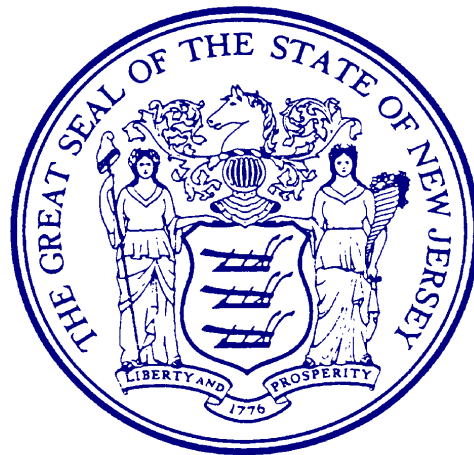


**BORGATA HOTEL CASINO & SPA  
QUARTERLY REPORT  
FOR THE QUARTER ENDED DECEMBER 31, 2020**

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



**OFFICE OF FINANCIAL INVESTIGATIONS  
REPORTING MANUAL**

# BORGATA HOTEL CASINO & SPA BALANCE SHEETS

AS OF DECEMBER 31, 2020 AND 2019

(UNAUDITED)  
(\$ IN THOUSANDS)

| Line<br>(a) | Description<br>(b)  | Notes | 2020<br>(c) | 2019<br>(d) |
|-------------|---|-------|-------------|-------------|
|             | <u>ASSETS:</u>  |       |             |             |
|             | Current Assets:   |       |             |             |
| 1           | Cash and Cash Equivalents.....  | 2     | \$66,274    | \$74,629    |
| 2           | Short-Term Investments.....   |       | 0           | 0           |
| 3           | Receivables and Patrons' Checks (Net of Allowance for<br>Doubtful Accounts - 2020, \$26,164; 2019, \$24,267)..... | 3     | 30,877      | 38,689      |
| 4           | Inventories .....   |       | 3,702       | 3,952       |
| 5           | Other Current Assets.....   | 2     | 13,574      | 9,043       |
| 6           | Total Current Assets.....   |       | 114,427     | 126,313     |
| 7           | Investments, Advances, and Receivables.....   | 2,4   | 562,748     | 616,693     |
| 8           | Property and Equipment - Gross.....   | 2,5   | 182,652     | 158,011     |
| 9           | Less: Accumulated Depreciation and Amortization.....  | 2,5   | (88,593)    | (65,507)    |
| 10          | Property and Equipment - Net.....   |       | 94,059      | 92,504      |
| 11          | Other Assets.....   | 8,9   | 1,769,783   | 1,787,395   |
| 12          | Total Assets.....   |       | \$2,541,017 | \$2,622,905 |
|             | <u>LIABILITIES AND EQUITY:</u>  |       |             |             |
|             | Current Liabilities:  |       |             |             |
| 13          | Accounts Payable.....   |       | \$3,535     | \$3,027     |
| 14          | Notes Payable.....  |       | 0           | 0           |
|             | Current Portion of Long-Term Debt:  |       |             |             |
| 15          | Due to Affiliates.....  |       | 0           | 0           |
| 16          | External.....   |       | 0           | 0           |
| 17          | Income Taxes Payable and Accrued.....   | 2     | 0           | 0           |
| 18          | Other Accrued Expenses.....   | 6     | 73,168      | 74,792      |
| 19          | Other Current Liabilities.....  | 7,8   | 121,995     | 115,184     |
| 20          | Total Current Liabilities.....  |       | 198,698     | 193,003     |
|             | Long-Term Debt:   |       |             |             |
| 21          | Due to Affiliates.....  |       | 0           | 0           |
| 22          | External.....   |       | 0           | 0           |
| 23          | Deferred Credits .....  |       | 0           | 0           |
| 24          | Other Liabilities.....  | 8     | 1,322,269   | 1,345,394   |
| 25          | Commitments and Contingencies.....  |       | 0           | 0           |
| 26          | Total Liabilities.....  |       | 1,520,967   | 1,538,397   |
| 27          | Stockholders', Partners', or Proprietor's Equity.....   | 2     | 1,020,050   | 1,084,508   |
| 28          | Total Liabilities and Equity.....   |       | \$2,541,017 | \$2,622,905 |

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

# BORGATA HOTEL CASINO & SPA STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020 AND 2019

(UNAUDITED)  
(\$ IN THOUSANDS)

| Line<br>(a) | Description<br>(b)                           | Notes  | 2020<br>(c) | 2019<br>(d) |
|-------------|--|--------|-------------|-------------|
|             | Revenue:                                     |        |             |             |
| 1           | Casino.....                                  | 2, 8   | \$256,878   | \$464,946   |
| 2           | Rooms.....                                   | 2      | 53,308      | 141,170     |
| 3           | Food and Beverage.....                       | 2      | 50,521      | 152,502     |
| 4           | Other.....                                   | 2      | 19,184      | 58,407      |
| 5           | Net Revenue.....                             | 2      | 379,891     | 817,025     |
|             | Costs and Expenses:                          |        |             |             |
| 6           | Casino.....                                  | 2      | 143,198     | 216,151     |
| 7           | Rooms, Food and Beverage.....                | 2      | 68,342      | 152,344     |
| 8           | General, Administrative and Other.....       | 2,8,10 | 167,701     | 238,954     |
| 9           | Total Costs and Expenses.....                |        | 379,241     | 607,449     |
| 10          | Gross Operating Profit.....                  |        | 650         | 209,576     |
| 11          | Depreciation and Amortization.....           | 5,8    | 23,391      | 18,069      |
|             | Charges from Affiliates Other than Interest: |        |             |             |
| 12          | Management Fees.....                         |        | 0           | 0           |
| 13          | Other.....                                   |        | 0           | 0           |
| 14          | Income (Loss) from Operations.....           |        | (22,741)    | 191,507     |
|             | Other Income (Expenses):                     |        |             |             |
| 15          | Interest Expense - Affiliates.....           |        | 0           | 0           |
| 16          | Interest Expense - External.....             |        | 1,193       | 0           |
| 17          | CRDA Related Income (Expense) - Net.....     | 2      | (6,226)     | (10,713)    |
| 18          | Nonoperating Income (Expense) - Net.....     | 2      | (89,039)    | (63,050)    |
| 19          | Total Other Income (Expenses).....           | 4,8    | (94,072)    | (73,763)    |
| 20          | Income (Loss) Before Taxes .....             |        | (116,813)   | 117,744     |
| 21          | Provision (Credit) for Income Taxes.....     | 2      | (15,661)    | 8,994       |
| 22          | Net Income (Loss).....                       |        | (\$101,152) | \$108,750   |

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

# BORGATA HOTEL CASINO & SPA

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

(UNAUDITED)  
(\$ IN THOUSANDS)

| Line<br>(a) | Description<br>(b)                           | Notes  | 2020<br>(c) | 2019<br>(d) |
|-------------|--|--------|-------------|-------------|
|             | Revenue:                                     |        |             |             |
| 1           | Casino.....                                  | 2, 8   | \$76,651    | \$114,844   |
| 2           | Rooms.....                                   | 2      | 12,584      | 30,898      |
| 3           | Food and Beverage.....                       | 2      | 14,262      | 36,632      |
| 4           | Other.....                                   | 2      | 8,013       | 13,566      |
| 5           | Net Revenue.....                             | 2      | 111,510     | 195,940     |
|             | Costs and Expenses:                          |        |             |             |
| 6           | Casino.....                                  | 2      | 30,587      | 56,530      |
| 7           | Rooms, Food and Beverage.....                | 2      | 19,122      | 37,243      |
| 8           | General, Administrative and Other.....       | 2,8,10 | 45,910      | 57,565      |
| 9           | Total Costs and Expenses.....                |        | 95,619      | 151,338     |
| 10          | Gross Operating Profit.....                  |        | 15,891      | 44,602      |
| 11          | Depreciation and Amortization.....           | 5      | 5,482       | 4,654       |
|             | Charges from Affiliates Other than Interest: |        |             |             |
| 12          | Management Fees.....                         |        | 0           | 0           |
| 13          | Other.....                                   |        | 0           | 0           |
| 14          | Income (Loss) from Operations.....           |        | 10,409      | 39,948      |
|             | Other Income (Expenses):                     |        |             |             |
| 15          | Interest Expense - Affiliates.....           |        | 0           | 0           |
| 16          | Interest Expense - External.....             |        | 568         | 0           |
| 17          | CRDA Related Income (Expense) - Net.....     | 2      | (1,468)     | (2,726)     |
| 18          | Nonoperating Income (Expense) - Net.....     | 2      | (21,531)    | (8,946)     |
| 19          | Total Other Income (Expenses).....           | 4,8    | (22,431)    | (11,672)    |
| 20          | Income (Loss) Before Taxes .....             |        | (12,022)    | 28,276      |
| 21          | Provision (Credit) for Income Taxes.....     | 2      | (1,402)     | 780         |
| 22          | Net Income (Loss).....                       |        | (\$10,620)  | \$27,496    |

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

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019  
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2020

(UNAUDITED)  
(\$ IN THOUSANDS)

| Line<br>(a) | Description<br>(b)                     | Notes | Contributed<br>Capital<br>(c) | Accumulated<br>Earnings<br>(Deficit)<br>(d) | (e) | Total<br>Equity<br>(Deficit)<br>(f) |
|-------------|--|-------|-------------------------------|---|-----|-------------------------------------|
| 1           | <b>Balance, December 31, 2018.....</b> | 2     | \$1,150,373                   | (\$122,999)                                 | \$0 | \$1,027,374                         |
| 2           | Net Income (Loss) - 2019.....          |       |                               | 108,750                                     |     | 108,750                             |
| 3           | Capital Contributions.....             |       |                               |   |     | 0                                   |
| 4           | Capital Withdrawals.....               |       |                               |   |     | 0                                   |
| 5           | Partnership Distributions.....         |       |                               | (123,500)                                   |     | (123,500)                           |
| 6           | Prior Period Adjustments.....          |       |                               |   |     | 0                                   |
| 7           | Distribution to Parent in              |       |                               |   |     | 0                                   |
| 8           | connection with REIT                   |       |                               | (1,294)                                     |     | (1,294)                             |
| 9           | Impact of ASC 842 Adoption             |       |                               | 73,178                                      |     | 73,178                              |
| 10          | <b>Balance, December 31, 2019.....</b> |       | 1,150,373                     | (65,865)                                    | 0   | 1,084,508                           |
| 11          | Net Income (Loss) - 2020.....          |       |                               | (101,152)                                   |     | (101,152)                           |
| 12          | Capital Contributions.....             |       |                               |   |     | 0                                   |
| 13          | Capital Withdrawals.....               |       |                               |   |     | 0                                   |
| 14          | Partnership Distributions.....         |       |                               |   |     | 0                                   |
| 15          | Prior Period Adjustments.....          |       |                               |   |     | 0                                   |
| 16          | Equity Adjustment in                   |       |                               |   |     | 0                                   |
| 17          | connection with REIT                   |       |                               | 36,694                                      |     | 36,694                              |
| 18          |  |       |                               |   |     | 0                                   |
| 19          | <b>Balance, DECEMBER 31, 2020....</b>  |       | \$1,150,373                   | (\$130,323)                                 | \$0 | \$1,020,050                         |

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

# BORGATA HOTEL CASINO & SPA

## STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020 AND 2019

(UNAUDITED)

(\$ IN THOUSANDS)

| Line<br>(a) | Description<br>(b)   | Notes | 2020<br>(c) | 2019<br>(d) |
|-------------|--|-------|-------------|-------------|
| 1           | CASH PROVIDED (USED) BY OPERATING ACTIVITIES..               |       | \$8,340     | \$167,252   |
|             | CASH FLOWS FROM INVESTING ACTIVITIES:                        |       |             |             |
| 2           | Purchase of Short-Term Investments .....                     |       | 0           | 0           |
| 3           | Proceeds from the Sale of Short-Term Investments .....       |       | 0           | 0           |
| 4           | Cash Outflows for Property and Equipment.....                | 5     | (8,910)     | (38,679)    |
| 5           | Proceeds from Disposition of Property and Equipment.....     | 2,5   | 0           | 448         |
| 6           | CRDA Obligations .....                                       | 2,10  | (9,988)     | (10,560)    |
| 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          |  |       | 0           |             |
| 11          |  |       | 0           |             |
| 12          | Net Cash Provided (Used) By Investing Activities.....        |       | (18,898)    | (48,791)    |
|             | 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          | Distributions to Parent .....                                |       | 0           | (123,500)   |
| 22          | Finance Lease Interest Expense .....                         |       | 2,203       | 48          |
| 23          | Net Cash Provided (Used) By Financing Activities.....        |       | 2,203       | (123,452)   |
| 24          | Net Increase (Decrease) in Cash and Cash Equivalents.....    |       | (8,355)     | (4,991)     |
| 25          | Cash and Cash Equivalents at Beginning of Period.....        |       | 74,629      | 79,620      |
| 26          | Cash and Cash Equivalents at End of Period.....              |       | \$66,274    | \$74,629    |
|             | CASH PAID DURING PERIOD FOR:                                 |       |             |             |
| 27          | Interest (Net of Amount Capitalized).....                    |       | \$0         | \$0         |
| 28          | Income Taxes.....  |       | \$2         | \$11,850    |

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

# BORGATA HOTEL CASINO & SPA

## STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020 AND 2019

(UNAUDITED)

(\$ IN THOUSANDS)

| Line<br>(a) | Description<br>(b)   | Notes | 2020<br>(c) | 2019<br>(d) |
|-------------|--|-------|-------------|-------------|
|             | <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                 |       |             |             |
| 29          | Net Income (Loss).....                                       |       | (\$101,152) | \$108,750   |
| 30          | Depreciation and Amortization of Property and Equipment..... | 5     | 16,545      | 17,336      |
| 31          | Amortization of Other Assets.....                            |       | 6,846       | 733         |
| 32          | Amortization of Debt Discount or Premium.....                |       | 0           | 0           |
| 33          | Deferred Income Taxes - Current .....                        |       | 0           | 0           |
| 34          | Deferred Income Taxes - Noncurrent .....                     | 2,9   | (14,724)    | (223)       |
| 35          | (Gain) Loss on Disposition of Property and Equipment.....    |       | 5           | (260)       |
| 36          | (Gain) Loss on CRDA-Related Obligations.....                 |       | 6,226       | 10,713      |
| 37          | (Gain) Loss from Other Investment Activities.....            |       | (18,787)    | (45,602)    |
| 38          | (Increase) Decrease in Receivables and Patrons' Checks ..... |       | 7,812       | 2,803       |
| 39          | (Increase) Decrease in Inventories .....                     |       | 250         | 28          |
| 40          | (Increase) Decrease in Other Current Assets.....             |       | (4,531)     | (2,825)     |
| 41          | (Increase) Decrease in Other Assets.....                     |       | 2,275       | (991)       |
| 42          | Increase (Decrease) in Accounts Payable.....                 |       | 620         | 578         |
| 43          | Increase (Decrease) in Other Current Liabilities .....       |       | 114,575     | 54,757      |
| 44          | Increase (Decrease) in Other Liabilities .....               |       | (36,326)    | (9,584)     |
| 45          | Amortization of Operating Leases .....                       |       | 28,706      | 31,039      |
| 46          |  |       |             |             |
| 47          | Net Cash Provided (Used) By Operating Activities.....        |       | \$8,340     | \$167,252   |

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

|    |  |   |           |            |
|----|--|---|-----------|------------|
|    | <b>ACQUISITION OF PROPERTY AND EQUIPMENT:</b>                  |   |           |            |
| 48 | Additions to Property and Equipment.....                       | 5 | (\$8,910) | (\$38,679) |
| 49 | Less: Capital Lease Obligations Incurred.....                  |   |           |            |
| 50 | Cash Outflows for Property and Equipment.....                  |   | (\$8,910) | (\$38,679) |
|    | <b>ACQUISITION OF BUSINESS ENTITIES:</b>                       |   |           |            |
| 51 | Property and Equipment Acquired.....                           |   | \$0       | \$0        |
| 52 | Goodwill Acquired.....   |   | 0         | 0          |
| 53 | Other Assets Acquired - net .....                              |   | 0         | 0          |
| 54 | Long-Term Debt Assumed.....                                    |   | 0         | 0          |
| 55 | Issuance of Stock or Capital Invested.....                     |   | 0         | 0          |
| 56 | Cash Outflows to Acquire Business Entities.....                |   | \$0       | \$0        |
|    | <b>STOCK ISSUED OR CAPITAL CONTRIBUTIONS:</b>                  |   |           |            |
| 57 | Total Issuances of Stock or Capital Contributions.....         |   | \$0       | \$0        |
| 58 | Less: Issuances to Settle Long-Term Debt.....                  |   | 0         | 0          |
| 59 | Consideration in Acquisition of Business Entities.....         |   | 0         | 0          |
| 60 | Cash Proceeds from Issuing Stock or Capital Contributions..... |   | \$0       | \$0        |

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

**BORGATA HOTEL CASINO & SPA  
SCHEDULE OF PROMOTIONAL  
EXPENSES AND ALLOWANCES**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020  
(UNAUDITED)  
(\$ IN THOUSANDS)

| Line<br>(a) | Description<br>(b)         | Promotional Allowances         |                         | Promotional Expenses           |                         |
|-------------|----------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
|             |                            | Number of<br>Recipients<br>(c) | Dollar<br>Amount<br>(d) | Number of<br>Recipients<br>(e) | Dollar<br>Amount<br>(f) |
| 1           | Rooms                      | 253,881                        | \$41,595                | 0                              | \$0                     |
| 2           | Food                       | 798,842                        | 21,377                  | 146,664                        | 1,467                   |
| 3           | Beverage                   | 1,932,416                      | 6,280                   | 0                              | 0                       |
| 4           | Travel                     | 0                              | 0                       | 7,525                          | 1,881                   |
| 5           | Bus Program Cash           | 0                              | 0                       | 0                              | 0                       |
| 6           | Promotional Gaming Credits | 1,723,031                      | 43,076                  | 0                              | 0                       |
| 7           | Complimentary Cash Gifts   | 4,680,954                      | 117,024                 | 0                              | 0                       |
| 8           | Entertainment              | 17,543                         | 702                     | 364                            | 36                      |
| 9           | Retail & Non-Cash Gifts    | 12,907                         | 645                     | 10,233                         | 2,558                   |
| 10          | Parking                    | 500,568                        | 471                     | 513,908                        | 2,056                   |
| 11          | Other                      | 148,531                        | 5,236                   | 175,940                        | 1,021                   |
| 12          | Total                      | 10,068,674                     | \$236,406               | 854,634                        | \$9,019                 |

FOR THE THREE MONTHS ENDED DECEMBER 31, 2020

| Line<br>(a) | Description<br>(b)         | Promotional Allowances         |                         | Promotional Expenses           |                         |
|-------------|----------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
|             |                            | Number of<br>Recipients<br>(c) | Dollar<br>Amount<br>(d) | Number of<br>Recipients<br>(e) | Dollar<br>Amount<br>(f) |
| 1           | Rooms                      | 83,322                         | \$12,844                | 0                              | \$0                     |
| 2           | Food                       | 262,923                        | 7,036                   | 67,404                         | 674                     |
| 3           | Beverage                   | 585,062                        | 1,901                   | 0                              | 0                       |
| 4           | Travel                     | 0                              | 0                       | 2,604                          | 651                     |
| 5           | Bus Program Cash           | 0                              | 0                       | 0                              | 0                       |
| 6           | Promotional Gaming Credits | 633,905                        | 15,848                  | 0                              | 0                       |
| 7           | Complimentary Cash Gifts   | 1,896,266                      | 47,407                  | 0                              | 0                       |
| 8           | Entertainment              | 0                              | 0                       | 0                              | 0                       |
| 9           | Retail & Non-Cash Gifts    | 4,064                          | 203                     | 3,534                          | 883                     |
| 10          | Parking                    | 194,060                        | 183                     | 182,416                        | 730                     |
| 11          | Other                      | 54,975                         | 1,370                   | 47,193                         | 320                     |
| 12          | Total                      | 3,714,577                      | \$86,792                | 303,151                        | \$3,258                 |

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



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

FOR THE QUARTER ENDED DECEMBER 31, 2020

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.

3/31/2021

Date



Hugh Turner

VP of Finance

Title

007833-11

License Number

On Behalf of:

BORGATA HOTEL CASINO & SPA

Casino Licensee

# Marina District Development Company, LLC



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

Notes to Financial Statements  
(Unaudited)

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## NOTE 1. BUSINESS

### *Organization*

Marina District Development Company, LLC (“MDDC” or the “Company”), is a New Jersey limited liability company and Marina District Development Holding Company (“MDDHC”) is the sole member of MDDC. MDDHC is a wholly owned subsidiary of MGM Resorts International (“MGM”).

MDDC was incorporated in July 1998 and has been operating since July 3, 2003. The Company developed, owns and operates Borgata Hotel Casino and Spa, including The Water Club at Borgata (collectively, “Borgata”). Borgata is located on a 45.6-acre site at Renaissance Pointe in Atlantic City, New Jersey. Borgata is an upscale destination resort and gaming entertainment property.

### *Financial Impact of COVID-19*

In March 2020, The Company temporarily closed to the public pursuant to state and local government requirements as a result of the unprecedented public health crisis from the novel coronavirus (“COVID-19”) pandemic. The property re-opened on July 23, 2020, without certain amenities and subject to certain occupancy limitations. At this time, we cannot predict whether the state, local or federal governments will impose additional restrictive measures in the future, including stay-at-home orders or another temporary closure of all or a portion of the property. The Company has implemented certain measures to mitigate the spread of COVID-19, including limits on the number of gaming tables allowed to operate and on the number of seats at each table game, as well as slot machine spacing, temperature checks, mask protection, limitations on restaurant capacity, as well as other measures to enforce social distancing.

As a result of the aforementioned, the property was effectively generating no revenue during the closures. While the Company has engaged in aggressive cost reduction efforts to minimize cash outflows during the temporary closure and has continued to engage in such efforts since re-opening, the Company still has significant fixed and variable expenses, which will adversely affect its profitability. In addition, the Company has seen, and expects to continue to see, weakened demand at the property as a result of continued domestic travel restrictions or warnings, restrictions on amenity use, such as gaming and restaurant capacity limitations, consumer fears and reduced consumer discretionary spending, general economic uncertainty, and increased rates of unemployment. In light of the foregoing, the Company is unable to determine when it will return to pre-pandemic demand and pricing, or if the property will remain re-opened, but the impact of COVID-19 had a material impact on the Company’s results of operations during 2020 and expects it will continue to have a material impact during 2021 and potentially thereafter.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Management’s Use of Estimates*

US GAAP requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Fair Value Measurements***

Fair value measurements affect the Company's accounting for and impairment assessments of its long-lived assets and intangible assets. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured according to a hierarchy that includes: Level 1 inputs, such as quoted prices in an active market; Level 2 inputs, which are observable inputs for similar assets; or Level 3 inputs, which are unobservable inputs.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash on hand and cash in the bank.

Cash and cash equivalents at December 31, 2020 and 2019 included \$21,226,000 and \$9,782,000 of patrons' internet gaming account balances that are maintained in separate New Jersey bank accounts.

### ***Accounts Receivable and Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of casino accounts receivable. Markers are issued by the Company to the customer in exchange for gaming chips at the casino as permitted by the regulations of the MGCB. The Company issues credit to approved casino customers following background checks and investigation of creditworthiness.

Accounts receivable are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated loss reserve is maintained to reduce the Company's receivables to their net carrying amount, which approximates fair value. The loss reserve is estimated based on both a specific review of customer accounts as well as historical collection experience and current and expected future economic and business conditions. Management believes that as of December 31, 2020, no significant concentrations of credit risk existed for which a loss reserve had not already been recorded.

### ***Inventories***

Inventories consist primarily of food and beverage, retail merchandise and operating supplies, and are stated at the lower of cost or net realizable value. Cost is determined primarily by the average cost method for food and beverage and operating supplies. Cost for retail merchandise is determined using the cost method.

### ***Property and Equipment***

Property and equipment are stated at cost. Gains or losses on dispositions of property and equipment are included in the determination of income or loss. Maintenance costs are expensed as incurred.

Property and equipment are generally depreciated over the following estimated useful lives on a straight-line basis:

|                           |                |
|---------------------------|----------------|
| Building and improvements | 10 to 40 years |
| Furniture and equipment   | 3 to 20 years  |

The Company evaluates its property and equipment and other long-lived assets to be held and used for impairment whenever indicators of impairment exist. If an indicator of impairment exists, the Company compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment charge is recorded based on the fair value of the asset, typically measured using a discounted cash flow model.

### ***Investment in Unconsolidated Affiliate***

As discussed in Note 4, the Company holds an investment in MGM Growth Properties Operating Partnership LP (the "Operating Partnership"), an unconsolidated affiliate accounted for under the equity method. The Operating Partnership is controlled by MGM Growth Properties LLC ("MGP"), a publicly traded real estate investment trust (REIT). Under the equity method, carrying value is adjusted for the Company's share of the investee earnings and losses, as well as capital contributions to and distributions from the Operating Partnership. The Company classifies its share of income and losses as well as gains and impairments related to its investments in unconsolidated affiliates in income from unconsolidated affiliate. Distributions in excess of equity method earnings are recognized as a return of investment and recorded as investing cash inflows in the statements of cash flows.

The Company evaluates its investment in unconsolidated affiliate for impairment whenever events or changes in circumstances indicate that the carrying value of its investment may have experienced an “other-than-temporary” decline in value. If such conditions exist, the Company compares the estimated fair value of the investment to its carrying value to determine if an impairment is indicated and determines whether the impairment is “other-than-temporary” based on its assessment of all relevant factors, including consideration of the Company’s intent and ability to retain its investment. No such conditions existed as of December 31, 2020 and December 31, 2019. The Company estimates fair value using a discounted cash flow analysis based on estimated future results of the investee and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company’s peer group.

#### ***Goodwill and intangible assets***

Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. The Company’s indefinite-lived intangible assets include trade names. Goodwill and indefinite-lived intangible assets must be reviewed for impairment at least annually and between annual test dates in certain circumstances. The Company performs its annual impairment test in the fourth quarter of each fiscal year. As a result of the annual impairment review for goodwill and indefinite-lived intangible assets, impairments of \$1,000,000 and \$0 were recorded in 2020 and 2019, respectively.

Accounting guidance provides entities the option to perform a qualitative assessment of goodwill and indefinite-lived intangible assets (commonly referred to as “step zero”) in order to determine whether further impairment testing is necessary. In performing the step zero analysis the Company considers macroeconomic conditions, industry and market considerations, current and forecasted financial performance, entity-specific events, and changes in the composition or carrying amount of net assets of reporting units for goodwill. In addition, the Company takes into consideration the amount of excess of fair value over carrying value determined in the last quantitative analysis that was performed, as well as the period of time that has passed since the last quantitative analysis. If the step zero analysis indicates that it is more likely than not that the fair value is less than its carrying amount, the entity would proceed to a quantitative analysis.

Under the quantitative analysis, goodwill for relevant reporting units is tested for impairment using a discounted cash flow analysis based on the estimated future results of the Company’s reporting units discounted using market discount rates and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company’s peer group. An impairment charge is recognized for the amount by which the carrying value exceeds the reporting unit’s fair value, not to exceed the total amount of goodwill allocated to that reporting unit. Under the quantitative analysis, the trademarks and trade names are tested for impairment using the relief-from-royalty method, which includes judgments about the value a market participant would be willing to pay in order to achieve the benefits associated with the trade name. If the estimated fair value of its indefinite-lived intangible assets were less than the carrying amount, the Company would recognize an impairment charge for the difference between the estimated fair value and the carrying value of the assets.

#### ***Revenue Recognition***

The Company’s revenue from contracts with customers consists of casino wager transactions, hotel room sales, food and beverage transactions, and other transactions. The transaction price for a casino wager is the difference between gaming wins and losses (“net win”). In certain circumstances, the Company offers discounts on markers, which is estimated based upon historical business practice, and recorded as a reduction of casino revenue. The Company accounts for casino revenue on a portfolio basis given the similar characteristics of wagers by recognizing net win per gaming day versus on an individual wager basis.

For casino wager transactions that include other goods and services provided by the Company to gaming patrons on a discretionary basis to incentivize gaming, the Company allocates revenue from the casino wager transaction to the good or service delivered based upon stand-alone selling price (“SSP”). Discretionary goods and services provided by the Company and supplied by third parties are recognized as an operating expense.

For casino wager transactions that include incentives earned by customers under MGM Resorts’ loyalty program, the Company allocates a portion of net win based upon the SSP of such incentive (less estimated breakage). This allocation is deferred and recognized as revenue when the customer redeems the incentive. When redeemed, revenue is recognized in the department that provides the goods or service. After allocating revenue to other goods and services provided as part of casino wager transactions, the Company records the residual amount to casino revenue.

The transaction price of rooms, food and beverage, and retail contracts is the net amount collected from the customer for such goods and services. The transaction price for such contracts is recorded as revenue when the good or service is transferred to the customer over their stay at the hotel or when the delivery is made for the food and beverage and other contracts. Sales and usage-based taxes are excluded from revenues. For some arrangements, the Company acts as an agent in that it arranges for another party to transfer goods and services, which primarily include the Company’s arrangement with BetMGM, LLC (“BetMGM”) for sports betting and iGaming.

The Company also has other contracts that include multiple goods and services, such as packages that bundle food, or beverage offerings with hotel stays. For such arrangements, the Company allocates revenue to each good or service based on its relative SSP. The Company primarily determines the SSP of rooms and food and beverage based on the amount that the Company charges when sold separately in similar circumstances to similar customers.

**Contract and Contract-Related Liabilities**

There may be a difference between the timing of cash receipts from the customer and the recognition of revenue, resulting in a contract or contract-related liability. The Company generally has two types of liabilities related to contracts with its customers: (1) outstanding chip liability, which represents the amounts owed in exchange for gaming chips held by a customer and (2) customer advances and other, which is primarily funds deposited by customers before gaming play occurs (“casino front money”) and advance payments on goods and services yet to be provided such as advance deposits on rooms or for unpaid wagers. These liabilities are generally expected to be recognized as revenue within one year of being purchased, earned, or deposited and are recorded within “Other Accrued Expenses” and “Other Current Liabilities” on the Company’s balance sheets.

The following table summarizes the activity related to contract and contract-related liabilities:

|                              | <b>Outstanding Chip Liability</b> |                   |
|------------------------------|-----------------------------------|-------------------|
|                              | <b>2020</b>                       | <b>2019</b>       |
| Balance at January 1         | \$ 10,755,000                     | \$ 10,761,000     |
| Balance at December 31       | 7,824,000                         | 10,755,000        |
| <b>Increase / (decrease)</b> | <b>\$ (2,931,000)</b>             | <b>\$ (6,000)</b> |

|                              | <b>Loyalty Program</b> |                   |
|------------------------------|------------------------|-------------------|
|                              | <b>2020</b>            | <b>2019</b>       |
| Balance at January 1         | \$ 12,015,000          | \$ 11,421,000     |
| Balance at December 31       | 15,090,000             | 12,015,000        |
| <b>Increase / (decrease)</b> | <b>\$ 3,075,000</b>    | <b>\$ 594,000</b> |

|                              | <b>Customer Advances and Other</b> |                     |
|------------------------------|------------------------------------|---------------------|
|                              | <b>2020</b>                        | <b>2019</b>         |
| Balance at January 1         | \$ 24,664,000                      | \$ 18,649,000       |
| Balance at December 31       | 43,793,000                         | 24,664,000          |
| <b>Increase / (decrease)</b> | <b>\$ 19,129,000</b>               | <b>\$ 6,015,000</b> |

**Leases**

The Company determines if an arrangement is or contains a lease at inception or modification of the arrangement. An arrangement is or contains a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. The Company has elected to account for lease and non-lease components as a single component for the majority of classes of underlying assets and also to not recognize short-term leases (leases that are less than 12 months) and instead recognizes lease payments on a straight-line basis over the lease term.

For leases with terms greater than twelve months, the right-of-use (“ROU”) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The initial measurement

of the lease ROU assets also includes any prepaid lease payments and are reduced by any previously accrued deferred rent. When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. Therefore, the Company typically uses its incremental borrowing rate to discount the lease payments based on the information available at commencement date. Lease terms include options to extend or terminate the lease when it is reasonably certain that such option will be exercised. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. For finance leases, the ROU asset depreciates on a straight-line basis over the shorter of the lease term or useful life of the ROU asset and the lease liability accretes interest based on the interest method using the discount rate determined at lease commencement.

The Company is a lessor under certain of its lease arrangements, such as its rental of hotel rooms, which are recorded as rooms revenues within the consolidated statements of operations.

### ***Advertising Expense***

The Company expenses advertising costs as incurred. Advertising costs are included in "General, Administrative and Other" on the statements of income and totaled \$7,089,000 and \$12,056,000 for the years ended December 31, 2020 and 2019, respectively.

### ***CRDA Investments***

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

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

The Company is required to make quarterly deposits with the CRDA to satisfy its investment obligations and, as a result of the PILOT law, records a charge to expense for 100% of the obligation amount as of the date the obligation arises.

### ***Gaming Taxes***

The Company is subject to an annual tax assessment of 8.5% based on its land-based sports gross gaming revenue; 8.0% based on its other land-based gross gaming revenues; 13.5% based on its online sports gross gaming revenue; and 15.0% based on its other online gross gaming revenues. These gaming taxes are recorded as a "Casino" expense in the statements of income. These taxes were \$36,116,000 and \$62,312,000 for the years ended December 31, 2020 and 2019, respectively.

### ***Income Taxes***

As a single member limited liability company, MDDC is treated as a disregarded entity for federal income tax purposes. As such, it is not subject to federal income tax and its income is treated as earned by its member, MDDHC. MDDHC is treated as a partnership for federal income tax purposes and federal income taxes are the responsibility of its members. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, MDDC, considered as a casino partnership, is required to record New Jersey state income taxes.

### ***Subsequent Events***

Management has evaluated subsequent events through March 31, 2021, the date these financial statements were available to be issued and has not identified any such events, except as otherwise disclosed.

### NOTE 3. RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks consist of the following:

|  | December 31,         |                      |
|--|----------------------|----------------------|
|  | 2020                 | 2019                 |
| Casino receivables (net of an allowance for doubtful accounts – 2020 \$26,151,000 and 2019 \$24,198,000) | \$ 17,380,000        | \$ 28,156,000        |
| Other (net of an allowance for doubtful accounts – 2020 \$12,000 and 2019 \$69,000)                      | 13,497,000           | 10,533,000           |
| <b>Receivables and patrons' checks, net</b>  | <b>\$ 30,877,000</b> | <b>\$ 38,689,000</b> |

### NOTE 4. INVESTMENT IN UNCONSOLIDATED AFFILIATE

The Company's ownership percentage in the Operating Partnership varies as the Operating Partnership issues or redeems additional Operating Partnership units to other partners and was 9.8% and 8.7% as of December 31, 2020 and 2019, respectively.

Subsequent to December 31, 2020, in March 2021, the Operating Partnership issued additional Operating Partnership units to MGP and redeemed Operating Partnership units from other partners, which impacted the Company's ownership percentage in the Operating Partnership and will be accounted for within 2021.

Summarized financial information of the Operating Partnership are as follows:

|  | Year Ended December 31,  |                          |
|--|--------------------------|--------------------------|
|  | 2020                     | 2019                     |
| Assets   | <b>\$ 10,600,306,000</b> | <b>\$ 11,910,272,000</b> |
| Liabilities                                    | \$ 5,009,564,000         | \$ 5,012,260,000         |
| Partners' capital                              | 5,590,742,000            | 6,898,012,000            |
| <b>Total liabilities and partners' capital</b> | <b>\$ 10,600,306,000</b> | <b>\$ 11,910,272,000</b> |

|   | Year Ended December 31, |                |
|---|-------------------------|----------------|
|   | 2020                    | 2019           |
| Total revenues  | \$ 792,597,000          | \$ 881,078,000 |
| Total expenses  | \$ 472,772,000          | \$ 355,911,000 |
| Income from continuing operations before income taxes | \$ 170,105,000          | \$ 266,947,000 |
| Net income  | \$ 160,371,000          | \$ 275,565,000 |

## NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following:

|   | <u>December 31,</u>  |                      |
|---|----------------------|----------------------|
|   | <u>2020</u>          | <u>2019</u>          |
| Building and improvements                 | \$ 24,122,000        | \$ 16,927,000        |
| Furniture and equipment                   | 125,584,000          | 96,147,000           |
| Construction in progress                  | 6,111,000            | 34,119,000           |
| Finance lease ROU assets                  | 26,835,000           | 10,818,000           |
| <b>Total property and equipment</b>       | <b>182,652,000</b>   | <b>158,011,000</b>   |
| Less accumulated depreciation             | 81,433,000           | 65,057,000           |
| Less Finance lease ROU asset depreciation | 7,160,000            | 450,000              |
| <b>Property and equipment, net</b>        | <b>\$ 94,059,000</b> | <b>\$ 92,504,000</b> |

## NOTE 6. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

|  | <u>December 31,</u>  |                      |
|--|----------------------|----------------------|
|  | <u>2020</u>          | <u>2019</u>          |
| Accrued payroll and related expenses   | \$ 21,113,000        | \$ 30,608,000        |
| Accrued expenses and other liabilities | 47,538,000           | 39,466,000           |
| Self-insurance reserves                | 4,517,000            | 4,718,000            |
| <b>Other accrued expenses</b>          | <b>\$ 73,168,000</b> | <b>\$ 74,792,000</b> |

## NOTE 7. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

|                                     | <u>December 31,</u>   |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | <u>2020</u>           | <u>2019</u>           |
| Casino related liabilities          | \$ 35,620,000         | \$ 22,378,000         |
| Due to related parties (see Note 9) | 37,875,000            | 44,055,000            |
| Lease liabilities – current         | 39,639,000            | 37,056,000            |
| Other                               | 8,861,000             | 11,695,000            |
| <b>Other current liabilities</b>    | <b>\$ 121,995,000</b> | <b>\$ 115,184,000</b> |

## NOTE 8. COMMITMENTS AND CONTIGENCIES

The Company is a party to various legal proceedings, most of which relate to routine matters incidental to its business. Management does not believe that the outcome of such proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.

## NOTE 9. RELATED PARTY TRANSACTIONS

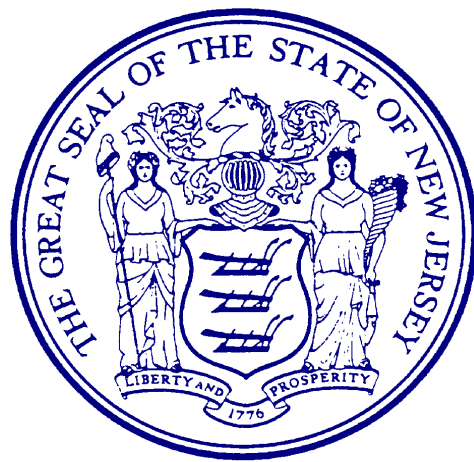
The Company does not pay a management fee to MGM. The Company is engaged in certain transactions with MGM and some of its wholly owned subsidiaries. Related party balances are non-interest bearing and are included in "Other Current Liabilities" on the balance sheets.



**BORGATA HOTEL CASINO & SPA  
ANNUAL FILINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

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



**OFFICE OF FINANCIAL INVESTIGATIONS  
REPORTING MANUAL**

**BORGATA HOTEL CASINO & SPA**  
**ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(UNAUDITED)  
(\$ IN THOUSANDS)

| ACCOUNTS RECEIVABLE BALANCES |   |                        |                  |  |
|------------------------------|---|------------------------|------------------|--|
| Line<br>(a)                  | Description<br>(b)                              | Account Balance<br>(c) | Allowance<br>(d) | Accounts Receivable<br>(Net of Allowance)<br>(e) |
|                              | Patrons' Checks:                                |                        |                  |  |
| 1                            | Undeposited Patrons' Checks.....                | \$11,462               |                  |  |
| 2                            | Returned Patrons' Checks.....                   | 32,071                 |                  |  |
| 3                            | Total Patrons' Checks.....                      | 43,533                 | \$26,152         | \$17,381   |
| 4                            | Hotel Receivables.....                          | 571                    | 12               | \$559  |
|                              | Other Receivables:                              |                        |                  |  |
| 5                            | Receivables Due from Officers and Employees.... | -                      |                  |  |
| 6                            | Receivables Due from Affiliates.....            | -                      |                  |  |
| 7                            | Other Accounts and Notes Receivables.....       | 12,937                 |                  |  |
| 8                            | Total Other Receivables.....                    | 12,937                 |                  | \$12,937   |
| 9                            | Totals (Form DGE-205).....                      | \$57,041               | \$26,164         | \$30,877   |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY |  |               |
|--------------------------------------|--|---------------|
| Line<br>(f)                          | Description<br>(g)                                   | Amount<br>(h) |
| 10                                   | Beginning Balance (January 1).....                   | \$20,313      |
| 11                                   | Counter Checks Issued.....                           | 229,982       |
| 12                                   | Checks Redeemed Prior to Deposit.....                | (172,524)     |
| 13                                   | Checks Collected Through Deposits.....               | (47,246)      |
| 14                                   | Checks Transferred to Returned Checks.....           | (19,063)      |
| 15                                   | Other Adjustments.....                               |               |
| 16                                   | Ending Balance.....                                  | \$11,462      |
| 17                                   | "Hold" Checks Included in Balance on Line 16.....    | 0             |
| 18                                   | Provision for Uncollectible Patrons' Checks.....     | \$5,711       |
| 19                                   | Provision as a Percent of Counter Checks Issued..... | 2.5%          |

# BORGATA HOTEL CASINO & SPA ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2020

(\$ IN THOUSANDS)

| Line<br>(a) | Department<br>(b)                | Number of<br>Employees<br>(c) | Salaries and Wages     |                          |               |
|-------------|----------------------------------|-------------------------------|------------------------|--------------------------|---------------|
|             |                                  |                               | Other Employees<br>(d) | Officers & Owners<br>(e) | Totals<br>(f) |
|             | CASINO:                          |                               |                        |                          |               |
| 1           | Table and Other Games            | 982                           |                        |                          |               |
| 2           | Slot Machines                    | 69                            |                        |                          |               |
| 3           | Administration                   | 1                             |                        |                          |               |
| 4           | Casino Accounting                | 156                           |                        |                          |               |
| 5           | Simulcasting                     | 34                            |                        |                          |               |
| 6           | Other                            | 30                            |                        |                          |               |
| 7           | Total - Casino                   | 1,272                         | \$24,530               | \$241                    | \$24,771      |
| 8           | ROOMS                            | 347                           | 7,182                  |                          | 7,182         |
| 9           | FOOD AND BEVERAGE                | 956                           | 18,363                 |                          | 18,363        |
| 10          | GUEST ENTERTAINMENT              | 71                            | 1,417                  |                          | 1,417         |
| 11          | MARKETING                        | 189                           | 6,872                  | 902                      | 7,774         |
| 12          | OPERATION AND MAINTENANCE        | 241                           | 6,632                  |                          | 6,632         |
|             | ADMINISTRATIVE AND GENERAL:      |                               |                        |                          |               |
| 13          | Executive Office                 | 6                             | 361                    | 1,504                    | 1,865         |
| 14          | Accounting and Auditing          | 45                            | 1,674                  |                          | 1,674         |
| 15          | Security                         | 245                           | 7,197                  |                          | 7,197         |
| 16          | Other Administrative and General | 80                            | 3,831                  |                          | 3,831         |
|             | OTHER OPERATED DEPARTMENTS:      |                               |                        |                          |               |
| 17          | Retail                           | 15                            | 280                    |                          | 280           |
| 18          | Spa                              | 57                            | 1,056                  |                          | 1,056         |
| 19          | Salon/Barbershop                 | 12                            | 133                    |                          | 133           |
| 20          | Transportation                   | 64                            | 972                    |                          | 972           |
| 21          |                                  |                               |                        |                          | 0             |
| 22          |                                  |                               |                        |                          | 0             |
| 23          | TOTALS - ALL DEPARTMENTS         | 3,600                         | \$80,500               | \$2,647                  | \$83,147      |