BOARDWALK REGENCY LLC
QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2023

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BOARDWALK REGENCY LLC
BALANCE SHEETS

AS OF MARCH 31, 2023 AND 2022

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	2, 3	$19,005	$16,163
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2023, $5,784; 2022, $6,394)	2, 4, 12	6,947	7,868
4	Inventories	2	1,192	848
5	Other Current Assets	5	3,510	1,581
6	Total Current Assets		30,654	26,460
7	Investments, Advances, and Receivables	6	1,660	2,244
8	Property and Equipment - Gross	2, 7	492,691	416,287
9	Less: Accumulated Depreciation and Amortization	2, 7	(94,297)	(56,788)
10	Property and Equipment - Net	2, 7	398,394	359,499
11	Other Assets	9	26,713	31,155
12	Total Assets		$457,421	$419,358
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$15,394	$25,081
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External		0	0
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	10	13,358	14,891
19	Other Current Liabilities		2,930	2,682
20	Total Current Liabilities		31,682	42,654
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External		0	0
23	Deferred Credits		0	0
24	Other Liabilities	11	501,509	495,157
25	Commitments and Contingencies	14	0	0
26	Total Liabilities		533,191	537,811
27	Stockholders', Partners', or Proprietor's Equity		(75,770)	(118,453)
28	Total Liabilities and Equity		$457,421	$419,358

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

BOARDWALK REGENCY LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	Revenue:			
1	Casino		$29,183	$31,494
2	Rooms		11,181	8,585
3	Food and Beverage		12,999	9,346
4	Other		4,013	3,927
5	Net Revenue	12	57,376	53,352
	Costs and Expenses:			
6	Casino		19,160	17,408
7	Rooms, Food and Beverage		12,767	8,899
8	General, Administrative and Other		14,091	16,454
9	Total Costs and Expenses		46,018	42,761
10	Gross Operating Profit		11,358	10,591
11	Depreciation and Amortization	2	10,533	9,499
	Charges from Affiliates Other than Interest:			
12	Management Fees			
13	Other	3	4,958	5,445
14	Income (Loss) from Operations		(4,133)	(4,353)
	Other Income (Expenses):			
15	Interest Expense - Affiliates			
16	Interest Expense - External		(14,886)	(13,948)
17	CRDA Related Income (Expense) - Net	13	3	99
18	Nonoperating Income (Expense) - Net		(376)	(439)
19	Total Other Income (Expenses)		(15,259)	(14,288)
20	Income (Loss) Before Taxes		(19,392)	(18,641)
21	Provision (Credit) for Income Taxes		0	0
22	Net Income (Loss)		($19,392)	($18,641)

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

BOARDWALK REGENCY LLC
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND THREE MONTHS ENDED MARCH 31, 2023

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2021..........**		0	$0	0	$0	($37,649)	$0	($90,205)	($127,854)
2	Net Income (Loss) - 2022.............								(62,364)	(62,364)
3	Contribution to Paid-in-Capital.....									0
4	Dividends....................................									0
5	Prior Period Adjustments..............									0
6	Equitization						114,098			114,098
7	Net Income (Loss) - Successor									0
8	Impact of Purchase Accounting									0
9										0
10	**Balance, December 31, 2022..........**		0	0	0	0	76,449	0	(152,569)	(76,120)
11	Net Income (Loss) - 2023								(19,392)	(19,392)
12	Contribution to Paid-in-Capital.....									0
13	Dividends....................................									0
14	Prior Period Adjustments..............									0
15	Equitization						19,742			19,742
16	Net Income (Loss)									0
17	Impact of Purchase Accounting									0
18										0
19	**Balance, March 31, 2023 ....**		0	$0	0	$0	$96,191	$0	($171,961)	($75,770)

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

BOARDWALK REGENCY LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		($11,468)	($7,084)
	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		(12,454)	(24,235)
5	Proceeds from Disposition of Property and Equipment			
6	CRDA Obligations		(665)	(707)
7	Other Investments, Loans and Advances made			
8	Proceeds from Other Investments, Loans, and Advances		1,911	143
9	Cash Outflows to Acquire Business Entities		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities		(11,208)	(24,799)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt			
17	Payments to Settle Long-Term Debt			
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0
19	Purchases of Treasury Stock			
20	Payments of Dividends or Capital Withdrawals			
21	Borrowings/Payments of Intercompany Payable		19,742	28,042
22				
23	Net Cash Provided (Used) By Financing Activities		19,742	28,042
24	Net Increase (Decrease) in Cash and Cash Equivalents		(2,934)	(3,841)
25	Cash and Cash Equivalents at Beginning of Period		21,939	20,004
26	Cash and Cash Equivalents at End of Period		$19,005	$16,163

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$13,361	$12,349
28	Income Taxes		$0	$0

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

BOARDWALK REGENCY LLC
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($19,392)	($18,641)
30	Depreciation and Amortization of Property and Equipment		9,544	8,510
31	Amortization of Other Assets		989	989
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment			
36	(Gain) Loss on CRDA-Related Obligations		(695)	(99)
37	(Gain) Loss from Other Investment Activities		0	(81)
38	(Increase) Decrease in Receivables and Patrons' Checks		1,507	(296)
39	(Increase) Decrease in Inventories		(238)	9
40	(Increase) Decrease in Other Current Assets		(1,580)	96
41	(Increase) Decrease in Other Assets		4	(124)
42	Increase (Decrease) in Accounts Payable		(596)	2,007
43	Increase (Decrease) in Other Current Liabilities		(2,541)	(1,099)
44	Increase (Decrease) in Other Liabilities		1,530	1,645
45				
46				
47	Net Cash Provided (Used) By Operating Activities		($11,468)	($7,084)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($12,454)	($24,235)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($12,454)	($24,235)
	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.

BOARDWALK REGENCY LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2023
(UNAUDITED)
($ IN THOUSANDS)

Amended 10/30/2023

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	95,806	$7,169		
2	Food	44,188	1,889	34,178	527
3	Beverage*	289,459	3,693		
4	Travel			13,442	1,924
5	Bus Program Cash				
6	Promotional Gaming Credits	314,350	7,859		
7	Complimentary Cash Gifts	46,343	832		
8	Entertainment	278	34	606	67
9	Retail & Non-Cash Gifts	18,767	375	9,229	923
10	Parking	66,711	699		
11	Other**	1,615	285		
12	Total	877,517	$22,835	57,455	$3,441

FOR THE THREE MONTHS ENDED MARCH 31, 2023

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	95,806	$7,169		
2	Food	44,188	1,889	34,178	527
3	Beverage*	289,459	3,693		
4	Travel			13,442	1,924
5	Bus Program Cash				
6	Promotional Gaming Credits	314,350	7,859		
7	Complimentary Cash Gifts	46,343	832		
8	Entertainment	278	34	606	67
9	Retail & Non-Cash Gifts	18,767	375	9,229	923
10	Parking	66,711	699		
11	Other**	1,615	285		
12	Total	877,517	$22,835	57,455	$3,441

*Beverage recipients are based on $12.76 per drink.
**No item in this category (Other) exceeds 5%.

BOARDWALK REGENCY LLC
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2023

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.

Karen Worman

5/15/2023
Date

Karen Worman

Vice President of Finance
Title

006320-11
License Number

On Behalf of:

BOARDWALK REGENCY LLC
Casino Licensee

Boardwalk Regency LLC (Caesars Atlantic City)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 – ORGANIZATION

On July 20, 2020, Eldorado Resorts, Inc. ("Eldorado") completed the merger in which a wholly-owned subsidiary of Eldorado merged with and into Caesars Entertainment Corporation ("Former Caesars") with Former Caesars surviving as a wholly- owned subsidiary of Eldorado (the "Merger") pursuant to the Agreement and Plan of Merger dated as of June 24, 2019 (as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 15, 2019, the "Merger Agreement"). In connection with the Merger, Caesars Entertainment Corporation changed its name to "Caesars Holdings, Inc." and Eldorado Resorts, Inc. converted into a Delaware corporation and changed its name to "Caesars Entertainment, Inc."

Caesars Atlantic City Hotel & Casino is a casino hotel resort located in Atlantic City, New Jersey, owned and operated by Boardwalk Regency Corporation ("Caesars Atlantic City"), an indirect wholly owned subsidiary of CEOC LLC. Caesars Atlantic City is licensed by the DGE and is subject to its rules and regulations. The license has no expiration date.

The Company took over operations of the Pier on January 28, 2020. The Pier LLC is a subsidiary to Caesars Atlantic City and the results are not included in the Company's financials.

Bally's Park Place was sold to Twin River on November 18, 2020. The Wild Wild West Casino was retained by Caesars and effective with the date of the close, the Wild Wild West casino assets were transferred to Caesars.

VICI Regional Lease Agreement/Exercise of Call Right Option

VICI exercised its call right option to purchase Harrah's Atlantic City, including the Waterfront Conference Center, Harrah's New Orleans and Harrah's Laughlin. As a result of this transaction, the Company reentered into a new agreement with VICI, now referred to as the Regional Lease. The Regional Lease payments are allocated to the properties based upon EBITDA contribution. See note 8 for a revised lease payment schedule.

Internet Gaming Permit/Sports Wagering License

Casino licensee, Boardwalk Regency, LLC (referred to as "Caesars" or "casino licensee") holds a Sports Wagering License. The Internet Gaming Permit associated with Caesars is held by Caesars Interactive Entertainment New Jersey, LLC, (CIENJ), the holder of a casino license and the internet gaming affiliate of Caesars. Internet gaming and online sports wagering operations are conducted through CIENJ. There is no impact on the casino licensee financial statements.

Internet Gaming Skins

Five Internet Gaming skins operate under the Internet gaming permit held by CIENJ, as the internet gaming affiliate of Caesars. Please refer to the chart below for Skin name, whether the skin is owned by Caesars or a third-party and the applicable commencement dates of each operation. Casino licensee does not report revenues or expenses and therefore there is no impact to the financial statements.

Casino Licensee	Internet Gaming Skin	Owned or Third Party	Commencement Date
Boardwalk Regency, LLC	Caesars Casino	Owned	11/21/2013
Boardwalk Regency, LLC	Harrah's Casino	Owned	11/21/2013
Boardwalk Regency, LLC	888 (SI Casino)	Third Party	11/26/2013
Boardwalk Regency, LLC	Wynn Bet	Third Party	8/4/2020
Boardwalk Regency, LLC	WSOP	Owned	11/21/2013

Sports Wagering Skins

Two online Sports Wagering skins operate under Caesars' Sports Wagering License through its internet gaming affiliate, CIENJ. Please refer to the chart below for Skin name, whether the skin is owned by Caesars or a third-party and the applicable commencement dates. Casino licensee does not report revenues or expenses and therefore there is no impact to the financial statements.

Casino Licensee	Sports Wagering Skin	Owned or Third Party	Commencement Date
Boardwalk Regency, LLC	Wynn Sports	Third Party	8/4/2020
Boardwalk Regency, LLC	888	Third Party	9/6/2018

Retail Sports Wagering Lounge

Caesars does not operate the Retail Sports Wagering Book. The Book is operated by William Hill New Jersey, Inc. (WHNJ), an affiliate of CIENJ and Caesars. Casino licensee does not record revenue and expense, however casino licensee does participate in a profit/loss share agreement with William Hill.

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting periods. Management believes the accounting estimates are appropriate and reasonably stated; however, due to the inherent uncertainties in making these estimates, actual amounts could differ.

Principles of Consolidation - The accompanying consolidated financial statement schedules include the account balances of the Company and its wholly owned subsidiaries. As a result, all material intercompany transactions and balances have been eliminated in consolidation.

Inventories - Inventories, which consist primarily of food, beverage, and operating supplies, are stated at the lower of average cost or market value.

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

Receivables - The Company issues credit to approved casino customers following investigations of creditworthiness. Business or economic conditions or other significant events could affect the collectability of these receivables. Accounts receivable are typically non-interest bearing and are initially recorded at cost.

Marker play represents a portion of the Company's overall games volume. The Company maintains strict control over the issuance of markers and aggressively pursues collection from those customers who fail to pay their marker balances timely. These collection efforts include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies and civil litigation. Markers are generally legally enforceable instruments in the United States. Markers are not legally enforceable instruments in some foreign countries, but the United States' assets of foreign customers may be reached to satisfy judgments entered in the United States. The Company considers the likelihood and difficulty of enforceability, among other factors, when the Company issues credit to customers who are not residents of the United States.

(All dollar amounts in thousands)

Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. The Company reserves an estimated amount for gaming receivables that may not be collected to reduce the Company's receivables to their net carrying amount. Methodologies for estimating the allowance for doubtful accounts range from specific reserves to various percentages applied to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific reserves. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating our reserves for allowance for doubtful accounts.

Property and Equipment - Property and equipment are stated at cost, except for assets acquired in our business combinations which were adjusted for fair value under ASC 805. Depreciation is computed using the straight-line method over the estimated useful life of the asset as noted in the table below, or the term of the lease, whichever is less. Costs of major improvements are capitalized, while costs of normal repairs and maintenance are charged to expense as incurred. Gains or losses on the disposal of property and equipment are included in operating income.

The Company evaluates its property and equipment and other long-lived assets for impairment based on its classification as held for sale or to be held and used. Several criteria must be met before an asset is classified as held for sale, including that management with the appropriate authority commits to a plan to sell the asset at a reasonable price in relation to its fair value and is actively seeking a buyer. For assets held for sale, the Company recognizes the asset at the lower of carrying value or fair market value less costs to sell, as estimated based on comparable asset sales, offers received, or a discounted cash flow model. For assets to be held and used, the Company reviews for impairment whenever indicators of impairment exist. The Company then compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment charge may be recorded for any difference between fair value and the carrying value. All recognized impairment losses, whether for assets held for sale or assets to be held and used, are recorded as operating expenses.

Our property and equipment is subject to various operating leases for which we are the lessor. We lease our property and equipment related to our hotel rooms, convention space and retail space through various short-term and long-term operating leases.

Useful Lives	
Land improvements	12 to 40 years
Buildings and improvements	3 to 40 years
Leasehold improvements	3 to 30 years
Furniture, fixtures, and equipment	3 to 15 years

Sale of Bally's Atlantic City - On November 18, 2020, the sale of Bally's Atlantic City to Twin River Worldwide Holdings, Inc. ("Twin River" or subsequently, "Bally's Corporation") closed. As a result of the sale, Caesars Atlantic City acquired Wild Wild West Casino. In addition, on October 9, 2020, CEI reached an agreement to sell the Bally's brand to Bally's Corporation for $20 million, while retaining the right to use the brand within Bally's Las Vegas in perpetuity.

Intangible Assets Other Than Goodwill – Intangible assets other than goodwill represents the customer database. Due to the merger and the acquisition of Wild Wild West Casino, the customer database increased to $27,700. As of March 31, 2023 and 2022, the gross carrying value is $27,700 and the accumulated amortization is $10,882 and $6,925, respectively.

Goodwill – The purchase price of an acquisition is allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. The Companies determine the estimated fair values after review and consideration of relevant information including discounted cash flows, quoted market prices, and estimates made by management. To the extent the purchase price exceeds the fair value of the net identifiable tangible and intangible assets acquired and liabilities assumed, such excess is recorded as goodwill. Caesars Atlantic City had recorded $4,285 due to the acquisition of Wild Wild West Casino.

Customer relationships are amortized using the straight-line method over the estimated useful life of the asset. The Companies perform their annual impairment tests as of October 1 of each fiscal year. When indicators are noted, the Companies then compare the estimated undiscounted future cash flows to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is recorded. No impairment charges were recorded for the year ended March 31, 2023.

Revenue Recognition ***(Adoption of New Revenue Recognition Standard)*** - In May 2014, the FASB issued a new standard related to revenue recognition, Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers. We adopted the standard effective January 1, 2018, using the full retrospective method, which requires the Company to recast each prior reporting period presented consistent with the new standard.

Caesars Rewards, formerly known as Total Rewards, affects revenue from our four core businesses: casino entertainment, food and beverage, rooms and hotel, and other business operations. Previously, the Company accrued a liability based on the estimated cost of fulfilling the redemption of Reward Credits, after consideration of estimated forfeitures (referred to as "breakage"), based upon the cost of historical redemptions. Upon adoption of the new accounting standard, Reward Credits are no longer recorded at cost, and a deferred revenue model is used to account for the classification and timing of revenue recognized as well as the classification of related expenses when Reward Credits are redeemed. This results in a portion of casino revenues being recorded as deferred revenue as Reward Credits are earned. Revenue is recognized in a future period based on when and for what good or service the Reward Credits are redeemed (e.g., a hotel room).

Additionally, we previously recorded promotional allowances in a separate line item within net revenues. As part of adopting the new standard, promotional allowances are no longer presented separately. Alternatively, revenue is recognized based on relative standalone selling prices for transactions with more than one performance obligation. For example, when a casino customer is given a complimentary room, we are required to allocate a portion of the casino revenues earned from the customer to rooms revenues based on the standalone selling price of the room. As a result of this change, we are reporting substantially lower casino revenues; however, there are no material effect on total net revenues.

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

Casino Revenues
The Company recognizes as casino revenue the net win from gaming activities, which is the difference between gaming wins and losses, not the total amount wagered. Gaming revenues are recognized net of certain cash and free play incentives as well as complimentaries.

Non Gaming Revenues
Rooms revenue, food and beverage revenue, and entertainment and other revenue include: (i) the actual amounts paid for such services (less any amounts allocated to unperformed performance obligations, such as Reward Credits described below); (ii) the value of Reward Credits redeemed for such services; and (iii) the portion of the transaction price allocated to complimentary goods or services provided in conjunction with other revenue-generating activities. Rooms revenue is generally recognized over the course of the customer's reservation period. Food and beverage and entertainment and other revenues are recognized when services are performed or events are

held. Amounts paid in advance, such as advance deposits on rooms and advance ticket sales, are recorded as a liability until the goods or services are provided to the customer.

Other Revenue
Other revenue primarily includes revenue from third-party real estate leasing arrangements at our casino properties. Rental income is recognized ratably over the lease term with contingent rental income being recognized when the right to receive such rental income is established according to the lease agreements.

Caesars Rewards Loyalty Program - Caesars' customer loyalty program, Caesars Rewards, grants Reward Credits to Caesars Rewards Members based on on-property spending, including gaming, hotel, dining, and retail shopping at all Caesars-affiliated properties. Members may redeem Reward Credits for complimentary or discounted goods and services such as rooms, food and beverages, merchandise, entertainment, and travel accommodations. Members are able to accumulate Reward Credits over time that they may redeem at their discretion under the terms of the program. A member's Reward Credit balance is forfeited if the member does not earn a Reward Credit for a continuous six-month period.

Because of the significance of the Caesars Rewards program and the ability for customers to accumulate Reward Credits based on their past play, we have determined that Reward Credits granted in conjunction with other earning activity represent a performance obligation. As a result, for transactions in which Reward Credits are earned, we allocate a portion of the transaction price to the Reward Credits that are earned based upon the relative standalone selling prices ("SSP") of the goods and services involved. When the activity underlying the "earning" of the Reward Credits has a wide range of selling prices and is highly variable, such as in the case of gaming activities, we use the residual approach in this allocation by computing the value of the Reward Credits as described below and allocating the residual amount to the gaming activity. This allocation results in a significant portion of the transaction price being deferred and presented as a Contract Liability on our Corporate Balance Sheets. Any amounts allocated to the Contract Liabilities are recognized as revenue when the Reward Credits are redeemed in accordance with the specific recognition policy of the activity for which the credits are redeemed. This balance is further described below under Contract Liabilities.

Our Caesars Rewards loyalty program includes 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 complimentaries described below. 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.

We have determined the SSP of a Reward Credit by computing the redemption value of credits expected to be redeemed. Because Reward Credits are not otherwise independently sold, we analyzed all Reward Credit redemption activity over the preceding calendar year and determined the redemption value based on the fair market value of the goods and services for which the Reward Credits were redeemed. We have applied the practical expedient under the portfolio approach to our Reward Credit transactions because of the similarity of gaming and other transactions and the homogeneity of Reward Credits.

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

Complimentaries - As part of our normal business operations, we often provide lodging, transportation, food and beverage, entertainment and other goods and services to our customers at no additional charge. Such complimentaries are provided in conjunction with other revenue earning activities and are generally provided to encourage additional customer spending on those activities. Accordingly, we allocate a portion of the transaction price we receive from such customers to the complimentary goods and services. We perform this allocation based on the SSP of the underlying goods and services, which is determined based upon the weighted-average cash sales prices received for similar services at similar points during the year.

Gaming Tax — The Company remits weekly to the State of New Jersey a tax equal to 8% of the gross gaming revenue, as defined. Gaming taxes paid to the State of New Jersey for the three months ended March 31, 2023 and 2022, which are included in casino expenses in the accompanying consolidated statements of income, were $4,236 and $4,257, respectively. On December 21, 2021, the Governor of State of New Jersey signed into law an amendment to the Casino Control Act to temporarily allow for a one-year credit from March 2022 – February 2023 in the amount of $1,289 against the 8% Gross Revenue Tax. As of March 31, 2023, the Company took the full credit.

Advertising Expenses – Advertising costs are expensed as incurred. Advertising expenses are $124 and $164 for the three months ended March 31, 2023 and 2022 respectively. Advertising expenses are included in general, administrative and other expenses in the accompanying statements of income.

City of Atlantic City Real Property Tax and Interim Payment in Lieu of Taxes (PILOT) Financial Management – Beginning for calendar year 2017, each casino licensee entered into a 10-year financial agreement with the City of Atlantic City pursuant to the Casino Property Tax Stabilization Act (the "NJ PILOT Law") which provides for quarterly payments in lieu of real estate taxes. The Company is responsible for the payments based on its prorated share (based on an equal weighted formula that includes the gross gaming revenues ("GGR") of the casino, the total number of hotel guest rooms and the geographic footprint of the real property owned by each casino gaming property) and will be subject to lien provisions if the payments are not made. The Company expensed $2,891 and $3,433 for the three months ended March 31, 2023 and 2022 respectively. In addition, the AC industry is required to provide $5,000 from 2019 thru 2023 to a Separate State Fund for Atlantic City fiscal relief. The Company expensed $115 and $71 for the three months ending March 31, 2023 and 2022, respectively.

On December 21, 2021, the Governor of New Jersey signed a bill which amended the NJ PILOT Law to exclude internet gaming revenues from the calculation of GGR and additionally set the 2022 PILOT payment at $110,000. Also, the Separate State Fund Payment was extended through 2026.

A lawsuit was filed by Liberty & Prosperity 1776, Inc. against the State of New Jersey in Superior Court of New Jersey, Atlantic County Law Division challenging the constitutionality of the NJ PILOT Law and the 2021 amendments to the NJ PILOT Law. On August 29, 2022 the Court ruled that the NJ PILOT Law was constitutional but the 2021 amendment to the NJ PILOT Law was unconstitutional; thereby declaring the 2021 amendment null, void and of no effect. On October 14, 2022, in response to the State of New Jersey’s motion for a stay of the Court’s August 29, 2022 Order, the Court granted a stay for 90 days contingent on the Appellate Division or New Jersey Supreme Court (“Upper Court”) making a determination on whether the matter should be heard on an emergent basis, with the State having the right to request an extension if the Upper Court has not yet made such a determination prior to the lapse of the 90 days. On February 3, 2023, a motion to extend the stay an additional 120 days was granted by the Court. Should the Upper Court agree to hear the case on an emergent basis, the stay will remain in place until a final decision on the merits and exhaustion of all appeals.

Seasonal factors - The Company’s operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2023 are not necessarily indicative of the results of operations for the full year.

Omission of Disclosures - In accordance with the Financial Reporting guidelines provided by the Division of Gaming Enforcement, the Company has elected not to include certain disclosures, which have not significantly changed since filing the most recent Annual Report. Accordingly, certain Income Tax disclosures have been omitted.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company participates with CEOC and CEC’s other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by CEOC on a consolidated basis. The company believes that participating in these consolidated programs is beneficial in comparison to the terms for similar programs that it could negotiate on a stand-alone basis. The Company’s property, assets and capital stock are pledged as collateral for certain of CEOC’s outstanding debts.

(All dollar amounts in thousands)

Cash Activity with CEOC and Affiliates - The Company transfers cash in excess of its operating and regulatory needs to its parent on a daily basis. Cash transfers from its parent to the Company are also made based upon the needs of the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is charged on transfers made to or from the companies.

Administrative and Other Services - Pursuant to a shared services agreement, Caesars Enterprise Services ("CES") provides certain corporate and administrative services provided by corporate personnel. In addition, there are costs allocated to the property for workers compensation, general liability and property insurance. The Company was charged $4,958 and $5,445 for these services for the three months ended March 31, 2023 and 2022 respectively. The fee is included in charges from affiliates in the accompanying statements of income.

Equitization of Intercompany Balances - During June 2013, the Company elected to equitize certain intercompany balances with its parent and affiliates that were previously classified as a receivable/liability. The offset to this was Additional Paid in Capital and Retained Earnings. This is shown separately on the Statement of Changes in Stockholder's Equity.

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of March 31 consist of the following:

	2023	2022
Casino Receivables (Net of Allowance for Doubtful Accounts - 2023, $5,513 & 2022, $6,333	$ 3,570	$ 3,450
Other (Net of Allowance for Doubtful Accounts - 2023, $271 & 2022, $61)	2,921	3,975
King Plaza	456	443
	$ 6,947	$ 7,868

NOTE 5 –OTHER CURRENT ASSET

Other Current Assets as of March 31 consist of the following:

	2023	2022
Prepaid Gaming Tax & License	$ 212	$ 230
Prepaid Real Estate Taxes	532	480
Prepaid Contracts/Utilities	877	562
Prepaid Marketing and Entertainment	254	116
Spiegelworld Deposits	1,328	-
Other	307	193
	$ 3,510	$ 1,581

(All dollar amounts in thousands)

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31 consist of the following:

	2023	2022
Casino Reinvestment Development Authority Investment Obligation ("CRDA") (net of valuation reserves)	$ 1,660	$ 2,244
	$ 1,660	$ 2,244

NOTE 7 – LAND, BUILDINGS AND EQUIPMENT

Property and Equipment as of March 31 consist of the following:

	2023	2022
Land	$ 20,061	$ 20,061
Buildings and Improvements	369,285	300,488
Furniture, Fixtures, and Equipment	83,581	62,643
Construction in Progress	19,764	33,095
	$ 492,691	$ 416,287
Less Accumulated Depreciation & Amortization	(94,297)	(56,788)
	$ 398,394	$ 359,499

Our property and equipment is subject to various operating leases for which we are the lessor. We lease our property and equipment related to our hotel rooms, convention space and retail space through various short-term and long-term operating leases. See Note 8 for further discussion of our leases.

NOTE 8 –LEASES

Lessee Arrangements

Operating Leases - The Company leases both real estate and equipment used in their operations and classifies those leases as operating leases, for accounting purposes. Rent expense is associated with operating leases and is charged to expense in the year incurred. In addition to the minimum rental commitments, certain of our operating leases provide for contingent rentals based on a percentage of revenues in excess of specified amounts.

(All dollar amounts in thousands)

Lease Costs

	Three Months Ended March 31, 2023
Operating lease expense	$ 12
Short-term lease expense	902
Variable lease expense	21
Total lease costs	$ 935

VICI Leases

We lease certain real property assets from VICI under the Regional Lease (as amended, the "Regional Lease"), which include certain real property assets of The Company. The lease agreement, inclusive of all amendments, include (i) a 15-year initial term with four five-year renewal options, (ii) annual fixed rent payments of $47,093, subject to annual escalation provisions based on the Consumer Price Index ("CPI") and a 2% floor commencing in lease year two of the initial term and (iii) a variable element based on net revenues of the underlying leased properties, commencing in lease year eight of the initial term.

The lease agreements were evaluated as sale-leasebacks of real estate. We determined that these transactions did not qualify for sale-leaseback accounting, and we have accounted for each of the transactions as a financing.

For these failed sale-leaseback transactions, the Company continues to reflect the real estate assets on the Balance Sheets in Property and equipment, net as if the Company was the legal owner, and continues to recognize depreciation expense over their estimated useful lives. We do not recognize lease expense related to the Lease Agreements, but we have recorded a liability for the failed sale-leaseback obligations and currently, the majority of the periodic lease payments are recognized as interest expense. In the initial periods, the majority of the cash payments are less than the interest expense recognized in the Statements of Operations, which causes the related sale-leaseback liability to increase during the initial periods of the lease term.

Annual Estimated Failed Sale-Leaseback Financing Obligation Service Requirements

	As of March 31, 2023
2023	$ 40,249
2024	54,608
2025	55,172
2026	55,941
2027	56,873
Thereafter	2,045,185
Total future payments	2,308,028
Less: Amounts representing interest	(1,826,940)
Plus Residual values	20,292
Total financing obligation	$ 501,380

(All dollar amounts in thousands)

1)Financing obligation principal and interest payments are estimated amounts based on the future minimum lease payments and certain estimates based on contingent rental payments. Actual payments may differ from the estimates.

Guarantee for Failed Sale-Leaseback

Subject to certain exceptions, the payment of all monetary obligations under the VICI Lease is guaranteed by CEI.

Lessor Arrangements

Lodging Arrangements - Lodging arrangements are considered short-term and generally consist of lease and nonlease components. The lease component is the predominant component of the arrangement and consists of the fees charged for lodging. The nonlease components primarily consist of resort fees and other miscellaneous items. As the timing and pattern of transfer of both the lease and nonlease components are over the course of the lease term, we have elected to combine the revenue generated from lease and nonlease components into a single lease component based on the predominant component in the arrangement. During the three months ended March 31, 2023, we recognized approximately $11,181 in lease revenue related to lodging arrangements, which is included in Rooms revenue in the Statement of Income.

Real Estate Operating Leases - We entered into long-term real estate leasing arrangements with third-party lessees. As of December 31, 2022, the remaining terms of these operating leases ranged from 1 to 4 years, some of which include options to extend the lease term for up to 5 years. In addition to minimum rental commitments, certain of our operating leases provide for contingent payments including contingent rentals based on a percentage of revenues in excess of specified amounts and reimbursements for common area maintenance and utilities charges. As the timing and pattern of transfer of both the lease and nonlease components are over the course of the lease term, we have elected to combine the revenue generated from lease and nonlease components into a single lease component based on the predominant component in the arrangement. In addition, to maintain the value of our leased assets, certain leases include specific maintenance requirements of the lessees or maintenance is performed by the Company on behalf of the lessees.

Maturity of Lease Receivables as of March 31, 2023

	Operating Leases
2023	438
2024	451
2025	447
2026	267
Thereafter	0
Total	$ 1,603

Boardwalk Regency LLC (Caesars Atlantic City)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9 – OTHER ASSETS

Other assets as of March 31 consist of the following:

	2023	2022
Customer Database (less Accumulated		
Amortization of $10,882 in 2023 & $6,925 in 2022)	$ 16,818	$ 20,775
Goodwill	4,285	4,285
*CRDA Direct Investment	5,505	5,962
Other	105	133
	$ 26,713	$ 31,155

*Due to the sale of Bally's, King Plaza note was retained by Caesars Atlantic City.

NOTE 10 - OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31 consist of the following:

	2023	2022
Accrued Payroll	$ 3,290	$ 4,420
Accrued Interest	4,197	4,116
Utilities	912	1,318
Taxes and Licensing	1,951	1,491
Advance Deposits	967	1,014
Progressive Liability	116	438
Accrued Ticket Liability	237	211
Accrued Marketing	222	378
Other	1,466	1,505
	$ 13,358	$ 14,891

NOTE 11 – OTHER LIABILITIES

Other Liabilities as of March 31 consisted of the following:

	2023	2022
Long-term Financing Obligation	$ 501,380	$ 495,120
Other	129	37
	$ 501,509	$ 495,157

(All dollar amounts in thousands)

NOTE 12 – REVENUE RECOGNITION

Disaggregation of Revenue

		Three Months Ended March 31, 2023
Casino	$	29,183
Food and beverage *(1)*		12,999
Rooms *(1)*		11,181
Entertainment and other		3,833
Total contract revenues		57,196
Real estate leases		180
Net revenues	$	57,376

1) As a result of the adoption of ASC 842, as of January 1, 2019, revenue generated from the lease components of lodging arrangements and conventions are no longer considered contract revenue under ASC 606, Revenue from Contracts with Customers. A portion of these balances relate to lease revenues under ASC 842. See note 8 for further details.

Receivables

		Three Months Ended March 31, 2023
Casino	$	3,570
Food and beverage and rooms *(1)*		1,332
Entertainment and other		9
Contract receivables, net		4,911
Real estate leases		0
Other		2,036
Receivables, net	$	6,947

(1)As a result of the adoption of ASC 842, as of January 1, 2019, revenue generated from the lease components of lodging arrangement and conventions as well as their associated receivables are no longer considered contract revenue or contract receivables under ASC 606, Revenue from Contracts with customers. A portion of this balance relates to lease receivables under ASC 842. See note 8 for further details

NOTE 13 – CASINO REINVESTMENT DEVELOPMENT AUTHORITY INVESTMENT

CRDA Investment Obligation - The New Jersey Casino Control Act provides, among other things, for an assessment of licenses equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company previously satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA were used to purchase bonds designated by the CRDA or, under certain circumstances, used to donate to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to 50 years and bear interest at below-market rate. Effective May 27, 2016 the CRDA investment obligation of 1.25% of gross gaming revenues was redirected to the City of Atlantic City to be used for debt service. The CRDA investment obligation will be reduced by previously contractually obligated Credit Agreements committed by the Authority.

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $3 and $99 for the three months ended March 31, 2023 and 2022, respectively, and is included in CRDA Income (Expense), in the consolidated statements of income.

The funds on deposits are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 33% to represent their fair value and eventual expected conversion into bonds by the CRDA. Once CRDA Bonds are issued, we have concluded that the bonds are held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and, under the CRDA; they are not permitted to do otherwise. As such, the CRDA Bonds are measured at amortized cost. As there is no market for the CRDA Bonds, its fair value could only be determined based on unobservable inputs. Such inputs are limited to the historical carrying value of the CRDA Bonds that are reduced, consistent with industry practice, by 1/3 of their face value at the time of issuance to represent fair value. The Company accretes such discount over the remaining life of the bonds. Accretion for the three months ended March 31, 2023 and 2022 was $3 and $4, respectively, and is included in CRDA Expense in the consolidated statements of operations.

After the initial determination of fair value, the Company will analyze the recoverability of the CRDA Bonds on an annual basis and its effect on reported amount 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 bondholder, 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, the asset will be written down to its expected realizable amount.

An annual analysis of the CRDA bonds was performed at September 30, 2022 and it was determined no adjustment was necessary.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation – The Company is involved in 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.