TROPICANA CASINO AND RESORT

QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2016

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

TROPICANA CASINO AND RESORT
BALANCE SHEETS

AS OF DECEMBER 31, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$77,278	$116,005
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2016, $5,831 ; 2015, $9,925		13,381	12,773
4	Inventories		3,650	3,125
5	Other Current Assets	3	3,456	3,458
6	Total Current Assets		97,765	135,361
7	Investments, Advances, and Receivables	4, 8	176,781	115,980
8	Property and Equipment - Gross	2	323,822	292,867
9	Less: Accumulated Depreciation and Amortization	2	(100,514)	(78,272)
10	Property and Equipment - Net	2	223,308	214,595
11	Other Assets	5, 9	158,781	176,727
12	Total Assets		$656,635	$642,663
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$12,049	$7,910
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates	6	814	814
16	External		0	0
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	12	32,553	29,493
19	Other Current Liabilities	13	9,146	9,122
20	Total Current Liabilities		54,562	47,339
	Long-Term Debt:			
21	Due to Affiliates	6	76,987	78,448
22	External		0	0
23	Deferred Credits		0	0
24	Other Liabilities		0	0
25	Commitments and Contingencies		0	0
26	Total Liabilities		131,549	125,787
27	Stockholders', Partners', or Proprietor's Equity		525,086	516,876
28	Total Liabilities and Equity		$656,635	$642,663

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

TROPICANA CASINO AND RESORT
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	Revenue:			
1	Casino		$330,764	$302,846
2	Rooms		55,104	54,095
3	Food and Beverage		33,682	33,782
4	Other	11	15,950	14,997
5	Total Revenue		435,500	405,720
6	Less: Promotional Allowances		91,376	83,411
7	Net Revenue		344,124	322,309
	Costs and Expenses:			
8	Casino		110,897	105,906
9	Rooms, Food and Beverage		36,994	36,627
10	General, Administrative and Other	7	142,490	133,339
11	Total Costs and Expenses		290,381	275,872
12	Gross Operating Profit		53,743	46,437
13	Depreciation and Amortization	2	23,436	17,545
	Charges from Affiliates Other than Interest:			
14	Management Fees	8	6,327	5,742
15	Other		0	0
16	Income (Loss) from Operations		23,980	23,150
	Other Income (Expenses):			
17	Interest Expense - Affiliates		(3,509)	(3,083)
18	Interest Expense - External		0	0
19	CRDA Related Income (Expense) - Net	4, 7	(8,706)	2,017
20	Nonoperating Income (Expense) - Net	15	237	441
21	Total Other Income (Expenses)		(11,978)	(625)
22	Income (Loss) Before Taxes		12,002	22,525
23	Provision (Credit) for Income Taxes	9	3,792	8,660
24	Net Income (Loss)		$8,210	$13,865

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

TROPICANA CASINO AND RESORT
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	Revenue:			
1	Casino		$83,444	$71,206
2	Rooms		12,378	11,547
3	Food and Beverage		7,267	7,776
4	Other	11	4,328	4,220
5	Total Revenue		107,417	94,749
6	Less: Promotional Allowances		24,005	19,485
7	Net Revenue		83,412	75,264
	Costs and Expenses:			
8	Casino		29,208	26,841
9	Rooms, Food and Beverage		8,084	8,700
10	General, Administrative and Other	7	37,090	32,968
11	Total Costs and Expenses		74,382	68,509
12	Gross Operating Profit		9,030	6,755
13	Depreciation and Amortization	2	6,067	4,967
	Charges from Affiliates Other than Interest:			
14	Management Fees	8	1,108	1,484
15	Other		0	0
16	Income (Loss) from Operations		1,855	304
	Other Income (Expenses):			
17	Interest Expense - Affiliates		(880)	(890)
18	Interest Expense - External		0	0
19	CRDA Related Income (Expense) - Net	4, 7	(992)	28
20	Nonoperating Income (Expense) - Net	15	(125)	130
21	Total Other Income (Expenses)		(1,997)	(732)
22	Income (Loss) Before Taxes		(142)	(428)
23	Provision (Credit) for Income Taxes	9	3,792	8,572
24	Net Income (Loss)		($3,934)	($9,000)

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

TROPICANA CASINO AND RESORT
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2016

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2014..........**						$282,128		$220,883	$503,011
2	Net Income (Loss) - 2015.............								13,865	13,865
3	Contribution to Paid-in-Capital.....									0
4	Dividends....................................									0
5	Prior Period Adjustments.............									0
6										0
7										0
8										0
9										0
10	**Balance, December 31, 2015..........**		0	0	0	0	282,128	0	234,748	516,876
11	Net Income (Loss) - 2016.............								8,210	8,210
12	Contribution to Paid-in-Capital.....									0
13	Dividends....................................									0
14	Prior Period Adjustments.............									0
15										0
16										0
17										0
18										0
19	**Balance, December 31, 2016 ....**		0	$0	0	$0	$282,128	$0	$242,958	$525,086

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

TROPICANA CASINO AND RESORT
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$60,343	$50,878
	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...........................		(33,504)	(40,938)
5	Proceeds from Disposition of Property and Equipment..........		29	72
6	CRDA Obligations	4	(2,540)	(4,321)
7	Other Investments, Loans and Advances made.......................	4	(69,039)	22,878
8	Proceeds from Other Investments, Loans, and Advances	4	3,526	15,248
9	Cash Outflows to Acquire Business Entities...........................		0	0
10	Proceeds from Sales and Luxury Tax Credits		3,458	3,427
11	Cash Outflows for Tenant Allowance		(1,000)	(132)
12	Net Cash Provided (Used) By Investing Activities....................		(99,070)	(3,766)
	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		0	0
16	Costs of Issuing Debt..		0	0
17	Payments to Settle Long-Term Debt......................................		0	0
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	....			
22	....			
23	Net Cash Provided (Used) By Financing Activities..................		0	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(38,727)	47,112
25	Cash and Cash Equivalents at Beginning of Period..................		116,005	68,893
26	Cash and Cash Equivalents at End of Period............................		$77,278	$116,005

Line	Description	Notes	2016	2015
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$0	$0
28	Income Taxes..		$163	$189

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

TROPICANA CASINO AND RESORT
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016 AND 2015

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)............		$8,210	$13,865
30	Depreciation and Amortization of Property and Equipment...	2	23,436	17,545
31	Amortization of Other Assets............		0	0
32	Amortization of Debt Discount or Premium............		(68)	(63)
33	Deferred Income Taxes - Current		0	6,827
34	Deferred Income Taxes - Noncurrent		17,916	2,190
35	(Gain) Loss on Disposition of Property and Equipment.........	15	293	(51)
36	(Gain) Loss on CRDA-Related Obligations............	4	6,519	(2,017)
37	(Gain) Loss from Other Investment Activities............		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(564)	4,819
39	(Increase) Decrease in Inventories		(525)	153
40	(Increase) Decrease in Other Current Assets............		2	(442)
41	(Increase) Decrease in Other Assets............		101	946
42	Increase (Decrease) in Accounts Payable............		1,939	(542)
43	Increase (Decrease) in Other Current Liabilities		3,084	7,622
44	Increase (Decrease) in Other Liabilities		0	0
45	Loss on Impairement of Intangible Assets	15	0	26
46	....			
47	Net Cash Provided (Used) By Operating Activities..................		$60,343	$50,878

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............		($33,504)	($40,938)
49	Less: Capital Lease Obligations Incurred............			
50	Cash Outflows for Property and Equipment............		($33,504)	($40,938)
	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.

TROPICANA CASINO AND RESORT
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 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	336,252	$18,480	0	$0
2	Food	521,170	9,466	323,472	5,841
3	Beverage	6,942,896	8,135	0	0
4	Travel	0	0	2,664	799
5	Bus Program Cash	4,078	353	0	0
6	Promotional Gaming Credits	670,883	50,437	0	0
7	Complimentary Cash Gifts	820,787	4,183	0	0
8	Entertainment	50,158	303	441	64
9	Retail & Non-Cash Gifts	0	0	489,336	4,843
10	Parking	0	0	660,115	1,981
11	Other	1,884	19	54,499	544
12	Total	9,348,108	$91,376	1,530,527	$14,072

FOR THE THREE MONTHS ENDED DECEMBER 31, 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	89,423	$5,018	0	$0
2	Food	109,347	1,931	78,422	1,385
3	Beverage	1,736,542	1,989	0	0
4	Travel	0	0	602	180
5	Bus Program Cash	1,213	99	0	0
6	Promotional Gaming Credits	173,564	13,733	0	0
7	Complimentary Cash Gifts	195,131	1,085	0	0
8	Entertainment	24,707	150	19	6
9	Retail & Non-Cash Gifts	0	0	134,796	1,337
10	Parking	0	0	174,068	522
11	Other	0	0	14,315	143
12	Total	2,329,927	$24,005	402,222	$3,573

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

TROPICANA CASINO AND RESORT STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 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.

3/31/2017
Date

Christina Broome

Vice President- Finance
Title

7571-11
License Number

On Behalf of:

TROPICANA CASINO AND RESORT
Casino Licensee

TROPICANA ATLANTIC CITY CORP.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016 AND 2015
(Unaudited)
($ In Thousands)

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Basis of Presentation

The consolidated financial statements include the accounts of Tropicana Atlantic City Corp. ("the Company") and its wholly-owned subsidiary Tropicana AC Sub Corp. ("TAC Sub"), after elimination of all significant intercompany accounts and transactions.

The Company operates a casino hotel in Atlantic City, New Jersey ("the Property") and is a wholly owned subsidiary of Tropicana Entertainment, Inc. ("TE").

On March 8, 2010 ("the Acquisition Date"), the Tropicana Casino & Resort was acquired along with the other assets of Adamar of New Jersey, Inc. by TE. The newly acquired company was formed as Tropicana Atlantic City Corp, a New Jersey corporation. Tropicana Atlantic City Corp. formed a wholly owned subsidiary, TAC Sub, a New Jersey corporation. The new corporations were formed in accordance with the terms of the Amended and Restated Purchase agreement that was approved by the United States Bankruptcy Court, District of New Jersey, on November 4, 2009 and the New Jersey Casino Control Commission ("NJCCC") on November 19, 2009.

In November 2013, the Company received authorization from the New Jersey Division of Gaming Enforcement to commence continuous, 24-hour Internet gaming ("IGaming") on its online gaming site, *TropicanaCasino.com*. Tropicana Atlantic City Online showcases a variety of slot game options and classic casino table games. Players have the opportunity to participate in community jackpots and to be rewarded with both on-property and online incentives and have the chance to participate in a variety of promotions. All participants must be 21 or older and physically located in the State of New Jersey to play.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash, cash on hand in the casino cages, money market funds and highly liquid investments with original maturities of three months or less.

Pursuant to N.J.A.C. 13:69O-1.3(j) the Property maintains a separate New Jersey bank account to ensure security of funds held in patrons internet gaming accounts. On December 31, 2016 and 2015 the above mentioned account balance was $1,268 and $1,139, respectively which included patron's deposits in IGaming accounts of $470 and $410, respectively.

Receivables

Receivables consist primarily of casino, hotel and other receivables, net of an allowance for doubtful accounts. Receivables are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their expected realization, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Recoveries of accounts previously written off are recorded when received.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalent accounts maintained in financial institutions and accounts receivable. Bank accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 or with the Securities Investor Protection Corporation up to $500,000. Concentration of credit risk, with respect to casino receivables, is limited through the Company's credit evaluation process. The Company issues markers to approved casino customers following credit checks and investigation of credit worthiness.

Inventories

Inventories, which consist primarily of food, beverage, uniforms and operating supplies, are stated at the lower of cost or market value. Costs are determined using the average cost method.

Advertising Costs

Costs for advertising are expensed as incurred. Advertising costs for the years ended December 31, 2016 and 2015 were $12,168 and $8,323, respectively.

Property and Equipment

Property and equipment under business combination guidance is stated at fair value as of the acquisition date. Property and equipment acquired subsequent to the acquisition date is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets or, for capital leases and leasehold improvements, over the shorter of the asset's useful life or the term of the lease. Gains or losses on disposals of assets are recognized as incurred. Costs of major improvements are capitalized, while costs of normal repairs and maintenance are expensed as incurred.

The Company must make estimates and assumptions when accounting for capital expenditures. Whether an expenditure is considered a maintenance expense or a capital asset is a matter of judgment. In contrast to normal repair and maintenance costs that are expensed when incurred, items the Company classifies as maintenance capital are expenditures necessary to keep its existing properties at their current levels and are typically replacement items due to the normal wear and tear of its properties and equipment as a result of use and age. The Company's depreciation expense is highly dependent on the assumptions it makes about its assets' estimated useful lives. The Company determines the estimated useful lives based on its experience with similar assets, engineering studies and its estimate of the usage of the asset. Whenever events or circumstances occur that change the estimated useful life of an asset, the Company accounts for the change prospectively.

CRDA Investment

The New Jersey Casino Reinvestment Development Authority ("CRDA") deposits are carried at fair value. The CRDA deposits are recorded at fair value and are used to purchase CRDA bonds that carry below market interest rates unless an alternative investment is approved. A valuation allowance is established, unless there is an agreement with the CRDA for a return of the deposit at full face value, by a charge to the statement of income. If the CRDA deposits are used to purchase CRDA bonds, the valuation allowance is transferred to the bonds as a discount, which is amortized to interest income using the interest method. If the CRDA deposits are used to make other investments, the valuation allowance is transferred to those investments and remains a valuation allowance. The CRDA bonds are classified as held-to-maturity securities and are carried at amortized cost less any adjustments for other than temporary impairments. The average interest rate on the CRDA investment was 1.37% and 0.90% for the years ended December 31, 2016 and 2015, respectively**.**

As a result of the NJ PILOT Law, which was enacted in May 2016, the portion of investment alternative tax payments made by casino operators which are deposited with the CRDA and which have not been pledged for the payment of bonds issued by the CRDA will be allocated to the State of New Jersey for purposes of paying debt service on bonds previously issued by Atlantic City. That portion of the deposits which will be allocated to the State of New Jersey are no longer recorded as an investment with a corresponding allowance, but are charged directly to general and administrative expenses.

Fair Value of Financial Instruments

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Leasing Costs

Leasing costs are capitalized as incurred and amortized evenly, as a reduction to rental income, over the related lease terms. Leasing costs consist primarily of tenant allowances, which are incentives provided to tenants whereby the Company agrees to pay certain amounts toward tenant leasehold improvements or other tenant development costs. Leasing costs are included in Other Assets on the balance sheet.

Valuation of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances warrant such a review. The carrying value of a long-lived or amortizable intangible asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset.

Self-Insurance Reserves

The Company is self-insured up to certain stop loss amounts for employee health coverage, workers' compensation and general liability claims. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of estimates for claims incurred but not yet reported as estimated by management with the assistance of a third party. In estimating these accruals, historical loss experience is considered and judgments are made about the expected levels of costs per claim. The Company believes its estimates of future liability are reasonable based upon its methodology; however, changes in health care costs, accident frequency and severity and other factors could materially affect the estimates for these liabilities. The Company continually monitors changes in claim type and incident and evaluates the insurance accrual, making necessary adjustments based on the evaluation of these qualitative data points. The Company's accrual for general liability claims was approximately $1,214 and $1,038 at December 31, 2016 and 2015, respectively. The Company's accrual for workers compensation and employee health insurance claims was approximately $5,740 and $5,684 at December 31, 2016 and 2015, respectively.

Customer Loyalty Program

The Company provides certain customer loyalty programs (the "Programs") at its casino, which allow customers to redeem points earned from their gaming activity for cash, food, beverage, rooms or merchandise. Under the Programs, customers are able to accumulate points that may be redeemed in the future, subject to certain limitations and the terms of the Programs. The Company records a liability for the estimated cost of the outstanding points under the Programs that it believes will ultimately be redeemed. The estimated cost of the outstanding points under the Programs is calculated based on estimates and assumptions regarding marginal costs of the goods and services, redemption rates and the mix of goods and services for which the points are expected to be redeemed. For points that may be redeemed for cash, the Company accrues this cost (after consideration of estimated redemption rates) as they are earned, which is included in promotional allowances. For points that may only be redeemed for goods or services but cannot be redeemed for cash, the Company estimates the cost and accrues for this expense as the points are earned from gaming play, which is recorded as casino operating costs and expenses. At December 31, 2016 and 2015, the Company had $2,420 and $2,022, respectively, accrued for the estimated cost of anticipated redemptions under the Programs.

Revenue Recognition and Promotional Allowances

Casino revenue represents the difference between wins and losses from gaming activities, and is reported net of cash. Room, food and beverage and other operating revenues are recognized at the time the goods or services are provided. The Company collects taxes from customers at the point of sale on transactions subject to sales and other taxes. Revenues are recorded net of any taxes collected. The retail value of rooms, food and beverage and other services provided to customers on a complimentary basis is included in gross revenues and then deducted as promotional allowances. The Company makes cash promotional offers to certain of its customers, including cash rebates as part of loyalty programs generally based on an individual's level of gaming play. These costs are classified as promotional allowances. For the year ended December 31, 2016, the total casino revenue was $330,764 which is comprised of $62,620 for games revenue, $237,567 for slot revenue and $30,577 for IGaming revenue. For the year ended December 31, 2015, the total casino revenue was $302,846 which is comprised of $54,414 for games revenue, $221,294 for slot revenue and $27,138 for IGaming Revenue.

Internet Gaming Operations

On November 21, 2013 the Company commenced online gaming operations with Gamesys Limited ("Gamesys") as our exclusive internet provider. The Company currently offers two online gaming brands *TropicanaCasino.com* and *VirginCasino.com*. IGaming casino revenues represent the difference between wins and losses from online gaming activities and are recognized net of internet revenues from the Virgin Casino site as a component of Casino Revenue in the Statements of Income. Progressive jackpots are accrued on IGaming progressive games when earned and recorded on the Statements of Income as a component of Casino Revenue. The Company makes cash promotional offers to certain of its IGaming customers, including cash rebates as part of loyalty programs generally based on an individual's level of gaming play. These costs are classified as promotional allowances.

The State of New Jersey imposes an annual tax of 15% on IGaming gross revenue. These taxes along with expenses for software & licensing fees, royalty fees and payment processing fees are recorded as a component of Casino Costs & Expenses. Certain legal, marketing, advertising and administrative fees associated with the setup and ongoing support of IGaming are reflected in General, Administrative and Other on the Statements of Income.

An Internet Gaming Permit Fee of $250 along with a Responsible Internet Gaming Fee of $250 is required annually. These fees are treated as prepaid expenses and are written off over the year. IGaming licensees are also required to invest an additional 2.5% of gross casino revenue to satisfy investment obligations with the CRDA.

Income taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that included the enactment date. Future tax benefits are recognized to the extent that realization of those benefits is considered more likely than not, and a valuation allowance is established for deferred tax assets which do not meet this threshold.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This ASU was amended by ASU No. 2015-14, issued in August 2015, which deferred the original effective date by one year; the effective date is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017, using one of two retrospective application methods. In addition, the FASB issued several other amendments during 2016 to FASB ASC Topic 606, Revenue from Contracts with Customers that include implementation guidance to principal versus agent considerations, guidance to identifying performance obligations, licensing guidance, technical guidance and other narrow scope improvements.

Although the Company is currently assessing the impact the adoption of ASU No. 2014-09 will have on the Company's financial statements and related disclosures, we do believe it will result in a change in the reporting of complimentary revenues, which are currently reported at the gross amount, with a deduction in the form of promotional allowances to result in net revenues. Under the new standard, hotel, food and beverage and other revenues would be reported net of complimentary revenue. In addition, the new standard may result in a change in how we record the liabilities for points earned by our customers under our loyalty programs, resulting in a deferral of gaming revenue until the points are redeemed, as opposed to the current practice of recording a promotional allowance or expense for the outstanding liability.

In preparation for the adoption of ASU No. 2014-09, during the fourth quarter of 2016 we prepared an initial analysis to identify all revenue streams of the Company and when each source of revenue met the five requirements for revenue recognition. Although this review of revenue sources was preliminary, we do not believe that most of our revenue will be impacted by the adoption of this new standard. We continue to monitor updated guidance specific to issues which will impact the gaming industry in adopting this new standard. We have not determined the effect that the adoption of the new standard will have on our internal control over financial reporting or other changes in business processes, but will do so as we continue to analyze the revenue sources and updated guidance during 2017.

Early adoption is permitted only as of the annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company anticipates it will adopt this ASU on January 1, 2018 using the modified retrospective method.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, which amends FASB ASU Topic 330, Inventory. This ASU requires entities to measure inventory at the lower of cost or net realizable value and eliminates the option that currently exists for measuring inventory at market value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonable predictable costs of completion, disposal, and transportation. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This ASU should be applied prospectively with earlier application permitted as of the beginning of an interim period or annual reporting period. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes FASB ASC Topic 840, Leases. This ASU requires the recognition of right-of-use assets and lease liabilities, measured as the present value of the future minimum lease payments, by lessees for those leases classified as operating leases under previous guidance. In addition, among other changes to the accounting for leases, this ASU retains the distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous guidance. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The amendments in this ASU should be applied using a modified retrospective approach. Early application is permitted. The Company is currently evaluating the impact of this guidance on the Company's financial position or results of operations.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230), which seeks to reduce the diversity currently in practice by providing guidance on the presentation of eight specific cash flow issues in the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, and should be applied retrospectively. The Company is currently evaluating the impact of this guidance on the Company's statement of cash flows.

In October 2016, the FASB issued ASU No. 2016-16, Income Taxes (Topic 740), which addresses the recognition of income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, which could impact the accounting for current and deferred income taxes and related disclosures. The Company is currently evaluating the impact of adopting this guidance, if any, which will be effective for annual reporting periods after December 15, 2017, including interim reporting periods within those annual reporting periods.

In November 2016, the FASB issued ASU No. 2016-18, Restricted Cash, which amends FASB ASC Topic 230, Statement of Cash Flows. This ASU requires that the statement of cash flows explain the change during the period of total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of this guidance on our consolidated statement of cash flows.

In January 2017, the FASB issued ASU No. 2017-01, Clarifying the Definition of a Business, which amends FASB ASC Topic 805, Business Combinations. This ASU provides guidance on what constitutes a business for purposes of applying FASB ASC Topic 805. This ASU is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The Company does not believe that the adoption of this ASU will have a material impact on the Company’s financial position or results of operations.

In January 2017, the FASB issued ASU No. 2017-04, Simplifying the Test for Goodwill Impairment, which amends FASB ASC Topic 350, Intangibles - Goodwill and Other. This ASU simplifies the annual goodwill impairment testing by eliminating “Step 2” from the test, which, prior to the adoption of this ASU, requires comparing the implied fair value of goodwill with its carrying value. This ASU is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, with early adoption permitted for interim and annual goodwill impairment tests performed on testing dates after January 1, 2017. By eliminating “Step 2” from the goodwill impairment test, the quantitative analysis of goodwill will result in an impairment loss for the amount that the carrying value of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to the tested reporting unit. While this ASU reduces the complexity of goodwill impairment tests, it may result in significant differences in the recognition of goodwill impairment. For example, should the reporting unit fail “Step 1” of the impairment test but pass the current “Step 2” impairment test, the Company may have more impairments of goodwill under the new guidance. The Company intends to early adopt this ASU for our annual goodwill tests to be performed on testing dates beginning in 2017.

A variety of proposed or otherwise potential accounting standards are currently under consideration 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 financial statements.

Reclassifications

Certain reclassifications have been made to prior year amounts in order to conform with current year presentation.

Subsequent Events

The Company evaluated its December 31, 2016 financial statements for subsequent events for recognition or disclosure through March 31, 2017, the date the financial statements were available to be issued.

NOTE 2. PROPERTY AND EQUIPMENT

Property and Equipment consist of the following (in thousands):

	December 31, 2016	December 31, 2015
Land and land improvements	$ 68,020	$ 68,020
Building and improvements	151,684	136,801
Furniture, fixtures and equipment	97,974	84,895
Construction in progress	6,144	3,151
Total property and equipment-gross	323,822	292,867
Less: accumulated depreciation and amortization	(100,514)	(78,272)
Total property and equipment	$ 223,308	$ 214,595

Depreciation expense related to property and equipment was $23,436 and $17,545 for the years ended December 31, 2016 and 2015 respectively.

NOTE 3. OTHER CURRENT ASSETS

Other Current Assets consist of the following (in thousands):

	December 31, 2016	December 31, 2015
Prepaid insurance	$ 1,034	$ 936
Prepaid taxes & licenses	1,004	1,001
Other	1,418	1,521
Total other current assets	$ 3,456	$ 3,458

NOTE 4. INVESTMENTS

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues and 2.5% on IGaming gross revenue in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues and 5% on IGaming gross revenue. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. 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-third of market value.

The CRDA bonds have various contractual maturities that range from 6 to 39 years. Actual maturities may differ from contractual maturities because of prepayment rights.

Investments consist of the following (in thousands):

	December 31, 2016	December 31, 2015
Investment in bonds-CRDA	$ 18,592	$ 16,551
Less unamortized discount	(4,348)	(4,271)
Less valuation allowance	(4,115)	(3,862)
Deposits - CRDA	17,351	21,183
Less valuation allowance	(10,319)	(4,778)
Direct investment - CRDA	2,158	1,352
Less valuation allowance	(2,158)	(1,352)
Total investments	$ 17,161	$ 24,823

In September 2014, the Company commenced work on a multi-phase construction project. The expansion project includes the addition of a state of the art fitness center, multi-million dollar boardwalk façade sound and light show, a 434 room hotel tower refurbishment and the renovation of the north tower casino floor. The Company was approved to use up to $18,800 of CRDA deposits (“Approved CRDA Project Funds”) in connection with this expansion project. Approximately $15,248 of the Approved CRDA Project Fund were reimbursed during the year ended December 31, 2015, of which approximately $14,194 was from CRDA Deposits. An additional $3,035 of Approved CRDA Project Funds were reimbursed during the year ended December 31, 2016.

On April 19, 2016 the CRDA approved an application by the Company to increase the scope of the approved Company project to include additional project elements and amend the CRDA grant agreement related to the Company project to permit an $8,000 increase in the CRDA fund reservation and corresponding increase in the Approved CRDA Project Funds from $18,800 to $26,800 and a rescheduled substantial completion date for the Company project to not later than June 30, 2017. In exchange for the approval, the Company agreed to donate the balance of its uncommitted CRDA deposits in the amount of approximately $7,068 to the CRDA pursuant to NJSA 5:12-177. The Company recorded $5,385 of expense to fully reserve the funds that will be donated to the CRDA per this agreement.

As a result of the PILOT Law, which was enacted in May 2016, the portion of investment alternative tax payments made by casino operators which are deposited with the CRDA and which have not been pledged for the payment of bonds issued by the CRDA will be allocated to the State of New Jersey for purposes of paying debt service on bonds previously issued by Atlantic City. That portion of the deposits which will be allocated to the State of New Jersey are no longer recorded as an investment with a corresponding allowance, but are charged directly to general and administrative expenses. During the year ended December 31, 2016, the Company recorded a charge of $2,187 on the accompanying consolidated statements of income, representing that portion of investment alternative tax payments that will be allocated to the State of New Jersey under the PILOT Law and have no future value to the Company.

The Company recorded a loss provision of $6,519 for the twelve months ended December 31, 2016. The Company recorded a loss provision of $1,630, offset by a gain of $3,647 resulting from the anticipated return of its CRDA deposits for the twelve months ended December 31, 2015. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at December 31, 2016.

NOTE 5. OTHER ASSETS

Other Assets consists of the following (in thousands):

	December 31, 2016	December 31, 2015
Deferred tax asset- non current	$ 155,694	$ 173,610
Other	3,087	3,117
Total other assets	$ 158,781	$ 176,727

NOTE 6. DEBT

TE has long-term debt where the Company is a guarantor and substantially all of the Company's property and equipment is pledged as collateral. As a result, a portion of TE's debt and unamortized debt discount is allocated to the Company based on total asset valuation.

The Company's allocated portion of TE's long-term debt consisted of the following (in thousands):

	December 31, 2016	December 31, 2015
TE Term Loan Facility; 4.0% due 2020, net of unamortized discount of $223 and $282 at December 31, 2016 and 2015, respectively and debt issuance costs of $706 at December 31, 2016	$ 77,801	$ 79,262
Less: current portion	(814)	(814)
Long-term debt	$ 76,987	$ 78,448

Scheduled maturities of the Company's long-term debt at December 31, 2016 are as follows (in thousands):

Years ending December 31,	
2017	$ 814
2018	814
2019	814
2020	75,582
Total scheduled maturities	78,024
Unamortized debt discount	(223)
Total long-term debt	$ 77,801

TE Debt

On November 27, 2013, TE entered into (i) a senior secured first lien term loan facility in an aggregate principal amount of $300 million, issued at a discount of 0.5% (the "Term Loan Facility") and (ii) a senior secured first lien revolving credit facility in an aggregate principal amount of $15 million (the "Revolving Facility" and, together with the Term Loan Facility, the "Credit Facilities"). Commencing on December 31, 2013, the Term Loan Facility is amortized in equal quarterly installments in an amount of $750, with any remaining balance payable on the final maturity date of the Term Loan Facility, which is November 27, 2020. Amounts under the Revolving Facility are available to be borrowed and re-borrowed until its termination on November 27, 2018. TE allocates its debt and unamortized debt discount to its subsidiaries based on the portion of collateralized assets at each subsidiary.

The Term Loan Facility accrues interest, at a floating per annum rate (as defined in the Credit Agreement) such that the applicable interest rate shall not be less than 4.0%. As of December 31, 2016, the interest rate on the Term Loan Facility was 4.0% and no amounts were outstanding under the Revolving Facility.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Licensing

On November 10, 2010, the Company was granted its plenary casino license by the New Jersey Casino Control Commission.

The State of New Jersey imposes an annual tax of 8% on gross casino revenue and commencing with the operations of IGaming, an annual tax of 15% on IGaming gross revenue. Pursuant to legislation adopted in 1984, casino license holders or IGaming permit holders are required to invest an additional 1.25% of gross casino revenue and 2.5% of IGaming gross revenue for the purchase of bonds to be issued by the CRDA or to make other approved investments equal to that amount; and in the event the investment requirement is not met, the casino licensee is subject to a tax of 2.5% percent on gross casino revenue and 5% on gross IGaming revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance.

2011 Legislation

On February 1, 2011, New Jersey enacted legislation (the "Tourism District Bill") that delegated redevelopment authority and creation of a master plan to the CRDA and allowed the CRDA the ability to enter into a five year public private partnership with the casinos in Atlantic City that have formed the Atlantic City Alliance ("ACA") to jointly market the city. The legislation obligates the Atlantic City casinos either through the ACA or, if not a member of the ACA, through individual assessments, to provide funding for the Tourism District Bill in the aggregate amount of $30.0 million annually through 2016. Each Atlantic City casino's proportionate share of the assessment is based on the gross revenue generated in the preceding fiscal year. The Company paid $3,654 and $3,585 for the years ended December 31, 2016 and 2015 respectively.

PILOT Law

On May 27, 2016, New Jersey enacted the Casino Property Tax Stabilization Act (the "PILOT Law") which will exempt Atlantic City casino gaming properties from ad valorem property taxation in exchange for an agreement to make annual payment in lieu of tax payments ("PILOT Payments") to the City of Atlantic City, make certain changes to the NJ Tourism District Law and redirect certain IAT payments to assist in the stabilization of Atlantic City finances. Under the PILOT Law, commencing in 2017 and for a period of ten (10) years Atlantic City casino gaming properties will be required to pay a prorated share of PILOT Payments totaling $120 million based on a formula that accounts for gaming revenues, the number of hotel rooms and the square footage of each casino gaming property. Commencing in 2018 and each year thereafter, the $120 million base year aggregate payment may either increase to as high as $165 million (based upon industry gross gaming revenue ("GGR") of between $3.0 billion and $3.4 billion) or decrease to a low of $90 million (based upon industry GGR less than $1.8 billion) and further taking into account certain non-GGR revenue streams, with the base year $120 million industry GGR set at between $2.2 billion and $2.6 billion. In years in which the industry PILOT Payments do not increase based upon an increase in GGR above the base year or other bracketed amounts, PILOT Payments will increase 2%. In February 2017, the Company signed an interim PILOT agreement with the State and the City related to payment of the first quarter 2017 PILOT payment.

The PILOT Law also provides for the abolishment of the ACA effective as of January 1, 2015 and redirection of the $30 million in ACA funds paid by the casinos for 2015 and accrued in 2016 under the Tourism District Law to the State of New Jersey for Atlantic City fiscal relief and further payments of $15 million in 2017, $10 million in 2018 and $5 million for each year between 2019 and 2023 to Atlantic City. Pursuant to the PILOT Law, the 2015 and 2016 ACA payments have been remitted to the State.

In addition, the PILOT Law also provides for IAT payments made by the casino operators which were previously deposited with the CRDA and which have not been pledged for the payment of bonds issued by the CRDA, or any bonds issued to refund such bonds, to be allocated to the State of New Jersey for purposes of paying debt service on bonds previously issued by Atlantic City.

Realty Taxes

For the twelve months ended December 31, 2016 and 2015, the Company recorded, as a component of General, administrative and other, realty tax expense for the land and improvements of $22,668 and $20,134 respectively.

Unite Here

In September 2011, the collective bargaining agreement between the Company and UNITE HERE Local 54 expired and the Company continued to voluntarily contribute to the UNITE HERE National Retirement Fund Rehabilitation Plan (the “NRF”) after the September 2011 expiration date through February 25, 2012 (at which time the Company declared an impasse in the collective bargaining negotiations and ceased contributions to the NRF). UNITE HERE subsequently filed a charge with the National Labor

Relations Board (the "NLRB") alleging that the Company's declarations of an impasse violated the National Labor Relations Act. The Company contested this charge. In addition, in January 2012 the NRF's legal counsel sent a letter to the Company asserting that any withdrawal from the NRF would not be entitled to the NRF's "Free Look Rule" and would trigger a withdrawal liability and in November 2013 the Company was advised by UNITE HERE that the NRF had estimated the Company’s withdrawal liability from the NRF to be approximately $4 million. In May 2014 the Company and UNITE HERE Local 54 entered into a new collective bargaining agreement as well as a settlement agreement pursuant to which, among other things, the NLRB charge and related charges filed by both parties were withdrawn. In addition, the Company entered into a settlement agreement with the NRF pursuant to which the Company paid approximately $4 million to the NRF in settlement of all outstanding withdrawal liability claims.

In 2016, the Company completed collective bargaining negotiations on an extended agreement with UNITE HERE Local 54, which expires February 29, 2020.

Other

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter-claim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters, and the Company's legal posture can be successfully defended or satisfactorily settled without material adverse effect on its consolidated financial position, results of operations or cash flows.

NOTE 8. RELATED PARTIES

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliate and corresponding balances at December 31, 2016 and 2015 are as follows (in thousands):

	December 31,	
	2016	2015
Due from Tropicana Entertainment Inc.	$ 158,707	$ 90,706
Due from TEI (ES) LLC	507	304
Due from Centroplex-Baton Rouge	265	99
Due from Evansville	141	48
	$ 159,620	$ 91,157

Transactions with TE include activity principally related to TE’s Term Loan Facility, joint insurance programs, federal income tax filings, and other administrative services. The Company operates a Reservation Call Center for which it charges the Lumiere Hotel (“TEI (ES), LLC”), Centroplex Baton Rouge, and Evansville a fee. TEI (ES) LLC, Centroplex Baton Rouge, and Evansville are wholly owned Subsidiaries of TE. The Company began taking reservations through its call center for Hotel Lumiere and Centroplex Baton Rouge in 2014 and for Evansville in July of 2015. These properties were charged for the services provided.

Various corporate services were provided to the Company in the twelve months ended December 31, 2016 and 2015 for which a management fee was charged. For the twelve months ended December 31, 2016 and 2015 the Company recorded a management fee of $6,327 and $5,742 respectively.

NOTE 9. INCOME TAXES

Income tax expense (benefit) is comprised of (in thousands):

	December 31, 2016	December 31, 2015
Current		
Federal	$ (14,284)	$ (511)
State	160	154
Total current	(14,124)	(357)
Deferred		
Federal	17,940	7,608
State	(24)	1,409
Total deferred	17,916	9,017
Expense from income taxes	$ 3,792	$ 8,660

A reconciliation of the federal income tax statutory rate and the effective tax rate is as follows (in thousands):

	December 31, 2016	December 31, 2015
Expected tax at 35%	$ 4,200	$ 7,884
State tax net of federal benefit	706	1,022
Effect of permanent differences	83	613
Employment Credits	(235)	(201)
Prior year true-up	(392)	336
Valuation allowance	(570)	(994)
Total expense (benefit)	$ 3,792	$ 8,660

The income tax effects of loss carryforwards, tax credit carryforwards and temporary differences between financial and income tax reporting that give rise to the deferred income tax assets and liabilities at December 31, 2016 and 2015, are as follows (in thousands):

	December 31, 2016	December 31, 2015
Receivables	$ 2,382	$ 4,054
Accrued compensation	6,070	2,420
Net operating loss carryforward	54,141	56,555
Reserve/accrued liablities	4,343	4,235
Property and equipment	111,110	129,717
Other assets	1,584	1,264
Gross deferred tax assets	179,630	198,245
Less valuation allowance	(21,499)	(22,069)
Total deferred tax asset	158,131	176,176
Deductible prepaid expenses	(1,412)	(1,413)
Intangible assets	(1,025)	(1,153)
Total deferred tax liablilites	(2,437)	(2,566)
Net deferred tax asset	$ 155,694	$ 173,610

The Company has federal net operating loss carryforwards pursuant to the acquisition of Adamar. Internal Revenue Code Section 382 ("Section 382") places certain limitation on the annual amount of net operating loss carryforwards that can be utilized when a change of ownership occurs. The Company believes its acquisition of Adamar was a change in ownership pursuant to Section 382. As a result of the annual limitation, the net operating loss carryforward amount available to be used in future periods is approximately $148.0 million and will begin to expire in 2027 and forward.

Accounting for uncertainty in income taxes prescribes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The accounting standards also require that the tax positions be assessed using a two step process. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities recognized as a result of this analysis must generally be recorded separately from any current or deferred income tax accounts.

A reconciliation of the beginning and ending amounts of gross unrecognized tax benefits is as follows (in thousands):

	December 31, 2016	December 31, 2015
Unrecognized tax benefits, beginning of period	$ -	$ -
Increases based on tax positions related to prior years	2,002	-
Increases based on tax positions related to current year	1,440	-
Unrecognized tax beneifts, end of period	$ 3,442	$ -

The entire balance of unrecognized tax benefits, if recognized, would not materially affect the effective tax rate. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. In the next twelve months, the Company expects the liability for the unrecognized tax benefits to be reduced by $3.4 million as a result of a change in the method of accounting for tax. The Company files income tax returns in the United States Federal jurisdiction and New Jersey. Generally, the statute of limitation for examination of the Company's returns is open for years ended December 31, 2012.

NOTE 10. RETIREMENT PLANS

The Company does not sponsor a defined benefit plan. The Company offers a defined contribution 401(k) plan, which covers substantially all employees who are not covered by a collective bargaining agreement and who reach certain age and length of service requirements. Plan participants can elect to defer before tax compensation through payroll deductions. Such deferrals are regulated under Section 401(k) of the Internal Revenue Code. The plan allows for the Company to make an employer contribution on the employee's behalf at the Company's discretion. The Company expensed no matching contributions in 2016 or 2015.

Multiemployer Pension Plans

At December 31, 2016 and 2015 we had collective bargaining agreements with unions covering certain employees. Since February 2012, the Company has not participated in any union-sponsored, collectively bargained, multiemployer defined benefit pension plans. The risks of participating in multiemployer pension plans are different from single-employer pension plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and (iii) if the Company stops participating in some of its multiemployer pension plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company made no contributions to these multiemployer plans for the years ended December 31, 2016 and 2015.

Under the UNITE HERE National Retirement Fund Rehabilitation Plan (the "NRF"), the Company paid increased contributions from January 2012 until the Company withdrew from the plan on February 25, 2012. Subsequent to the withdrawal, the NFR asserted a withdrawal liability claim against the Company in the approximate amount of $4 million. In May 2014 the Company and UNITE HERE Local 54 entered into a new collective bargaining agreement as well as a settlement agreement pursuant to which, among other things, the Company began to accrue contributions towards a new single employer Variable Annuity Pension Plan for certain Tropicana AC Local 54 employees. In addition, the Company entered into a settlement agreement with the NRF pursuant to which the Company paid approximately $4 million to the NRF in settlement of all outstanding withdrawal liability claims.

In April 2012, the International Union of Operating Engineers Local 68 Pension Fund (the "Local 68 Pension Plan") asserted that the Company withdrew from the Local 68 Pension Plan on March 7, 2010 and therefore owed approximately $4.2 million in withdrawal liability to the Local 68 Pension Fund for periods predating March 7, 2010. The Company did not become a participating employer in the Local 68 Pension Fund until March 8, 2010 and continued its participation through June 30, 2010 at which time it withdrew and was assessed an approximate $0.3 million withdrawal liability which it paid in 2011. The Company paid $35 to the Local 68 Pension Fund in September 2015 to settle the dispute.

NOTE 11. LEASES

For the years ended December 31, 2016 and 2015 the Company recorded rental revenue of $5,562 and $5,218, respectively.

The future minimum lease payments to be received under non-cancelable operating leases for years subsequent to December 31, 2016 are as follows (in thousands):

2017	$4,958
2018	4,449
2019	3,900
2020	2,498
2021	2,297
Thereafter	4,977
Total	$23,079

The above minimum rental income does not include contingent rental income or common area maintenance costs contained within certain retail operating leases.

NOTE 12. OTHER ACCRUED EXPENSES

Other Accrued Expenses consist of the following (in thousands):

	December 31,	
	2016	2015
Accrued payroll, taxes, and benefits	$ 18,165	$ 15,380
Accrued comp liability	2,452	2,067
Insurance reserves	6,954	6,722
Other	4,982	5,324
Total other accrued expenses	$ 32,553	$ 29,493

NOTE 13. OTHER CURRENT LIABILITIES

Other Current Liabilities consist of the following (in thousands):

	December 31,	
	2016	2015
Chip liability	$ 2,327	$ 2,348
Other	6,819	6,774
Total other current liabilities	$ 9,146	$ 9,122

NOTE 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the Company's cash and cash equivalents, restricted cash, receivables and accounts payable approximate fair value because of the short term maturities of these instruments. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

- Level 3 - Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including its own data.

The following table presents a summary of fair value measurements by level for certain assets measured at fair value on a recurring basis included in the accompanying balance sheets at December 31, 2016 and 2015 (in thousands):

Input Levels for Fair Value Measurements

	Level 1	Level 2	Level 3	Total
December 31, 2016				
Assets:				
CRDA deposits, net	$ -	$ -	$ 1,202	$ 1,202
December 31, 2015				
Assets:				
CRDA deposits, net	$ -	$ -	$ 16,405	$ 16,405

Funds on deposit with the CRDA are held in interest bearing accounts by the CRDA. Interest is earned at the stated rate that approximates two-thirds of the current market rate for similar assets. The Company records charges to expense to reflect the lower return on investment and records the deposit at fair value. As of December 31, 2016, the remainder of funds on deposit with the CRDA which are not attributable to the amended CRDA grant agreement, are classified in the fair value hierarchy as Level 3, and estimated using valuation allowances calculated based on market rates for similar assets and other information received from the CRDA. The fair value of the CRDA deposits as of December 31, 2015, classified in the fair value hierarchy as Level 3, are estimated using valuation allowances calculated based on market rates for similar assets and other information received from the CRDA.

The following table summarizes the changes in fair value of the Company's Level 3 CRDA deposits (in thousands):

	December 31, 2016	December 31, 2015
Balance at January 1	$ 16,405	$ 24,384
Realized or unrealized losses	(5,826)	3,095
Additional CRDA deposits	2,540	4,321
CRDA Project Funds Received	(3,035)	(14,194)
Purchases of CRDA investments	(3,052)	(1,201)
CRDA deposits attributable to amended CRDA grant aggreement, net	(5,830)	-
Balance at December 31	$ 1,202	$ 16,405

Losses are included in the accompanying statements of income. There were no transfers between fair value levels for 2016 or 2015.

CRDA Bonds

The Company's CRDA bonds are classified as held-to-maturity since the Company has the ability and intent to hold these bonds to maturity; under the CRDA, the Company is not permitted to do otherwise. The CRDA Bonds are initially recorded at a discount to approximate fair value. After the initial determination of fair value, the company will analyze the CRDA bonds quarterly for recoverability based on management's historical collection experience and other information received from the CRDA. If indications exist that the CRDA bond is impaired, additional valuation allowances will be recorded. The CRDA bonds carrying value as of December 31, 2016 and 2015 net of the unamortized discount and valuation allowance, was $10,129 and $8,418 respectively, which approximates fair value.

Long-term Debt

The Company's long-term debt is carried at amortized cost in the accompanying balance sheets. The fair value of the Company's long-term debt is a Level 2 fair value measurement and has been estimated based upon quoted market prices for similar issues. The estimated fair value of long-term debt as of December 31, 2016 and 2015 is approximately $100.6 million and $78.0 million.

NOTE 15. NON-OPERATING INCOME/EXPENSE

Non-operating Income/(Expense) consists of the following (in thousands):

	December 31, 2016	December 31, 2015
Interest income	$ 530	$ 418
Impairment charge	-	(26)
Construction accident related	-	(2)
Loss/(gain) on disposal of asset	(293)	51
Total non-operating income	$ 237	$ 441

TROPICANA CASINO AND RESORT

ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2016

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

TROPICANA CASINO AND RESORT

ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2016

(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	**Description (b)**	**Account Balance (c)**	**Allowance (d)**	**Accounts Receivable (Net of Allowance) (e)**
	Patrons' Checks:			
1	Undeposited Patrons' Checks................................	$3,565		
2	Returned Patrons' Checks....................................	6,524		
3	Total Patrons' Checks..	10,089	$5,268	$4,821
4	Hotel Receivables..	2,725	82	2,643
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates...........................	1,116		
7	Other Accounts and Notes Receivables................	5,282		
8	Total Other Receivables......................................	6,398	481	5,917
9	Totals (Form DGE-205)..	$19,212	$5,831	$13,381

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)..	$2,894
11	Counter Checks Issued..	89,731
12	Checks Redeemed Prior to Deposit..	(65,481)
13	Checks Collected Through Deposits..	(21,461)
14	Checks Transferred to Returned Checks...	(2,118)
15	Other Adjustments..	
16	Ending Balance..	$3,565
17	"Hold" Checks Included in Balance on Line 16..	0
18	Provision for Uncollectible Patrons' Checks...	$393
19	Provision as a Percent of Counter Checks Issued..	0.4%

TROPICANA CASINO AND RESORT
ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2016

($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages: Other Employees (d)	Salaries and Wages: Officers & Owners (e)	Salaries and Wages: Totals (f)
	CASINO:				
1	Table and Other Games	667			
2	Slot Machines	98			
3	Administration	3			
4	Casino Accounting	131			
5	Simulcasting				
6	Other				
7	Total - Casino	899	$18,906	$0	$18,906
8	ROOMS	421	10,342		10,342
9	FOOD AND BEVERAGE	670	15,258		15,258
10	GUEST ENTERTAINMENT	145	1,930		1,930
11	MARKETING	174	6,625		6,625
12	OPERATION AND MAINTENANCE	208	7,963		7,963
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	2	950		950
14	Accounting and Auditing	51	2,087		2,087
15	Security	189	5,358		5,358
16	Other Administrative and General	42	1,878		1,878
	OTHER OPERATED DEPARTMENTS:				
17	Communications	16	358		358
18	Transportation	107	1,701		1,701
19	Hotel Sales	5	414		414
20	IT	22	1,498		1,498
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	2,951	$75,267	$0	$75,267

TROPICANA CASINO AND RESORT
ANNUAL FILINGS STATEMENT OF
CONFORMITY, ACCURACY AND COMPLIANCE

FOR THE YEAR ENDED DECEMBER 31, 2016

1. Under penalties provided by law, I declare that I have examined the Annual Filings (DGE-340, DGE-350, DGE-370 and DGE-380), and to the best of my knowledge and belief, all the information contained on those forms has been prepared in conformity with the Division's Annual Filings Instructions and Uniform Chart of Accounts, and the information contained on those forms is accurate.

3/31/2016
Date

Christina Broome

Vice President, Finance #7571-11
Title (License Number)

On Behalf of:

TROPICANA CASINO AND RESORT
Casino Licensee