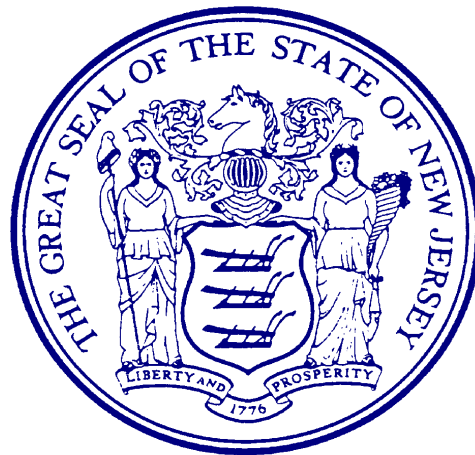


**BORGATA HOTEL CASINO & SPA
QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021**

**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, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$73,143	\$66,274
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2021, \$23,071; 2020, \$26,164).....	3	26,725	30,877
4	Inventories		3,264	3,702
5	Other Current Assets.....		7,000	13,574
6	Total Current Assets.....		110,132	114,427
7	Investments, Advances, and Receivables.....		700	562,748
8	Property and Equipment - Gross.....	4	194,070	182,652
9	Less: Accumulated Depreciation and Amortization.....		(109,997)	(88,593)
10	Property and Equipment - Net.....	4	84,073	94,059
11	Other Assets.....		1,741,169	1,769,783
12	Total Assets.....		\$1,936,074	\$2,541,017
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$13,278	\$3,535
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.....		0	0
18	Other Accrued Expenses.....	5	92,966	102,559
19	Other Current Liabilities.....	6	42,104	39,639
20	Total Current Liabilities.....		148,348	145,733
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....		0	0
23	Deferred Credits		0	0
24	Other Liabilities.....		1,289,014	1,322,269
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		1,437,362	1,468,002
27	Stockholders', Partners', or Proprietor's Equity.....	2	498,712	1,073,015
28	Total Liabilities and Equity.....		\$1,936,074	\$2,541,017

*Prior period balance restated to conform with current year presentation

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	Revenue:			
1	Casino.....	2	\$393,125	\$256,878
2	Rooms.....		98,824	53,308
3	Food and Beverage.....		97,604	50,521
4	Other.....		35,342	19,184
5	Net Revenue.....		624,895	379,891
	Costs and Expenses:			
6	Casino.....	2	144,622	143,198
7	Rooms, Food and Beverage.....		110,083	68,342
8	General, Administrative and Other.....		196,113	167,701
9	Total Costs and Expenses.....		450,818	379,241
10	Gross Operating Profit.....		174,077	650
11	Depreciation and Amortization.....	4	22,372	23,391
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....		0	0
14	Income (Loss) from Operations.....		151,705	(22,741)
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....		518	1,193
17	CRDA Related Income (Expense) - Net.....		(7,832)	(6,226)
18	Nonoperating Income (Expense) - Net.....		(93,728)	(89,039)
19	Total Other Income (Expenses).....		(101,042)	(94,072)
20	Income (Loss) Before Taxes		50,663	(116,813)
21	Provision (Credit) for Income Taxes.....		5,768	(15,661)
22	Net Income (Loss).....		\$44,895	(\$101,152)

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, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	Revenue:			
1	Casino.....	2	\$104,197	\$76,651
2	Rooms.....		26,741	12,584
3	Food and Beverage.....		30,017	14,262
4	Other.....		9,872	8,013
5	Net Revenue.....		170,827	111,510
	Costs and Expenses:			
6	Casino.....	2	41,935	30,587
7	Rooms, Food and Beverage.....		32,256	19,122
8	General, Administrative and Other.....		49,189	45,910
9	Total Costs and Expenses.....		123,380	95,619
10	Gross Operating Profit.....		47,447	15,891
11	Depreciation and Amortization.....	4	5,292	5,482
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....		0	0
14	Income (Loss) from Operations.....		42,155	10,409
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....		(221)	568
17	CRDA Related Income (Expense) - Net.....		(2,311)	(1,468)
18	Nonoperating Income (Expense) - Net.....		(27,267)	(21,531)
19	Total Other Income (Expenses).....		(29,799)	(22,431)
20	Income (Loss) Before Taxes		12,356	(12,022)
21	Provision (Credit) for Income Taxes.....		2,305	(1,402)
22	Net Income (Loss).....		\$10,051	(\$10,620)

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, 2020
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2021

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2019.....		\$1,150,373	(\$65,865)		\$1,084,508
2	Net Income (Loss) - 2020.....			(101,152)		(101,152)
3	Capital Contributions.....			115,680		115,680
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	Distribution to parent					0
8	in connection with REIT			(28,588)		(28,588)
9	Other			2,567		2,567
10	Balance, December 31, 2020.....		1,150,373	(77,358)	0	1,073,015
11	Net Income (Loss) - 2021.....			44,895		44,895
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....	2		(932,558)		(932,558)
15	Prior Period Adjustments.....					0
16	Proceeds from disposition of un	2		878,887		878,887
17	Dilution and disposition of inve	2		(566,852)		(566,852)
18	Other			1,325		1,325
19	Balance, December 31, 2021.....		\$1,150,373	(\$651,661)	\$0	\$498,712

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, 2021 AND 2020

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$71,649	\$8,340
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment.....	4	(11,700)	(8,910)
5	Proceeds from Disposition of Property and Equipment.....	4	31	0
6	CRDA Obligations		0	(9,988)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		878,887	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		867,218	(18,898)
	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		(926,439)	0
22	Finance Leases		(5,559)	2,203
23	Net Cash Provided (Used) By Financing Activities.....		(931,998)	2,203
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		6,869	(8,355)
25	Cash and Cash Equivalents at Beginning of Period.....		66,274	74,629
26	Cash and Cash Equivalents at End of Period.....		\$73,143	\$66,274
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$437	\$0
28	Income Taxes.....		(\$3,942)	\$2

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, 2021 AND 2020

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$44,895	(\$101,152)
30	Depreciation and Amortization of Property and Equipment.....	4	22,271	16,545
31	Amortization of Other Assets.....		101	6,846
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		5,819	(14,724)
35	(Gain) Loss on Disposition of Property and Equipment.....		40	5
36	(Gain) Loss on CRDA-Related Obligations.....		0	6,226
37	(Gain) Loss from Other Investment Activities.....		(15,331)	(18,787)
38	(Increase) Decrease in Receivables and Patrons' Checks		4,307	7,812
39	(Increase) Decrease in Inventories		438	250
40	(Increase) Decrease in Other Current Assets.....		6,574	(4,531)
41	(Increase) Decrease in Other Assets.....		77	2,275
42	Increase (Decrease) in Accounts Payable.....		9,113	620
43	Increase (Decrease) in Other Current Liabilities		(18,503)	114,575
44	Increase (Decrease) in Other Liabilities		(33,466)	(36,326)
45	Amortization of Operating Lease		30,805	28,706
46	Other		14,509	0
47	Net Cash Provided (Used) By Operating Activities.....		\$71,649	\$8,340

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....	2	(\$11,700)	(\$8,910)
49	Less: Capital Lease Obligations Incurred.....			0
50	Cash Outflows for Property and Equipment.....		(\$11,700)	(\$8,910)
	ACQUISITION OF BUSINESS ENTITIES:			
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
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

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

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	414,344	\$74,007	0	\$0
2	Food	1,349,012	36,100	345,157	3,452
3	Beverage	5,256,799	17,085	0	0
4	Travel	0	0	12,834	3,208
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	3,083,961	77,099	0	0
7	Complimentary Cash Gifts	8,540,786	213,520	0	0
8	Entertainment	14,644	586	173	17
9	Retail & Non-Cash Gifts	29,767	1,488	9,971	2,493
10	Parking	1,126,798	1,059	416,666	1,667
11	Other	273,036	3,342	151,066	1,365
12	Total	20,089,147	\$424,286	935,867	\$12,202

FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	116,262	\$20,343	0	\$0
2	Food	399,933	10,703	101,102	1,011
3	Beverage	1,749,690	5,687	0	0
4	Travel	0	0	4,299	1,074
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	893,693	22,342	0	0
7	Complimentary Cash Gifts	1,095,552	27,389	0	0
8	Entertainment	3,764	151	24	2
9	Retail & Non-Cash Gifts	10,010	500	1,893	473
10	Parking	368,993	347	58,730	235
11	Other	76,769	1,877	26,044	258
12	Total	4,714,667	\$89,339	192,092	\$3,053

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

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

FOR THE QUARTER ENDED DECEMBER 31, 2021

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.

3/17/2022

Date



Hugh Turner

SVP & CFO

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)

NOTE 1. 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 owns and operates Borgata Hotel Casino and Spa, including The Water Club at Borgata (collectively, “Borgata”), an integrated casino, hotel and entertainment resort located at Renaissance Pointe in Atlantic City, New Jersey.

Financial impact of COVID-19

The spread of the novel 2019 coronavirus (“COVID-19”) and developments surrounding the global pandemic have had a significant impact on the Company’s business, financial condition, results of operations and cash flows in 2020 and 2021 and may continue to impact the Company’s business in 2022 and thereafter. In March 2020, Borgata temporarily closed to the public pursuant to state and local government requirements as a result of COVID-19. The property re-opened on July 23, 2020, without certain amenities and subject to certain occupancy limitations. In 2021, the Company eased and removed prior operating restrictions, including capacity and occupancy limits as well as social distancing policies.

Although the Company’s property has re-opened, in light of the unpredictable nature of the pandemic, including the emergence and spread of COVID-19 variants, the property may be subject to new operating restrictions and/or temporary, complete or partial shutdowns in the future. At this time, the Company cannot predict whether local, state, or the federal government will adopt similar or more restrictive measures in the future than in the past, including stay-at-home orders or the temporary closure of all or a portion of the Company’s property as a result of the pandemic.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

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 asset. 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 2020 included \$21,226,000 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 NJ Division of Gaming Enforcement. 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, 2021, 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

Until March 2021, the Company held an investment in MGM Growth Properties Operating Partnership LP (the "Operating Partnership"), a subsidiary of MGM Growth Properties LLC ("MGP"), and was an unconsolidated affiliate accounted for under the equity method. Under the equity method, carrying value was 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 classified 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 were recognized as a return of investment and recorded as investing cash inflows in the statements of cash flows.

The Company's ownership percentage in the Operating Partnership was 9.8% as of December 31, 2020. In March 2021, the Company exercised its right to require MGP to redeem all of the Operating Partnership units that the Company held in accordance with the terms of the Operating Partnership's partnership agreement. The redemption transaction resulted in the Company no longer having an investment in the Operating Partnership.

The Company evaluated its investment in unconsolidated affiliate for impairment whenever events or changes in circumstances indicated that the carrying value of its investment may have experienced an “other-than-temporary” decline in value. If such conditions existed, the Company compared 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. The Company estimated 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 consist of 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, an impairment of \$1.0 million was recorded in 2020. No impairments were indicated or recorded as a result of the annual impairment review for goodwill and indefinite-lived intangible assets in 2021.

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, and entity-specific events and changes in the composition or carrying amount of net assets 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 is tested for impairment using a discounted cash flow analysis based on the estimated future results of the Company’s 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. If the fair value is less than its carrying value, an impairment charge is recognized equal to the difference. Under the quantitative analysis trademarks are tested for impairment using the relief-from-royalty method. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference.

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 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 ticket sales and 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 current liabilities" on the balance sheets.

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.

Pursuant to a master lease agreement (the "Master Lease") by and between a subsidiary of MGM Resorts and an indirect wholly owned subsidiary of the Operating Partnership, the real estate assets of the Property were leased from the Operating Partnership, which were then subleased to operating subtenants of MGM Resorts, including the Company.

The Master Lease is accounted for as an operating lease and has an initial lease term of ten years that began on April 25, 2016 with the potential to extend the term for four additional five-year terms thereafter at the option of the tenant. The Master Lease provides that any extension of its term must apply to all of the real estate under the Master Lease at the time of the extension. The lease has a triple-net structure, which requires the tenant to pay substantially all costs associated with the lease, including real estate taxes, insurance, utilities and routine maintenance, in addition to the rent. The tenant's performance and payments under the Master Lease will be guaranteed by MGM Resorts. A default by the tenant with regard to any property under the Master Lease or by MGM Resorts with regard to its guarantee will cause a default with regard to the entire portfolio covered by the Master Lease.

The Operating Partnership leases from a third-party the 20 acres of the land underlying the property on which the Company's existing employee parking garage, public space expansion, rooms expansion, modified surface parking lot and outdoor pool and entertainment complex reside. Given the triple-net structure of the Master Lease, the Company is responsible for the rent

payments related to the ground leases through 2046 which is the term of the Master Lease. The Company accounts for its sublease of the ground lease as an operating lease.

On August 4, 2021, MGM Resorts entered into an agreement with VICI Properties, Inc. (“VICI”) and MGP whereby VICI will acquire MGP in a stock-for-stock transaction. As part of the transaction, MGM Resorts will enter into an amended and restated master lease with VICI and, concurrently, MGM Resorts will enter into an amended sublease agreement with the operating subtenants of MGM Resorts, including the Company. The new master lease will have an initial term of 25 years, with three 10-year renewals. The transaction is expected to close in the first half of 2022, subject to customary closing conditions, regulatory approvals, and approval by VICI stockholders (which was obtained on October 29, 2021).

The Company is a lessor under certain of its lease arrangements. Lease revenues earned by the Company from third parties are classified within the line item corresponding to the type or nature of the tenant’s good or service. Lease revenues from the rental of hotel rooms are recorded as rooms revenues within the statements of operations.

Advertising

The Company expenses advertising costs as incurred. Advertising expense that primarily relates to media placement costs and which is generally included in general and administrative expenses, was \$8,978,000 and \$7,089,000 for the years ended December 31, 2021 and 2020, respectively.

Property transactions, net

The Company classifies transactions such as write-downs and impairments, demolition costs, and normal gains and losses on the sale of assets as “Property transactions, net” in the statements of operations.

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.

MGM Resorts holds direct and indirect ownership of 100% of the members’ interests in MDDHC. MDDHC and MDDC file a New Jersey consolidated casino return with MGM Resorts and certain of its subsidiaries. The amounts reflected in the financial statements are reported as if MDDC was taxed for state purposes on a standalone basis notwithstanding that MDDC files a consolidated New Jersey tax return as described above.

MDDC is responsible for New Jersey taxes computed on a standalone basis and records a payable or receivable to MGM Resorts and its subsidiaries to the extent that its standalone New Jersey tax liability is greater than or less than the consolidated tax liability.

Member Equity

The Company utilizes MGM Resorts as its centralized treasury function in which MGM Resorts controls all bank cash transactions and maintains cash accounts on behalf of the Company. This arrangement results in deemed contributions and distributions between the Company and MGM Resorts, which includes activity from the Company’s investment in Operating Partnership, since MGM Resorts makes all bank cash payments on behalf of the Company and sweeps all bank cash balances from the Company.

Reclassifications of prior year balances

Reclassifications were made to the prior period financial statements to conform to the current period presentation.

Subsequent Events

Management has evaluated subsequent events through March 17, 2022, the date these financial statements were available to be issued and has not identified any such events.

NOTE 3. RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks consist of the following:

	December 31,	
	2021	2020
Casino receivables (net a provision for losses – 2021 \$22,997,000 and 2020 \$26,151,000)	\$ 17,308,000	\$ 17,380,000
Other (net of a provision for losses – 2021 \$74,000 and 2020 \$12,000)	9,417,000	13,497,000
Receivables and patrons' checks, net	\$ 26,725,000	\$ 30,877,000

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following:

	December 31,	
	2021	2020
Building and improvements	\$ 24,619,000	\$ 24,122,000
Furniture and equipment	137,734,000	125,584,000
Construction in progress	4,882,000	6,111,000
	167,235,000	155,817,000*
Less: Accumulated depreciation	(96,129,000)	(81,433,000)
Finance lease ROU assets, net	12,967,000	19,675,000*
Property and equipment, net	\$ 84,073,000	\$ 94,059,000

*Prior period balance restated to conform with current year presentation

NOTE 5. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	December 31,	
	2021	2020
Outstanding chip liability	\$ 8,872,000	\$ 7,824,000
Customer advances and other casino	36,432,000	49,491,000
Payroll and related	24,554,000	23,757,000
Taxes, other than income tax	9,868,000	7,150,000
Other	13,240,000	14,337,000
Other accrued expenses	\$ 92,966,000	\$ 102,559,000*

*Prior period balance restated to conform with current year presentation

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	December 31,	
	2021	2020
Operating lease liabilities – current	34,937,000	\$ 32,778,000
Finance lease liabilities – current	7,167,000	6,861,000
Other current liabilities	\$ 42,104,000	\$ 39,639,000*

*Prior period balance restated to conform with current year presentation

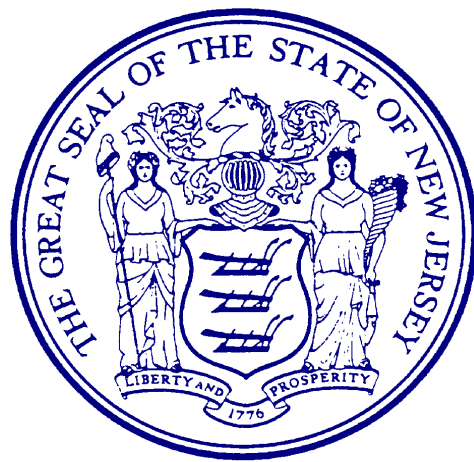
NOTE 7. COMMITMENTS AND CONTINGENCIES

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.

**BORGATA HOTEL CASINO & SPA
ANNUAL FILINGS**

FOR THE YEAR ENDED DECEMBER 31, 2021

**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, 2021

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	Description (b)	Account Balance (c)	Allowance (d)	Accounts Receivable (Net of Allowance) (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$12,847		
2	Returned Patrons' Checks.....	27,458		
3	Total Patrons' Checks.....	40,305	\$22,997	\$17,308
4	Hotel Receivables.....	2,891	32	\$2,859
	Other Receivables:			
5	Receivables Due from Officers and Employees.....			
6	Receivables Due from Affiliates.....			
7	Other Accounts and Notes Receivables.....	6,600		
8	Total Other Receivables.....	6,600	42	\$6,558
9	Totals (Form DGE-205).....	\$49,796	\$23,071	\$26,725

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$11,462
11	Counter Checks Issued.....	377,957
12	Checks Redeemed Prior to Deposit.....	(282,253)
13	Checks Collected Through Deposits.....	(79,753)
14	Checks Transferred to Returned Checks.....	(14,566)
15	Other Adjustments.....	
16	Ending Balance.....	\$12,847
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$514
19	Provision as a Percent of Counter Checks Issued.....	0.1%

BORGATA HOTEL CASINO & SPA ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2021

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	Table and Other Games	996			
2	Slot Machines	78			
3	Administration	1			
4	Casino Accounting	151			
5	Simulcasting / R&S	30			
6	Other	31			
7	Total - Casino	1,287	\$36,995	\$210	\$37,205
8	ROOMS	320	10,534		10,534
9	FOOD AND BEVERAGE	1,210	25,774		25,774
10	GUEST ENTERTAINMENT	232	2,468		2,468
11	MARKETING	190	7,898	553	8,451
12	OPERATION AND MAINTENANCE	238	9,585		9,585
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	5	73	1,322	1,395
14	Accounting and Auditing	44	2,336		2,336
15	Security	209	8,126		8,126
16	Other Administrative and General	83	4,862		4,862
	OTHER OPERATED DEPARTMENTS:				
17	Retail	23	393		393
18	Spa	66	1,750		1,750
19	Salon/Barbershop	13	197		197
20	Transportation	84	1,970		1,970
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	4,004	\$112,961	\$2,085	\$115,046