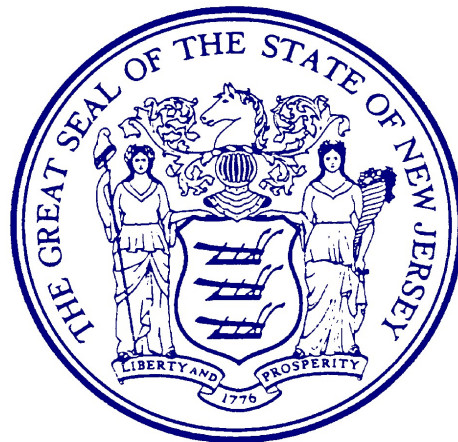


**DGMB CASINO, LLC  
QUARTERLY REPORT**

**FOR THE QUARTER ENDED DECEMBER 31, 2023**

**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, 2023 AND 2022

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$28,357	\$11,874
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2023, \$4,731 2022, \$4,453).....	2, 3, 10	6,141	11,892
4	Inventories .....	2	1,728	1,777
5	Other Current Assets.....	4	2,285	2,234
6	Total Current Assets.....		38,511	27,777
7	Investments, Advances, and Receivables.....	5	1,045	1,270
8	Property and Equipment - Gross.....	2, 6	224,094	216,600
9	Less: Accumulated Depreciation and Amortization.....	6	(92,740)	(85,003)
10	Property and Equipment - Net.....	6	131,354	131,597
11	Other Assets.....	2, 7	20,953	21,252
12	Total Assets.....		\$191,863	\$181,896
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$2,912	\$3,306
14	Notes Payable.....	8	7,500	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	8	3,770	3,000
17	Income Taxes Payable and Accrued.....			
18	Other Accrued Expenses.....	2, 10, 11	15,540	14,764
19	Other Current Liabilities.....	2	8,635	3,593
20	Total Current Liabilities.....		38,357	24,663
	Long-Term Debt:			
21	Due to Affiliates.....	9	0	0
22	External.....	8	51,494	53,530
23	Deferred Credits .....		2,893	3,986
24	Other Liabilities.....		17,366	17,677
25	Commitments and Contingencies.....	14	0	0
26	Total Liabilities.....		110,110	99,856
27	Stockholders', Partners', or Proprietor's Equity.....		81,753	82,040
28	Total Liabilities and Equity.....		\$191,863	\$181,896

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, 2023 AND 2022

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	Revenue:			
1	Casino.....	2	\$104,922	\$111,807
2	Rooms.....		30,467	29,858
3	Food and Beverage.....		17,598	16,208
4	Other.....		7,676	7,431
5	Net Revenue.....		160,663	165,304
	Costs and Expenses:			
6	Casino.....	2	59,500	57,894
7	Rooms, Food and Beverage.....		33,579	30,587
8	General, Administrative and Other.....	2, 12	58,085	55,817
9	Total Costs and Expenses.....		151,164	144,298
10	Gross Operating Profit.....		9,499	21,006
11	Depreciation and Amortization.....	6	7,722	7,578
	Charges from Affiliates Other than Interest:			
12	Management Fees.....	10	2,500	2,500
13	Other.....		0	0
14	Income (Loss) from Operations.....		(723)	10,928
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....	10	0	0
16	Interest Expense - External.....	8	(5,903)	(3,077)
17	CRDA Related Income (Expense) - Net.....	5	(272)	(884)
18	Nonoperating Income (Expense) - Net.....	2	5,519	66
19	Total Other Income (Expenses).....		(656)	(3,895)
20	Income (Loss) Before Taxes .....		(1,379)	7,033
21	Provision (Credit) for Income Taxes.....	12	(1,092)	197
22	Net Income (Loss).....		(\$287)	\$6,836

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, 2023 AND 2022

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	Revenue:			
1	Casino.....	2	\$24,082	\$24,769
2	Rooms.....		5,981	5,865
3	Food and Beverage.....		4,266	3,945
4	Other.....		2,036	2,090
5	Net Revenue.....		36,365	36,669
	Costs and Expenses:			
6	Casino.....	2	14,839	13,801
7	Rooms, Food and Beverage.....		8,153	7,622
8	General, Administrative and Other.....	2, 13	14,311	13,626
9	Total Costs and Expenses.....		37,303	35,049
10	Gross Operating Profit.....		(938)	1,620
11	Depreciation and Amortization.....	6	2,033	1,943
	Charges from Affiliates Other than Interest:			
12	Management Fees.....	10	625	595
13	Other.....		0	0
14	Income (Loss) from Operations.....		(3,596)	(918)
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....	10	0	0
16	Interest Expense - External.....	8	(1,509)	(1,233)
17	CRDA Related Income (Expense) - Net.....	5	532	32
18	Nonoperating Income (Expense) - Net.....		123	3
19	Total Other Income (Expenses).....		(854)	(1,198)
20	Income (Loss) Before Taxes .....		(4,450)	(2,116)
21	Provision (Credit) for Income Taxes.....	12	(1,092)	195
22	Net Income (Loss).....		(\$3,358)	(\$2,311)

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, 2022  
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2023

(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, 2021.....		\$35,078	(\$15,426)	\$86,301	\$105,953
2	Net Income (Loss) - 2022.....			6,836		6,836
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	Special Capital Distribution, net				(30,749)	(30,749)
8						0
9						0
10	Balance, December 31, 2022.....		35,078	(8,590)	55,552	82,040
11	Net Income (Loss) - 2023.....			(287)		(287)
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	Special Capital Distribution, net					0
17						0
18						0
19	Balance, December 31, 2023.....		\$35,078	(\$8,877)	\$55,552	\$81,753

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, 2023 AND 2022

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$14,419	\$14,834
	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	(6,544)	(10,840)
5	Proceeds from Disposition of Property and Equipment.....		5,135	
6	CRDA Obligations .....	5	(2,031)	(2,135)
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 .....		2,009	1,440
11	.....			
12	Net Cash Provided (Used) By Investing Activities.....		(1,431)	(11,535)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt .....	8	7,500	0
14	Payments to Settle Short-Term Debt.....		0	0
15	Proceeds from Long-Term Debt .....	8	0	60,000
16	Costs of Issuing Debt.....		0	(2,190)
17	Payments to Settle Long-Term Debt.....	8	(4,005)	(32,750)
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
22	Special Capital Contribution/(Distribution), net .....		0	(30,749)
23	Net Cash Provided (Used) By Financing Activities.....		3,495	(5,689)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		16,483	(2,390)
25	Cash and Cash Equivalents at Beginning of Period.....		11,874	14,264
26	Cash and Cash Equivalents at End of Period.....		\$28,357	\$11,874
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$5,253	\$2,563
28	Income Taxes.....		\$2	\$2

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, 2023 AND 2022

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
29	Net Income (Loss).....		(\$287)	\$6,836
30	Depreciation and Amortization of Property and Equipment.....	2, 6	7,737	7,593
31	Amortization of Other Assets.....		(15)	(15)
32	Amortization of Debt Discount or Premium.....		438	514
33	Deferred Income Taxes - Current .....			
34	Deferred Income Taxes - Noncurrent .....		(1,092)	195
35	(Gain) Loss on Disposition of Property and Equipment.....		(5,135)	
36	(Gain) Loss on CRDA-Related Obligations.....	5	272	884
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks .....	2, 3	(192)	(1,009)
39	(Increase) Decrease in Inventories .....	2	49	(93)
40	(Increase) Decrease in Other Current Assets.....	4	(53)	(63)
41	(Increase) Decrease in Other Assets.....		299	(97)
42	Increase (Decrease) in Accounts Payable.....		(394)	972
43	Increase (Decrease) in Other Current Liabilities .....		1,728	(3,670)
44	Increase (Decrease) in Other Liabilities .....		(296)	107
45	Decrease in Due from Affiliate / Receivables .....		11,360	2,680
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$14,419	\$14,834

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<b>ACQUISITION OF PROPERTY AND EQUIPMENT:</b>			
48	Additions to Property and Equipment.....	2, 6	(\$6,544)	(\$10,840)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....	2, 6	(\$6,544)	(\$10,840)
	<b>ACQUISITION OF BUSINESS ENTITIES:</b>			
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
	<b>STOCK ISSUED OR CAPITAL CONTRIBUTIONS:</b>			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

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

**DGMB CASINO, LLC**  
**SCHEDULE OF PROMOTIONAL**  
**EXPENSES AND ALLOWANCES**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023  
(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	165,832	\$16,111	0	\$0
2	Food	164,826	5,302	311,003	5,471
3	Beverage	584,827	5,232	0	0
4	Travel	0	0	9,749	463
5	Bus Program Cash	2,055	146	0	0
6	Promotional Gaming Credits	599,943	27,777	0	0
7	Complimentary Cash Gifts	304	958	0	0
8	Entertainment	21,400	570	481	60
9	Retail & Non-Cash Gifts		0	41,302	4,769
10	Parking	0	0	95,753	958
11	Other	4,671	94	19,165	735
12	Total	1,543,858	\$56,190	477,453	\$12,456

FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	35,747	\$3,334	0	\$0
2	Food	37,655	1,195	75,471	1,367
3	Beverage	156,186	1,485	0	0
4	Travel	0	0	2,197	103
5	Bus Program Cash	391	28	0	0
6	Promotional Gaming Credits	145,426	7,167	0	0
7	Complimentary Cash Gifts	67	259	0	0
8	Entertainment	5,347	145	185	23
9	Retail & Non-Cash Gifts	0	0	10,773	1,233
10	Parking	0	0	24,406	245
11	Other	1,161	23	5,584	394
12	Total	381,980	\$13,636	118,616	\$3,365

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



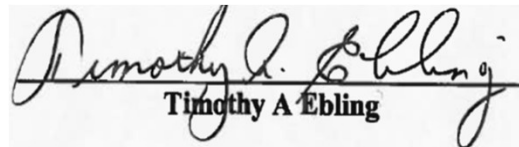
**DGMB CASINO, LLC**  
**STATEMENT OF CONFORMITY,**  
**ACCURACY, AND COMPLIANCE**

FOR THE QUARTER ENDED DECEMBER 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.

3/28/2024

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, 2023, and 2022, the Company had approximately \$17.9 million and \$2.5 million, respectively, in excess of FDIC-insured limits.

**Restricted Cash**

Amounts included in restricted cash represent funds required to be set aside by a Minimum Balance Threshold contractual agreement relating to the Company’s letters of credit.

**Receivables**

**Trade Receivables and Allowance for Credit Losses**

Receivables consist primarily of casino, hotel, related party, and other receivables. Receivables are typically noninterest bearing and are initially recorded at cost. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company’s previous loss history, the customer’s current ability to pay its obligation to the Company, and condition of the general economy and the industry as a whole.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for trade receivables held at December 31, 2023 and 2022 because the composition of the trade receivables at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at December 31, 2023 and 2022 totaled approximately \$4.7 million and \$4.5 million, respectively.

The following table summarizes the activity related to receivables for the years ended December 31 (in thousands):

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 5,949	\$ 4,940
Balance at December 31	<u>6,141</u>	<u>5,949</u>
Increase	<u>\$ 192</u>	<u>\$ 1,009</u>

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

Changes in the Company’s allowance for credit losses are as follows for the year ended December 31, 2023 (in thousands):

Beginning balance	\$ 4,453
Charge-offs	554
Account write-offs and recoveries	<u>(276)</u>
Total allowance for credit losses	<u>\$ 4,731</u>

**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:

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

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 during the years ended December 31, 2023 and 2022.

**Right-of-Use Assets and Lease Liabilities**

Right-of-use (“ROU”) assets from operating leases are amortized on the straight-line method over the shorter of the lease term or their respective estimated useful lives. Operating lease ROU asset amortization is included in selling, general, and administrative expenses in the statements of operations. See Note 10 for further disclosure of the Company’s lease contracts.

**Intangible Assets**

The Company’s indefinite-lived intangible asset includes a trade name valued at \$3.3 million at September 30, 2023 and 2022, 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, 2023 and 2022.

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**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.

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.

**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 30, 2023 and 2022, 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’s 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 30, 2023 and 2022, the bankable complimentary liability was approximately \$2.7 million and is included in other accrued expenses on the accompanying balance sheets.

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**Advertising**

Advertising costs are expensed as incurred. Advertising expenses were \$3.0 million and \$2.8 million for the twelve months ended December 31, 2023 and 2022, respectively. Advertising expenses are included in general, administrative, and other expenses in the accompanying statements of income.

**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 for the three months ended December 31, 2023 and 2022, respectively, and \$11.0 million and \$11.5 million for the twelve months ended December 31, 2023 and 2022, 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 \$1.9 million and \$1.8 million for the three months ended December 31, 2023 and 2022, respectively and \$8.0 million and \$7.5 million for the twelve months ended December 31, 2023 and 2022, 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 \$1.8 million and \$1.6 million for the years ended December 31, 2023 and 2022, 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.

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

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.

**Adoption of New Accounting Standard**

On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision useful information about the expected losses on financial instruments.

The Company adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The adoption of the new standard did not materially impact the Company's balance sheets, statements of operations, statements of members' deficit, or statements of cash flows.

**3. Receivables**

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

	<u>2023</u>	<u>2022</u>
Gaming	\$ 7,725	\$ 7,074
Less: allowance for doubtful accounts	(4,669)	(4,195)
	<u>3,056</u>	<u>2,879</u>
Non-gaming:		
Hotel and related	747	1,007
Less: allowance for doubtful accounts	(62)	(258)
Tenant Receivable	754	737
Intercompany	0	5,943
Other	1,646	1,584
	<u>3,085</u>	<u>9,013</u>
Receivables, net	<u>\$ 6,141</u>	<u>\$ 11,892</u>

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**4. Other Current Assets**

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

	<u>2023</u>	<u>2022</u>
Prepaid insurance	\$ 256	\$ 31
Prepaid casino license	329	343
Prepaid maintenance agreements	1,131	1,284
Prepaid sewer	103	86
Prepaid miscellaneous	150	78
Other prepaid expenses and current assets	316	412
	<u>\$ 2,285</u>	<u>\$ 2,234</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>2023</u>	<u>2022</u>
Deposits, net of valuation allowance for \$39 and \$151 at December 31, 2023 and 2022, respectively	77	302
CRDA Bonds, net of valuation allowance for \$6,180 and \$6,237 at December 31, 2023 and 2022, respectively	968	968
	<u>\$ 1,045</u>	<u>\$ 1,270</u>

The Company records charges/(credits) to operations to reflect the estimated net realizable value of its CRDA investment. Such charges/(credits) to operations were approximately \$0.3 million and \$0.9 million for the years ended December 31, 2023 and 2022, respectively. The CRDA charges/(credits) 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

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

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>2023</u>	<u>2022</u>
Land	\$ 12,956	\$ 12,955
Hotels and other buildings	133,299	132,040
Furniture, fixtures and equipment	77,092	71,469
Construction in progress	747	136
	<u>224,095</u>	<u>216,600</u>
Less: accumulated depreciation	(92,740)	(85,003)
Net property and equipment	<u>\$ 131,354</u>	<u>\$ 131,597</u>

Depreciation expense was \$2.0 million and \$1.9 million for the three months ended December 31, 2023 and 2022, respectively, and \$7.7 million and \$7.6 million for the twelve months ended December 31, 2023 and 2022, 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, 2023 and 2022, respectively. The trade name is deemed to have an indefinite life.

**8. Debt**

Notes payable consists of the following bank loans at December 31, 2023 and 2022 (in thousands):

	<u>2023</u>	<u>2022</u>
Fifth Third – notes payable	\$ 55,500	\$ 58,500
Fifth Third – line of credit	7,500	-
Gaming equipment - finance agreements	1,297	-
Less debt issuance costs	<u>(1,533)</u>	<u>(1,970)</u>
Notes payable less debt issuance costs	62,764	56,530
Less current maturities	3,770	3,000
	<u>\$ 58,994</u>	<u>\$ 53,530</u>

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.



**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

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 plus 3.0% with quarterly principal payments and a balloon payment due July 7, 2027. The Company borrowed \$7.5 million on the revolving line of credit on May 18, 2023. The Company was in compliance with all covenants at December 31, 2023.

The Company's management enters into finance agreements with unrelated parties to purchase various types of gaming equipment. The contract terms range from 24 to 36 months. Interest is charged at rates between 1.5% and 5.82%. Total payments, including interest, on finance agreements for the year ended December 31, 2023 was approximately \$1.0 million, with monthly payments ranging between \$9.9 thousand and \$36.2 thousand.

Future maturities for debt at December 31, 2023 were as follows (in thousands):

Years Ending December 31,		
2024	\$	3,770
2025		3,395
2026		3,131
2027		54,000
	\$	64,296

**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 \$1.2 million and \$1.1 million in 2023 and 2022, respectively, as a result of this agreement with RDG. Amounts due to RDG totaled approximately \$3.0 million at December 31, 2023, while amounts due from RDG totaled approximately \$5.9 million at December 31, 2022. Both are included in due to and due from affiliates on the accompanying balance sheets. In addition, as further discussed in Note 8, RDG is a co-borrower on the Company's term loan.

**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 approximately \$2.5 million for both the years ended December 31, 2023 and 2022, respectively, in base and incentive fees related to the Management Agreement. As of December 31, 2023 and 2022, there was \$0.2 million and \$0 respectively, of accrued incentive fees included in accrued expenses and other current liabilities on the accompanying balance sheets. On February 26, 2024, the Company announced they would not seek to renew the management agreement once the minimum term expires on December 31, 2024.

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

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 Draft Kings 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.

In addition, an entity related through common ownership provides temporary liquidity support to assist the Company in meeting its immediate financial obligations and maintaining operational continuity. Amounts due to the entity related through common ownership totaled approximately \$2.5 million and \$0 at December 31, 2023 and 2022, respectively. The liability is included in due to affiliates on the accompanying balance sheets.

**11. Other Accrued Expenses**

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

	<u>2023</u>	<u>2022</u>
Payroll and related costs	\$ 8,561	\$ 7,490
Capital liability	0	1,386
Unredeemed incentives	2,728	2,681
Management Fees	209	0
Utilities	1,306	264
Guest claims	270	362
Regulatory and state taxes	434	673
Slot Ticket Liability	646	548
DraftKings sportsbook revenue share	67	0
Current Portion of Lease Liability for ROU Assets	296	290
Other	1,023	1,070
	<u>\$ 15,540</u>	<u>\$ 14,764</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 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, 2023 and 2022 were as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Current	\$ 0	\$ (2)
Deferred	1,092	(195)
Income tax benefit (provision)	<u>\$ 1,092</u>	<u>\$ (197)</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.

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

The Company's deferred tax assets and liabilities as of December 31, 2023 and 2022 were as follows (in thousands):

	<b>2023</b>	<b>2022</b>
Total deferred tax assets	\$ 6,760	\$ 8,693
Total deferred tax liabilities	(8,229)	(10,689)
Valuation allowance	(1,424)	(1,990)
Total deferred tax liability, net	\$ (2,893)	\$ (3,986)

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 \$1.4 million and \$2.0 million at December 31, 2023 and 2022, 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 Company has concluded there were no uncertain tax positions to recognize as a liability as of December 31, 2023 and 2022.

**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 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 \$3.8 million and \$3.7 million for the years ended December 31, 2023 and 2022, respectively, and are included in the Other Revenue line item on the Company's statements of operations.

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

Maturities of undiscounted minimum operating lease payments to be received as December 31, 2023 are as follows (in thousands):

Years Ending December 31,	Amount
2024	3,801
2025	4,069
2026	4,175
2027	4,289
2028	4,264
Thereafter	4,055
	\$ 24,653

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, 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, 2023 (in thousands):

	2023	2022
Operating lease cost	\$ 657	\$ 634
Short-term lease cost	2,290	2,366
Total lease cost	\$ 2,947	\$ 3,000

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

The following table summarizes the supplemental cash flow information for the year ended December 31, 2023 (in thousands):

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	<u>\$ 638</u>	<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, 2023:

	<u>2023</u>	<u>2022</u>
Weighted-Average Remaining Lease Term		
Operating leases	38.37 years	40.17 years
Weighted-Average Discount Rate		
Operating leases	2.01%	2.01%

During the fiscal year ended December 31, 2023 and 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):

<u>Years Ending December 31,</u>	<u>Amount</u>
2024	\$ 638
2025	638
2026	638
2027	638
2028	638
Thereafter	<u>21,517</u>
Total undiscounted lease payments	24,707
Less interest	<u>(7,646)</u>
	<u>\$ 17,061</u>

#### **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

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

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 2023 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 \$0.4 million and \$1.0 million for the years ended December 31, 2023 and 2022, respectfully. The agreement expired on May 31, 2023; therefore, the 2023 guaranteed minimum payment was prorated for the partial year.

**Insurance Claim – Flood**

In December 2022, the Company experienced losses from frozen pipes at the Casino property from extreme cold conditions over several days. For the year ended December 31, 2023, the Company recognized approximately \$5.1 million of advanced insurance proceeds. The insurance claim proceeds are included as a component of nonoperating income on the statements of operations. In January 2024, the Company received approximately \$2.5 million of additional insurance proceeds related to this claim.

**Insurance Claim – Fire**

In November 2023, the Company experienced losses from a fire on the boardwalk facing entrance of the Casino. The Company is currently assessing the total losses incurred and are in the process of adjusting claims with the insurers. As of the date of this report, the settlement claims are still in process and the ultimate claim amount is unknown. Proceeds of approximately \$0.5 million were received on March 6, 2024 and the balance of the claim is still being considered.

**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	
	2023	2022	2023	2022
Balance at January 1	\$ 2,681	\$ 2,754	\$ 2,637	\$ 2,896
Balance at December 31	<u>2,728</u>	<u>2,681</u>	<u>2,184</u>	<u>2,637</u>
Increase/(decrease)	<u>\$ 47</u>	<u>\$ (73)</u>	<u>\$ (453)</u>	<u>\$ (259)</u>

**DGMB CASINO, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

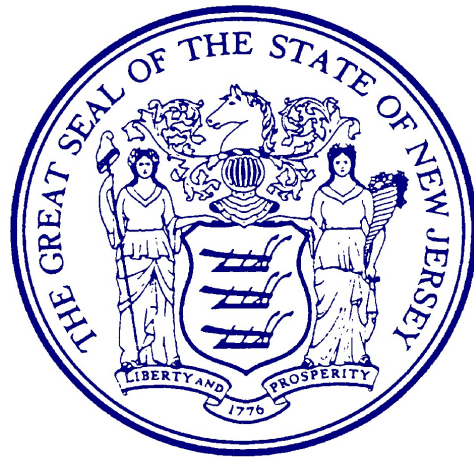
**16. Subsequent Events**

The Company evaluated its financial statements for subsequent events through March 28, 2024, the date these financial statements were available to be issued.

**DGMB CASINO, LLC**  
**ANNUAL FILINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**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, 2023**

**CASINO WIN**

Line (a)	Type of Game (b)	Authorized Units (c)	Win or (Loss) (d)	Drop/Handle (e)	Win (Loss) Percentage (f)
<b>Table and Other Games:</b>					
1	Blackjack	23	\$ 7,181,247	\$ 56,362,075	12.7%
2	Craps	5	3,848,340	24,111,285	16.0%
3	Roulette	8	4,097,146	21,144,808	19.4%
4	Big Six	0	0	0	0.0%
5	Baccarat	0	0	0	0.0%
6	Minibaccarat	16	7,382,938	89,406,020	8.3%
7	Other Games - (DGE-310B)	20	6,378,021	29,730,426	21.5%
8	Subtotal - Table and Other Games	72	\$ 28,887,692	\$ 220,754,612	13.1%
9	Poker				
10	<b>Total - Table and Other Games</b>	<b>72</b>	<b>\$ 28,887,692</b>		

<b>Slot Machines:</b>					
11	\$ .01 and .02 Slot Machines	658	\$ 57,974,976	\$ 528,779,331	11.0%
12	\$ .05 Slot Machines	6	256,276	4,875,835	5.3%
13	\$ .25 Slot Machines	85	5,016,864	59,757,788	8.4%
14	\$ .50 Slot Machines	27	1,895,884	38,299,848	5.0%
15	\$ 1.00 Slot Machines	89	9,560,870	116,617,132	8.2%
16	\$ 5.00 Slot Machines	15	1,246,595	18,134,160	6.9%
17	\$ 25.00 Slot Machines	6	934,925	8,349,850	11.2%
18	\$100.00 Slot Machines	5	740,835	8,512,000	8.7%
19	Multi-denominational Slot Machin	405	56,189,545	606,713,602	9.3%
20	Other Slot Machines	5	839,762	6,105,426	13.8%
21	Total - Slot Machines	1,300	\$ 134,656,531	\$1,396,144,973	9.6%
22	<b>Total Casino Win</b>		<b>\$ 163,544,223</b>		

**DGMB CASINO, LLC**  
**ANNUAL STATEMENT OF SLOT MACHINE,  
TABLE GAME & OTHER GAMES WIN  
DETAIL SCHEDULE OF OTHER GAMES**  
**FOR THE PERIOD DECEMBER 31, 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	284,840	2,539,453	11.2%
4	Pai Gow				
7	Keno				
8	Caribbean Stud Poker				
9	Let it Ride Poker	4	1,627,291	6,706,908	24.3%
12	Three Card Poker	4	1,397,624	5,181,288	27.0%
16	Casino War				
18	Spanish 21	5	2,060,396	10,193,303	20.2%
30	Double Attack Blackjack				
33	Four Card Poker	1	186,160	1,025,353	18.2%
39	Texas Hold 'Em Bonus Poker	1	282,639	1,247,329	22.7%
41	Flop Poker				
43	Ultimate Texas Hold 'Em	1	71,269	380,250	18.7%
44	Asia Poker				
45	Winner's Pot Poker				
47	Mississippi Stud	1	410,039	2,094,933	19.6%
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	57,764	361,610	16.0%
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				
65	Football Kings				
66	Pontoon 21				
67	Total	20	\$ 6,378,021	\$ 29,730,426	21.5%

# DGMB CASINO, LLC

## ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE PERIOD DECEMBER 31, 2023

(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.....	2,436		
2	Returned Patrons' Checks.....	5,289		
3	Total Patrons' Checks.....	7,725	\$4,669	\$3,056
4	Hotel Receivables.....	1,501	62	1,439
	Other Receivables:			
5	Receivables Due from Officers and Employees.....	-		
6	Receivables Due from Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	1,646		
8	Total Other Receivables.....	1,646		1,646
9	Totals (Form DGE-205).....	\$10,872	\$4,731	\$6,141

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$2,223
11	Counter Checks Issued.....	57,544
12	Checks Redeemed Prior to Deposit.....	(36,066)
13	Checks Collected Through Deposits.....	(20,029)
14	Checks Transferred to Returned Checks.....	(1,397)
15	Other Adjustments.....	161
16	Ending Balance.....	\$2,436
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$4,669
19	Provision as a Percent of Counter Checks Issued.....	8.1%

**DGMB CASINO, LLC**  
**ANNUAL EMPLOYMENT AND PAYROLL REPORT**

AT DECEMBER 31, 2023

(\$ 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	330			
2	Slot Machines	41			
3	Administration	5			
4	Casino Accounting	52			
5	Simulcasting	0			
6	Other	0			
7	Total - Casino	428	\$12,614		\$12,614
8	ROOMS	178	6,909		6,909
9	FOOD AND BEVERAGE	408	10,181		10,181
10	GUEST ENTERTAINMENT	102	1,220		1,220
11	MARKETING	90	5,582		5,582
12	OPERATION AND MAINTENANCE	177	8,562		8,562
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	5	2,075		2,075
14	Accounting and Auditing	28	1,665		1,665
15	Security	118	5,447		5,447
16	Other Administrative and General	22	1,658		1,658
	OTHER OPERATED DEPARTMENTS:				
17					0
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	1,556	\$55,913	\$0	\$55,913