143)	1,609
42	Increase (Decrease) in Accounts Payable		595	(2,151)
43	Increase (Decrease) in Other Current Liabilities		28,434	2,165
44	Increase (Decrease) in Other Liabilities		238	(10,404)
45	Loss on Early Retirement of Debt	8	21,159	18,873
46				
47	Net Cash Provided (Used) By Operating Activities		$177,315	$118,104

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment	5	($22,564)	($21,096)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($22,564)	($21,096)
	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, 2016
(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	178,820	$ 21,099	-	$ -
2	Food	452,586	10,622	348,100	3,481
3	Beverage	1,685,289	5,477	-	-
4	Travel	-	-	4,684	1,171
5	Bus Program Cash	-	-	-	-
6	Promotional Gaming Credits	815,194	20,380	-	758
7	Complimentary Cash Gifts	208,673	5,217	-	-
8	Entertainment	47,613	1,905	70	7
9	Retail & Non-Cash Gifts	10,879	544	8,184	2,046
10	Parking	-	-	-	-
11	Other	23,896	2,422	410,939	1,353
12	Total	3,422,950	$67,666	771,977	$8,816

*Promotional Allowances - Other includes $713K of Spa comps, $117K of Comp room incidentals, $414K change in Comp and Slot dollars earned but not redeemed and $1,128K in other promotional allowances.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	492,908	$ 57,043	-	$ -
2	Food	1,219,737	28,593	960,300	9,603
3	Beverage	4,579,106	14,882	-	-
4	Travel	0	-	13,616	3,404
5	Bus Program Cash	0	-	-	-
6	Promotional Gaming Credits	2,215,509	55,388	-	758
7	Complimentary Cash Gifts	441,545	11,039	-	-
8	Entertainment	109,048	4,362	710	71
9	Retail & Non-Cash Gifts	30,584	1,529	21,044	5,261
10	Parking	0	-	-	-
11	Other	65,228	6,893	1,101,494	3,988
12	Total	9,153,665	$179,729	2,097,164	$23,085

*Promotional Allowances - Other includes $1,953K of Spa comps, $345K of Comp room incidentals, $584K change in Comp and Slot dollars earned but not redeemed and $3,960K in other promotional allowances.

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1. I have examined this Quarterly Report.

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

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

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

11/15/2016
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. BUSINESS

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 had fully and unconditionally guaranteed MDFC's securities. Unless otherwise indicated or required by the context, the terms "we," "our," "us" and the "Company" refer to MDDC and MDFC.

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 ("MGM"). In May 2016, MGM entered into a definitive agreement to acquire Boyd's interest in MDDC. Further, MGM and MGM Growth Properties LLC ("MGP") entered into a definitive agreement whereby, following the completion of the acquisition of Boyd's interest, MGP acquired MDDC's real property from MGM and leased back the real property to a subsidiary of MGM, after which a subsidiary of MGM began operating MDDC.

Both transactions closed on August 1, 2016, at which time MDDC became a consolidated subsidiary of MGM. We do not presently record a management fee to MGM.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of MDDC and MDFC; however, the accompanying consolidated financial statements do not yet reflect pushdown accounting treatment which will be recorded in the fourth quarter of 2016.

All intercompany accounts and transactions among MDDC and MDFC have been eliminated.

Change in Accounting Principle
As noted on the condensed consolidated balance sheet, certain prior period amounts presented have been reclassified to conform to the current year presentation. These reclassifications relate to debt issuance costs being recorded as a direct deduction from the carrying amount of the related debt liability (see further discussion under Recently Issued Accounting Pronouncements - Accounting Standards Update 2015-03). This reclassification reduced our total assets and total liabilities as previously reported.

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,	
	2016	**2015**
Unrestricted cash and cash equivalents	$ 41,857,000	$ 28,144,000
Restricted cash	5,451,000	6,233,000
Total cash and cash equivalents	**$ 47,308,000**	**$ 34,377,000**

Cash and cash equivalents at September 30, 2016 and 2015 included restricted cash of $5,451,000 and $6,233,000, 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 primarily 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 (the "IAT") 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 IAT 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.

In May of 2016, pursuant to a provision contained within legislation enacted to address Atlantic City's fiscal matters commonly referred to as the PILOT (payment in lieu of taxes) law, any CRDA funds not utilized or pledged for direct investments, the purchases of CRDA bonds or otherwise contractually obligated, as well as all funds received from the payment of the IAT going forward are allocated to the City of Atlantic City. The PILOT law directs that these funds be used for the purposes of paying debt service on bonds issued by the City of Atlantic City prior to and after the date of the PILOT law. These provisions expire as of December 31, 2026.

We are required to make quarterly deposits with the CRDA to satisfy our investment obligations. Previous to the enactment of the PILOT law, we would record a charge to expense as of the date the obligation arose (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 was adjusted accordingly, if necessary, based on management's assessment of the ultimate recoverability of the deposit or when a qualified investment is identified.

For obligations that were on deposit as of the effective date of the PILOT law, which were not utilized or pledged for direct investments, the purchases of CRDA bonds or otherwise contractually obligated, we recognized a charge to expense for the total amount of the obligation.

On a prospective basis, the company will record a charge to expense for 100% of the obligation amount as of the date the obligation arises.

Casino Revenue and Promotional Allowances

Casino gaming revenue is the win from gaming activities. The retail value of accommodations, food and beverage, and other services furnished to hotel casino guests without charge is included in gross revenue and then deducted as promotional allowances. The estimated cost of providing such promotional allowances was approximately $22,183,000, and $21,898,000 for the three months ended September 30, 2016 and 2015, respectively, and $59,707,000, and $58,359,000 for the nine months ended September 30, 2016 and 2015, respectively, and is included in costs and expenses.

Investment in Unconsolidated Affiliate

As discussed in Note 4, the Company holds an investment in MGM Growth Properties Operating Partnership LP (the "Operating Partnership"), an unconsolidated affiliate accounted for under the equity method. Under the equity method, carrying value is adjusted for the Company's share of the investee earnings and losses, amortization of certain basis differences, as well as capital contributions to and distributions from operating the Operating Partnership. The Company classifies its share of income and losses as well as gains and impairments related to its investment in unconsolidated affiliate in income (loss) from unconsolidated affiliate. Distributions in excess of equity method earnings are recognized as a return of investment and recorded as investing cash inflows in the accompanying statements of cash flows.

The Company evaluates its investment in unconsolidated affiliate for impairment whenever events or changes in circumstances indicate that the carrying value of its investment may have experienced an "other-than-temporary" decline in value. If such conditions exist, the Company compares the estimated fair value of the investment to its carrying value to determine if an impairment is indicated and determines whether the impairment is "other-than-temporary" based on its assessment of all relevant factors, including consideration of the Company's intent and ability to retain its investment. The Company estimates fair value using a discounted cash flow analysis based on estimated future results of the investee and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company's peer group.

The Company's ownership in the Operating Partnership constitutes continuing involvement. As a result, the contribution and leaseback of the real estate assets described above does not qualify for sale-leaseback accounting. Accordingly, the contributed assets will remain on the Company’s condensed consolidated balance sheet and will continue to be depreciated over their remaining useful lives. The accompanying consolidated financial statements do not yet reflect pushdown accounting treatment which will be recorded in the fourth quarter of 2016.

Gaming Taxes

We are subject to an annual tax assessment based on 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 $18,125,000 and $16,348,000 during the three months ended September 30, 2016 and 2015, respectively, and $44,710,000 and $42,587,000 during the nine months ended September 30, 2016 and 2015, respectively.

Income Taxes

As a single member limited liability company, 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 as 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 that includes MDDHC, MAC, BAC and MDFC. The amounts reflected in the condensed consolidated financial statements are reported as if MDDC was taxed for state purposes on a stand-alone basis notwithstanding that MDDC files a consolidated New Jersey tax return as described above.

On August 1, 2016 the members of MDDHC entered into a series of transactions (the "Acquisition") resulting in the direct and indirect ownership by MGM of 100% of the members' interests in MDDHC. As a result of this transaction, MDDHC will file a final New Jersey consolidated return including BAC and report consolidated activity through the date of the Acquisition. After August 1, 2016 MDDHC and MDDC will join in filing a New Jersey consolidated casino return with MGM and certain of its subsidiaries.

MDDC, MAC and BAC are parties to a tax sharing agreement that provides for an allocation among the parties of taxes due in the consolidated New Jersey return for all periods through the date of the Acquisition. Under the terms of this agreement, current year tax attributes of the members are utilized prior to MDDC’s separately determined net operating loss carryforward. Payments for the utilization of the current year member tax attributes will be remitted to the members of MDDHC under the tax sharing agreement. Subsequent to the Acquisition, MDDC is responsible for New Jersey taxes computed on a stand-alone basis and records a payable or receivable to MGM to the extent that its stand-alone New Jersey tax liability is greater than or less than the consolidated tax liability.

The amounts due to members are a result of the arrangements described above. A reconciliation of the components of our stand-alone state income taxes receivable is presented below:

	September 30,	
	2016	**2015**
Amounts payable to members of MDDHC	$ 13,323,000	$ 7,806,000
Amounts payable – the State of New Jersey	53,000	349,000
Income taxes payable	**$ 13,376,000**	**$ 8,155,000**

Use of Estimates

The preparation of financial statements in conformity with US 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

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," ("ASU 2014-09"), which is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2018. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. Additionally, the new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Company is currently in the process of determining the method of adoption and assessing the impact that adoption of this guidance will have on its financial statements and footnote disclosures.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842) ("ASU 2016- 02"), which replaces the existing guidance in FASB ASC Topic 840, Leases. ASU 2016- 02 requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset and for operating leases the lessee would recognize a straight-line total lease expense. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently in the process of determining the method of adoption and assessing the impact that adoption of this guidance will have on its financial statements and footnote disclosures.

In April 2015, the FASB issued Update No. 2015-03, which 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 the related debt liability, consistent with debt discounts. The Company adopted Update 2015-03, including the election under Update 2015-15, in the fourth quarter 2015 and as a result has reclassified debt financing costs, from an asset to a reduction of long-term debt, net of current maturities and debt issuance costs on the condensed consolidated balance sheet.

NOTE 3. RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks consist of the following:

	September 30, 2016	September 30, 2015
Casino receivables (net of an allowance for doubtful accounts – 2016 $20,000,000 and 2015 $21,587,000)	$ 29,598,000	$ 28,034,000
Other (net of an allowance for doubtful accounts – 2016 $29,000 and 2015 $8,000)	7,484,000	8,427,000
Due from related parties (Note 12)	150,000	134,000
Receivables and patrons' checks, net	**$ 37,232,000**	**$ 36,595,000**

NOTE 4. INVESTMENT IN UNCONSOLIDATED AFFILIATE

Subsequent to MGM completing its acquisition of us on August 1, 2016, MGP acquired our real property from a subsidiary of MGM in exchange for MGP's assumption of $545,850,000 of indebtedness and the issuance of 27,362,136 Operating Partnership units to a subsidiary of MGM. In connection with this transaction, the Tenant and Landlord entered into an amendment to the master lease to include the Borgata real property. The annual rent payments due under the master lease were $550,000,000 prior to MGP's acquisition of our real property on August 1, 2016, and was increased to $650,000,000 for the first lease year after the acquisition.

A wholly owned subsidiary of MGP is the general partner of the Operating Partnership, and operates and controls all of its business affairs. The Company owns an 11.27% economic interest in the Operating Partnership through its ownership of limited partnership interests. The Company's investment in the Operating Partnership will be accounted for under the equity method. The Company's share of income and losses from its equity method investment is included in non-operating income (expense) on the statements of income.

In connection with the transactions described above, the Company borrowed approximately $544,850,000 under certain bridge facilities (the "Bridge Facilities"), the proceeds of which were used to repay our outstanding term loans. The Bridge Facilities were subsequently contributed to the Operating Partnership, relieving the Company of its payment obligation under such facilities.

Pursuant to a master lease agreement (the "Master Lease") by and between a subsidiary of MGM (the "Tenant") and an indirect wholly-owned subsidiary of the Operating Partnership (the "Landlord"), the Tenant has leased the contributed real estate assets from the Landlord, and subleased them to their respective contributing entities, including the Company. This arrangement will be accounted for as a failed sale-leaseback. Accordingly, the contributed assets will remain on the Company's balance sheet, along with a finance liability representing the present value of the Company's future obligations under the Master Lease. See Note 9 for additional information related to the finance liability.

Summarized results of operations of the Operating Partnership are as follows:

	September 30, 2016
Assets	$9,525,562,000
Liabilities	3,877,063,000
Shareholder's Equity	5,648,499,000
Total Liabilities & Shareholder's Equity	$9,525,562,000

	Nine Months Ended September 30, 2016
Revenues	$283,402,000
Expenses	225,388,000
Operating Income	58,014,000
Interest Expense and Other-Operating Expense	72,753,000
Provision for Income Taxes	915,000
Net Loss	$(15,654,000)

NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	September 30,	
	2016	2015
Land	$ 87,301,000	$ 87,301,000
Building and improvements	1,447,305,000	1,430,039,000
Furniture and equipment	322,776,000	317,331,000
Construction in progress	4,427,000	7,343,000
Total property and equipment	1,861,809,000	1,842,014,000
Less accumulated depreciation	735,423,000	691,351,000
Property and equipment, net	**$ 1,126,386,000**	**$ 1,150,663,000**

Depreciation expense was $14,675,000 and $14,064,000 during the three months ended September 30, 2016 and 2015, respectively, and $43,421,000 and $43,363,000 during the nine months ended September 30, 2016 and 2015, 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 6. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	September 30,	
	2016	2015
Accrued payroll and related expenses	$ 22,763,000	$ 27,409,000
Accrued interest	426,000	744,000
Accrued expenses and other liabilities	51,759,000	49,199,000
Other accrued expenses	**$ 74,948,000**	**$ 77,352,000**

NOTE 7. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	September 30, 2016	September 30, 2015
Casino related liabilities	$ 18,514,000	$ 18,224,000
Due to related parties (see Note 12)	1,757,000	32,000
REIT Rent Accrual	16,667,000	-
Financing Liability – Current	17,351,000	-
Other	11,464,000	9,910,000
Other current liabilities	**$ 65,753,000**	**$ 28,166,000**

NOTE 8. LONG-TERM DEBT, NET

In connection with the transactions described above, the Company borrowed approximately $544,850,000 under certain bridge facilities (the "Bridge Facilities"), the proceeds of which were used to repay our outstanding term loans. The Bridge Facilities were subsequently contributed to the Operating Partnership, relieving the Company of its payment obligation under such facilities. Additionally, the company borrowed approximately $60,000,000 under an MGM Intercompany Note, the proceeds of which were used to pay certain fees and taxes in connection with the transaction described above, as well as the extinguishment of the Company's outstanding Revolving Credit Facility. At September 30, 2016, the Intercompany Note had an outstanding balance of approximately $14,900,000 with an interest rate of 5%. Total interest incurred in connection with the Intercompany Note was $426,000 for the two month period ending September 30, 2016. We expect this note to be paid in full during the fourth quarter of 2016. As a result, the Company did not have long term debt as of September 30, 2016.

Loss on Early Extinguishments of Debt

We incurred charges of $19,932,000 and $17,837,000 during the three months ended September 30, 2016 and 2015, respectively, and $21,159,000 and $18,872,000 during the nine months ended September 30, 2016 and 2015, respectively, which included the call premium, deferred debt financing costs and discounts written off, in connection with our 2016 repayment of the 2018 and 2019 Incremental Term Loans in 2016, as well as the ratable reduction in borrowing capacity due to optional prepayments of our Incremental Term Loan made during the period ended September 30, 2015.

Long-term debt as of September 30, 2015 consists of the following:

	September 30, 2015				
	Interest Rates at September 30, 2015	**Outstanding Principal**	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
Revolving Credit Facility	3.64 %	$ 16,300,000	$ -	$ (1,588,000)	$ 14,712,000
2018 Incremental Term Loan	6.50 %	240,900,000	(1,484,000)	(2,896,000)	236,520,000
2019 Incremental Term Loan	6.75 %	420,000,000	(8,267,000)	(982,000)	410,751,000
		677,200,000	**(9,751,000)**	**(5,466,000)**	**661,983,000**
Less current maturities		8,000,000	-	-	8,000,000
Long-term debt, net		**$ 669,200,000**	**$ (9,751,000)**	**$ (5,466,000)**	**$ 653,983,000**

NOTE 9. FINANCE LIABILITY

Pursuant to the Master Lease between the Tenant and the Landlord, the Tenant has leased the real estate assets contributed to the Operating Partnership from the Landlord and subleased them to their respective contributing entities, including the Company. The Master Lease has an initial lease term of ten years with the potential to extend the term for four additional five-year terms thereafter at the option of the Tenant. The Master Lease provides that any extension of its term must apply to all of the real estate under the Master Lease at the time of the extension. The Master Lease has a triple-net structure, which requires the Tenant to pay substantially all costs associated with the lease, including real estate taxes, insurance, utilities and routine maintenance, in addition to the rent. The Tenant's performance and payments under the Master Lease will be guaranteed by MGM. A default by the Tenant with regard to any property under the Master Lease or by MGM with regard to its guarantee will cause a default with regard to the entire portfolio covered by the Master Lease. The total financing obligation of the Company as of September 30, 2016 is $1,317,552,000.

Under the Master Lease, an event of default (as defined therein) will be deemed to occur upon certain events, including: (1) the failure by the Tenant to pay rent or other amounts when due or within certain grace or cure periods of the due date, (2) the failure by the Tenant to comply with the covenants set forth in the Master Lease in any material respect when due or within any applicable cure period, (3) certain events of bankruptcy or insolvency with respect to a Tenant or a guarantor, (4) the occurrence of a default under any guaranty of the Master Lease that is not cured within a certain grace period, (5) the loss or suspension of a material license beyond a certain grace period that causes cessation of gaming activity and would reasonably be expected to have a material adverse effect on the Tenant or the leased property and (6) the failure of MGM, on a consolidated basis with Tenant, to maintain an EBITDAR to rent ratio (as described in the Master Lease) of at least 1.10:1.00 for two consecutive test periods, beginning with the test periods ending December 31, 2016 and March 31, 2017. Upon an event of default under the Master Lease, the Landlord may, at its option (i) terminate the Master Lease, repossess any leased property, relet any leased property to a third party and require that the Tenant pay to the Landlord, as liquidated damages, the net present value of the rent for the balance of the term, discounted at the discount rate of the Federal Reserve Bank of New York at the time of award plus one percent (1%) and reducing such amount by the portion of the unpaid rent that the Tenant proves could be reasonably avoided, plus any other amount reasonably necessary to compensate the Landlord for the Tenant's failure to perform (or likely to result therefrom) in the ordinary course; (ii) with or without terminating the Master Lease, decline to terminate the Tenant's right to possession of the leased property and require that the Tenant pay to the Landlord rent and other sums payable pursuant to the Master Lease with interest calculated at the overdue rate provided for in the Master Lease with the Landlord permitted to enforce any other provision of the Master Lease or terminate the Tenant's right to possession of the leased property and seek any liquidated damages as set forth above; or (iii) seek any and all other rights and remedies available under law or in equity (but the remedies described in clauses(i) and (ii) above will be the Landlord's only monetary remedies).

The Company recorded a finance liability of approximately $1,318,971,000 equal to the sum of the present value of the future fixed payments over the 30 year lease term and the present value of the remaining book value of the assets at the end of the lease term at the acquisition date of August 1, 2016. The present value of the future fixed payments and remaining book value of the assets is measured by discounting the payments and the remaining book value of the property using MGM Resort’s incremental borrowing rate. As monthly lease payments are made, a portion of the payment will decrease the finance liability with the balance of the payment charged to interest expense using the effective interest method.

Future payments of the finance liability as of September 30, 2016 are as follows:

Year Ending December 31:	
2016	$ 9,769,000
2017	10,354,000
2018	12,987,000
2019	15,847,000
2020	18,952,000
Thereafter	1,249,643,000
Total finance liability	**1,317,552,000**
Less: current portion of finance liability	(17,352,000)
Finance liability – non-current	**$ 1,300,200,000**

NOTE 10. COMMITMENTS AND CONTINGENCIES

Contingencies

Borgata Property Taxes

We have filed tax appeal complaints in connection with our property tax assessments for tax years 2009 through 2015 in the

New Jersey Tax Court ("Tax Court"). At the conclusion of the 2013 trial for tax years 2009 and 2010, the Tax Court found in our favor and reduced our real property valuation from $2,262,391,300 to $880,000,000 and $870,000,000 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 sought to appeal the decision to the New Jersey Supreme Court in July of 2015 and the Supreme Court denied the City's request to appeal in October of 2015. As such, the 2009 and 2010 Tax Court judgment is final. The City was statutorily required to pay the refund by December 21, 2015 and did not pay any of the balance due. Accordingly, we filed a mandamus action in New Jersey Superior Court, seeking the Court to compel the City to pay the refund due to Borgata on the 2009 and 2010 tax appeal final judgments Borgata also filed a summary judgment motion seeking the relief that Borgata sought via the Writ of Mandamus. The City took the position that it could not pay Borgata without the authority of the State of New Jersey (the "State") given the State's oversight of the City. Based thereon, Borgata filed an amended complaint naming the State and the New Jersey Department of Community Affairs as additional defendants. In February of 2016, the court granted Borgata's Summary Judgment motion but ordered that Borgata not levy upon any City assets for 45 days. The court also indicated that Borgata was not precluded from exercising its statutory right to set off future property taxes that would otherwise be due against what the City owed Borgata under the final judgment. The court also ordered the City, the State and Borgata to have authorized representatives meet to attempt to resolve this matter.

While the above referenced 45 day period has expired, as Borgata has been engaged in ongoing settlement discussions with the City and the State, the mandamus action has been held in abeyance. Additionally, for each subsequent quarter, we have provided quarterly notices to the Atlantic City tax collector that we were applying the 2009 and 2010 tax refund due to us as credits against our 2016 first, second and third quarter property tax installment obligations; and recorded $23,056,000 as recoveries of previously paid property taxes against our 2016 first, second and third quarter property tax expenses.

Also during 2016, in response to our application, the Tax Court ruled that Borgata could invoke the Freeze Act, a statutory provision that allows a taxpayer that has been awarded a final judgment in a property tax appeal to apply that judgment to two subsequent years. Accordingly, the assessment judgment for 2010 has been applied to tax years 2011 and 2012, resulting in a reduction of Borgata's assessment from $2,262,391,300 to $870,000,000 for each tax year. Tax years 2013 and 2014 are in litigation with the Tax Court which litigation is being held in abeyance pending the outcome of the settlement negotiations.

We have paid our property tax obligations consistent with the assessor's valuations. Based on the Tax Court's decisions, we estimate the total 2009, 2010, 2011 and 2012 property tax refunds to be approximately $106,110,000 and the related statutory interest to be approximately $27,322,000 as of September 30, 2016. However, due to the uncertainty surrounding the City's ability to pay the judgment, we will not record any recovery of previously paid property taxes until payment is received, the City has obtained dedicated sources of funding in an amount sufficient to pay the judgment or the refund is applied against a future property tax installment obligation.

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 impact on our financial position, results of operations or cash flows.

NOTE 11. 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, 2016			
	Balance	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and cash equivalents	$ 41,857,000	$ 41,857,000	$ -	$ -
Restricted cash	5,451,000	5,451,000	-	-
CRDA investments, net	-	-	-	-

	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

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, 2016 and December 31, 2015. 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, 2016 and December 31, 2015.

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

	Three Months Ended September 30,	
	2016	**2015**
Balance at July 1,	$ -	$ 12,008,000
Deposits	2,911,000	2,846,000
Included in earnings	(2,172,000)	(6,139,000)
Settlements	(739,000)	-
Ending balance at September 30,	**$ -**	**$ 8,175,000**

	Nine Months Ended September 30,	
	2016	**2015**
Balance at January 1,	$ 6,867,000	$ 12,008,000
Deposits	7,749,000	7,121,000
Included in earnings	(2,252,000)	(7,564,000)
Settlements	(12,364,000)	-
Ending balance at September 30,	**$ -**	**$ 11,565,000**

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	$ 14,712,000	$ 16,300,000	Level 2
2018 Incremental Term Loan	240,900,000	236,520,000	243,454,000	Level 2
2023 Incremental Term Loan	420,000,000	410,751,000	420,000,000	Level 1
Total long-term debt	**$ 677,200,000**	**$ 661,983,000**	**$ 679,754,000**	

Our Revolving Credit Facility was extinguished as of August 1, 2016. The estimated fair value of our Revolving Credit Facility at September 30, 2015 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 Term Loan and 2023 Term Loan are based on a relative value analysis performed on or about September 30, 2015.

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

NOTE 12. RELATED PARTY TRANSACTIONS

We do not pay a management fee to MGM. As discussed in Note 8, the company borrowed approximately $60,000,000 under an MGM Note, the proceeds of which were used to pay certain fees and taxes in connection with the transaction described above, as well as the extinguishment of the Company's outstanding Revolving Credit Facility. At September 30, 2016, the Intercompany Note had an outstanding balance of approximately $14,900,000 with an interest rate of 5%. Total interest incurred in connection with the Intercompany Note was $426,000 for the two month period ending September 30, 2016. Other related party balances are non-interest bearing and are included in accounts receivable or accrued liabilities, as applicable, on the condensed consolidated balance sheets.

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 $147,000 and $134,000 at September 30, 2016 and 2015, respectively. Reimbursable expenditures incurred were $167,000 and $425,000 for the three and nine months ended September 30, 2016 respectively and $130,000 and $461,000 for the three and nine months ended September 30, 2015, respectively.

Prior to the sale of its interest to MGM, Boyd reimbursed us for expenses relating to investigative services for our casino license and other expenses. The related amounts due from Boyd for these types of expenditures were $4,000 and $0 at September 30, 2016 and September 30, 2015, respectively. Reimbursable expenditures incurred were $6,000 and $41,000 for the three and nine months ended September 30, 2016, respectively and $89,000 and $169,000 for the three and nine months ended September 30, 2015, respectively.

Prior to the sale of its interest to MGM, we reimbursed BAC for out-of-pocket costs and expenses incurred related to travel. BAC was 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 $7,000 and $32,000 at September 30, 2016 and 2015, respectively. Reimbursable expenditures were $44,000 and $240,000 for the three and nine months ended September 30, 2016, respectively, and $90,000 and $1,751,000 for the three and nine months ended September 30, 2015, respectively. BAC did not charge a management fee. Reimbursable expenses, with the exception of deferred financing fees, are included in selling, general and administrative on the consolidated statements of operations.

NOTE 13. SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after September 30, 2016. During this period, we did not identify any other subsequent events, the effects of which would require disclosure or adjustment to our financial position or results of operations as of and for the quarter ended September 30, 2016.