GOLDEN NUGGET ATLANTIC CITY, LLC
QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2021

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

**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

GOLDEN NUGGET ATLANTIC CITY, LLC
BALANCE SHEETS

AS OF MARCH 31, 2021 AND 2020

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents	3	$10,706	$4,336	
2	Short-Term Investments		0	0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2021, $1,189 ; 2020, $1,316)	4	16,917	14,043	
4	Inventories	2	1,591	2,476	
5	Other Current Assets	5	832	1,571	
6	Total Current Assets		30,046	22,426	
7	Investments, Advances, and Receivables	11	0	0	
8	Property and Equipment - Gross	6	196,870	196,107	
9	Less: Accumulated Depreciation and Amortization		(81,123)	(73,966)	
10	Property and Equipment - Net		115,747	122,141	
11	Other Assets	7	6,982	8,389	
12	Total Assets		$152,775	$152,956	
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$2,712	$2,714	
14	Notes Payable		0	0	
	Current Portion of Long-Term Debt:				
15	Due to Affiliates		0	0	
16	External	9	265	975	
17	Income Taxes Payable and Accrued		0	0	
18	Other Accrued Expenses	8	19,688	21,237	*
19	Other Current Liabilities	8	421	401	
20	Total Current Liabilities		23,086	25,327	
	Long-Term Debt:				
21	Due to Affiliates	9	0	0	
22	External	9	0	265	
23	Deferred Credits		3,575	4,175	*
24	Other Liabilities		1,712	2,133	
25	Commitments and Contingencies		0	0	
26	Total Liabilities		28,373	31,900	
27	Stockholders', Partners', or Proprietor's Equity		124,402	121,056	
28	Total Liabilities and Equity		$152,775	$152,956	

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)	
	Revenue:				
1	Casino	2	$16,765	$20,896	*
2	Rooms		2,532	3,132	
3	Food and Beverage		5,214	7,515	
4	Other		2,077	2,765	
5	Net Revenue	2	26,588	34,308	*
	Costs and Expenses:				
6	Casino	2	9,755	13,649	
7	Rooms, Food and Beverage	2	3,663	7,808	
8	General, Administrative and Other	2	8,465	11,922	
9	Total Costs and Expenses		21,883	33,379	
10	Gross Operating Profit		4,705	929	
11	Depreciation and Amortization		2,052	2,148	
	Charges from Affiliates Other than Interest:				
12	Management Fees		0	0	
13	Other	12	0	0	
14	Income (Loss) from Operations		2,653	(1,219)	
	Other Income (Expenses):				
15	Interest Expense - Affiliates		0	0	
16	Interest Expense - External		(4)	(17)	
17	CRDA Related Income (Expense) - Net	11	(374)	(476)	
18	Nonoperating Income (Expense) - Net		0	0	
19	Total Other Income (Expenses)		(378)	(493)	
20	Income (Loss) Before Taxes		2,275	(1,712)	
21	Provision (Credit) for Income Taxes		678	1,922	
22	Net Income (Loss)		$1,597	($3,634)	

0

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020
AND THE THREE MONTHS ENDED MARCH 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..........**		$117,019	$7,671		$124,690
2	Net Income (Loss) - 2020..........			(1,885)		(1,885)
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2020..........**		117,019	5,786	0	122,805
11	Net Income (Loss) - 2021..........			1,597		1,597
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16						0
17						0
18						0
19	**Balance, March 31, 2021...............**		$117,019	$7,383	$0	$124,402

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		$4,009	($5,923)
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment		(147)	(481)
5	Proceeds from Disposition of Property and Equipment			
6	CRDA Obligations		(374)	(476)
7	Other Investments, Loans and Advances made			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities		(521)	(957)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt			
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt			
17	Payments to Settle Long-Term Debt		(249)	(237)
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0
19	Purchases of Treasury Stock			
20	Payments of Dividends or Capital Withdrawals			
21				
22				
23	Net Cash Provided (Used) By Financing Activities		(249)	(237)
24	Net Increase (Decrease) in Cash and Cash Equivalents		3,239	(7,117)
25	Cash and Cash Equivalents at Beginning of Period		7,467	11,453
26	Cash and Cash Equivalents at End of Period		$10,706	$4,336

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$6	$18
28	Income Taxes			

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 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)		$1,597	($3,634)	
30	Depreciation and Amortization of Property and Equipment		2,052	2,148	
31	Amortization of Other Assets				
32	Amortization of Debt Discount or Premium				
33	Deferred Income Taxes - Current		0	0	*
34	Deferred Income Taxes - Noncurrent		0	163	
35	(Gain) Loss on Disposition of Property and Equipment				
36	(Gain) Loss on CRDA-Related Obligations		374	476	
37	(Gain) Loss from Other Investment Activities				
38	(Increase) Decrease in Receivables and Patrons' Checks		(1,312)	(3,300)	
39	(Increase) Decrease in Inventories		103	21	
40	(Increase) Decrease in Other Current Assets		147	796	
41	(Increase) Decrease in Other Assets		0	0	
42	Increase (Decrease) in Accounts Payable		(440)	(1,047)	*
43	Increase (Decrease) in Other Current Liabilities		0	0	*
44	Increase (Decrease) in Other Liabilities		1,488	(1,546)	*
45					
46					
47	Net Cash Provided (Used) By Operating Activities		$4,009	($5,923)	

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($147)	($481)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($147)	($481)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired		$0	$0
52	Goodwill Acquired			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

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

GOLDEN NUGGET ATLANTIC CITY, LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2021
(UNAUDITED)
($ IN THOUSANDS)

Amended 7/28/21

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	17,475	$1,310	0	$0
2	Food	17,486	456	15,112	$908
3	Beverage	69,262	554	0	$0
4	Travel	0	0	208	$11
5	Bus Program Cash	0	0	0	$0
6	Promotional Gaming Credits	29,470	4,430	0	$0
7	Complimentary Cash Gifts	15,000	387	0	$0
8	Entertainment	0	0	0	$0
9	Retail & Non-Cash Gifts	43,875	562	0	$0
10	Parking	0	0	96,885	$388
11	Other	2,921	54	0	$0
12	Total	195,489	$7,753	112,205	$1,307

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

*No item in this category (Other) exceeds 5%.
**$M in PGCS are for RIS/Betfair

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 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.

5/15/2021
Date

Michael Rodriguez

Vice President of Finance
Title

9254-11
License Number

On Behalf of:

GOLDEN NUGGET ATLANTIC CITY, LLC
Casino Licensee

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Golden Nugget Atlantic City, LLC ("GNAC", the "Company", "we", "our" or "us") is the subsidiary of GNAC Holdings, LLC, a Delaware LLC. GNAC is the holder of the gaming license issued by the state of New Jersey and operates the Golden Nugget Atlantic City Hotel and Casino in Atlantic City, New Jersey. GNAC Holdings, LLC is wholly owned by Golden Nugget, LLC, a Nevada LLC ("GNI" or "Parent"), which is a national, diversified, restaurant, hospitality, entertainment and gaming company principally engaged in the ownership and operation of full service restaurants and Golden Nugget gaming facilities. GNI is an indirect subsidiary of Fertitta Entertainment, Inc. ("FEI") which is wholly owned by Tilman J. Fertitta. Unless otherwise stated, all dollars are in thousands.

In April 2020, we contributed our online casino gaming business from GNAC to Golden Nugget Online Gaming, Inc., a wholly owned unrestricted subsidiary, which was then conveyed to a subsidiary of FEI. Since our online casino gaming business and GNAC were under the same common control prior to the conveyance, the financial statements as of and for the year ended December 31, 2020 are presented as if the conveyance occurred as of December 31, 2019 and all disclosures are prepared accordingly.

Basis of Presentation

The accompanying consolidated financial statements include the consolidated accounts of GNAC. All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements included herein have been prepared without audit and pursuant to the rules and regulations of the New Jersey Division of Gaming Enforcement. In the opinion of management, all adjustments, consisting of normal recurring items and estimates necessary for a fair presentation of the results for interim periods have been made.

Use of Estimates

The preparation of financial statements in conformity with Accounting Principles Generally Accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

We recognize revenue when control over the goods and services we provide has transferred to the customer, which is generally when the services are performed and we have no substantive performance obligations remaining. Sales taxes collected from customers and remitted to governmental authorities are presented on a net basis, or excluded from revenues, in our consolidated statements of operations.

Casino revenue is the aggregate net difference between gaming wins and losses, less sales incentives and other adjustments. Liabilities are recognized for funds deposited by customers before gaming play occurs and for chips in the customer's possession. Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. We accrue the incremental amount of progressive jackpots as the progressive machine is played, and the progressive jackpot amount increases, with a corresponding reduction to casino revenues.

Hotel, food and beverage, and other revenues are recognized as goods and services are transferred to the customer. Room revenue is generally recognized over time, consistent with the customer's reservation period. Advance deposits for future hotel occupancy, convention space or food and beverage services are recorded as a liability until the goods and services are provided to the customer. Food and beverage and other revenues are recognized at the point in time the services are performed or events are held.

The relative standalone selling price of accommodations, food and beverage, and other services furnished to hotel-casino guests without charge is recognized as a reduction to revenues for the department which issued the complimentary offering and as an increase to revenues for the department redeemed. Complimentary offerings periodically offered by third parties at the discretion and under our control are recorded as an expense when incurred.

Our gaming revenues included complimentary offerings and loyalty point redemptions as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Rooms	$ 515	$ 588
Food and beverage	2,814	2,317
Other	1,092	1,838
	$ 4,421	$ 4,743

Slot Player Club Liability

We have established promotional slot and player clubs to encourage repeat business from frequent and active slot machine customers and table games patrons. Members earn points based on gaming activity and such points can be redeemed for complimentary amenities, including meals in our non casino restaurants. The incentives earned by customers under these programs are based on their past play and represent separate performance obligations. Player club points generally expire within twelve months.

For transactions where players club points are earned we allocate a portion of the transaction price to the points that are earned based upon the relative standalone selling prices of the goods and services involved. We have determined the standalone selling price of player's club points by computing the redemption value of points expected to be redeemed. We have applied the practical expedient under the portfolio approach to each of our player's club transactions because of the similarity of gaming transactions. When the activity underlying the earning of the points has a wide range of selling prices and is highly variable, we use the residual approach in the allocation by computing the value of the player's club points and allocating the residual amount to the remaining revenue generating activity. This allocation results in a portion of the transaction price being deferred and presented as contract liabilities in our accompanying Balance Sheets.

Our loyalty programs include various tiers that offer different benefits, and members are able to earn credits towards tier status, which generally enables them to receive discounts similar to those provided as the complimentary offerings described above. We have determined that any such discounts received as a result of tier status do not represent material rights, and therefore, we do not account for them as distinct performance obligations.

Accounts Receivable

Accounts receivable is comprised primarily of casino and hotel receivables, net of an allowance for doubtful accounts. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Receivables are written off when management deems the account to be uncollectible.

Financial Instruments

GAAP establishes a hierarchy for fair value measurements, such that Level 1 measurements include unadjusted quoted market prices for identical assets or liabilities in an active market, Level 2 measurements include quoted market prices for identical assets or liabilities in an active market which have been adjusted for items such as effects of restrictions for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets, and Level 3 measurements include those that are unobservable and of a highly subjective measure.

Inventories

Inventories consist primarily of food and beverages used in our restaurant outlets and retail goods are recorded at the lower of cost or market value.

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is computed utilizing the straight-line method over the estimated useful lives of the depreciable assets, as follows: buildings and improvements 10 to 40 years; furniture, fixtures and equipment 5 to 15 years; and automobiles and limousines 4 to 5 years.

Costs of major improvements are capitalized; costs of normal repairs and maintenance are charged to expense as incurred. Gains or losses on dispositions of property and equipment are recognized in the consolidated statements of operations when incurred.

Insurance Liability

We maintain large deductible insurance policies related to property, general liability, workers' compensation coverage, and certain employee medical claims. Predetermined loss limits have been arranged with insurance companies to limit our per occurrence cash outlay. Accrued liabilities include the estimated costs to settle unpaid claims and estimated incurred but not reported claims using actuarial methodologies.

Advertising Costs

Advertising costs are expensed as incurred during such year. Advertising costs, included in casino, food and beverage, and general and administrative expense, were \$0.5 million and \$0.5 million for the three months ended March 31, 2021 and 2020, respectively.

Adopted Accounting Pronouncements

In February 2016 (as amended through December 2018), the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02 codified as Accounting Standards Codification 842, Leases, ("ASC 842") which addresses the recognition and measurement of leases. Under the new guidance, for all leases, at the commencement date, lessees were required to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease. The liability is measured on a discounted basis. Lessees also recognized a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to control the use of a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The effective date was for annual and interim periods beginning after December 15, 2018. ASC 842 required a transition adoption election using either 1) a modified retrospective approach with periods prior to the adoption date being recast or 2) a prospective approach with a cumulative-effect adjustment recognized to the opening balance of retained earnings on the adoption date with prior periods continuing to be reported under prior lease accounting guidance.

We adopted ASU 2016-02, "Leases (Topic 842)" as of January 1, 2019 using the modified retrospective transition approach. In connection with the adoption of ASC 842, we elected the package of practical expedients permitted under transition under which we will not need to reassess for our leases subject to: (1) whether our contracts in transition meet the definition of a lease, (2) the classification of such leases, and (3) initial direct costs for such leases. We made an accounting policy election with respect to the short-term lease recognition exemption that would eliminate the requirements to recognize leases with a term of 12-months or less on the balance sheet for all classes of underlying assets, as well as elected to not separate lease and non-lease components for our leases where we are a lessee for all classes of underlying assets. We did not elect the use of the hindsight practical expedient.

We elected to apply the transition provisions as of the adoption date, with no cumulative-effect adjustment being recognized to retained earnings in the period of adoption.

In January 2017, the FASB issued ASU 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." This update removes the second step of the goodwill impairment test and requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, and recognize an impairment charge for the amount by which the carrying value exceeds the fair value, not to exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2021, and early application is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We adopted this standard in 2020 and it did not have a material impact our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework–Changes to the Disclosure Requirements for Fair Value Measurement.” This update modifies fair value measurement disclosure requirements including (i) removing certain disclosure requirements such as the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (ii) modifying certain disclosure requirements, and (iii) adding certain disclosure requirements such as changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period. The amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. We adopted this standard effective January 1, 2020 and it did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, “Intangibles – Goodwill and Other– Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.” This update aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The accounting for the service element of a hosting arrangement that is a service contract is not affected. The guidance is effective for annual reporting periods beginning after December 15, 2020 and interim reporting periods within those annual periods. Early adoption is permitted. We adopted this standard effective January 1, 2020 and it did not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” This update requires timelier recording of credit losses on financial assets measured at amortized cost basis (including, but not limited to loans), net investments in leases recognized as lessor and off-balance sheet credit exposures. ASU 2016-13 eliminates the probable initial recognition threshold under the current incurred loss methodology for recognizing credit losses. Instead, it requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. In November 2018, the FASB issued ASU 2018-19, “Codification Improvements to Topic 326, Financial Instruments – Credit Losses” to clarify the amendments to scope, transition and effective date requirements, and to expedite the improvements of ASU 2016-13. This guidance is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early adoption is permitted. We adopted this standard effective January 1, 2020 and it did not have a material impact on our consolidated financial statements.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-14, “Compensation– Retirement Benefits–Defined Benefit Plans–General (Subtopic 715-20): Disclosure Framework– Changes to the Disclosure Requirements for Defined Benefit Plans.” This update modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement benefit plans including (i) removing certain disclosure requirements such as the amount and timing of plan assets expected to be returned to the employer, (ii) adding certain disclosure requirements such as an explanation for the reasons for significant gains and losses related to changes in the benefit obligation for the period, and (iii) clarifying certain disclosure requirements such as disclosing the projected benefit obligation (“PBO”) and fair value of plan assets for plans with PBOs in excess of plan assets. The guidance is effective for fiscal years ending after December 15, 2021. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” The objective of this update is to simplify the accounting for income taxes by removing certain exceptions to general principles in ASC Topic 740 and by clarifying and amending guidance that already exists within GAAP. The guidance is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our consolidated financial statements.

3. CASH & CASH EQUIVALENTS

Cash as of March 31 consisted of the following (in thousands):

	2021	2020
Unrestricted cash	$ 10,706	$ 4,336
Restricted cash internet accounts	-	-
Total	$ 10,706	$ 4,336

4. ACCOUNTS RECEIVABLE

Accounts receivable as of March 31 consisted of the following (in thousands):

	2021	2020
Gaming	$ 2,948	$ 3,290
Allowance	(1,162)	(1,278)
Non-Gaming	15,158	12,069
Allowance hotel	(27)	(38)
Total	$ 16,917	$ 14,043

5. OTHER CURRENT ASSETS

Other current assets as of March 31 consisted of the following (in thousands):

	2021	2020
Deposits	$ 343	$ 239
Prepaid taxes	177	183
Other prepaid	312	1,149
Total	$ 832	$ 1,571

6. PROPERTY AND EQUIPMENT

Property and equipment as of March 31 consisted of the following (in thousands):

	2021	2020
Land	$ 17,650	$ 17,650
Buildings and improvements	113,387	112,688
Furniture, fixtures, equipment	65,833	65,769
Property and equipment, gross	196,870	196,107
Accumulated depreciation	(81,123)	(73,966)
Property and equipment, net	$ 115,747	$ 122,141

7. OTHER ASSETS

Other assets as of March 31 consisted of the following (in thousands):

	2021	2020
Gaming license	$ 3,215	$ 3,215
Software	1,634	2,641
Operating lease right-of-use asset	2,133	2,533
Total	$ 6,982	$ 8,389

8. OTHER ACCRUED EXPENSES & LIABILITIES

Other accrued expenses and liabilities as of March 31 consisted of the following (in thousands):

	2021	2020
Payroll and related	$ 3,474	$ 3,386
Deposits	1,450	1,343
Other	14,764	16,508
Total accrued expenses	$ 19,688	$ 21,237
Gaming	$ 421	$ 401
Other	-	-
Total other current liabilities	$ 421	$ 401

9. LONG TERM DEBT

In April 2019 we entered into an equipment loan for the purchase of gaming hardware and software. The loan bears an interest rate of 5.0% and matures in March 2021. In July 2019 we entered into an additional equipment loan with CalFirst for the purchase of gaming hardware and software. The loan bears an interest rate of 5.76% and matures July 2021.

Total debt as of March 31 is comprised of the following (in thousands):

	2021	2020
Equipment loan	$ 265	$ 1,240
Total debt	265	1,240
Less current portion	(265)	(975)
Long term debt	$ -	$ 265

10. LEASES

The components of total lease cost were as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Operating lease cost	$ 833	$ 1,035
Variable lease cost	466	217
Total lease costs	$ 1,299	$ 1,252

Cash activities associated with leases were as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Payments for operating leases	$ 833	$ 1,035

11. EMPLOYEE BENEFIT PLAN

Certain of our employees are covered by union-sponsored, collective bargained, multi-employer health and welfare and defined benefit pension plans. We recorded plan related expenses of $1.1 million and $2.3 million for the three months ended March 31, 2021 and 2020, respectively.

We sponsor a qualified defined contribution retirement plan (401(k) Plan) covering our eligible, non-union employees. The 401(K) plan allows eligible employees to contribute, subject to Internal Revenue Service limitations on total annual contributions, up to 75% of their base compensation as defined in the 401(k) Plan, to various investment funds. We may match at our discretion, within prescribed limits, a portion of eligible employees' contributions. Matching contributions for the three months ended March 31, 2021 and 2020 were immaterial. Employee contributions vest immediately while our contributions vest 20% annually beginning in the participant's second year of eligibility.

12. COMMITMENTS AND CONTINGENCIES

Casino Reinvestment Development Authority Obligation

As required by the provisions of the New Jersey Casino Control Act (the "Act"), we are assessed an amount equal to 1.25% of our land-based 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 sports related 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 a below market rate of interest; (ii) direct investment in 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. The provisions expire as of December 31, 2026.

We are required to make quarterly deposits with the CRDA to satisfy our investment obligations and, as a result of the PILOT law, record a charge to expense for 100% of the obligation amount as of the date the obligation arises.

For the three months ended March 31, 2021 and 2020, we charged to general and administrative expense $0.4 million and $0.5 million, respectively.

CRDA deposits and investments in CRDA bonds, net of allowances of $17.2 million, reflected in other assets, net on the accompanying consolidating balance sheet as of March 31, 2020 had no value.

Atlantic City PILOT Program

In June 2016, the State of New Jersey passed legislation known as the PILOT bill which requires casino properties for the next 10 years, starting January 1, 2017, to make payments in lieu of property taxes based on a statutory formula. An additional part of that bill requires the casinos to make annual payments to the state starting retroactively in 2015 through 2022 based on a similar formula. For our contribution to the state, we incurred expenses of 0.1 million for the three months ended March 31, 2021 and 2020, respectively.

Lease Commitments

We have a non-cancelable operating lease that covers the land, building and marina adjacent to our property, which expires in 2025. Other lease commitments also include operating equipment used in daily operations. In addition to minimum lease commitments, the lease provides for contingent rentals based on a percentage of revenues in excess of specified amounts. See Note 10 for lease costs for the three months ended March 31, 2021 and 2020.

General Litigation

We are subject to legal proceedings and claims that arise in the ordinary course of business. We do not believe that the outcome of any of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

13. TRANSACTIONS WITH AFFILIATES

Shared Services Agreement

We have entered into Shared Services Agreements (SSA's) with affiliates. Pursuant to the SSA's, the parties agree to cooperatively develop and implement joint programs for the procurement and implementation of certain products and services including insurance and risk management, legal, information technology, entertainment, general purchasing, financial planning and accounting, human resources and employee benefit administration, marketing, strategic and tactical business planning, retail and executive management. The SSA's provide for the reimbursement of expenses if either party incurs costs in excess of its proportional share.

Tenant Agreement

We have entered into certain lease agreements with affiliates wherein they operate restaurants in our casino property and we receive rental payments. Moreover, we routinely enter into certain transactions with affiliated companies. These transactions have been entered into between related parties and are not the result of arm's-length negotiations. Accordingly, the terms of the transactions may have been more or less favorable to us than might have been obtained from unaffiliated third parties. Rental revenue from the affiliates totaled $0.2 million for both the three months ended March 31, 2021 and 2020, respectively.

14. SUBSEQUENT EVENTS

We have evaluated subsequent events through May 14, 2021, which is the date our consolidated financial statements were available to be issued.