CIE NEW JERSEY, LLC

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2018

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

**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

CIE NEW JERSEY, LLC
BALANCE SHEETS

AS OF MARCH 31, 2018 AND 2017

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$13,356	$13,433
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2018, $0 ; 2017, $0)		516	1,154
4	Inventories		0	0
5	Other Current Assets		210	588
6	Total Current Assets		14,082	15,175
7	Investments, Advances, and Receivables		0	0
8	Property and Equipment - Gross		1,099	1,099
9	Less: Accumulated Depreciation and Amortization		(914)	(722)
10	Property and Equipment - Net		185	377
11	Other Assets		0	0
12	Total Assets		$14,267	$15,552
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$1,141	$1,054
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	2,723
16	External		0	0
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses		4,255	3,734
19	Other Current Liabilities		5,166	7,483
20	Total Current Liabilities		10,562	14,994
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External		0	0
23	Deferred Credits		0	0
24	Other Liabilities		0	0
25	Commitments and Contingencies		0	0
26	Total Liabilities		10,562	14,994
27	Stockholders', Partners', or Proprietor's Equity		3,705	558
28	Total Liabilities and Equity		$14,267	$15,552

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

CIE NEW JERSEY, LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)	
	Revenue:				
1	Casino		$7,297	$6,213	*
2	Rooms		0	0	
3	Food and Beverage		0	0	
4	Other		382	291	
5	Net Revenue		7,679	6,504	*
	Costs and Expenses:				
6	Casino		4,126	3,859	
7	Rooms, Food and Beverage		0	0	
8	General, Administrative and Other		644	550	
9	Total Costs and Expenses		4,770	4,409	
10	Gross Operating Profit		2,909	2,095	*
11	Depreciation and Amortization		48	48	
	Charges from Affiliates Other than Interest:				
12	Management Fees		0	0	
13	Other		278	246	
14	Income (Loss) from Operations		2,583	1,801	*
	Other Income (Expenses):				
15	Interest Expense - Affiliates		0	0	
16	Interest Expense - External		0	0	
17	CRDA Related Income (Expense) - Net		(274)	(267)	
18	Nonoperating Income (Expense) - Net		0	0	
19	Total Other Income (Expenses)		(274)	(267)	
20	Income (Loss) Before Taxes		2,309	1,534	*
21	Provision (Credit) for Income Taxes		0	0	
22	Net Income (Loss)		$2,309	$1,534	*

* Prior year balances have change 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.

CIE NEW JERSEY, LLC
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017
AND THE THREE MONTHS ENDED MARCH 31, 2018

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	______ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2016..........**		$0	($976)	$0	($976)
2	Net Income (Loss) - 2017..........			8,458		8,458
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7	Distribution to Member			(3,936)		(3,936)
8						0
9						0
10	**Balance, December 31, 2017..........**		0	3,546	0	3,546
11	Net Income (Loss) - 2018..........			2,309		2,309
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16	Distribution to Member			(2,150)		(2,150)
17						0
18						0
19	**Balance, March 31, 2018...............**		$0	$3,705	$0	$3,705

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

CIE NEW JERSEY, LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$2,494	$2,906
	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...........................		0	0
5	Proceeds from Disposition of Property and Equipment..........		0	0
6	CRDA Obligations		0	0
7	Other Investments, Loans and Advances made......................		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities..........................		0	0
10	....			
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		0	0
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		5,747	3,132
14	Payments to Settle Short-Term Debt......................................		(6,000)	(4,000)
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	Distribution to Member		(2,150)	0
22	....			
23	Net Cash Provided (Used) By Financing Activities...................		(2,403)	(868)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		91	2,038
25	Cash and Cash Equivalents at Beginning of Period..................		13,265	11,395
26	Cash and Cash Equivalents at End of Period............................		$13,356	$13,433

Line	Description	Notes	2018	2017
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$0	$0
28	Income Taxes..		$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.

CIE NEW JERSEY, LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$2,309	$1,534
30	Depreciation and Amortization of Property and Equipment		48	48
31	Amortization of Other Assets		0	0
32	Amortization of Debt Discount or Premium		0	0
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment		0	0
36	(Gain) Loss on CRDA-Related Obligations		0	0
37	(Gain) Loss from Other Investment Activities		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		113	228
39	(Increase) Decrease in Inventories		0	0
40	(Increase) Decrease in Other Current Assets		102	(45)
41	(Increase) Decrease in Other Assets		0	0
42	Increase (Decrease) in Accounts Payable		(592)	(33)
43	Increase (Decrease) in Other Current Liabilities		514	1,174
44	Increase (Decrease) in Other Liabilities		0	0
45				
46				
47	Net Cash Provided (Used) By Operating Activities		$2,494	$2,906

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment			$0
49	Less: Capital Lease Obligations Incurred			0
50	Cash Outflows for Property and Equipment		$0	$0
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired			$0
52	Goodwill Acquired			0
53	Other Assets Acquired - net			0
54	Long-Term Debt Assumed			0
55	Issuance of Stock or Capital Invested			0
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.

CIE NEW JERSEY, LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2018
(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				
2	Food				
3	Beverage				
4	Travel				
5	Bus Program Cash				
6	Promotional Gaming Credits				
7	Complimentary Cash Gifts				
8	Entertainment				
9	Retail & Non-Cash Gifts				
10	Parking				
11	Other				
12	Total	0	$0	0	$0

FOR THE THREE MONTHS ENDED __________________, 20

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms				
2	Food				
3	Beverage				
4	Travel				
5	Bus Program Cash				
6	Promotional Gaming Credits				
7	Complimentary Cash Gifts				
8	Entertainment				
9	Retail & Non-Cash Gifts				
10	Parking				
11	Other				
12	Total	0	$0	0	$0

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

CIE NEW JERSEY, LLC
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2018

1. I have examined this Quarterly Report.

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

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

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

5-9-2018
Date

Christian Stuart

Executive Vice President Gaming & Interactive Entertainment
Title

4507-03
License Number

On Behalf of:

CIE NEW JERSEY, LLC
Casino Licensee

CAESARS INTERACTIVE ENTERTAINMENT NEW JERSEY, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts are in thousands)

Note 1 — Organization and Basis of Presentation

Organization

Caesars Interactive Entertainment New Jersey, LLC (the "Company" or "CIENJ") was formed on March 22, 2013 as a New Jersey limited liability company. The sole member of the Company is Caesars Interactive Entertainment, LLC ("CIE" or the "Member"). CIE is a wholly owned subsidiary of Caesars Growth Partners, LLC ("CGP"), which is a wholly owned subsidiary of Caesars Entertainment Corporation ("CEC").

The Company is licensed by the New Jersey Division of Gaming Enforcement ("DGE") to operate interactive real money online gaming in New Jersey and is subject to the rules and regulations established by the DGE.

CIENJ was primarily organized to operate real money online gaming within the State of New Jersey. As of March 31, 2018, the Company offered real money online wagering to patrons in the State of New Jersey through CaesarsCasino.com, HarrahsCasino.com, and WSOP.com (the "Owned Platforms"). The Owned Platforms began service on a limited basis in November 2013 with expanded 24-hour service shortly thereafter. Additionally, the Company entered into a services agreement with AAPN New Jersey, LLC, a non-affiliate third party, ("AAPN") to provide AAPN with non-exclusive use of the Company's license and certain interactive gaming services. As of March 31, 2018, AAPN operated the 888.com platform under the Company's gaming license (refer to Note 2 — Summary of Significant Accounting Policies for the Company's revenue recognition accounting policy).

Basis of Presentation and Use of Estimates

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States and the rules and regulations of the DGE, which require the use of estimates and assumptions that affect the reported amounts in the financial statements and notes thereto. Management believes the accounting estimates are appropriate and reasonably determined. Due to the inherent uncertainties in making these estimates, actual amounts could differ.

The accompanying financial statements also include allocations of certain CEC general corporate expenses. These allocations of general corporate expenses may not reflect the expense the Company would have incurred if CIENJ were a stand-alone company nor are they necessarily indicative of CIENJ's future costs. Management believes the assumptions and methodologies used in the allocation of general corporate expenses from CEC are reasonable. Given the nature of these costs, it is not practicable for the Company to estimate what these costs would have been on a stand-alone basis.

Transactions between CEC or its subsidiaries and the Company have been identified in the financial statements as transactions between related parties (see Note 8 — Related Party Transactions).

Subsequent Events

The Company completed its subsequent events review through May 11, 2018, the date on which the financial statements were available to be issued, and noted no items other than as disclosed herein.

Note 2 — Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with maturities of less than three months from the date of purchase and are stated at the lower of cost or market value.

Receivables and Allowance for Doubtful Accounts

Receivables primarily consist of amounts collectible from third party credit card processors and reimbursable expenses from internet service partners. Credit card processing receivables typically have a high turnover rate and are generally not subject to increased credit risk. Receivables are typically non-interest bearing and are initially recorded at cost. Management reserves for receivables when objective evidence exists that a receivable may be uncollectible. There was no provision for doubtful accounts recorded for the three months ended March 31, 2018 and 2017.

Property and Equipment

Additions to property and equipment are stated at cost. The Company capitalizes the costs of improvements that extend the life of the asset and expenses maintenance and repair costs as incurred. Gains or losses on the dispositions of property and equipment are included in the determination of income. Depreciation is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease, as follows:

Leasehold improvements	5 to 10 years
Furniture, fixtures and equipment	3 to 5 years

Management reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value of the asset, an impairment loss is recognized equal to an amount by which the carrying value exceeds the estimated fair value of the asset. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effect of obsolescence, demand, competition, a change in physical condition, and legal and other economic factors.

Adoption of New Revenue Recognition Standard

In May 2014, the Financial Accounting Standards Board issued a new standard related to revenue recognition, Accounting Standards Update 2014-09, Revenue from Contracts with Customers, which amended the Accounting Standards Codification ("ASC"). We adopted the standard effective January 1, 2018, using the full retrospective method, which requires the Company to recast each prior reporting period presented consistent with the new standard. The most significant effects of adopting the new standard related to the accounting for our Total Rewards customer loyalty program.

Previously, the Company accrued a liability based on the estimated cost of fulfilling the redemption of Reward Credits, after consideration of estimated forfeitures (referred to as "breakage"), based upon the cost of historical redemptions. Upon adoption of the new accounting standard, Reward Credits are no longer recorded at cost, and a deferred revenue model is used to account for the classification and timing of revenue recognized as well as the classification of related expenses when Reward Credits are redeemed. This results in a portion of casino revenues being recorded as deferred revenue as Reward Credits are earned. Revenue is recognized in a future period based on when and for what good or service the Reward Credits are redeemed (e.g., a hotel room).

Effect of Adopting New Revenue Recognition Standard - Balance Sheet

(In thousands)	**Previously Reported**	**ASC Adjustments**	**As Recast**
March 31, 2017			
Due to affiliates, net	$ 2,455	$ 268	$ 2,723
Stockholder's equity	826	(268)	558

Effect of Adopting New Revenue Recognition Standard - Income Statement

	Three Months Ended March 31, 2017		
(In thousands)	**Previously Reported**	**ASC Adjustments**	**As Recast**
Casino revenues	$ 6,446	$ (233)	$ 6,213
Income from operations	2,034	(233)	1,801
Net income	1,767	(233)	1,534

Accounting Policy

We analyze our revenues based upon the type of services we provide. We recognize revenue for services when the services are performed and when we have no substantive performance obligation remaining. Sales and other taxes collected from customers on behalf of governmental authorities are accounted for on a net basis and are not included in net revenues or operating expenses.

Casino Revenues

Online real money gaming revenues are measured by the aggregate net difference between gaming wins and losses and are recorded as Casino revenue in the accompanying Statements of Income, with liabilities recognized for customer funds on deposit. Cash discounts and other cash incentives related to online real money gaming are recorded as a reduction to Casino revenue.

The Company entered into an agreement with 888 Atlantic Limited ("888"), an affiliate of AAPN, for 888 to develop and maintain the Company's online gaming platform and provide certain interactive gaming services. Under this agreement, the Company pays 888 a fixed percentage of its net casino revenues, as defined in the agreement ("Net Casino Revenues"). The Company is the primary obligor in this arrangement, and as such, CIENJ recognizes Casino revenue on a gross basis with a corresponding expense for 888's share of Net Casino Revenues.

In September 2013, the Company entered into an online platform and services agreement with Amaya Gaming Group, Inc. ("Amaya"), whereby CIENJ pays a fixed percentage of its net casino revenues, as defined in the agreement, for use of an online gaming platform and other interactive gaming services. In November 2014, NYX Gaming Group acquired the subsidiary of Amaya operating the online casino platform for the Caesars Casino brand. Similar to the 888 agreement, the Company is the primary obligor in this arrangement, and as such, CIENJ recognizes Casino revenue on a gross basis with a corresponding expense for the third-party's share of net casino revenues.

For the three months ended March 31, 2018 and 2017, the Company recognized $970 and $1,126, respectively, of revenue share expense associated with its platform and content agreements. This expense is included in Casino expense in the accompanying Statements of Income.

The Company entered into an agreement to provide administrative interactive gaming services to non-affiliate third parties, whereby the Company receives a fixed percentage of net casino revenues, as defined in the agreement, for providing such administrative services. The Company is not the primary obligor in this arrangement, and as such, CIENJ records revenue on a net basis. As a result, Casino revenue as reported in the accompanying Statements of Income only reflects CIENJ's share of casino revenues associated with the third party non-affiliate's platform. For the three months ended March 31, 2018 and 2017, the Company recognized $58 and $59, respectively, of revenue associated with this agreement. This revenue is included in Casino revenue in the accompanying Statements of Income. Additionally, reimbursable expenses incurred on behalf of third parties in connection with these arrangements are recorded on a gross basis and associated revenues are included in Other revenues in the accompanying Statements of Income.

Total Rewards Loyalty Program

Through a cross-marketing agreement with CEOC, LLC ("CEOC"), a majority-owned subsidiary of CEC and an affiliate of CIENJ, patrons of CaesarsCasino.com and HarrahsCasino.com have access to CEC's Total Rewards loyalty program. Caesars' customer loyalty program, Total Rewards, grants Reward Credits to Total Reward Members based on on-property spending, including gaming, hotel, dining, and retail shopping at all Caesars-affiliated properties. Members may redeem Reward Credits for complimentary or discounted goods and services such as rooms, food and beverages, merchandise, entertainment, and travel accommodations. Members are able to accumulate Reward Credits over time that they may redeem at their discretion under the terms of the program. Additionally, patrons of CaesarsCasino.com and HarrahsCasino.com have the opportunity to redeem their online reward credits for cash that is deposited directly into the patron's online wagering account. A member's Reward Credit balance is forfeited if the member does not earn a Reward Credit for a continuous six-month period. Reward Credits earned by customers are recorded as a reduction to Casino revenues in the accompanying Statements of Income. Refer to Note 8 — Related Party Transactions for further description of the cross-marketing agreement.

Patrons of the WSOP.com platform have access to the Company's Action Club loyalty program. Under this program, patrons have the opportunity to redeem their points for cash once a certain tier status is achieved in accordance with the terms of the program. Patrons of the Action Club loyalty program also have the ability to earn status in the Total Rewards program through the Company's tier matching program. As points earned under this program can be redeemed for cash, the Company accrues 100% of the cash converted point balance as such credits are earned as a reduction to Casino revenue in the accompanying Statements of Income. For the three months ended March 31, 2018 and 2017, the Company recorded zero in both periods as a reduction to Casino Revenue in association with the Company's loyalty programs.

Because of the significance of the Total Rewards program and the ability for customers to accumulate Reward Credits based on their past play, we have determined that Reward Credits granted in conjunction with other earning activity represent a performance obligation. As a result, for transactions in which Reward Credits are earned, we allocate a portion of the transaction price to the Reward Credits that are earned based upon the relative standalone selling prices ("SSP") of the goods and services involved.

We have determined the SSP of a Reward Credit by computing the redemption value of credits expected to be redeemed. Because Reward Credits are not otherwise independently sold, we analyzed all Reward Credit redemption activity over the preceding calendar year and determined the redemption value based on the fair market value of the goods and services for which the Reward Credits were redeemed.

As part of determining the SSP for Reward Credits, we also determined that there is generally an amount of Reward Credits that are not redeemed, which is considered "breakage." We recognize the expected breakage proportionally with the pattern of revenue recognized related to the redemption of Reward Credits. We periodically reassess our customer behaviors and revise our expectations as deemed necessary on a prospective basis.

Receivables

	March 31,	
(In millions)	**2018**	**2017**
Casino receivables, net	$ 249	$ 454
Other receivables, net	267	700
Receivables, net	$ 516	$ 1,154

Gaming Taxes

The Company remits a tax equal to 15% of internet gross gaming revenue, as defined, to the State of New Jersey on a monthly basis. The Company's gaming tax expense for the three months ended March 31, 2018 and 2017 was $1,427 and $1,396, respectively. Gaming taxes are included in Casino expense in the accompanying Statements of Income.

Advertising

CIENJ expenses advertising production costs the first time the advertising takes place. Advertising expense was $301 and $227, respectively, for the three months ended March 31, 2018 and 2017. Advertising expense is included in General, Administrative and Other expense in the accompanying Statements of Income.

Income Taxes

The Company is a disregarded entity for federal income tax purposes. The accompanying financial statements do not include a provision for income taxes since any income or loss allocated to the Member is reportable for income tax purposes by the Member. The Company's income tax return and the amount of allocable income are subject to examination by federal and state taxing authorities. If an examination results in a change to the Company's income, the Member's tax may also change.

Casino Reinvestment Development Authority ("CRDA") Investment Obligations

The New Jersey Casino Control Act provides, among other things, for an investment equal to 2.5% of gross internet gaming revenues in lieu of an investment alternative tax ("IAT") equal to 5% of gross internet gaming revenues.

The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions, or by depositing funds with the 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. The Company has elected to make the 2.5% investment with the CRDA as described above. The funds on deposit are held in an interest-bearing account by the CRDA. The Company records impairment charges to operations to reflect the estimated net realizable value of its CRDA investment.

During the second quarter of 2016, pursuant to a provision contained within legislation enacted to address Atlantic City's fiscal matters (the "PILOT Legislation"), 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 Legislation 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 Legislation. These provisions expire as of December 31, 2026.

Concurrent with the passage of the PILOT Legislation, CIENJ and certain affiliates of CEC (collectively, the "Companies") reached a donation credit agreement with the CRDA, which was subsequently formalized in July 2016. The agreement provided for the Companies to donate their IAT funds on deposit with the CRDA, in exchange for a donation credit of 50% to be used by the Companies for eligible non-gaming projects.

Upon reaching the donation credit agreement, CIENJ, which does not offer non-gaming amenities and is therefore unable to use released IAT funds for non-gaming projects, agreed to sell and assign all of its rights to the released IAT funds to certain affiliates of CEC in exchange for a $200 rent credit for future rent payments owed under its datacenter license agreement. This asset sale and assignment agreement was subsequently formalized in July 2016. Refer to Note 8 — Related Party Transactions for a description of the datacenter license agreement. The rent credit had been fully utilized as of June 30, 2017.

Subsequent to the passage of the PILOT Legislation, the Company has recorded the expense associated with IAT payments as a period charge for 100% of the obligation amount as of the date the obligation arises. For the three months ended March 31, 2018 and 2017, the Company incurred $274 and $267, respectively, of IAT-related expense. This expense is included in CRDA Related Income (Expense) - Net in the accompanying Statements of Income.

Note 3 — Receivables and Patrons' Checks

	March 31,	
(In thousands)	**2018**	**2017**
Reimbursable expenses	$ 516	$ 700
Credit card receivables	—	454
	516	1,154
Less: Allowance for doubtful accounts	—	—
	$ 516	$ 1,154

Note 4 — Other Current Assets

	March 31,	
(In thousands)	**2018**	**2017**
Prepaid license fees	$ 145	$ 531
Prepaid advertising	65	34
Prepaid rent	—	23
	$ 210	$ 588

Note 5 — Property and Equipment

	March 31,	
(In thousands)	**2018**	**2017**
Leasehold improvements	$ 700	$ 700
Furniture, fixtures, and equipment	399	399
	1,099	1,099
Less: Accumulated depreciation	(914)	(722)
	$ 185	$ 377

Note 6 — Other Accrued Expenses

	March 31,	
(In thousands)	**2018**	**2017**
Accrued gaming liabilities	$ 2,515	$ 2,534
Accrued revenue share expense	735	326
Accrued gaming taxes	662	473
Accrued CRDA expense	274	267
Other accruals	69	134
	$ 4,255	$ 3,734

Note 7 — Other Current Liabilities

(In thousands)	March 31, 2018		March 31, 2017	
Internet patron liability	$	4,803	$	6,494
Internet partner payable		363		528
Payment processing liability		—		461
	$	5,166	$	7,483

Pursuant to NJAC 13:60 O-1.3(j), the Company maintains separate New Jersey bank accounts for each platform to ensure security of funds held in patron internet gaming accounts. As of March 31, 2018 and 2017, cash and cash equivalents maintained in separate bank accounts totaled $13,356 and $13,433, respectively, and the patron deposits and internet gaming accounts were $4,803 and $6,494, respectively.

Note 8 — Related Party Transactions

Cross Marketing and Trademark License Agreement

In 2011, CIE entered into a Cross Marketing and Trademark License Agreement with Caesars World, Inc., Caesars License Company, LLC, CEC, and CEOC. In addition to granting CIE the exclusive rights to use various brands of CEC in connection with social and mobile games and online real money gaming in exchange for a 3% royalty, this agreement also provides that CEOC will provide certain marketing and promotional activities to CIE, including participation in CEC's Total Rewards loyalty program, and CIE will provide certain marketing and promotional activities to CEC and CEOC. The agreement also provides for certain revenue share arrangements whereby CIE pays CEOC for customer referrals. This agreement is in effect until December 31, 2026, unless earlier terminated pursuant to the agreement's terms. CIENJ, as a subsidiary of CIE, is subject to the terms and conditions of this agreement. For the three months ended March 31, 2018 and 2017, the Company's expense in connection with this agreement was $177 and $134, respectively. This expense is included in Other Charges from Affiliates Other than Interest in the Statements of Income.

Allocated General Corporate Expenses

In 2013, CGP entered into a management services agreement with CEOC pursuant to which CEOC and its subsidiaries provide certain services to CGP and its subsidiaries. The agreement, among other things:

- contemplates that CEOC will provide certain services related to payroll, accounting, risk management, tax, finance, recordkeeping, financial statement preparation and audit support, legal, treasury functions, regulatory compliance, insurance, information systems, office space and corporate and other centralized services;
- allows the parties to modify the terms and conditions of CEOC's performance of any of the services and to request additional services from time to time; and
- provides for payment of a service fee to CEOC in exchange for the provision of services, in an amount equal to the fully allocated cost of such services plus a margin of 10%.

The Statements of Income reflect an allocation of both expenses incurred in connection with this shared services agreement and directly billed expenses incurred through CEC or its subsidiaries. General corporate expenses have been allocated based on a percentage of revenue, or on another basis (such as headcount), depending upon the nature of the general corporate expense being allocated, including at times a 10% surcharge. For the three months ended March 31, 2018 and 2017, CIENJ recorded allocated general corporate expenses and directly billed expenses totaling $111 and $112, respectively. This expense is included in Charges from Affiliates Other than Interest: Other in the Statements of Income.

Datacenter License Agreement

In 2013, CIENJ entered into a datacenter license agreement with Boardwalk Regency Corporation d/b/a Caesars Atlantic City Hotel and Casino ("Caesars AC"), a subsidiary of CEOC and an affiliate of CIENJ, to lease a portion of Caesars AC's property for the purpose of housing CIENJ's interactive gaming datacenter (the "Datacenter Agreement"). The term of the Datacenter Agreement is 10 years unless certain conditions are met, in which case the agreement may terminate earlier. For both of the three months ended March 31, 2018 and 2017, the Company recorded $59 of expense related to the Datacenter Agreement. This expense is included in Charges from Affiliates Other than Interest: Other in the Statements of Income. Refer to Note 9 — Litigation, Contractual Commitments, and Contingent Liabilities for further discussion of future minimum rental commitments.

Sale and Assignment of IAT Funds

During 2016, CIENJ agreed to sell and assign all of its rights to its IAT funds donation credit to certain affiliates of CEC in exchange for a $200 rent credit for future rent payments owed under its datacenter license agreement. Refer to Note 2 — Summary of Significant Accounting Policies for further discussion of this sale and assignment.

Debt Due to Member

CIE pays certain costs on behalf of CIENJ, which are settled in the normal course of business. While no formal agreement between the Member and CIENJ exists, the arrangement is akin to a financing arrangement. No interest is imputed due to the related party nature of the arrangement. At March 31, 2018 and 2017, CIENJ's payable to Member was zero and $2,723, respectively, and is presented as Current Portion of Long-Term Debt: Due to Affiliates in the Balance Sheets.

Note 9 — Litigation, Contractual Commitments, and Contingent Liabilities

Litigation

The Company is, from time to time, party to ordinary and routine claims and legal actions incidental to its business. In the opinion of management, these matters will not have a material effect on the Company's financial position, results of operations, or cash flows.

Lease Commitments

As discussed in Note 8 — Related Party Transactions, the Company leases space from Caesars AC for its interactive gaming datacenter. As of March 31, 2018, CIENJ's future minimum rental commitments under this operating lease are as follows:

(In thousands)

Year	**Operating Leases**
2018	$ 177
2019	235
2020	235
2021	235
2022	235
Thereafter	177
Total minimum rental commitments	$ 1,294