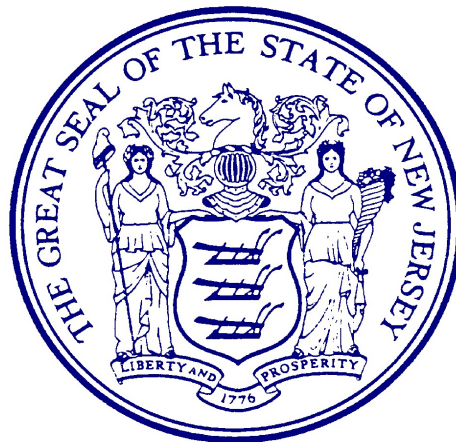


**TROPICANA CASINO AND RESORT
QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2023**

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



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

TROPICANA CASINO AND RESORT

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.....		\$25,895	\$30,624
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2023, \$2,157 ; 2022, \$1,932.....	2	16,265	14,749
4	Inventories		679	1,295
5	Other Current Assets.....	4	1,180	1,382
6	Total Current Assets.....		44,019	48,050
7	Investments, Advances, and Receivables.....	5	308,517	282,540
8	Property and Equipment - Gross.....	3	557,267	543,414
9	Less: Accumulated Depreciation and Amortization.....	3	(122,131)	(101,041)
10	Property and Equipment - Net.....	3	435,136	442,373
11	Other Assets.....	6	139,387	137,422
12	Total Assets.....		\$927,059	\$910,385
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$6,142	\$7,874
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.....	7	16,020	17,665
19	Other Current Liabilities.....	8	6,448	6,877
20	Total Current Liabilities.....		28,610	32,416
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....		0	0
23	Deferred Credits		0	0
24	Other Liabilities.....	9	450,114	445,521
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		478,724	477,937
27	Stockholders', Partners', or Proprietor's Equity.....		448,335	432,448
28	Total Liabilities and Equity.....		\$927,059	\$910,385

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

TROPICANA CASINO AND RESORT

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(UNAUDITED)
(\$ IN THOUSANDS)

Amended 4/26/24

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	Revenue:			
1	Casino.....	2	\$138,625	\$153,582
2	Rooms.....	2	92,963	96,153
3	Food and Beverage.....	2	38,214	32,253
4	Other.....	2	26,571	22,349
5	Net Revenue.....		296,373	304,337
	Costs and Expenses:			
6	Casino.....	2	48,200	48,979
7	Rooms, Food and Beverage.....	2	55,685	48,741
8	General, Administrative and Other.....	2	99,402	96,920
9	Total Costs and Expenses.....		203,287	194,640
10	Gross Operating Profit.....		93,086	109,697
11	Depreciation and Amortization.....	3	21,639	21,648
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....	5	12,522	14,408
14	Income (Loss) from Operations.....		58,925	73,641
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....	9	(43,740)	(43,159)
17	CRDA Related Income (Expense) - Net.....	5, 10	(3,296)	(3,007)
18	Nonoperating Income (Expense) - Net.....	14	(232)	202
19	Total Other Income (Expenses).....		(47,268)	(45,964)
20	Income (Loss) Before Taxes		11,657	27,677
21	Provision (Credit) for Income Taxes.....		0	0
22	Net Income (Loss).....		\$11,657	\$27,677

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

TROPICANA CASINO AND RESORT

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(UNAUDITED)
(\$ IN THOUSANDS)

Amended 4/26/24

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	Revenue:			
1	Casino.....	2	\$33,066	\$34,418
2	Rooms.....	2	16,593	16,530
3	Food and Beverage.....	2	8,761	8,305
4	Other.....	2	6,807	5,520
5	Net Revenue.....		65,227	64,773
	Costs and Expenses:			
6	Casino.....	2	12,010	11,242
7	Rooms, Food and Beverage.....	2	12,830	12,098
8	General, Administrative and Other.....	2	25,755	23,401
9	Total Costs and Expenses.....		50,595	46,741
10	Gross Operating Profit.....		14,632	18,032
11	Depreciation and Amortization.....	3	5,410	5,319
	Charges from Affiliates Other than Interest:			
12	Management Fees.....			
13	Other.....	5	3,074	3,542
14	Income (Loss) from Operations.....		6,148	9,171
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....	9	(11,077)	(10,832)
17	CRDA Related Income (Expense) - Net.....	5, 10	(715)	(685)
18	Nonoperating Income (Expense) - Net.....	14	177	156
19	Total Other Income (Expenses).....		(11,615)	(11,361)
20	Income (Loss) Before Taxes		(5,467)	(2,190)
21	Provision (Credit) for Income Taxes.....			0
22	Net Income (Loss).....		(\$5,467)	(\$2,190)

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

TROPICANA CASINO AND RESORT

STATEMENTS OF CHANGES IN STOCKHOLDERS' 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	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	AOCI (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2021.....						\$456,803	(\$759)	(\$52,241)	\$403,803
2	Net Income (Loss) - 2022.....								27,677	27,677
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	Other Comprehensive Income Net							765		765
7	APIC Interco Tax						203			203
8										0
9										0
10	Balance, December 31, 2022.....		0	0	0	0	457,006	6	(24,564)	432,448
11	Net Income (Loss) - 2023.....								11,657	11,657
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Other Comprehensive Income Net							4,024		4,024
16	APIC Interco Tax						206			206
17										0
18										0
19	Balance, December 31, 2023		0	\$0	0	\$0	\$457,212	\$4,030	(\$12,907)	\$448,335

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

TROPICANA CASINO AND RESORT

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(UNAUDITED)
(\$ IN THOUSANDS)

Amended 4/26/24

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		\$33,088	\$38,305
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment.....		(14,735)	(20,007)
5	Proceeds from Disposition of Property and Equipment.....		0	0
6	CRDA Obligations		234	103
7	Other Investments, Loans and Advances made.....	5	(26,634)	(14,173)
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10	Proceeds from Sales and Luxury Tax Credits		3,543	3,664
11	Cash Outflows for Tenant LH Improvements	2	(225)	(1,608)
12	Net Cash Provided (Used) By Investing Activities.....		(37,817)	(32,021)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt.....		0	0
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....		0	0
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....		0	0
20	Payments of Dividends or Capital Withdrawals.....		0	0
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....		0	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(4,729)	6,284
25	Cash and Cash Equivalents at Beginning of Period.....		30,624	24,340
26	Cash and Cash Equivalents at End of Period.....		\$25,895	\$30,624
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$0	\$0
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.

TROPICANA CASINO AND RESORT

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(UNAUDITED)

(\$ IN THOUSANDS)

Amended 4/26/24

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$11,657	\$27,677
30	Depreciation and Amortization of Property and Equipment...	3	21,639	21,648
31	Amortization of Other Assets.....		0	0
32	Amortization of Debt Discount or Premium.....		(25)	(112)
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		206	0
35	(Gain) Loss on Disposition of Property and Equipment.....		0	(199)
36	(Gain) Loss on CRDA-Related Obligations.....		448	0
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(1,207)	(3,730)
39	(Increase) Decrease in Inventories		616	236
40	(Increase) Decrease in Other Current Assets.....		202	(257)
41	(Increase) Decrease in Other Assets.....		(1,568)	5,039
42	Increase (Decrease) in Accounts Payable.....		(1,470)	761
43	Increase (Decrease) in Other Current Liabilities		(2,074)	(17,420)
44	Increase (Decrease) in Other Liabilities		4,593	4,662
45	Impairment Charges		71	0
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$33,088	\$38,305

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$14,735)	(\$20,007)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$14,735)	(\$20,007)
	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.

TROPICANA CASINO AND RESORT 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	275,511	\$39,579		
2	Food	126,311	3,904	319,372	\$7,183
3	Beverage	1,284,452	14,135	22,819	251
4	Travel			297	89
5	Bus Program Cash				
6	Promotional Gaming Credits	885,571	29,192		
7	Complimentary Cash Gifts	65,092	2,709		
8	Entertainment	7,960	346		
9	Retail & Non-Cash Gifts			157,480	3,909
10	Parking	308,679	5,061		
11	Other	93,912	(3,330)	356,835	(9,777)
12	Total	3,047,488	\$91,596	856,803	\$1,655

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	63,817	\$7,577		
2	Food	35,324	1,136	79,584	\$1,755
3	Beverage	283,577	3,108	5,931	65
4	Travel			120	36
5	Bus Program Cash				
6	Promotional Gaming Credits	186,631	6,557		
7	Complimentary Cash Gifts	14,666	549		
8	Entertainment	1,325	83		
9	Retail & Non-Cash Gifts			38,840	964
10	Parking	80,060	1,619		
11	Other	23,259	(881)	83,977	(2,314)
12	Total	688,659	\$19,748	208,452	\$506

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

TROPICANA CASINO AND RESORT 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.

4/1/2024

Date



Nicholas Capriotti

Regional VP of Finance

Title

10888-11

License Number

On Behalf of:

TROPICANA CASINO AND RESORT
Casino Licensee

TROPICANA ATLANTIC CITY CORP.
DBA TROPICANA CASINO AND RESORT
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 2023 AND 2022
(Unaudited)

1. Organization and Basis of Presentation

The accompanying financial statements include the accounts of Tropicana Atlantic City Corp. (the “Company”).

The Company operates Tropicana Atlantic City, a casino hotel in Atlantic City, New Jersey (the “Property”) and is a wholly owned subsidiary of Tropicana Entertainment, Inc. (“TEI”), which was a wholly owned subsidiary of Eldorado Resorts Inc. (“ERI”). On July 20, 2020, ERI completed a merger with Caesars Entertainment Corporation (“Former Caesars”), with Former Caesars surviving as a wholly-owned subsidiary of ERI. In connection with this merger, ERI converted into a Delaware corporation and changed its name to Caesars Entertainment, Inc. (“CEI”)

On March 8, 2010 (“the Acquisition Date”), the Tropicana Casino and Resort was acquired along with the other assets of Adamar of New Jersey, Inc. by TEI (“the Acquisition”). The newly acquired company was formed as Tropicana Atlantic City Corp, a New Jersey corporation. Tropicana Atlantic City Corp. formed a wholly owned subsidiary, Tropicana AC Sub Corp. (“TAC Sub”), a New Jersey corporation. The new corporations were formed in accordance with the terms of the Amended and Restated Purchase agreement that was approved by the United States Bankruptcy Court, District of New Jersey, on November 4, 2009 and the New Jersey Casino Control Commission (“NJCCC”) on November 19, 2009.

On April 15, 2018, TEI announced that it had entered into a definitive agreement with CEI, a Nevada corporation and GLP Capital, L.P., a Pennsylvania limited partnership (“GLPI”), pursuant to which TEI agreed to sell substantially all of its gaming and hotel operations to CEI and substantially all of its real estate assets to GLPI, for aggregate consideration of approximately \$1.9 billion. At the closing of the transaction on October 1, 2018 (“Merger Date”), a subsidiary of CEI merged into TEI and TEI became a wholly-owned subsidiary of CEI. Immediately prior to the merger, TEI sold its operations and subsidiaries located in Aruba, GLPI acquired substantially all of TEI’s real estate, and CEI acquired TEI’s operations and certain real estate. The real estate acquired by GLPI included the Company’s subsidiary, TAC Sub, and all of its assets, which consisted primarily of the land on which the Property is located. Substantially concurrently with the sale of the real estate portfolio to GLPI, CEI entered into a triple net master lease with GLPI (the “Master Lease”) (see Note 9, Other Liabilities).

Internet Gaming Permit/Sports Wagering License:

The Company holds a Sports Wagering License. The Internet Gaming Permit associated with the Company is held by Caesars Interactive Entertainment New Jersey, LLC, (CIENJ), the holder of a casino license and the internet gaming affiliate of Tropicana. Internet gaming and online sports wagering operations are conducted through CIENJ. There is no impact on the Company’s financial statements.

Internet Gaming Skins

One Internet Gaming skin, offered under the branded Caesars Sports Book and Casino (caesars.com/sportsbook-and-casino/nj) operates under the Internet gaming permit held by CIENJ, as the internet gaming affiliate of Tropicana. Internet gaming was first made available to the public on November 21, 2013 under the former Tropicana branded skin, now branded Caesars Sports Book and Casino. Effective 1/1/2022 Tropicana Internet Gaming activity is no longer reported on the Company’s financials. On April 5, 2023, Tropicana Online Casino relaunched providing an elevated customer experience. Revenues associated with Tropicana Online Casino are not reported on the Company’s financials.

Sports Wagering Skins

One online Sports Wagering skin, branded Caesars Sportsbook and Casino (caesars.com/sportsbook-and-casino/nj) operates under the Sports Wagering license of Tropicana and through its Internet gaming affiliate, CIENJ. Online Sports Wagering was first made available to the public under the former William Hill branded skin, now branded Caesars SportsBook and Casino on October 25, 2018. The Company does not report revenues or expenses associated with this online sports wagering operation and therefore there is no impact to the financial statements.

One Third-Party online Sports Wagering skin, Mojo, operates under casino licensee’s Sports Wagering License though its internet gaming affiliate, CIENJ. Mojo commenced operations on 9/19/2022. Casino licensee does not report revenues or expenses and therefore there is no impact to the financial statements.

TROPICANA ATLANTIC CITY CORP.
DBA TROPICANA CASINO AND RESORT
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 2023 AND 2022
(Unaudited)

Retail Sports Wagering Book:

Tropicana does not operate the Retail Sports Wagering Book. The Book is operated by William Hill New Jersey, Inc. (WHNJ), an affiliate of CIENJ and Tropicana. Casino licensee does not record revenue and expenses, nor does it share in profit and loss.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated in our financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, the estimated valuation allowance for deferred tax assets, certain tax liabilities, estimated cash flows in assessing the impairment of long-lived assets, intangible assets, New Jersey Casino Reinvestment Development Authority ("CRDA") investments, self-insured liability reserves, customer loyalty program reserves, contingencies, litigation, claims, assessments and loss contingencies. Actual results could differ from these estimates.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash, cash on hand in the casino cages, money market funds and highly liquid investments with original maturities of three months or less.

Pursuant to N.J.A.C. 13:69O-1.3(j) the Company maintained a separate New Jersey bank account to ensure security of funds held in patrons' internet gaming accounts. At December 31, 2022 the above-mentioned account balance was \$1.8 million which included patrons' deposits held in iGaming accounts, all of which is classified as restricted cash. As part of the movement of Internet Gaming to CIENJ, the cash and bank accounts that currently support iGaming were moved to CIENJ in Q2 2022. The remaining balances in the Company's iGaming accounts were transferred to the appropriate accounts at CIENJ in June 2023.

Receivables

Receivables consist primarily of casino, hotel and other receivables, net of an allowance for doubtful accounts. Receivables are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their expected realization, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Recoveries of accounts previously written off are recorded when received.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalent accounts maintained in financial institutions and accounts receivable. Bank accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 or with the Securities Investor Protection Corporation up to \$500,000. Concentration of credit risk, with respect to casino receivables, is limited through the Company's credit evaluation process. The Company issues markers to approved casino customers following credit checks and investigation of credit worthiness.

Inventories

Inventories are stated at the lower of average cost, using a first-in, first-out basis, or net realizable value. Inventories consist primarily of food and beverage and operating supplies.

Property and Equipment

At the Merger Date, the carrying value of property and equipment was restated to fair value using the market approach with subsequent acquisitions through December 31, 2023 recorded at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets or, for capital leases and leasehold improvements, over the shorter of the asset's useful life or the term of the lease. Gains or losses on disposals of assets are recognized as incurred. Costs of major improvements are capitalized, while costs of normal repairs and maintenance are expensed as

TROPICANA ATLANTIC CITY CORP.
DBA TROPICANA CASINO AND RESORT
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 2023 AND 2022
(Unaudited)

incurred.

The Company must make estimates and assumptions when accounting for capital expenditures. Whether an expenditure is considered a maintenance expense or a capital asset is a matter of judgment. In contrast to normal repair and maintenance costs that are expensed when incurred, items the Company classifies as maintenance capital are expenditures necessary to keep its existing properties at their current levels and are typically replacement items due to the normal wear and tear of its properties and equipment as a result of use and age. The Company's depreciation expense is highly dependent on the assumptions it makes about its assets' estimated useful lives. The Company determines the estimated useful lives based on its experience with similar assets, engineering studies and its estimate of the usage of the asset. Whenever events or circumstances occur that change the estimated useful life of an asset, the Company accounts for the change prospectively.

Estimated useful lives are 10 to 40 years for building and improvements and 3 to 20 years for equipment, furniture and fixtures.

CRDA Investment

The CRDA cash deposits are carried at fair value and are used to purchase CRDA bonds that carry below market interest rates unless an alternative investment is approved. An allowance is established by a charge to the statement of income as part of CRDA related income (expense). If the CRDA deposits are used to purchase CRDA bonds, the allowance is transferred to the bonds as a discount, which is amortized to interest income using the interest method. If the CRDA deposits are used to make other investments, the allowance is transferred to those investments. The CRDA bonds are classified as held-to-maturity securities and are carried at amortized cost less any adjustments for other than temporary impairments.

As a result of the NJ PILOT Law, which was enacted in May 2016, the portion of investment alternative tax payments made by casino operators which are deposited with the CRDA and which have not been pledged for the payment of bonds issued by the CRDA are allocated to the State of New Jersey for purposes of paying debt service on bonds previously issued by Atlantic City. That portion of the deposits which are allocated to the State of New Jersey are no longer recorded as an investment with a corresponding allowance, but are charged directly to expense.

Tenant Leasing Costs

Leasing costs associated with tenant leases are classified as a long-term asset as incurred and amortized evenly, as a reduction to rental income, over the related lease terms. Leasing costs consist primarily of incentives provided to tenants whereby the Company agrees to pay certain amounts toward tenant leasehold improvements or other tenant development costs. Leasing costs are included in other assets on the accompanying balance sheet.

Valuation of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances warrant such a review. The carrying value of a long-lived or amortizable intangible asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over fair market value of the net assets acquired in the merger transaction with CEI. Goodwill and indefinite-lived intangible assets must be reviewed for impairment at least annually and between annual test dates in certain circumstances.

Indefinite-lived intangible assets consist of the fair value of gaming licenses and trademarks as of the Merger Date. Indefinite-lived intangible assets are not subject to amortization but are subject to an annual impairment test. If the carrying amount of an indefinite-lived intangible assets exceeds its fair value, an impairment loss is recognized in an amount equal to that excess amount.

The Company's definite life intangible assets include customer lists and favorable lease agreements. Intangible assets with a definite life are amortized over their useful life, which is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Management periodically assesses the amortization period of intangible assets with definite lives based upon estimated future cash flows from related operations.

TROPICANA ATLANTIC CITY CORP.
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NOTES TO FINANCIAL STATEMENTS
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Financing Obligation with GLPI

Substantially, concurrently with the consummation of the sale on October 1, 2018 of TEI's real estate assets to GLPI, TEI and the Company entered into the Master Lease with GLPI. The Master Lease was evaluated as a sale-leaseback of real estate; however, based on certain forms of continuing involvement in the leased assets, the Master Lease did not qualify for sale-leaseback accounting, and was accounted for as a financing obligation. Under a failed sale-leaseback transaction, the real estate assets generally remain on the balance sheet at their historical net book value and are depreciated over their remaining useful lives with a failed sale-leaseback financing obligation recognized for the proceeds received. However, in the absence of cash proceeds, the value of the failed sale-leaseback financing obligations recognized is determined to be the fair value of the leased real estate assets. As a result, the Company calculated a financing obligation at the inception of the Master Lease based on the fair value of the real estate assets subject to the Master Lease (see Note 9, Other Liabilities).

As described above, for the failed sale-leaseback transaction, the Company continues to recognize the real estate assets on the balance sheets, as if the Company were the legal owner, and the Company continues to recognize depreciation expense over the estimated useful lives. We do not recognize rent expense related to these leased assets, rather we have recorded a liability for the failed sale-leaseback obligation and the minimum lease payments are recognized as interest expense. In the initial periods, cash payments are less than the interest expense recognized in the statement of income, which causes the failed sale-leaseback obligation to increase during the initial years of the lease term (see Note 9, Other Liabilities).

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.

Our Caesars Rewards loyalty program includes various tiers that offer different benefits, and members can earn credits towards tier status, which generally enables them to receive discounts similar to those provided as complementaries 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.

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Complimentaries

The Company offers discretionary coupons and other discretionary complimentaries to customers outside of the loyalty program. The retail value of complimentary food, beverage, hotel rooms and other services provided to customers is recognized as a reduction to the revenues for the department which issued the complimentary and a credit to the revenue for the department redeemed. Complimentaries provided by third parties at the discretion and under the control of the Company are recorded as an expense when incurred.

The Company's revenues included complimentaries and loyalty point redemptions totaling \$91.6 million and \$90.1 million, for the twelve months ended December 31, 2023 and 2022, respectively.

Casino Revenue

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 Revenue

Hotel, food and beverage, and other operating revenues are recognized as services are performed and is the net amount collected from the customer for such goods and services. Hotel, food and beverage services have been determined to be separate, stand-alone performance obligations and are recorded as revenue as the good or service is transferred to the customer over the customer's stay at the hotel or when the delivery is made for the food and beverage. Advance deposits for future hotel occupancy, convention space or food and beverage services contracts are recorded as deferred income until the revenue recognition criteria has been met. The Company also provides goods and services that may include multiple performance obligations, such as for packages, for which revenues are allocated on a pro rata basis based on each service's stand-alone selling price.

Advertising Costs

The Company expenses advertising costs as incurred or the first time the advertising takes place. Advertising expense is generally recognized in general and administrative expense on the accompanying statements of income and totaled \$1.0 million and \$1.0 million for the twelve months ended December 31, 2023 and 2022, respectively.

Reclassifications

Certain reclassifications of prior period presentations have been made to conform to the current period presentation.

Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

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3. Property and Equipment

Property and Equipment consist of the following (in thousands):

	December 31, 2023	December 31, 2022
Non-Master Lease:		
Building and improvements	39,018	30,048
Furniture, fixtures and equipment	86,286	79,263
Construction in progress	1,863	4,003
	<u>127,167</u>	<u>113,314</u>
Less: accumulated depreciation and amortization	<u>(76,838)</u>	<u>(64,347)</u>
	50,329	48,967
 Master Lease:		
Land and land improvements	129,000	129,000
Building and improvements	301,100	301,100
	<u>430,100</u>	<u>430,100</u>
Less: accumulated depreciation and amortization	<u>(45,293)</u>	<u>(36,694)</u>
	384,807	393,406
Total property and equipment	<u><u>\$ 435,136</u></u>	<u><u>\$ 442,373</u></u>

Depreciation expense related to property and equipment was \$21.6 million and \$21.6 million for the twelve months ended December 31, 2023 and 2022 respectively.

4. Other Current Assets

Other current assets consist of the following (in thousands):

	December 31, 2023	December 31, 2022
Prepaid taxes and licenses.....	\$ 460	\$ 534
Prepaid contracts.....	351	318
Prepaid marketing.....	312	365
Other.....	57	165
Total other current assets	<u><u>\$ 1,180</u></u>	<u><u>\$ 1,382</u></u>

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5. Investments, Advances and Receivables

Investments, advances and receivables consist of the following (in thousands):

	December 31, 2023	December 31, 2022
CRDA bonds and deposits, net	\$ 2,013	\$ 2,670
Related party receivables:		
Due from Eldorado Resorts Inc.	306,504	279,870
	<u>\$ 308,517</u>	<u>\$ 282,540</u>

CRDA Investments

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues and 2.5% on IGaming gross revenue in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues and 5% on IGaming gross revenue. The Company may satisfy 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 may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. According to the Casino Control Act, funds on deposit with the CRDA are invested by the CRDA and the resulting income is shared two-thirds to the casino licensee and one-third to the CRDA. Further, the Casino Control Act requires that CRDA bonds be issued at statutory rates established at two-thirds of market value.

The CRDA bonds have various contractual maturities that range up to 40 years. Actual maturities may differ from contractual maturities because of prepayment rights. The Company treats CRDA bonds 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. As such, the CRDA bonds are initially recorded at a discount in order to approximate fair value.

After the initial determination of fair value, the Company analyzes the CRDA bonds for recoverability on a quarterly basis based on management's historical collection experience and other information received from the CRDA. If indications exist that the CRDA bond is not fully recoverable, additional valuation allowances are recorded. As a result of this analysis, the Company wrote off \$448 for the twelve months ended December 31, 2023.

Funds on deposit with the CRDA are held in an interest bearing account by the CRDA. Interest is earned at the stated rate that approximates two-thirds of the current market rate for similar assets. The Company records charges to expense to reflect the lower return on investment and records the deposit at fair value on the date the deposit obligation arises.

As a result of the NJ PILOT Law, which was enacted in May 2016 (see further discussion in Note 10, Commitments and Contingencies, *NJ PILOT Law*), the portion of investment alternative tax payments made by casino operators which are deposited with the CRDA and which have not been pledged for the payment of bonds issued by the CRDA will be allocated to the State of New Jersey for purposes of paying debt service on bonds previously issued by Atlantic City. That portion of the deposits which will be allocated to the State of New Jersey are no longer recorded as an investment with a corresponding valuation allowance, but are charged directly to expense. During the twelve months ended December 31, 2023 and 2022, the Company recorded expense of \$2.8 million and \$3.1 million, respectively, representing that portion of investment alternative tax payments that are allocated to the State of New Jersey under the NJ PILOT Law and have no future value to the Company. This expense is included in CRDA Related Income/(Expense) – Net on the accompanying statements of income.

Related Party Transactions

The Company participates with Caesars and other Caesars subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by Caesars on a company-wide basis. The Company believes that participating in these consolidated programs is beneficial in comparison to the cost and terms for similar programs that it could negotiate on a standalone basis.

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

Administrative and Other Services - Pursuant to a shared services agreement, Caesars Enterprise Services ("CES") provides certain corporate and administrative services provided by corporate personnel. The Company was charged \$12.5 million and \$14.4 million for these services for the twelve months ended December 31, 2023 and 2022. The fee is included in charges from affiliates in the accompanying statements of income.

6. Other Assets

Other assets consist of the following (in thousands):	December 31, 2023	December 31, 2022
Goodwill.....	\$ 102,966	\$ 102,966
Intangible asset – gaming licenses.....	1,068	1,068
Intangible asset – trade names.....	27,000	27,000
Intangible asset – player loyalty programs/customer list.....	30,200	30,200
Long term notes receivable.....	-	3,848
Long term deposits and other assets.....	8,353	2,540
	<u>169,587</u>	<u>167,622</u>
Less: accumulated amortization – player loyalty programs/customer list...	<u>(30,200)</u>	<u>(30,200)</u>
Other assets.....	<u>\$ 139,387</u>	<u>\$ 137,422</u>

Goodwill represents the excess of the purchase price over the fair market value of the assets acquired resulting from the acquisition of the Company on the Merger Date.

Gaming licenses, trade names and player loyalty programs at December 31, 2023 represent the fair value of intangible assets acquired resulting from the acquisition of the Company on the Merger Date.

7. Other Accrued Expenses

Other accrued expenses consist of the following (in thousands):	December 31, 2023	December 31, 2022
Accrued payroll, taxes and benefits.....	\$ 6,229	\$ 6,430
Accrued taxes.....	2,490	3,506
Accrued interest.....	3,328	3,236
Accrued utilities.....	1,115	1,603
Accrued gaming expenses.....	1,036	1,135
Accrued retainage.....	61	1,054
Accrued settlements.....	1,100	-
Other.....	661	701
Total other accrued expenses.....	<u>\$ 16,020</u>	<u>\$ 17,665</u>

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8. Other Current Liabilities

Other current liabilities consist of the following (in thousands):

	December 31,	December 31,
	2023	2022
Unredeemed Chip Liability.....	\$ 2,532	\$ 2,318
Other Accrued A/P.....	583	607
Accrued CRDA.....	690	685
Deferred Income.....	1,625	1,772
Other.....	1,018	1,495
Total Other Current Liabilities.....	<u>\$ 6,448</u>	<u>\$ 6,877</u>

9. Other Liabilities

Other liabilities at December 31, 2023 and 2022, include \$450.1 million and \$445.4 million respectively, for that portion of the Master Lease allocated to the Company based on the fair value of the leased assets attributable to the Company.

CEI's Master Lease with GLPI is accounted for as a failed sale-leaseback financing obligation equal to the fair value of the leased real estate assets. Under the terms of the Master Lease, and based on certain prohibited forms of continuing involvement in the leased assets, the Master Lease did not qualify for sale-leaseback accounting and was accounted for as a financing obligation.

When cash proceeds are exchanged, a failed sale-leaseback financing obligation is equal to the proceeds received for the assets that are sold and then leased back. However, in the absence of cash proceeds, the value of the failed sale-leaseback financing obligations recognized in this transaction was determined to be the fair value of the leased real estate assets. In subsequent periods, a portion of the periodic lease payment under the Master Lease will be recognized as interest expense with the remainder of the lease payment reducing the failed sale-leaseback financing obligation using the effective interest method. However, the failed sale-leaseback obligations will not be reduced to less than the net book value of the leased real estate assets as of the end of the lease term.

The fair value of the real estate assets and the related failed sale-leaseback financing obligations were estimated based on the present value of the estimated future lease payments over the lease term of 35 years, including renewal options, using an imputed discount rate of approximately 10.2%. The value of the failed sale-leaseback financing obligations is dependent upon assumptions regarding the amount of the lease payments and the estimated discount rate of the lease payments required by a market participant.

The Master Lease provides for the lease of land, buildings, structures and other improvements on the land, easements and similar appurtenances to the land and improvements relating to the operation of the leased properties. The Master Lease provides for an initial term of fifteen years with no purchase option. At CEI's option, the Master Lease may be extended for up to four five-year renewal terms beyond the initial 15-year term. If CEI elects to renew the term of the Master Lease, the renewal will be effective as to all, but not less than all, of the leased property then subject to the Master Lease. CEI does not have the ability to terminate its obligations under the Master Lease prior to its expiration without GLPI's consent.

The total rent payable under the Master Lease is comprised of "Base Rent" and "Percentage Rent." Base rent is the sum of:

- Building Base Rent: a fixed component equal, in the aggregate, to \$60.9 million during the first year of the Master Lease, and thereafter escalated annually by 2%, subject to a cap that would cause the preceding year's adjusted revenue to rent ratio for the properties in the aggregate not to fall below 1.20:1.00 for the first five years of the Master Lease and 1.80:1.00 thereafter, plus
- Land Base Rent: an additional fixed component equal, in the aggregate, to \$13.4 million, subject to adjustment in the event of the termination of the Master Lease with respect to any of the leased properties.

The Percentage Rent payable under the Master Lease is adjusted every two years based on the actual net revenues of the leased properties during the two-year period then ended. The initial variable rent percentage, which is fixed for the first two years, is \$13.4 million per year. The actual percentage increase is based on actual performance and is subject to change.

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Under the Master Lease, CEI is required to pay the following, among other things: lease payments to the underlying ground lessor for properties that are subject to ground leases, facility maintenance costs, all insurance premiums for insurance with respect to the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor) and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

Interest expense under the Master Lease for the twelve months ended December 31, 2023 and 2022 recognized by the Company, was \$43.7 million and \$43.2 million respectively. For the initial periods of the Master Lease, cash payments are less than the interest expense recognized, which causes the failed sale-leaseback obligation to increase during the initial years of the lease term.

The Master Lease contains certain covenants, including minimum capital improvement expenditures. The payment of all monetary obligations under the Master Lease is guaranteed by CEI.

10. Commitments and Contingencies

Licensing

On November 10, 2010, the Company was granted its plenary casino license by the New Jersey Casino Control Commission. In accordance with N.J.S.A. 5:12-87.1, which requires casino licensees to resubmit information to the New Jersey Division of Gaming Enforcement ("NJDE") every five (5) years in connection with continuation of its casino license, on March 10, 2016, the Division found that the Company continued to meet the statutory requirements of N.J.S.A. 5:12-84 and 85 for retention of its casino license.

New Jersey Gross Casino Revenue Tax and Casino Investment Alternative Tax

The State of New Jersey imposes annual taxes as follows: 8% for gross casino revenue; 15% for IGaming gross revenue; 8.5% for on-site sports wagering gross revenue; 13% for on-line sports wagering gross revenue; plus 1.25% additional tax for all sports wagering gross revenue. Casino license holders or IGaming permit holders are required to remit an additional 1.25% of gross casino revenue and 2.5% of IGaming gross revenue for CRDA investment obligations. 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 against the 8% Gross Revenue Tax. The future credit to be applied to Gross Revenue Tax for the Company was \$2,617 and expired in February 2023.

NJ PILOT Law

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 \$9.6 million and \$9.0 million for the twelve months ended December 31, 2023 and 2022, respectively. In addition, the NJ PILOT Law required the casinos to pay \$5 million from 2019 thru 2023, to a Separate State Fund for Atlantic City fiscal relief. The company expensed \$0.5 million and \$0.5 million for the twelve months ended December 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 million. In addition, the bill also extended the Separate State Payment 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 amendment 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, the Court granted a motion to extend the stay an additional 120 days. Should the Upper Court

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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. In April 2023 the Superior Court of New Jersey Appellate Division granted the motion for an indefinite stay.

Other

On January 18, 2022, the Governor of New Jersey signed the Atlantic City Occupancy Surcharge Bill. The bill, effective March 1, 2022, imposed a \$2.00 per day surcharge on each occupied hotel room, other than rooms used as a place of assembly, in a casino hotel located in Atlantic City. The surcharge is due on both cash and complimentary occupancies. The surcharge and associated sales/luxury tax will be a “pass-thru” to the guest and will not have an effect on EBITDA. Funds collected pursuant to the Surcharge will be used to fund appropriations for public safety services.

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter-claim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters, and the Company's legal posture can be successfully defended or satisfactorily settled without material adverse effect on its financial position, results of operations or cash flows.

11. Leases

The Company's management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use (“ROU”) of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Company's leases, management uses the Company's incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain the Company will exercise such options. Lease expense for operating leases with minimum lease payments is recognized on a straight-line basis over the expected lease term.

The Company's lease arrangements have lease and non-lease components. For leases in which the Company is the lessee, the Company accounts for the lease components and non-lease components as a single lease component for all classes of underlying assets. Leases, in which the Company is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately, which is consistent with the Company's historical accounting. Leases with an expected or initial term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The Company has operating and finance leases for various real estate and equipment. Certain of the Company's lease agreements include rental payments based on a percentage of sales over specified contractual amounts, rental payments adjusted periodically for inflation and rental payments based on usage. The Company's leases include options to extend the lease term one month to 60 years. Except for the GLPI Master Lease (see Note 9), the Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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Leases recorded on the balance sheet consist of the following (in thousands):

Leases	Classification on the Balance Sheet	December 31, 2023	December 31, 2022
ASSETS			
Operating lease ROU assets	Other assets	\$ 39	\$ 68
Finance lease ROU assets	Property and equipment, net ⁽¹⁾	\$ 384,807	\$ 393,406
LIABILITIES			
Current:			
Operating	Other Current Liabilities	\$ 39	\$ 33
Noncurrent:			
Finance	Long-term financing obligation to GLPI and debt	\$ 450,095	\$ 445,456

- ⁽¹⁾ Finance lease ROU assets are recorded net of accumulated depreciation of \$45.3 million and \$36.7 million as of December 31, 2023 and 2022 respectively.

Other information related to lease terms and discount rates are as follows:

	December 31, 2023	December 31, 2022
Weighted Average Remaining Lease Term		
Finance leases	34.25 years	35.25 years
Weighted Average Discount Rate		
Finance leases	9.7%	9.7%

The components of lease expense are as follows (in thousands):

	Classification on the Income Statement	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating lease expense:			
Operating lease expense	Operating expenses	\$ 35	\$ -
Short-term and variable lease expense	Operating expenses	3,371	3,967
Finance lease expense:			
Interest expense on lease liabilities	Interest expense, net	43,740	43,159
Amortization of ROU assets	Depreciation and amortization expense	8,599	8,599
Total lease expense		\$ 55,745	\$ 55,725

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Supplemental cash flow information related to leases is as follows (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ -	\$ -
Operating cash flows for finance leases	\$ 38,917	\$ 38,567

Maturities of lease liabilities are summarized as follows (in thousands):

	Finance Leases
Year ending December 31,	
2024	39,307
2025	39,810
2026	40,340
2027	40,935
2028	41,542
Thereafter	1,581,616
Total future minimum lease payments	1,783,550
Less: amount representing interest	(1,462,655)
Present value of future minimum lease payments	320,895
Less: current lease obligations	—
Plus: residual values - GLPI	129,200
Long-term lease obligations	<u>\$ 450,095</u>

12. Fair Value

The carrying values of the Company's cash and cash equivalents, restricted cash, receivables and accounts payable approximate fair value because of the short-term maturities of these instruments. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including its own data.

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The following table presents a summary of fair value measurements by level for certain assets measured at fair value on a recurring basis included in the accompanying balance sheets at December 31, 2023 and December 31, 2022 (in thousands):

	Input Levels for Fair Value Measurements		
	Level 1	Level 2	Level 3
<u>December 31, 2023</u>			
Assets:			
CRDA deposits, net	\$ —	\$ —	\$ 450
<u>December 31, 2022</u>			
Assets:			
CRDA deposits, net	\$ —	\$ —	\$ 450

Funds on deposit with the CRDA are held in an interest bearing account by the CRDA. Interest is earned at the stated rate that approximates two-thirds of the current market rate for similar assets. The Company records charges to expense to reflect the lower return on investment and records the deposit at fair value. The fair value of the CRDA deposits, classified in the fair value hierarchy as Level 3, are estimated using valuation allowances calculated based on market rates for similar assets and other information received from the CRDA. See Note 5 - Investments for more detail related to the CRDA deposits.

	For the Years Ended December 31,	
	2023	2022
	(in thousands)	
Beginning balance.....	\$ 450	\$ 450
Realized or unrealized losses	-	-
Additional CRDA deposits	-	-
Purchases of CRDA investments	-	-
Ending balance.....	<u>\$ 450</u>	<u>\$ 450</u>

Losses are recognized in general and administrative expense included in the accompanying statements of income. There were no transfers between fair value levels for the years ended December 31, 2023 and 2022.

CRDA Bonds

The Company's CRDA bonds are classified as held-to-maturity since the Company has the ability and intent to hold these bonds to maturity. Under the CRDA, the Company is not permitted to do otherwise. The CRDA Bonds are initially recorded at a discount to approximate fair value. After the initial determination of fair value, the company will analyze the CRDA bonds quarterly for recoverability based on management's historical collection experience and other information received from the CRDA. If indications exist that the CRDA bond is impaired, additional valuation allowances will be recorded. The fair value of the Company's CRDA bonds are considered a Level 3 fair value measurement. The CRDA bonds carrying value as of December 31, 2023 and 2022 net of the unamortized discount and valuation allowance was \$1.6 million and \$2.2 million, respectively, which approximates fair value. See Note 5 - Investments for more detail related to the CRDA bonds.

13. Employee Benefit Plans

Variable Annuity Pension Plan

In connection with the collective bargaining agreement and related settlement agreement that was executed in May 2014 between

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NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 2023 AND 2022
(Unaudited)

the Company and UNITE HERE Local 54 (“Local 54”), the parties agreed that the Company would establish a Variable Annuity Pension Plan (“VAPP”), a defined benefit pension plan, for certain Local 54 employees.

Contributions to the VAPP under the current collective bargaining agreements are calculated at \$1.93 per straight time hour paid to employees covered by the agreement.

The components of the net periodic benefit cost relating to the VAPP consist of the following (in thousands):

	Twelve months ended December 31,	
	2023	2022
Service costs.....	\$ 1,549	\$ 2,220
Interest costs.....	793	621
Expected return on plan assets	(990)	(1,040)
Amortization of net (gain) loss.....	(347)	-
Net periodic benefit cost.....	<u>\$ 1,005</u>	<u>\$ 1,801</u>

Net periodic benefit costs are reported in the various operating departments in the accompanying statement of income for the twelve months ended December 31, 2023 and 2022.

The change in the projected benefit obligation, change in plan asset and funded status is as follows (in thousands):

	Twelve months ended December 31,	
	2023	2022
Change in benefit obligations		
Projected benefit obligation, beginning of period	\$ 14,899	\$ 21,295
Service and interest cost during period.....	2,341	2,841
Benefit payments during the period.....	(244)	(171)
Expenses during the period.....	(538)	(385)
Actuarial loss (gain).....	2,749	(8,681)
Projected benefit obligation, end of period	<u>\$ 19,207</u>	<u>\$ 14,899</u>
Change in plan assets:		
Fair value of plan assets, beginning of period	\$ 19,992	\$ 20,938
Return on plan assets during period.....	1,985	(2,161)
Benefit payments during period.....	(244)	(171)
Expenses during period	(538)	(385)
Employer contributions	2,026	1,771
Fair value of plan assets, end of period	<u>\$ 23,221</u>	<u>\$ 19,992</u>
Funded status at end of period	<u>\$ 4,014</u>	<u>\$ 5,093</u>

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(Unaudited)**

Future estimated expected benefit payments for 2024 through 2033 are as follows (in thousands):

	Expected Benefit Payments
2024.....	\$ 524
2025.....	615
2026.....	683
2027.....	793
2028.....	911
2029 through 2033	6,644
	<u>\$ 10,170</u>

The Company's net periodic pension cost for the year ended December 31, 2024 is expected to be approximately \$1.4 million.

14. Other Non-Operating Income (Expense), net

Non-operating income (expense), net for the twelve months ended December 31, 2023 and 2022 consisted of the following (in thousands):

	Twelve months ended December 31,	
	2023	2022
Interest income.....	\$ 469	\$ 360
Gain / (Loss) on asset disposal	18	36
Pre-Opening Costs	(719)	(303)
Project write downs	-	109
	<u>\$ (232)</u>	<u>\$202</u>

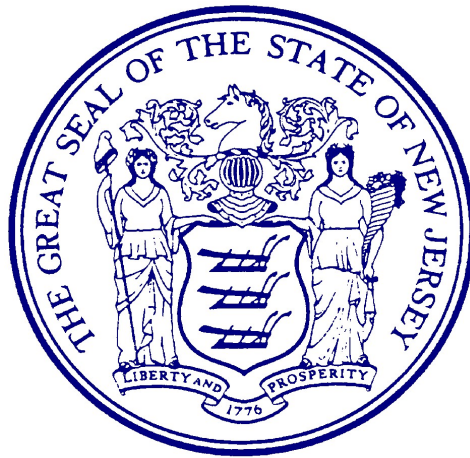
15. Subsequent Events

The Company evaluated subsequent events through April 1, 2024, the date the financial statements were available to be issued, and all applicable disclosures have been made throughout the footnotes.

**TROPICANA CASINO AND RESORT
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**

TROPICANA CASINO AND RESORT
ANNUAL STATEMENT OF SLOT MACHINE,
TABLE GAME & OTHER GAMES WIN
FOR THE YEAR ENDED 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)
Table and Other Games:					
1	Blackjack	28	\$ 14,915,900	\$ 90,296,476	16.5%
2	Craps	5	4,355,470	27,971,994	15.6%
3	Roulette	15	7,993,953	37,779,235	21.2%
4	Big Six	1	425,833	1,101,000	38.7%
5	Baccarat	0	0	0	0.0%
6	Minibaccarat	17	9,320,860	69,518,567	13.4%
7	Other Games - (DGE-301B)	21	11,788,576	43,070,578	27.4%
8	Subtotal - Table and Other Games	87	\$ 48,800,592	\$ 269,737,850	18.1%
9	Poker	18	2,109,021		
10	Total - Table and Other Games	105	\$ 50,909,613		

Slot Machines:					
11	\$.01 and .02 Slot Machines	943	\$ 88,696,416	\$ 743,855,641	11.9%
12	\$.05 Slot Machines	10	698,496	11,855,790	5.9%
13	\$.25 Slot Machines	40	3,156,555	50,113,974	6.3%
14	\$.50 Slot Machines	16	1,949,019	36,705,523	5.3%
15	\$ 1.00 Slot Machines	147	18,725,252	272,516,419	6.9%
16	\$ 5.00 Slot Machines	24	3,206,365	47,158,872	6.8%
17	\$ 25.00 Slot Machines	15	588,206	17,467,925	3.4%
18	\$100.00 Slot Machines	3	122,780	5,099,600	2.4%
19	Multi-denominational Slot Machines	382	72,099,466	747,326,412	9.6%
20	Other Slot Machines	6	396,267	3,850,703	10.3%
21	Total - Slot Machines	1,586	\$ 189,638,822	\$1,935,950,859	9.8%
22	Total Casino Win		\$ 240,548,435		

**TROPICANA CASINO AND RESORT
DETAIL SCHEDULE OF OTHER GAMES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Line (a)	Type of Game (b)	Authorized Units (c)	Win or (Loss) (d)	Drop (e)	Win or (Loss) Percentage (f)
1	Red Dog	0	-	-	
2	Sic Bo	0	-	-	
3	Pai Gow Poker	1	612,531	2,380,052	25.7%
4	Pai Gow	2	(49,787)	362,791	-13.7%
7	Keno	0	-	-	
8	Caribbean Stud Poker	0	-	-	
9	Let it Ride Poker	2	877,783	3,152,688	27.8%
12	Three Card Poker	6	3,848,732	12,358,626	31.1%
16	Casino War	0	-	-	
18	Spanish 21	3	1,496,535	7,591,139	19.7%
30	Double Attack Blackjack		-	-	
33	Four Card Poker	2	1,194,386	4,825,666	24.8%
39	Texas Hold 'Em Bonus Poker	1	65,739	128,171	51.3%
41	Flop Poker	0	-	-	
43	Ultimate Texas Hold 'Em	1	1,269,771	4,939,856	25.7%
44	Asia Poker	0	-	-	
45	Winner's Pot Poker	0	-	-	
47	Mississippi Stud	1	402,802	1,204,124	33.5%
48	Mini-Tex 3 Card Hold'Em	0	-	-	
49	Supreme Pai Gow	0	-	-	
50	Triple Attack Blackjack	0	-	-	
51	High Roll Dice	0	-	-	
52	Boston 7 Stud Poker	0	-	-	
53	Electronic Table Games	0	-	-	
54	5 Card Hi-Lo	0	-	-	
55	Lunar Poker	0	-	-	
56	Hold'Em 3 Bonus	0	-	-	
57	Switch Hands Blackjack	0	-	-	
58	Criss Cross Poker	1	1,154,819	2,530,106	45.6%
59	High Card Flush	1	915,265	3,597,359	25.4%
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	Cashless Craps				
68	Face Pai Gow				
69	Pai Gow Tiles				
	Total	21	\$ 11,788,576	\$ 43,070,578	27.4%

TROPICANA CASINO AND RESORT
ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED 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.....	\$2,248		
2	Returned Patrons' Checks.....	1,707		
3	Total Patrons' Checks.....	3,955	\$1,627	\$2,328
4	Hotel Receivables.....	3,637	459	3,178
	Other Receivables:			
5	Receivables Due from Officers and Employees.....	-		
6	Receivables Due from Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	10,830		
8	Total Other Receivables.....	10,830	71	10,759
9	Totals (Form DGE-205).....	\$18,422	\$2,157	\$16,265

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$1,788
11	Counter Checks Issued.....	63,032
12	Checks Redeemed Prior to Deposit.....	(46,913)
13	Checks Collected Through Deposits.....	(15,659)
14	Checks Transferred to Returned Checks.....	
15	Other Adjustments.....	
16	Ending Balance.....	\$2,248
17	"Hold" Checks Included in Balance on Line 16.....	
18	Provision for Uncollectible Patrons' Checks.....	\$29
19	Provision as a Percent of Counter Checks Issued.....	0.0%

TROPICANA CASINO AND RESORT

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	415			
2	Slot Machines	52			
3	Administration	0			
4	Casino Accounting	65			
5	Simulcasting	0			
6	Other	0			
7	Total - Casino	532	\$11,633		\$11,633
8	ROOMS	384	16,911		16,911
9	FOOD AND BEVERAGE	473	13,302		13,302
10	GUEST ENTERTAINMENT	167	1,416		1,416
11	MARKETING	66	2,917		2,917
12	OPERATION AND MAINTENANCE	187	6,325		6,325
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	4	697		697
14	Accounting and Auditing	14	1,097		1,097
15	Security	150	6,301		6,301
16	Other Administrative and General	57	2,059		2,059
	OTHER OPERATED DEPARTMENTS:				
17	Transportation	46	1,476		1,476
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	2,080	\$64,134	\$0	\$64,134