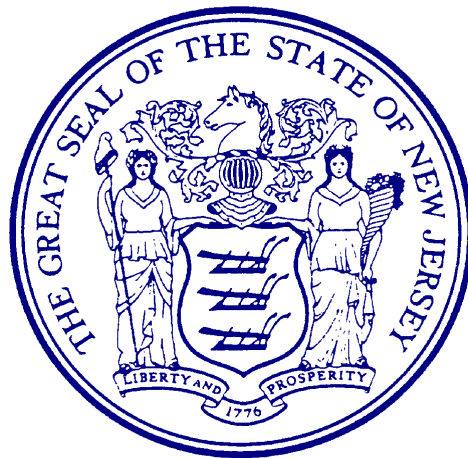


**DGMB CASINO, LLC
QUARTERLY REPORT**

FOR THE QUARTER ENDED DECEMBER 31, 2022

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



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

DGMB CASINO, LLC

BALANCE SHEETS

AS OF DECEMBER 31, 2022 AND 2021

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2022 (c)	2021 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$11,874	\$14,264
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2022, \$4,453; 2021, \$4,132).....	2, 3, 10	11,892	13,563
4	Inventories	2	1,777	1,684
5	Other Current Assets.....	4	2,234	2,171
6	Total Current Assets.....		27,777	31,682
7	Investments, Advances, and Receivables.....	5	1,270	1,500
8	Property and Equipment - Gross.....	2, 6	216,600	204,375
9	Less: Accumulated Depreciation and Amortization.....	6	(85,003)	(77,410)
10	Property and Equipment - Net.....	6	131,597	126,965
11	Other Assets.....	2, 7	21,252	3,911
12	Total Assets.....		\$181,896	\$164,058
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$3,306	\$2,334
14	Notes Payable.....	8	0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	8	3,000	1,250
17	Income Taxes Payable and Accrued.....			
18	Other Accrued Expenses.....	2, 10, 11	14,764	15,376
19	Other Current Liabilities.....	2	3,593	5,018
20	Total Current Liabilities.....		24,663	23,978
	Long-Term Debt:			
21	Due to Affiliates.....	9	0	0
22	External.....	8	53,530	29,705
23	Deferred Credits	12	3,986	3,791
24	Other Liabilities.....		17,677	631
25	Commitments and Contingencies.....	14	0	0
26	Total Liabilities.....		99,856	58,105
27	Stockholders', Partners', or Proprietor's Equity.....		82,040	105,953
28	Total Liabilities and Equity.....		\$181,896	\$164,058

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

DGMB CASINO, LLC

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2022 (c)	2021 (d)
	Revenue:			
1	Casino.....	2	\$111,807	\$113,104
2	Rooms.....		29,858	28,182
3	Food and Beverage.....		16,208	15,676
4	Other.....		7,431	6,293
5	Net Revenue.....		165,304	163,255
	Costs and Expenses:			
6	Casino.....	2	57,894	58,107
7	Rooms, Food and Beverage.....		30,587	26,752
8	General, Administrative and Other.....	2, 12	55,817	50,781
9	Total Costs and Expenses.....		144,298	135,640
10	Gross Operating Profit.....		21,006	27,615
11	Depreciation and Amortization.....	6	7,578	6,940
	Charges from Affiliates Other than Interest:			
12	Management Fees.....	10	2,500	2,686
13	Other.....		0	0
14	Income (Loss) from Operations.....		10,928	17,989
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....	10	0	0
16	Interest Expense - External.....	8	(3,077)	(1,488)
17	CRDA Related Income (Expense) - Net.....	5	(884)	(988)
18	Nonoperating Income (Expense) - Net.....		66	64
19	Total Other Income (Expenses).....		(3,895)	(2,412)
20	Income (Loss) Before Taxes		7,033	15,577
21	Provision (Credit) for Income Taxes.....	12	197	68
22	Net Income (Loss).....		\$6,836	\$15,509

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

DGMB CASINO, LLC

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2022 (c)	2021 (d)
	Revenue:			
1	Casino.....	2	\$24,769	\$25,531
2	Rooms.....		5,865	5,524
3	Food and Beverage.....		3,945	3,783
4	Other.....		2,090	1,763
5	Net Revenue.....		36,669	36,601
	Costs and Expenses:			
6	Casino.....	2	13,801	14,398
7	Rooms, Food and Beverage.....		7,622	6,523
8	General, Administrative and Other.....	2, 13	13,626	12,655
9	Total Costs and Expenses.....		35,049	33,576
10	Gross Operating Profit.....		1,620	3,025
11	Depreciation and Amortization.....	6	1,943	1,813
	Charges from Affiliates Other than Interest:			
12	Management Fees.....	10	595	649
13	Other.....		0	0
14	Income (Loss) from Operations.....		(918)	563
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....	10	0	0
16	Interest Expense - External.....	8	(1,233)	(348)
17	CRDA Related Income (Expense) - Net.....	5	32	(177)
18	Nonoperating Income (Expense) - Net.....		3	16
19	Total Other Income (Expenses).....		(1,198)	(509)
20	Income (Loss) Before Taxes		(2,116)	54
21	Provision (Credit) for Income Taxes.....	12	195	64
22	Net Income (Loss).....		(\$2,311)	(\$10)

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

DGMB CASINO, LLC
STATEMENTS OF CHANGES IN PARTNERS',
PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2022

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	Special Capital Contribution (e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2020.....		\$35,078	(\$30,935)	\$92,301	\$96,444
2	Net Income (Loss) - 2021.....			15,509		15,509
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	Special Capital Distribution, net				(8,000)	(8,000)
8	Net borrowings from (to) related party				2,000	2,000
9						0
10	Balance, December 31, 2021.....		35,078	(15,426)	86,301	105,953
11	Net Income (Loss) - 2022.....			6,836		6,836
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	Special Capital Distribution, net				(30,749)	(30,749)
17						0
18						0
19	Balance, December 31, 2022.....		\$35,078	(\$8,590)	\$55,552	\$82,040

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

DGMB CASINO, LLC

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2022 (c)	2021 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$14,834	\$19,864
	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.....	2, 6	(10,840)	(4,472)
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations	5	(2,135)	(1,951)
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	CRDA Reimbursement		1,440	986
11				
12	Net Cash Provided (Used) By Investing Activities.....		(11,535)	(5,437)
	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	8	60,000	0
16	Costs of Issuing Debt.....		(2,190)	241
17	Payments to Settle Long-Term Debt.....	8	(32,750)	(5,000)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....		0	0
21	Net borrowings from (to) related party		0	2,000
22	Special Capital Contribution/(Distribution), net		(30,749)	(8,000)
23	Net Cash Provided (Used) By Financing Activities.....		(5,689)	(10,759)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(2,390)	3,668
25	Cash and Cash Equivalents at Beginning of Period.....		14,264	10,596
26	Cash and Cash Equivalents at End of Period.....		\$11,874	\$14,264
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$2,563	\$1,221
28	Income Taxes.....		\$2	\$4

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

DGMB CASINO, LLC

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2022 (c)	2021 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$6,836	\$15,509
30	Depreciation and Amortization of Property and Equipment...	2, 6	7,593	6,955
31	Amortization of Other Assets.....		(15)	(15)
32	Amortization of Debt Discount or Premium.....		514	0
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent		195	64
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....	5	884	988
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks	2, 3	(1,009)	(153)
39	(Increase) Decrease in Inventories	2	(93)	41
40	(Increase) Decrease in Other Current Assets.....	4	(63)	(115)
41	(Increase) Decrease in Other Assets.....		(97)	(84)
42	Increase (Decrease) in Accounts Payable.....		972	(2,587)
43	Increase (Decrease) in Other Current Liabilities		(3,670)	881
44	Increase (Decrease) in Other Liabilities		107	(744)
45	Decrease in Due from Affiliate / Receivables		2,680	(876)
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$14,834	\$19,864

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....	2, 6	(\$10,840)	(\$4,472)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....	2, 6	(\$10,840)	(\$4,472)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

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

DGMB CASINO, LLC
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022
(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	170,186	\$15,835	0	\$0
2	Food	177,581	5,019	280,790	5,220
3	Beverage	547,913	4,769	0	0
4	Travel	0	0	11,823	433
5	Bus Program Cash	2,058	181	0	0
6	Promotional Gaming Credits	655,545	25,063	0	0
7	Complimentary Cash Gifts	593	1,794	0	0
8	Entertainment	7,359	454	432	54
9	Retail & Non-Cash Gifts		0	40,867	4,562
10	Parking	0	0	102,411	1,024
11	Other	4,559	92	26,351	891
12	Total	1,565,794	\$53,207	462,674	\$12,184

FOR THE THREE MONTHS ENDED DECEMBER 31, 2022

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	34,243	\$3,156	0	\$0
2	Food	40,461	1,194	62,215	1,157
3	Beverage	135,282	1,146	0	0
4	Travel	0	0	2,878	105
5	Bus Program Cash	597	42	0	0
6	Promotional Gaming Credits	127,202	4,972	0	0
7	Complimentary Cash Gifts	190	575	0	0
8	Entertainment	1,559	124	89	11
9	Retail & Non-Cash Gifts	0	0	8,579	974
10	Parking	0	0	22,284	223
11	Other	1,228	24	5,613	195
12	Total	340,762	\$11,233	101,658	\$2,665

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

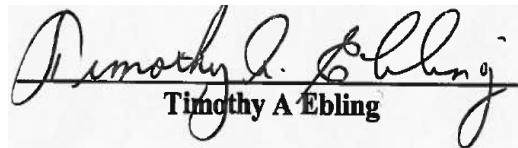
DGMB CASINO, LLC
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2022

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.

3/30/2023

Date


Timothy A Ebling

Vice President, CFO

Title

9194-11

License Number

On Behalf of:

DGMB CASINO, LLC

Casino Licensee

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Division of Gaming Enforcement (“DGE”) and include the accounts of DGMB Casino, LLC (the “Company”), a New Jersey limited liability company that was formed on August 30, 2010. The Company currently owns and operates Resorts Casino Hotel (“Resorts”). Resorts is a casino hotel operating in Atlantic City, New Jersey. The Company is wholly owned by DGMB Casino Holding, LLC (“Holding”), a Delaware limited liability company, through a 99.5% direct ownership and a .5 % indirect ownership through DGMB Casino SPE Corp. (“SPE”), a Delaware corporation, which is the managing member of the Company. On October 1, 2012, Holding admitted MGA Gaming NJ, LLC (MGA), a New Jersey limited liability company, as a non-managing member of Holding and 10% owner. MGA then entered into a management agreement for the management of the Company.

2. Summary of Significant Accounting Policies

Cash and Concentrations of Credit Risk

Cash includes cash in the bank and cash on the casino floor. The Company maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, and 2021, the Company had approximately \$2.5 million and \$5.1 million, respectively, in excess of FDIC-insured limits.

Receivables

Receivables consist primarily of casino, hotel, related party, and other receivables. Accounts receivables are non-interest bearing and are initially recorded at cost.

Allowance for Doubtful Accounts

The Company reserves an estimated amount for receivables that may not be collected. The methodology for estimating the allowance includes using specific reserves and applying various percentages to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific allowances. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating the allowance for doubtful accounts.

Inventories

Inventories, which consist primarily of food, beverage, and operating supplies, are stated at the lower of average cost or net realizable value. Cost is determined using the first-in, first-out (“FIFO”) method.

Property and Equipment

Property and Equipment have been recorded at their estimated fair values and useful lives based on the application of purchase accounting in 2010. Additions to land, building, and equipment since the date of acquisition are stated at cost.

The Company capitalizes the costs of improvements that extend the life of the asset and expenses maintenance and repair costs as incurred. Gains or losses on the dispositions of land, buildings, or equipment are included in the determination of income.

Depreciation and amortization is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Asset Class	Useful Life
Building and improvements	35-40 years
Furniture, fixtures, and equipment	3-7 years

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

The Company reviews the carrying value of property and equipment for impairment whenever events and changes in circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If undiscounted expected future cash flows were less than the carrying value, an impairment loss would be recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends, and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. No impairment of land, buildings or equipment was recognized during the years ended December 31, 2022 and 2021.

Intangible Assets

The Company's indefinite-lived intangible asset includes a trade name valued at \$3.3 million at December 31, 2022 and 2021, which is not subject to amortization but is tested for impairment annually, or more frequently upon the occurrence of an event or when circumstances indicate the amount associated with the trade name is greater than its fair value. A qualitative assessment of the indefinite-lived asset may be performed to determine whether it is necessary to perform the quantitative impairment test. The quantitative annual impairment test for the indefinite-lived intangible asset, if applicable, consists of a comparison of the fair value of the intangible asset with its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The fair value of the trade name is estimated using the relief from royalty method, a form of both the income approach and the market approach, which is a function of prospective revenue, the royalty rate that would hypothetically be charged by a licensor of an asset to an unrelated licensee, and a discount rate. No impairment was recognized during the years ended December 31, 2022 and 2021.

Revenue Recognition

The company accounts for revenue recognition in accordance with the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), which provides a comprehensive revenue recognition model for all contracts with customers. The model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services.

The Company's revenue contracts with customers consist of gaming wagers, lodging, food and beverage, entertainment and other transactions. The transaction price for a gaming wager contract is the difference between gaming wins and losses, not the total amount wagered. Gaming wager contracts involve two performance obligations for those customers earning points under the Company's players' club and a single performance obligation for customers who don't participate in the program. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis because such wagers have similar characteristics and the Company reasonably expects the effects on the financial statements of applying the revenue recognition guidance to the portfolio to not differ materially from that which would result if applying the guidance to an individual wagering contract. For purposes of allocating the transaction price in a wagering contract between the wagering performance obligation and the obligation associated with loyalty points earned, the Company allocates an amount to the loyalty credit obligation based on the stand-alone selling price of the points earned. An amount is allocated to the gaming wager performance obligation using the residual approach because the stand-alone price for wagers is highly variable and no set established price exists for such wagers. The allocated revenue for gaming wagers is recognized when the wagers occur because all such wagers settle immediately. See Note 15 for additional disclosures regarding the contract and customer-related liabilities.

Lodging, food and beverage, entertainment and other revenue are recognized at the time the goods or services are provided, and are recorded net of any sales, use, and other applicable taxes that are collected by the company at the point of sale. Additionally, these items include: (i) the actual amounts paid for such services (less any amounts allocated to unperformed performance obligations, such as players' club points as described below); (ii) the value of players' club points redeemed for such services; and (iii) the portion of the transaction price allocated to complimentary goods or services provided in conjunction with other revenue-generated activities.

Right-of-Use Assets and Lease Liabilities

Effective January 1, 2022, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Company elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statements of incomes as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022, the beginning of the adoption period, an operating lease liability of \$17.6 million, and an operating right-of-use asset of \$17.5 million. The adoption of the standard did not materially impact the Company's statements of operations or cash flows. See Note 13 for further disclosure of the Company's lease contracts.

Cashback Liability

The Company provides incentives to its casino customers, based on levels of gaming activity, through its "Cash Back" marketing program. The incentives are in the form of points, which may be redeemed for wagers on slot machines. The Company estimates a liability for outstanding "Cash Back" incentives (those incentives which have been earned, but not redeemed by the customer), adjusted for an estimated redemption factor based on historical results. The ultimate redemption amount resulting from this marketing program could vary from the estimated liability based on actual redemption activity. The amount is recorded as a reduction in revenue in the statements of income. At December 31, 2022 and 2021, the "Cash Back" liability was \$0.2 million and is included in other accrued expenses in the accompanying balance sheets.

Loyalty Credit Obligation

The Company customer loyalty program offers incentives to gaming customers at Resorts. Under the program, customers are able to accumulate, or bank, comp dollars over time that they may redeem at their discretion under the terms of the program. The comp dollars balance will be forfeited if the customer does not use their player card and earn points over a designated period from the time they were first earned. Because of the ability for customers to accumulate comps based on their past play, the Company has determined that the comps granted in conjunction with other earning activity represent a performance obligation. As a result, the transactions in which comps are earned, the Company allocates a portion of the transaction price to the comps that are earned based upon the relative standalone selling prices ("SSP") of the goods and services involved. This allocation results in a portion of the transaction price being deferred and presented as a loyalty credit obligation on the accompanying balance sheets. Any amounts allocated to the obligation are recognized as revenue when the comps are redeemed in accordance with the specific recognition policy of the activity. The value of the comps is determined by the SSP of the comps expected to be redeemed for complimentary goods or services. The liability is reduced by comps not expected to be redeemed (breakage) and/or expired comps. The cost of comps redeemed for complimentary goods or services is recorded as an expense of the applicable department. At December 31, 2022 and 2021, the bankable complimentary liability was approximately \$2.5 million and \$2.6 million, respectively and is included in other accrued expenses on the accompanying balance sheets.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. The carrying amount of the note payable approximates fair value as the interest rate is variable and the Company's credit worthiness has not changed since issuing such note.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were \$0.7 million for the three months ended December 31, 2022 and 2021, and \$2.8 million for the twelve months ended December 31, 2022 and 2021, respectively. Advertising expenses are included in general, administrative, and other expenses in the accompanying statements of income.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Gaming Tax

The Company remits to the State of New Jersey a tax equal to 8% of gross gaming revenue. Gaming tax expense was \$2.5 million and \$2.8 million for the three months ended December 31, 2022 and 2021, respectively, and \$11.5 million and \$12.2 million for the twelve months ended December 31, 2022 and 2021, respectively. Gaming tax is included in casino expenses in the accompanying statements of income.

Multiemployer Benefit Plans

Certain employees of the Company are covered by union sponsored, collectively bargained, health and welfare plans. The contributions for these plans totaled \$1.8 million and \$1.7 million for the three months ended December 31, 2022 and 2021, respectively and \$7.5 million and \$7.0 million for the twelve months ended December 31, 2021 and 2020, respectively, and were included in total costs and expenses in the accompanying statements of income.

The Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. Contributions under these plans totaled approximately \$1.6 million and \$1.5 million for the years ended December 31, 2022 and 2021, respectively. The risks of participating in these multiemployer plans are different from a single-employer plan in the following aspects. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Entities Under Common Control

Management has elected an accounting policy alternative such that, when certain conditions exist, management does not apply variable interest entity guidance for assessing whether it should consolidate legal entities under common control. The Company has adopted this standard as management believes the presentation of the Company-only financial information is more relevant to the users of the financial statements.

Income Taxes

The Company is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of Holding and SPE. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, the Company is required to record New Jersey state income taxes (see Note 11).

Deferred tax assets and liabilities represent the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740 - Income Taxes on the basis of a two-step process in which (1) determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Generally, the statute of limitations for examination of the Company's tax returns is open for years ended December 31, 2019 through the current year.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires that the Company 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
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3. Receivables

Components of receivables were as follows at December 31, (in thousands):

	<u>2022</u>	<u>2021</u>
Gaming	\$ 7,074	\$ 6,466
Less: allowance for doubtful accounts	<u>(4,195)</u>	<u>(3,885)</u>
	2,879	2,581
Non-gaming:		
Hotel and related	1,007	507
Less: allowance for doubtful accounts	(258)	(247)
Tenant Receivable	737	383
Intercompany	5,943	8,575
Other	<u>1,584</u>	<u>1,764</u>
	9,013	10,982
Receivables, net	<u>\$ 11,892</u>	<u>\$ 13,563</u>

4. Other Current Assets

Components of other current assets were as follows at December 31, (in thousands):

	<u>2022</u>	<u>2021</u>
Prepaid insurance	\$ 31	\$ 812
Prepaid casino license	343	376
Prepaid maintenance agreements	1,284	737
Prepaid sewer	86	71
Prepaid miscellaneous	78	53
Other prepaid expenses and current assets	412	122
Other prepaid expenses and current assets	<u>\$ 2,234</u>	<u>\$ 2,171</u>

5. Investments, Advances and Receivables

The New Jersey Casino Control Act provides, among other things, for an assessment of licensee equal to 1.25% of the Company's gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestments Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, direct investments in approved CRDA projects may be donated to the CRDA or effective 2017, be used to fund the Payment in Lieu of Taxes Program ("the PILOT"). CRDA bonds have terms up to 50 years and bear interest at below-market rate.

Components of investments, advances and receivables were as follows at December 31, (in thousands):

	<u>2022</u>	<u>2021</u>
Deposits, net of valuation allowance for \$151 and \$231 at December 31, 2022 and 2021, respectively	302	463
CRDA Bonds, net of valuation allowance for \$6,237 and \$6,346 at December 31, 2022 and 2021, respectively	968	1,037
	<u>\$ 1,270</u>	<u>\$ 1,500</u>

The Company records expense to operations to reflect the estimated net realizable value of its CRDA investment. Such expenses to operations were \$0 million and \$0.2 million for the three months ended December 31,

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
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2022 and 2021, respectively, and \$0.9 million and \$1.0 million for the twelve months ended December 31, 2022 and 2021, respectively. CRDA expense is included in other income (expenses) in the accompanying statements of income.

The funds on deposit are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 33% to reflect their future value to the Company. Once CRDA Bonds are issued, they are recorded at a discount to approximate fair value. We have concluded that the bonds are classified as held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and under the CRDA, the Company is not permitted to do otherwise.

After the initial determination of fair value, the Company analyzes the recoverability of the CRDA Bonds on a quarterly basis and its effect on reported amounts based upon the ability and likelihood of bonds to be repaid. When considering recoverability of the CRDA Bonds, the Company considers the relative credit-worthiness of each borrower, historical collection experience and other information received from the CRDA. If indications exist that the amount expected to be recovered is less than its carrying value, additional valuation allowances will be recorded.

On May 27, 2016, the New Jersey legislature enacted Senate Bill S1715 and amended by Senate Bill S4007 enacted in December 2021, which implements the PILOT. Beginning in calendar year 2017, casino property owners will fulfill their financial obligations to all local governments serving Atlantic City thereby exempting casino gaming properties from ad valorem property taxation by the City of Atlantic City. The PILOT will have an impact on, among other things, the disposition of future CRDA payments by reallocating the majority of casino investment alternative tax (IAT) receipts collected by the CRDA to Atlantic City for the purpose of paying debt service on municipal bonds issued prior to the effective date of the Bill until December 31, 2026. IAT revenues pledged for the payment of bonds issued by the CRDA, or any bonds issued to refund those bonds, or otherwise contractually obligated by the CRDA prior to the effective date of the bill, are excluded from the reallocation.

6. Property and Equipment

Components of property and equipment, net were as follows at December 31, (in thousands):

	<u>2022</u>	<u>2021</u>
Land	\$ 12,955	\$ 12,955
Hotels and other buildings	132,040	126,748
Furniture, fixtures and equipment	71,469	64,053
Construction in progress	<u>136</u>	<u>619</u>
	216,600	204,375
Less: accumulated depreciation	<u>(85,003)</u>	<u>(77,410)</u>
Net property and equipment	<u>\$ 131,597</u>	<u>\$ 126,965</u>

Depreciation expense was \$1.9 million and \$1.8 million for the three months ended December 31, 2022 and 2021, respectively, and \$7.6 million and \$6.9 million for the twelve months ended December 31, 2022 and 2021, respectively. Depreciation expense is included in depreciation and amortization in the accompanying statements of income.

7. Intangible Assets

Intangible assets, included in other assets in the accompanying balance sheets, includes a trade name valued at \$3.3 million on December 31, 2022 and 2021, respectively. The trade name is deemed to have an indefinite life.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

8. Debt

Notes payable consists of the following bank loans at December 31, 2022 and 2021 (in thousands):

	2022	2021
Notes payable	\$ 58,500	\$ 31,250
Less debt issuance costs	(1,970)	(295)
Notes payable less debt issuance costs	56,530	30,955
Less current maturities	3,000	1,250
	\$ 53,530	\$ 29,705

On December 21, 2017, the Company entered into a five-year \$60 million variable rate credit facility with Key Bank (“Key Bank 60”) consisting of a \$40 million term loan, a \$10 million line of credit and an option for an additional \$10 million term loan. The Company further amended the credit facility on March 11, 2021, which, among other things, added RDG as a co-borrower, updated certain covenants, and converted the term loan and line of credit into a combined \$36.25 million term loan. In addition, the \$10 million line of credit and option for an additional \$10 million term loan were terminated. The credit facility required the Company to receive approval for individual borrowings as well as comply with various covenants. The term loan had a first lien on all assets of the Company. Interest was due monthly at LIBOR plus 2.50% (rate is variable between a range of 2.25% - 2.75% depending on a quarterly ratio test) with quarterly principal payments of \$1.25 million and a balloon payment due December 21, 2022.

On July 7, 2022, the Key Bank 60 credit facility was restructured as the Company and RDG as a co-borrower entered into a new five-year variable rate credit facility with Fifth Third Bank in the principal amount of \$60 million with a \$10 million revolving line of credit and an accordion feature allowing borrowings of an additional \$25 million. The credit facility requires the Company to receive approval for individual borrowings as well as comply with various covenants. The term loan has a first lien on all assets of the Company and RDG. Interest is due monthly at the Secured Overnight Financing Rate (SOFR) plus 3.0% with quarterly principal payments and a balloon payment due July 7, 2027. The Company borrowed \$10 million on the revolving line of credit on March 13, 2023. The Company was in compliance with all covenants at December 31, 2022.

Future maturities for the notes payable at December 31, 2022 were as follows (in thousands):

Years Ending December 31,			
2023	\$		3,000
2024			3,000
2025			3,000
2026			3,000
2027			46,500
		\$	58,500

9. Entities Under Common Control

The Company and Resorts Digital Gaming, LLC (“RDG”), are under common control. RDG operates real money online gaming in New Jersey under an Internet Gaming Permit issued to the Company. The Company provides RDG with administrative services such as payroll, accounting, risk management, legal, treasury, and information systems in return for a fee pursuant to a Shared Services Agreement. The Company was allocated approximately \$1.1 million and \$0.9 million in 2022 and 2021, respectively, as a result of this agreement with RDG. Amounts due from RDG totaled approximately \$5.9 million and \$8.6 million at December 31, 2022 and 2021, respectively, and are included in due from affiliate on the accompanying balance sheets. In addition, as discussed in Note 8, RDG is a co-borrower on the Company’s term loan.

DGMB CASINO, LLC
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10. Related Party Transactions

On January 1, 2017, Holding entered into the First Amendment to the Second Amended Restated Limited Liability Company Agreement which, among other things, converted the loans and related interest due of approximately \$113.2 million to the majority owner of Holding to a class of equity referred to as special capital contribution. Thereafter, the Company distributed approximately \$29.1 million to its majority owner. The difference between the amount converted to special capital contribution and the amount distributed to the majority owner will take precedent in any future capital distributions.

On October 1, 2012, the Company entered into an agreement with MGA whereby MGA would manage and operate Resorts Casino Hotel (the “Management Agreement”) for a minimum term of five years. MGA is compensated for its services under the Management Agreement with a base fee calculated as a percentage of net revenues and paid on a monthly basis. The Management Agreement also allows for an incentive fee paid annually based on annual EBITDA results as defined in the Management Agreement. The Management Agreement was amended on January 1, 2020 and again on October 2, 2020. The amendments extended the minimum term to December 31, 2024 and reduced the base management fee. The Company recorded \$0.6 million for the three months ended December 31, 2022 and 2021, and \$2.5 million and \$2.7 million for the twelve months ended December 31, 2022 and 2021, respectively in base and incentive fees related to the Management Agreement. As of December 31, 2021 and 2020, there was \$0 and \$0.2 million respectively, of accrued incentive fees on the accompanying balance sheets.

In addition, on November 9, 2018, the Company entered into a sports book agreement with Crown NJ Gaming, Inc., a Delaware corporation, d/b/a/ DraftKings (“DraftKings”), whereby the Company licensed said third party to operate a retail sports book at Resorts Casino Hotel, known as “DraftKings Sports Book at Resorts” utilizing the Sports Wagering License of RDG. The agreement was further amended with an effective date of January 1, 2021, which among other things, returned operations of the DraftKings Sports Book at Resorts to the Company and extended the term of the agreement through December 31, 2036. Revenue generated from these activities are recognized in Casino and Other Revenues in the accompanying financials. All expenses associated with the operations, including fees to utilize the DraftKings Sports Book platform, are recognized in Casino Expenses in the accompanying financials

11. Other Accrued Expenses

Components of other accrued expenses were as follows at December 31, (in thousands):

	<u>2022</u>	<u>2021</u>
Payroll and related costs	\$ 7,490	\$ 8,599
Capital liability	1,386	51
Unredeemed incentives	2,681	2,754
Management Fees	0	186
Utilities	264	221
Guest claims	362	365
Regulatory and state taxes	673	733
Slot Ticket Liability	548	613
DraftKings sportsbook revenue share	0	789
Operating Lease Liability	290	0
Other	1,070	1,065
	<u>\$ 14,764</u>	<u>\$ 15,376</u>

12. Income Taxes

The Company is subject to the State of New Jersey Income Tax and, as noted above, is not subject to federal income taxes. The Company is required to file a New Jersey consolidated return with other affiliates that conduct business with the casino. We calculate the provision for income taxes by using a “separate return” method. Under this method, we are assumed to file a separate return with the tax authority, thereby reporting our taxable income or loss and paying the applicable tax to or receiving the appropriate refund without our affiliates. Our current provision reflects the amount of tax payable or refundable based on a hypothetical, current-year separate return. We provide

DGMB CASINO, LLC
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deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical separate return and assess the need for a valuation allowance based on our projected separate return results.

The components of income taxes for the years ended December 31, 2022 and 2021 were as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Current	\$ 2	\$ 4
Deferred	195	64
Income tax benefit (provision)	<u>\$ 197</u>	<u>\$ 68</u>

The differences between income taxes expected at the New Jersey statutory income tax rate of 11.5% and the reported income tax provision is the Company's valuation allowance.

The Company's deferred tax assets and liabilities as of December 31, 2022 and 2021 were as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Total deferred tax assets	\$ 8,693	\$ 6,902
Total deferred tax liabilities	(10,689)	(8,074)
Valuation allowance	(1,989)	(2,619)
Total deferred tax liability, net	<u>\$ (3,986)</u>	<u>\$ (3,791)</u>

The significant component of the deferred tax assets and deferred tax liabilities include net operating losses and fixed assets differences.

Deferred tax assets have been reduced by a valuation allowance of approximately \$1.9 million and \$2.6 million at December 31, 2022 and 2021, respectively, due to the net operating loss carryforwards which are expected to expire before excess book depreciation will reverse. After consideration of all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations, the Company believes certain net deferred tax assets are not likely to be utilized. In the event the Company determines it would be able to realize these net deferred tax assets in the future in an amount different from their recorded amount, the Company would make an adjustment to the valuation allowance which would be recorded through the provision for income taxes.

The gross amount of the New Jersey State net operating loss carryforward as of December 31, 2022 was approximately \$44 million, which will begin to expire in 2033, if not utilized by the Company.

The Company has concluded there were no uncertain tax positions to recognize as a liability as of December 31, 2022 and 2021.

13. Leases

The Company has a variety of operating leases with third parties, in which it is the lessor, for certain dining and retail spaces that are owned by the Company. These dining and retail leases have contractual terms ranging from 5 to 10 years, and some of these leases contain an option to extend the lease for up to 10 years. The Company's dining and retail leases also include variable lease payments consisting primarily of payments based on a percentage of the lessees' gross sales/revenues. Both the fixed and variable lease payments for these leases are recognized as lease income in the fiscal years in which the actual amounts occur. There were no nonlease components identified within the contracts for the Company's real estate leases in which it is the lessor.

The Company's dining and retail space leases, in which it is the lessor, do not contain residual value guarantees, options to terminate the lease, or options to purchase the underlying assets. In regard to any risk associated with the residual value of its leased dining and retail space, the Company noted that any risk to be low, as the lessees

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

perform repairs and maintenance on the leased assets on an ongoing basis at their own cost for the benefit of their own operations.

The Company's lease income from operating leases, in which the Company is the lessor, totaled \$3.7 million and \$3.4 million for the years ended December 31, 2022 and 2021, respectively, and are included in the Other Revenue line item on the Company's statements of operations.

Maturities of undiscounted minimum operating lease payments to be received as December 31, 2022 are as follows (in thousands):

Years Ending December 31,	Amount
2023	\$ 3,000
2024	2,980
2025	2,961
2026	2,966
2027	2,980
Thereafter	<u>5,192</u>
	<u>\$ 20,079</u>

The Company has real estate operating leases that primarily consist of the lease of land. These leases have contractual terms that range from 33 to 45 years. The Company's real estate leases may include variable lease payments related to common area maintenance (CAM), insurance, and taxes, which are excluded from the measurement of the Company's right-of-use assets and lease liabilities. The Company's real estate leases may include variable lease payments related to an increase in a specified index rate.

For certain gaming equipment leases that are expected to have a total lease term of 12 months or less, the Company has elected the short-term lease accounting policy, under which right-of-use assets and lease liabilities are not recognized. For its real estate leases, the Company has elected the practical expedient to not separate a lease into lease and nonlease components. The Company's real estate leases do not contain residual value guarantees, options to purchase underlying assets, or material restrictive covenants.

Leases, in which the Company is the lessor, are substantially all accounted for as operating leases and the lease and non-lease components are accounted for separately, which is consistent with the Company's historical accounting.

For all of its leases, the Company discounts its unpaid lease payments using the interest rate implicit in the lease or, if the rate cannot be readily determined, a risk-free rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company generally derives a discount rate at the lease commencement date by utilizing a risk-free rate.

The components of rent expense for the Company's leases recorded in the statements of operations were as follows for the year ended December 31, 2022 (in thousands):

Operating lease cost	\$ 634
Short-term lease cost	<u>2,366</u>
Total lease cost	<u>\$ 3,000</u>

Total rent expense under noncancelable leases was approximately \$0.6 million for the year ended December 31, 2021.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

The following table summarizes the supplemental cash flow information for the year ended December 31, 2022 (in thousands):

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	<u>\$ 632</u>

Key estimates and judgments related to operating lease assets and lease liabilities that are outstanding and presented in the balance sheets are as follows as of December 31, 2022:

Weighted-Average Remaining Lease Term	
Operating leases	40.17 years
Weighted-Average Discount Rate	
Operating leases	2.01%

During the fiscal year ended December 31, 2022, there were no noncash operating lease liabilities arising from obtaining right-of-use assets.

Maturities of undiscounted operating lease liabilities remaining at December 31, 2022, with a reconciliation to the present value of operating lease liabilities recorded in the balance sheets, are as follows (in thousands):

Years Ending December 31,	Amount
2023	\$ 638
2024	638
2025	638
2026	638
2027	638
Thereafter	<u>22,155</u>
Total undiscounted lease payments	25,345
Less interest	<u>(7,994)</u>
	<u>\$ 17,351</u>

Future minimum payments determined under the guidance in Topic 840 are listed below as of December 31, 2021:

Years Ending December 31,	Operating Lease Amount
2022	\$ 330
2023	330
2024	330
2025	330
2026	330
Thereafter	<u>11,113</u>
	<u>\$ 12,763</u>

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

14. Commitments and Contingencies

Litigation

There are other various claims and legal actions arising in the ordinary course of business. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Commitments

All the Atlantic City casino properties ("AC Industry") and the CRDA were required by law to enter into an agreement with the Atlantic City Alliance (the "ACA") to provide funding to subsidize Atlantic City casino marketing. This agreement was signed on November 2, 2011 and expired on December 31, 2016. The agreement provided that in exchange for funding the ACA would create and implement a marketing plan for the AC Industry. As part of the agreement, the AC Industry provided an initial deposit of \$5.0 million as of December 31, 2011 and was required to continue to pay \$30.0 million annually for the term of the agreement. Each payment was allocated to the AC Industry based on each casino's prorated share of gross gaming revenues from the preceding period. In November 2014, the ACA board voted unanimously to request the state legislature to disband the ACA in light of then pending legislation to divert the Industry's combined \$30.0 million yearly ACA contributions to fund a portion of the city's budget in addition to the PILOT payments required of casino licensees.

As stated above in Note 5, on May 27, 2016, the New Jersey legislature enacted Senate Bill S1715, subsequently amended by Senate Bill S4007 in December 2021, which implemented the PILOT program. The legislation permits CRDA to cancel the agreement with casino licensees removing the obligation to fund the functions that were previously supported by their contributions to the ACA and diverted the future payments to the PILOT program which were an industry combined \$5 million for calendar years 2021 and 2022.

The Company pays a guaranteed minimum payment of \$1.0 million per year to Margaritaville of Atlantic City, LLC, ("Margaritaville") a subsidiary of Margaritaville Enterprises, LLC, an owner, operator and licensor of multiple Margaritaville restaurants in the United States. In addition, the Company may pay up to \$2 million additionally per year if annual gross gaming revenues exceed certain thresholds. The Company made payments of \$1.0 million for each of the years ended December 31, 2022 and 2021.

15. Contract and Customer-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 customer-related liability. The Company generally has two type of liabilities related to contracts with customers: (1) loyalty credit obligations, which represents the deferred allocation of revenue relating to the loyalty points and comps earned, as discussed in Note 2 and (2) customer-related liabilities, which consists of the outstanding E-tickets generated by slot machine play and outstanding sportsbook tickets, that represents amounts owed to the customer once tickets are exchanged, and outstanding chip tokens from table game play that represents amounts owed to the customer once chips are exchanged. These liabilities are generally expected to be recognized as revenue within one year of being earned and are recorded within accrued expenses and other current liabilities on the accompanying balance sheets.

The following table summarizes the activity related to contract and customer-related liabilities (in thousands):

	Loyalty Credit Obligation		Customer-Related Liabilities	
	2022	2021	2022	2021
Balance at January 1	\$ 2,754	\$ 2,602	\$ 2,896	\$ 1,135
Balance at December 31	<u>2,681</u>	<u>2,754</u>	<u>2,637</u>	<u>2,896</u>
Increase/(decrease)	<u>\$ (73)</u>	<u>\$ 152</u>	<u>\$ (259)</u>	<u>\$ 1,761</u>

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
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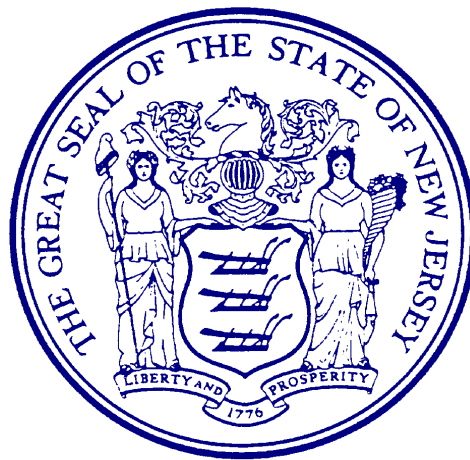
16. Subsequent Events

The Company evaluated its 2022 financial statements for subsequent events through March 30, 2023, the date these financial statements were available to be issued.

**DGMB CASINO, LLC
ANNUAL FILINGS**

FOR THE PERIOD DECEMBER 31, 2022

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



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

DGMB CASINO, LLC
ANNUAL STATEMENT OF SLOT MACHINE,
TABLE GAME & OTHER GAMES WIN
FOR THE PERIOD DECEMBER 31, 2022

CASINO WIN

Amended 9/28/2023

Line (a)	Type of Game (b)	Authorized Units (c)	Win or (Loss) (d)	Drop/Handle (e)	Win (Loss) Percentage (f)
Table and Other Games:					
1	Blackjack	27	\$ 9,351,684	\$ 67,598,630	13.8%
2	Craps	5	3,291,172	26,593,877	12.4%
3	Roulette	8	3,963,024	23,492,443	16.9%
4	Big Six	0	0	0	0.0%
5	Baccarat	0	0	0	0.0%
6	Minibaccarat	16	11,969,322	98,650,023	12.1%
7	Other Games - (DGE-310B)	19	7,029,870	29,916,591	23.5%
8	Subtotal - Table and Other Games	75	\$ 35,605,072	\$ 246,251,564	14.5%
9	Poker				
10	Total - Table and Other Games	75	\$ 35,605,072		

Slot Machines:					
11	\$.01 and .02 Slot Machines	721	\$ 63,125,257	\$ 573,810,454	11.0%
12	\$.05 Slot Machines	10	651,474	11,232,389	5.8%
13	\$.25 Slot Machines	96	5,378,671	59,323,301	9.1%
14	\$.50 Slot Machines	43	2,431,849	52,202,638	4.7%
15	\$ 1.00 Slot Machines	95	9,817,434	121,287,200	8.1%
16	\$ 5.00 Slot Machines	18	1,401,086	21,115,025	6.6%
17	\$ 25.00 Slot Machines	6	767,671	8,900,125	8.6%
18	\$100.00 Slot Machines	5	821,925	9,814,300	8.4%
19	Multi-denominational Slot Machin	364	46,603,436	530,333,856	8.8%
20	Other Slot Machines	8	734,458	8,848,130	8.3%
21	Total - Slot Machines	1,365	\$ 131,733,261	\$1,396,867,418	9.4%
22	Total Casino Win		\$ 167,338,333		

DGMB CASINO, LLC

ANNUAL STATEMENT OF SLOT MACHINE, TABLE GAME & OTHER GAMES WIN DETAIL SCHEDULE OF OTHER GAMES

FOR THE PERIOD DECEMBER 31, 2022

Amended 9/28/2023

Line (a)	Type of Game (b)	Authorized		Drop (e)	Win or (Loss) Percentage (f)
		Units (c)	Win or (Loss) (d)		
1	Red Dog				
2	Sic Bo				
3	Pai Gow Poker	2	419,032	1,951,770	21.5%
4	Pai Gow				
7	Keno				
8	Caribbean Stud Poker				
9	Let it Ride Poker	4	1,724,382	6,530,014	26.4%
12	Three Card Poker	4	1,514,301	5,065,712	29.9%
16	Casino War				
18	Spanish 21	5	2,188,994	11,169,737	19.6%
30	Double Attack Blackjack				
33	Four Card Poker	1	148,853	862,579	17.3%
39	Texas Hold 'Em Bonus Poker	1	429,554	1,635,075	26.3%
41	Flop Poker				
43	Ultimate Texas Hold 'Em				
44	Asia Poker				
45	Winner's Pot Poker				
47	Mississippi Stud	1	524,388	2,406,019	21.8%
48	Mini-Tex 3 Card Hold'Em				
49	Supreme Pai Gow				
50	Triple Attack Blackjack				
51	High Roll Dice				
52	Boston 7 Stud Poker				
53	Electronic Table Games				
54	5 Card Hi-Lo				
55	Lunar Poker				
56	Hold'Em 3 Bonus				
57	Switch Hands Blackjack				
58	Criss Cross Poker	1	79,023	294,342	26.8%
59	High Card Flush				
60	Skill Based Games				
61	Heads Up Hold'Em				
62	Double Draw Poker				
63	Pack's Poker				
64	Tournament -Table & Other Games		1,343	1,343	
65	Football Kings				
66	Total	19	\$ 7,029,870	\$ 29,916,591	23.5%

DGMB CASINO, LLC

ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE PERIOD DECEMBER 31, 2022

(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.....	2,223		
2	Returned Patrons' Checks.....	4,851		
3	Total Patrons' Checks.....	7,074	\$4,195	\$2,879
4	Hotel Receivables.....	1,744	258	1,486
	Other Receivables:			
5	Receivables Due from Officers and Employees.....	-		
6	Receivables Due from Affiliates.....	5,943		
7	Other Accounts and Notes Receivables.....	1,584		
8	Total Other Receivables.....	7,527		7,527
9	Totals (Form DGE-205).....	\$16,345	\$4,453	\$11,892

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$1,887
11	Counter Checks Issued.....	69,518
12	Checks Redeemed Prior to Deposit.....	(50,514)
13	Checks Collected Through Deposits.....	(17,692)
14	Checks Transferred to Returned Checks.....	(1,299)
15	Other Adjustments.....	323
16	Ending Balance.....	\$2,223
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$4,195
19	Provision as a Percent of Counter Checks Issued.....	6.0%

DGMB CASINO, LLC
ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2022

(\$ 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	371			
2	Slot Machines	41			
3	Administration	4			
4	Casino Accounting	55			
5	Simulcasting	0			
6	Other	0			
7	Total - Casino	471	\$11,605		\$11,605
8	ROOMS	178	6,074		6,074
9	FOOD AND BEVERAGE	429	8,828		8,828
10	GUEST ENTERTAINMENT	110	920		920
11	MARKETING	84	4,956		4,956
12	OPERATION AND MAINTENANCE	152	3,685		3,685
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	13	3,833		3,833
14	Accounting and Auditing	27	1,485		1,485
15	Security	138	4,946		4,946
16	Other Administrative and General	41	5,165		5,165
	OTHER OPERATED DEPARTMENTS:				
17					0
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	1,643	\$51,497	\$0	\$51,497