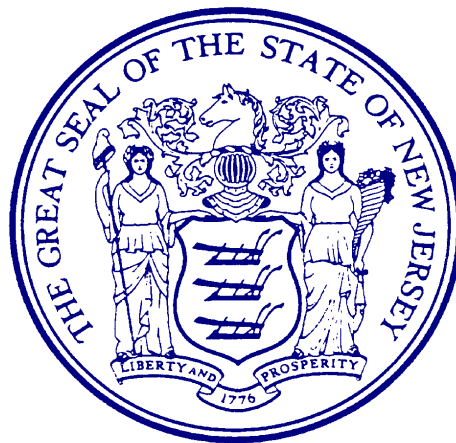


OCEAN CASINO RESORT HOLDINGS, LLC
QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2024

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



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

OCEAN CASINO RESORT HOLDINGS, LLC

BALANCE SHEETS

AS OF SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$58,272	\$75,356
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2024, \$8,331; 2023, \$4,902).....	2, 4	28,178	25,994
4	Inventories	2	5,935	5,833
5	Other Current Assets.....	5	18,970	14,322
6	Total Current Assets.....		111,355	121,505
7	Investments, Advances, and Receivables.....			
8	Property and Equipment - Gross.....	2, 6	517,505	466,623
9	Less: Accumulated Depreciation and Amortization.....	2, 6	(136,502)	(102,996)
10	Property and Equipment - Net.....		381,003	363,627
11	Other Assets.....		1,989	1,688
12	Total Assets.....		\$494,347	\$486,820
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$13,592	\$13,159
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	9	7,500	0
17	Income Taxes Payable and Accrued.....		0	1,710
18	Other Accrued Expenses.....	7	33,465	27,209
19	Other Current Liabilities.....	8	33,470	31,233
20	Total Current Liabilities.....		88,027	73,311
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....	9	160,763	170,937
23	Deferred Credits		0	0
24	Other Liabilities.....	2	5,175	4,178
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		253,965	248,426
27	Stockholders', Partners', or Proprietor's Equity.....		240,382	238,394
28	Total Liabilities and Equity.....		\$494,347	\$486,820

*Amounts indicated with an asterick have been restated to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

OCEAN CASINO RESORT HOLDINGS, LLC

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	Revenue:			
1	Casino.....	2	\$159,320	\$166,283
2	Rooms.....	2	118,774	116,531
3	Food and Beverage.....	2	63,415	62,889
4	Other.....	2	35,828	26,350
5	Net Revenue.....	2	377,337	372,053
	Costs and Expenses:			
6	Casino.....		78,607	73,816
7	Rooms, Food and Beverage.....		101,132	98,761
8	General, Administrative and Other.....		121,190	108,851
9	Total Costs and Expenses.....		300,929	281,428
10	Gross Operating Profit.....		76,408	90,625
11	Depreciation and Amortization.....	2	25,694	24,287
	Charges from Affiliates Other than Interest:			
12	Management Fees.....	11	450	450
13	Other.....		0	0
14	Income (Loss) from Operations.....		50,264	65,888
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....	9	(11,910)	(12,000)
17	CRDA Related Income (Expense) - Net.....	2, 10	(4,312)	(4,271)
18	Nonoperating Income (Expense) - Net.....		339	621
19	Total Other Income (Expenses).....		(15,883)	(15,650)
20	Income (Loss) Before Taxes		34,381	50,238
21	Provision (Credit) for Income Taxes.....	2	3,214	5,777
22	Net Income (Loss).....		\$31,167	\$44,461

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

OCEAN CASINO RESORT HOLDINGS, LLC

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	Revenue:			
1	Casino.....	2	\$45,413	\$52,681
2	Rooms.....	2	53,199	55,627
3	Food and Beverage.....	2	25,985	26,942
4	Other.....	2	22,398	14,039
5	Net Revenue.....	2	146,995	149,289
	Costs and Expenses:			
6	Casino.....		25,709	26,657
7	Rooms, Food and Beverage.....		38,398	37,982
8	General, Administrative and Other.....		46,407	41,602
9	Total Costs and Expenses.....		110,514	106,241
10	Gross Operating Profit.....		36,481	43,048
11	Depreciation and Amortization.....	2	9,363	7,997
	Charges from Affiliates Other than Interest:			
12	Management Fees.....	11	150	150
13	Other.....			
14	Income (Loss) from Operations.....		26,968	34,901
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....	9	(3,644)	(4,239)
17	CRDA Related Income (Expense) - Net.....	2, 10	(1,479)	(1,608)
18	Nonoperating Income (Expense) - Net.....		260	39
19	Total Other Income (Expenses).....		(4,863)	(5,808)
20	Income (Loss) Before Taxes		22,105	29,093
21	Provision (Credit) for Income Taxes.....	2	2,412	3,345
22	Net Income (Loss).....		\$19,693	\$25,748

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

OCEAN CASINO RESORT HOLDINGS, LLC

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	Other (e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2022.....		\$204,864	\$4,069	\$0	\$208,933
2	Net Income (Loss) - 2023.....			38,123		38,123
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....	11	(15,000)			(15,000)
6	Prior Period Adjustments.....					0
7						0
8						0
9						0
10	Balance, December 31, 2023.....		189,864	42,192	0	232,056
11	Net Income (Loss) - 2024.....			31,167		31,167
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....	11	(22,841)			(22,841)
15	Prior Period Adjustments.....					0
16						0
17						0
18						0
19	Balance, September 30, 2024.....		\$167,023	\$73,359	\$0	\$240,382

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

OCEAN CASINO RESORT HOLDINGS, LLC

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		\$35,202	\$72,605
	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.....		(45,075)	(43,795)
5	Proceeds from Disposition of Property and Equipment.....		13	0
6	CRDA Obligations		0	0
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10			0	0
11			0	0
12	Net Cash Provided (Used) By Investing Activities.....		(45,062)	(43,795)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt.....		0	(2,500)
15	Proceeds from Long-Term Debt	1, 9	172,000	6,158
16	Costs of Issuing Debt.....	1, 9	(2,380)	0
17	Payments to Settle Long-Term Debt.....	1, 9	(173,758)	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.....	11	(22,841)	(15,000) *
21	Capital Lease Obligations and Other Payments		0	(15)
22			0	0 *
23	Net Cash Provided (Used) By Financing Activities.....		(26,979)	(11,357)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(36,839)	17,453
25	Cash and Cash Equivalents at Beginning of Period.....		95,111	57,903
26	Cash and Cash Equivalents at End of Period.....	2	\$58,272	\$75,356
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$10,358	\$9,391
28	Income Taxes.....		\$6,626	\$3,100

*Amounts indicated with an asterick have been restated to conform to the current presentation.

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

OCEAN CASINO RESORT HOLDINGS, LLC

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$31,167	\$44,461
30	Depreciation and Amortization of Property and Equipment...	2	25,634	24,208
31	Amortization of Other Assets.....		60	79
32	Amortization of Debt Discount or Premium.....	9	1,258	616
33	Deferred Income Taxes - Current	2	(3,412)	2,677
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		10	213
36	(Gain) Loss on CRDA-Related Obligations.....		0	0
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		5,651	(5,964)
39	(Increase) Decrease in Inventories		142	(151)
40	(Increase) Decrease in Other Current Assets.....		(7,938)	(1,167) *
41	(Increase) Decrease in Other Assets.....		(215)	(943) *
42	Increase (Decrease) in Accounts Payable.....		801	2,108
43	Increase (Decrease) in Other Current Liabilities		(13,628)	6,991
44	Increase (Decrease) in Other Liabilities		(4,328)	(523)
45		0	0
46		0	0
47	Net Cash Provided (Used) By Operating Activities.....		\$35,202	\$72,605

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$45,075)	(\$43,795)
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$45,075)	(\$43,795)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$0	\$0
52	Goodwill Acquired.....		0	0
53	Other Assets Acquired - net		0	0
54	Long-Term Debt Assumed.....		0	0
55	Issuance of Stock or Capital Invested.....		0	0
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

*Amounts indicated with an asterick have been restated to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

OCEAN CASINO RESORT HOLDINGS, LLC

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(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	296,880	\$76,972		
2	Food	157,940	7,897	31,250	625
3	Beverage	1,760,750	7,043	0	0
4	Travel	0	0	7,327	1,099
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	2,059,600	51,490	0	0
7	Complimentary Cash Gifts	275,800	6,895	0	0
8	Entertainment	25,240	1,262	2,980	149
9	Retail & Non-Cash Gifts	28,320	708	148,180	7,409
10	Parking	833,400	4,167	406,600	1,701
11	Other	329,000	3,290	51,500	515
12	Total	5,766,930	\$159,724	647,837	\$11,498

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	116,036	\$35,984	0	\$0
2	Food	61,820	3,091	11,850	237
3	Beverage	666,500	2,666	0	0
4	Travel	0	0	2,613	392
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	760,920	19,023	0	0
7	Complimentary Cash Gifts	74,880	1,872	0	0
8	Entertainment	17,380	869	1,180	59
9	Retail & Non-Cash Gifts	10,960	274	54,740	2,737
10	Parking	292,800	1,464	112,400	562
11	Other	19,800	200	20,900	208
12	Total	2,021,096	\$65,443	203,683	\$4,195

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

OCEAN CASINO RESORT HOLDINGS, LLC

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED SEPTEMBER 30, 2024

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.

11/14/2024

Date



Daniel McFadden

Vice President of Finance

Title

7167-11

License Number

On Behalf of:

OCEAN CASINO RESORT HOLDINGS, LLC

Casino Licensee

OCEAN CASINO RESORT HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(dollars in thousands)

NOTE 1 - NATURE OF BUSINESS

Organization and Operations

Ten RE ACNJ, LLC ("Ten RE") was formed on December 15, 2016 to acquire, renovate, develop, own, and operate a casino and hotel property. Pursuant to restructuring transactions on November 24, 2021 (the "2021 Transactions"), Ten RE formed Ocean Casino Resort Holdings, LLC, a Delaware limited liability company ("OCRH" or the "Company") and contributed all of its outstanding equity interests of AC Beachfront, LLC to the Company, which assumed Ten RE liabilities. In addition, the Ilitch Organization ("Ilitch"), through various subsidiaries, invested cash for a 50% ownership of the Company. As a result of these transactions, Luxor Capital Group, LP ("Luxor"), a New York City based investment manager, who was the previous majority owner of Ten RE since 2019, along with others, own the remaining 50%.

OCRH is the sole member of:

- AC Beachfront, LLC, which is a single member LLC formed in Delaware on October 31, 2017 to hold the NJ operating entity for the casino and hotel operations.

AC Beachfront, LLC is the sole member of:

- ACOWRE, LLC, which is a single member LLC formed in Delaware on October 31, 2017 to own the real property of the casino and hotel; and
- ACOWMGR, LLC, which is a single member LLC formed in Delaware on October 31, 2017 to manage AC Ocean Walk, LLC.

Together, AC Beachfront, LLC and ACOWMGR, LLC own 100% of:

- AC Ocean Walk, LLC, which is a multi-member LLC formed in New Jersey on August 2, 2017 to hold the NJ Casino license and conduct operations of the casino and hotel. The casino and hotel operate on 20 acres of ocean-front property in Atlantic City, New Jersey with over 6.4 million square feet of building space and officially opened for business on June 25, 2018 as Ocean Casino Resort ("Ocean"). Ocean features approximately 1,860 rooms, including high end suites, a variety of fine dining and casual restaurants, approximately 1,848 slot machines, 133 table games, a sportsbook, multiple entertainment venues and various other amenities. Ocean derives its revenues primarily from casino operations, rooms sales, food and beverage revenues, and entertainment ticket sales.

OCRH, together with AC Beachfront, LLC, ACOWRE, LLC, ACOWMGR, LLC, and AC Ocean Walk, LLC, are herein referred to as the "Company".

Joint Venture – Blue Ocean Waters

In April 2018, AC Ocean Walk, LLC entered into a partnership agreement with Blue Ocean Waters, LLC, a related party, (the "Joint Venture") to operate the Day Club and the Night Club located at Ocean. The term of the agreement was initially to be ten (10) years and had included a Blue Ocean Waters, LLC option to extend for five (5) additional years. The two parties had shared equally in the adjusted income/loss of the operations, until the agreement was terminated pursuant to the Chancery Court's decision in January 2023, retroactively to October 10, 2020. The Day Club and Night Club continue to be operated by the Company. The January 2023 ruling was appealed and in May 2024, a decision was made by the Superior Court of New Jersey, Appellate Division, which changed the effective date of the partnership termination from October 2020 to January 2023. The potential impact to the Financial Statements due to this date change, along with the Company's damages claim against Blue Ocean Waters, LLC, is currently under review. The impact of the Joint Venture was not material to the accompanying consolidated financial statements.

OCEAN CASINO RESORT HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(dollars in thousands)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which requires the use of estimates and assumptions that affect certain reported amounts and disclosures at the date of the accompanying consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes the estimates and assumptions are appropriate, however, actual results could differ from those estimates.

The accompanying consolidated financial statements include the accounts of the Company as of and for the three months and nine months ended September 30, 2024 and 2023. These financial statements should be read in conjunction with the financial statements and notes included in the Company's December 31, 2023 Quarterly Report as filed with the Division of Gaming Enforcement of the State of New Jersey.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of OCRH and its subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

Certain reclassifications of prior year balances have been made to conform with the current year presentation.

Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand at the property, cash in bank, and certificates of deposits with high quality financial institutions.

As of September 30, 2024 and 2023, Cash and Cash Equivalents consist of the following:

	2024	2023
Restricted cash	\$ 9,189	\$ 9,827
Unrestricted cash and cash equivalents	49,083	65,529
Total cash and cash equivalents	\$ 58,272	75,356

The Company maintains amounts to satisfy certain deposit and contractual requirements. Also, pursuant to N.J.A.C. 13:690-1.3(j), the Company maintains separate New Jersey bank accounts to ensure security of funds held in all patrons' online gaming ("iGaming") accounts held under the Company's Internet Gaming Permit and Sports Wagering license. Customer deposits related to the Company's *BETOCEAN.COM* website are classified as restricted cash and other current liabilities in the accompanying consolidated financial statements. In addition, all cash amounts held by the Company related to third party internet gaming and sports wagering agreements are classified in the same fashion.

Receivables and Allowance for Doubtful Accounts

Receivables consist primarily of casino, hotel, and other receivables, net of an allowance for doubtful accounts. Concentration of credit risk, with respect to gaming receivables, is limited through the Company's credit evaluation process. Upon request, the Company extends short-term credit on a discretionary basis to certain casino customers following an investigation of their creditworthiness. Economic conditions, business conditions or other significant events could impact the collectability of these receivables. Such credit is typically non-interest bearing and due on demand. In addition, the Company has receivables due from hotel guests, which are primarily secured with a credit card at the time that the customer checks in.

OCEAN CASINO RESORT HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(dollars in thousands)

Accounts receivables are stated at the amount management expects to collect from outstanding balances. The Company uses a forward-looking current expected credit loss model based upon historical data to determine collectability and record its allowance for doubtful accounts. The allowance for doubtful accounts at September 30, 2024 and 2023, was \$8,331 and \$4,902, respectively. Balances that are deemed uncollectible, after management has used all reasonable collection efforts, are written off against the valuation allowance. Recoveries of accounts previously written off are recorded when received.

Inventories

Inventories consists of food, beverages, linen, uniforms, retail merchandise, gift cards, general supplies, china and glass, and fuel/oil inventory. The values are stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis. As of September 30, 2024 and 2023, inventory was valued at \$5,935 and \$5,833, respectively.

Property and Equipment

Additions, improvements, and expenditures for repairs and maintenance that significantly extend the life of an asset are capitalized and stated at cost, net of accumulated depreciation. Other expenditures for routine repairs and maintenance are charged directly to expense when incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets as follows:

Land improvements	3 through 40 years
Building and building improvements	5 through 40 years
Furniture, fixtures and equipment	3 through 10 years

Depreciation expense related to property and equipment amounted to \$25,634 and \$24,208 for the nine months ended September 30, 2024 and 2023, respectively.

The Company evaluates property and equipment and other long-lived assets for impairment in accordance with GAAP. For assets to be held and used, the Company reviews such assets whenever indicators of impairment exist. If an indicator of impairment exists, the Company compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no adjustment is recorded. If the undiscounted cash flows do not exceed the carrying value, the impairment is measured based on fair value compared to the carrying value, with fair value typically based on a discounted cash flow model or market equivalents, when available. For the nine months ended September 30, 2024 and 2023, there were no impairment charges recognized.

Fair Value of Financial Instruments

The Company applies the following fair value hierarchy, which prioritizes the inputs utilized to measure fair value into three levels:

- Level 1 – Quoted prices for identical assets or liabilities in active markets;
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets or valuations based on models where the significant inputs are observable or can be corroborated by observable market data; and
- Level 3 – Valuations based on models where the significant inputs are unobservable. The unobservable inputs reflect the Company's estimates or assumptions that market participants would utilize in pricing such assets or liabilities.

The Company's assessment of the significance of a particular input requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy.

The carrying amount of cash and cash equivalents, restricted cash, receivables, accounts payable, and loans from financial institutions approximate the fair value. The estimated fair value of the Company's interest rate cap agreement as of

OCEAN CASINO RESORT HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(dollars in thousands)

September 30, 2023 was \$862 and was recorded in other current assets on the Company's balance sheet. This was a Level 2 investment and expired on December 15, 2023 in accordance with its terms.

Revenues

Revenues from contracts with customers consist of casino revenues, non-gaming revenues and other revenues as follows:

Casino Revenues

The majority of the Company's revenues are derived from gaming activities. The Company's casino revenues include land-based gaming and online gaming as follows:

- Land-based gaming revenues represent the difference between customer amounts wagered and amounts won, less certain sales incentives and other adjustments related to their gaming play. Gaming contracts include a performance obligation to honor the patron's wager and typically include a performance obligation to provide a product or service to the patron on a complimentary basis to incentivize gaming or in exchange for points earned under the Company's loyalty program.
- Online gaming is available through the Company's website (BETOCEAN.COM). The Company has a contract with a third party, which delivers, monitors and services the hardware platform and data warehouse through which the activities are conducted. Online gaming revenue represents net win from online gaming activity, which is the difference between wins and losses, less promotional offers related to a patron's level of play.
- Effective September 5, 2024, a third party runs our retail sports book. Up until September 5, 2024, revenues generated from the Company's retail sports book were included in Casino Revenues and represented the difference between amounts wagered and amounts won by patrons.

After allocation to the other revenue types for products and services provided to patrons as part of a wagering contract, the residual amount is recorded to casino revenue as soon as the wager is settled. As all wagers have similar characteristics, the Company accounts for its gaming contracts collectively on a portfolio basis versus an individual basis.

Rooms, Food and Beverage Revenues

Revenues from hotel and other services are recognized as follows:

- Hotel revenue recognition criteria are met at the time of occupancy.
- Convention revenue is recognized when the related service is rendered, or the event is held.
- Food and beverage revenue recognition criteria are met at the time of service.

Revenues from contracts with a combination of these services are allocated pro-rata based on each service's relative stand-alone selling price.

Deposits for future hotel occupancy, convention space or food and beverage services contracts are recorded as deferred revenue until the revenue recognition criteria are met. Cancellation fees for hotel, convention space and food and beverage services are recognized upon cancellation by the customer and are then included in revenues.

Other Revenues

Other revenues are recognized as follows:

- The Company recognizes revenues pursuant to agreements with third parties who operate online sports wagering and online gaming platforms under Ocean's Casino License. Any advance payments received have been recorded within Other Current Liabilities and Other Liabilities in the accompanying Balance Sheets and will be amortized according to the terms of the respective agreements.
- Rental revenues from retail tenants are recognized monthly over the terms of the related leases.
- Entertainment revenue is recognized at the completion of the event.

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- Revenues such as cash services commissions and parking revenues are recorded when the applicable services are rendered.

Complimentaries

As part of our normal business operations, we provide lodging, transportation, food and beverage, entertainment and other goods and services to our casino customers at no additional charge. Such complimentaries are provided in conjunction with other gaming revenue earning activities and are generally provided to encourage additional customer spending on those activities. Accordingly, we record the transaction price to the respective revenue type of the complimentary goods and services based on the average cash sales prices received for similar services.

The retail value of lodging, food, beverage, and other services provided to patrons without charge is included as a reduction to Casino revenues in the accompanying consolidated statements of income. The estimated costs of providing such promotional allowances are included in Rooms, Food & Beverage and General, Administrative and Other expenses in the accompanying consolidated statements of income. Complimentary products or services provided under the Company's control and discretion, which are supplied by third parties, are recorded as an operating expense. Cash discounts based upon a negotiated amount with certain patrons are recognized as a reduction to revenue on the date the related revenue is recorded. Customer loyalty program awards earned by patrons are accrued as the patron earns the points and recorded as a reduction to Casino revenues in the accompanying consolidated statements of income.

The Company offers other incentive programs. These programs include gift giveaways and other promotional programs. Management elects the type of gift and the person to whom it will be offered. Since these awards are not cash awards and are discretionary in nature, the Company includes such awards within General, Administrative and Other expenses in the accompanying consolidated statements of income. Such amounts are expensed on the date the awards are provided to the patron.

Loyalty Program

For wagering contracts that include products and services provided to a patron in exchange for points earned under the Company's loyalty program, the Company allocates the estimated fair value of the points earned to the loyalty program liability. The loyalty program liability is a deferral of revenue until redemption occurs. Upon redemption of loyalty program points for Company-owned products and services, the stand-alone selling price of each product or service is allocated to the respective revenue type. For redemptions of points with third parties, the redemption amount is deducted from the loyalty program liability and paid directly to the third party.

Gaming Taxes

The Company is subject to gaming tax assessments as follows:

- 8.0% of land-based gross gaming revenues
- 15.0% of online gaming gross revenues
- 8.5% of land-based sports wagering
- 13.0% of online sports wagering

Gaming taxes related to gaming gross revenues are recorded within Casino expenses in the accompanying consolidated statements of income. These taxes amounted to \$8,084 and \$8,750 for the three months ended September 30, 2024 and 2023, respectively, and \$23,879 and \$23,419 for the nine months ended September 30, 2024 and 2023, respectively.

CRDA Obligations

Pursuant to the New Jersey Casino Control Act ("Casino Control Act"), and the agreement dated June 28, 2018 between AC Ocean Walk, LLC and the Casino Reinvestment Development Authority ("CRDA"), the Company, as a casino licensee, is assessed an amount equal to 1.25% of its land-based gross gaming revenues and 2.5% of its online gaming gross revenues.

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The Company is required to make quarterly payments to the CRDA to satisfy these obligations. These obligations, also known as Investment Alternative Tax ("IAT"), are further discussed in Note 10, under NJ Pilot Law. The Company recognized CRDA fees totaling \$1,479 and \$1,608 for the three months ended September 30, 2024 and 2023, respectively and \$4,312 and \$4,271 for the nine months ended September 30, 2024 and 2023, respectively.

Advertising Costs

The Company expenses advertising production costs as they are incurred, and advertising communication costs the first time the advertising takes place. Advertising costs totaled \$2,694 and \$2,455 for the three months ended September 30, 2024 and 2023, respectively, and \$6,875 and \$6,316 for the nine months ended September 30, 2024 and 2023, respectively.

Income Taxes

The Company is treated as a partnership for federal income tax purposes as provided in the Internal Revenue Code. As such, the Company's income or loss are passed through to the members and reported on their individual federal income tax returns. Under the New Jersey Casino Control Act, casino licensees are required to file New Jersey Consolidated Corporation Business Tax ("CBT") returns, and the Company is subject to New Jersey State income taxes. For the nine months ended September 30, 2024 and 2023, the Company recognized \$3,214 and \$5,777, respectively, of current state income tax expense.

Management has evaluated uncertain tax positions taken by the Company. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service or other taxing authority. The Company has recognized no interest or penalties related to uncertain tax positions.

NOTE 3 – INTERNET GAMING AND SPORTS WAGERING

The Company holds both an internet gaming permit and a sports wagering license. As the holder of each, the Company is permitted to operate up to five internet gaming websites and three individually branded sports wagering websites ("Skins"). These Skins may be operated by the Company or leased to a third party.

As of September 30, 2024, the Company has four internet gaming Skins and two sports wagering Skins in use, as follows:

- the Company utilizes one of the internet gaming Skins to operate its own branded site ("BETOCEAN.COM"). The revenue derived from this website are reflected in Casino Revenue on the accompanying Statements of Income, with associated expenses included in Casino expense. This website commenced operations in June 2018;
- the Company entered into an agreement with GW Sports Inc, ("Parx") in 2019 to operate an internet gaming Skin. The Parx Skin commenced operations in October 2019. This agreement calls for a percentage of revenue derived from the operation of the Skin to be paid to the Company, with a minimum annual revenue guarantee. All revenue recognized by the Company from the operation of the Parx Skin is included in Other Revenue on the accompanying Statements of Income;
- the Company entered into an agreement with Tipico Services, LTD ("Tipico") in 2019 to operate both internet gaming and sports wagering Skins. The Tipico Skin for sports wagering commenced operations in October 2020. The Tipico Skin for internet gaming commenced operations in October 2021. This agreement calls for a percentage of revenue derived from the operation of both Skins to be paid to the Company, with a minimum annual revenue guarantee. In addition, an initial access fee was paid by Tipico to the Company, which is recognized as revenue over the term of the agreement with Tipico. All revenue recognized by the Company from the operation of the Tipico Skins is included in Other Revenue on the accompanying Statements of Income.

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In June 2024, Tipico announced that it had entered into an agreement to sell its product and technology platform and that they will wind down their US operations. As such, we reached an agreement with Tipico in July to terminate the 2019 agreement with their settlement payment paid to the Company in the third quarter of 2024. The proceeds received by the Company have been recorded to Other Revenue in the accompanying Statements of Income.

- the Company contracted with Playstar NJ, LLC ("Playstar") in 2021 to operate an internet gaming website. The Playstar website commenced operations in August 2022. This agreement calls for a percentage of revenue derived from the operation of the Skin to be paid to the Company, with a minimum annual revenue guarantee. In addition, an initial access fee was paid by Playstar to the Company, which is recognized as revenue over the term of the agreement. All revenue recognized by the Company from the operation of the Playstar Skin is included in Other Revenue on the accompanying Statements of Income.
- the Company contracted with Out the Gate, Inc. ("OTG") in 2021 to operate an internet a sports wagering Skin. The OTG Skin commenced operations in March 2024. This agreement calls for a percentage of revenue derived from the operation of the Skin to be paid to the Company, with a minimum annual revenue guarantee. In addition, an initial access fee was paid by OTG to the Company, which is recognized as revenue over the term of the agreement. All revenue recognized by the Company from the operation of the OTG Skin is included in Other Revenue on the accompanying Statements of Income.
- through September 5, 2024, the Company operated a retail sports wagering lounge named "The Gallery". Revenue generated from sports wagering activity at The Gallery was included in Casino Revenue on the accompanying Statements of Income, with associated expenses included in Casino expense. On August 21, 2024, we signed a Retail Sports Betting Agreement related to our existing Sportsbook. The Term is 3 years from the opening date of September 5, 2024, which was the date the room re-opened under the new brand. All revenues received by the Company related to the Retail Sports Betting Agreement are included in Other Revenue on the accompanying Statements of Income.

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

	September 30,	
	2024	2023
Casino receivables (net of allowance for doubtful accounts – 2024, \$8,316 and 2023, \$4,879)	\$ 25,375	\$ 19,716
Other (net of allowance for doubtful accounts – 2024, \$15 and 2023, \$23)	2,803	6,278
Receivables and patrons' checks, net	\$ 28,178	\$ 25,994

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NOTE 5 – OTHER CURRENT ASSETS

Other Current Assets consist of the following:

	September 30,	
	2024	2023
Prepaid insurance	\$ 6,409	\$ 4,303
CRDA Project Grant Agreement	3,279	2,375
Prepaid advertising and marketing	1,636	1,029
Prepaid entertainment	1,412	920
Prepaid income tax	1,534	-
Prepaid service contracts	1,219	1,108
Prepaid taxes and licenses	1,017	1,914
Fair value of interest rate cap	-	862
Other	2,464	1,811
Total	\$ 18,970	\$ 14,322

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following:

	September 30,	
	2024	2023
Land and land improvements	\$ 37,731	\$ 37,731
Building and building improvements	318,924	307,521
Furniture and fixtures	146,148	112,563
Construction-in-progress	14,702	8,808
Total property and equipment	517,505	466,623
Less: accumulated depreciation and amortization	(136,502)	(102,996)
Property and equipment, net	\$ 381,003	\$ 363,627

NOTE 7 – OTHER ACCRUED EXPENSES

Other Accrued Expenses consist of the following:

	September 30,	
	2024	2023
Accrued payroll and benefits	\$ 14,652	\$ 12,436
Accrued insurance reserves	6,149	4,682
Accrued taxes and fees	5,205	5,083
Parking fee agreement (Note 10)	2,396	1,154
Other	5,063	3,854
Total	\$ 33,465	\$ 27,209

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NOTE 8 – OTHER CURRENT LIABILITIES

Other Current Liabilities consists of the following:

	September 30,	
	2024	2023
I-Gaming player related liabilities	\$ 7,358	\$ 4,875
Customer loyalty programs	5,960	7,546
Advance deposits	5,892	3,849
Deferred revenue, current	5,447	3,253
Partnership distribution payable	4,800	4,800
Land based gaming related liabilities	3,803	6,555
Other	210	355
Total	\$ 33,470	\$ 31,233

NOTE 9 – DEBT

Debt consists of the following:

	September 30,	
	2024	2023
Term Loan: Interest - SOFR + 2.5%, due 2/27, net of unamortized loan costs of \$1,624 at September 30, 2024	\$ 146,501	\$ -
Revolver: Interest-SOFR + 2.25%, Due 2/27, net of unamortized loan costs of \$238 at September 30, 2024	21,762	-
First Mortgage Loan: Interest – SOFR + 3.895%, due 11/24, net of unamortized loan costs of \$946 at September 30, 2023	-	170,937
Total Debt	\$ 168,263	\$ 170,937
Less: current portion	(7,500)	-
Total Debt, net of current portion	\$ 160,763	\$ 170,937

2024 Refinancing

On February 14, 2024, the Company refinanced and replaced its First Mortgage Loan (the “2024 Refinancing”). As a result, the new debt consists of a \$150,000 senior secured term loan (“Term Loan”) and a \$25,000 senior secured revolving credit facility (“Revolver”), of which \$22,000 was drawn. As part of the 2024 Refinancing, the Company capitalized \$2,380 in deferred financing costs, with such amount to be amortized over the initial term of three years. Amortization expense of \$518 related to these fees was recorded for the nine months ended September 30, 2024.

Term Loan

The Term Loan has an interest rate of SOFR +2.50% and a three-year term which matures in February 2027. In addition, the Term Loan requires quarterly principal repayments of \$1,875 commencing July 1, 2024. During the three months ended September 30, 2024, the Company made a payment totaling \$1,875.

Revolver

The Revolver is a \$25,000 senior secured revolving credit facility, of which \$22,000 was drawn as of September 30, 2024. The Revolver has an interest rate of SOFR +2.25% with a three-year term which also matures in February 2027.

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First Mortgage Loan

Pursuant to the 2021 Transactions, the Company entered into the First Mortgage Loan agreement for up to \$185,000, of which the initial draw of \$90,000 was taken in 2021. The balance of the First Mortgage Loan was intended to be used for Lender-approved Project Costs. As of February 14, 2024, the Company had drawn \$81,883 of the balance available on the First Mortgage Loan to fund Project Costs, increasing the total outstanding under the First Mortgage Loan to \$171,883. The First Mortgage Loan required monthly payments of interest at a rate of the Secured Overnight Financing Rate ("SOFR") plus 3.895% over an initial term of three years, plus two one-year maturity extensions. The First Mortgage Loan was subject to various restrictive covenants and prepayment penalties. The First Mortgage Loan was collateralized by substantially all of the assets of the Company. Also, the Company was required to obtain and maintain protection with an interest rate cap at a strike of 3.5% throughout the term of the First Mortgage Loan. In addition, the Company capitalized \$2,467 in deferred financing costs during the year ended December 31, 2021, with such amount being amortized over the initial term of three years. Amortization expense of \$740 and \$616 related to these fees was recorded for the nine months ended September 30, 2024 and 2023, respectively.

As part of the 2024 Refinancing, the First Mortgage Loan was repaid in full and terminated.

Interest Rate Cap Agreements

As discussed above, the Company utilized an interest rate cap agreement to convert a portion of its interest rate exposure from floating rates to fixed rates to reduce its cash flow risk associated with the First Mortgage Loan. The cap agreement expired on December 15, 2023. The fair value of the cap agreement as of September 30, 2023 was \$862, and this amount was included in Other Current Assets in the accompanying balance sheets.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Licensing

The Company's operations are dependent upon obtaining and retaining continued licensing from the New Jersey gaming authorities. The inability to obtain a license or subsequent loss of a license could have a material adverse effect on future results of operations.

New Jersey Gross Casino Revenue Tax and Casino Investment Alternative Tax

The State of New Jersey imposes Gross Casino Revenue Taxes as follows: 8.0% for land-based gross gaming revenues; 15.0% for online gaming gross revenues; 8.5% for land-based sports betting gross revenues; and 13.0% for online sports betting gross revenues. Additionally, casino license holders or online gaming permit holders are required to remit additional Casino Investment Alternative Taxes of 1.25% for its land-based gross gaming revenues and sports betting combined gross revenues, and 2.5% of its online gaming gross revenues.

NJ PILOT Law

On May 27, 2016, New Jersey enacted the Casino Property Tax Stabilization Act (the "NJ PILOT Law") which exempted Atlantic City casino gaming properties from ad valorem property taxation in exchange for an agreement to make annual payments in lieu of tax payments ("PILOT Payments") to the City of Atlantic City. The NJ PILOT Law also made changes to the NJ Tourism District Law and redirected certain Investment Alternative Tax ("IAT") payments to assist in the stabilization of Atlantic City finances. Under the NJ PILOT Law, commencing in 2017 and for a period of ten (10) years, each Atlantic City casino gaming property (as defined in the NJ PILOT Law) is required to pay their prorated portion of an aggregate amount of PILOT Payments based on an equal weighted formula that includes the following criteria: the gross gaming revenues ("GGR") of the casino,

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the total number of hotel guest rooms and the geographic footprint of the real property owned by each casino gaming property.

In December 2021, the Governor of New Jersey signed a bill amending the PILOT legislation. The amendment eliminated internet gaming revenues from GGR used in determining the annual PILOT calculation and set the aggregate amount of 2022 PILOT payments at \$110,000. This amount will increase each year through 2026. The 2024 PILOT payments for the industry are expected to approximate \$115,000.

The Company recorded expense of \$3,048 and \$2,552 for the three months ended September 30, 2024 and 2023, respectively, and \$9,143 and \$7,654 for the nine months ended September 30, 2024 and 2023, respectively related to the PILOT. This expense is included in General, Administrative and Other expense on the accompanying Consolidated Income Statements.

In August 2022, a New Jersey Superior Court Judge struck down the bill passed in December 2021, which provided provisions to the casino industry in the calculation of total annual PILOT payments and the allocation by property. The State has appealed this ruling, and on January 11, 2023, was granted stay of any changes, pending appellate review. The appellate review is still pending.

In October 2024, the Appellate Division affirmed in part and remanded in part the decision of the Superior Court (Atlantic County). The Appellate Division affirmed the aspect of the judge's order finding the original act constitutional and reversed the judge's finding that the 2021 amendment was unconstitutional. Further, the Appellate Division also vacated the judge's order finding that Atlantic County had to be compensated based on its earlier settlement agreement and requiring the PILOT, for those purposes, to be calculated based on the formula in the original PILOT legislation (all Internet & Sports Revenue included). Finding an ambiguity in the 2019 settlement agreement on which the Atlantic County claims were based, the Appellate Division remanded the case for a new, full hearing on that issue. Further, the remand from the Appellate Division required the matter be reassigned to a different judge for disposition.

The NJ PILOT Law also provided for the abolishment, effective January 1, 2015, of the Atlantic City Alliance ("ACA"), which had been established in 2011 as a five-year public private partnership with the casinos in Atlantic City to market tourism in the city. The \$30,000 in ACA funds paid by the casinos for each of the years 2015 and 2016 under the Tourism District Law was redirected to the State of New Jersey for Atlantic City fiscal relief. Beginning with 2017, as part of the PILOT program with the State of New Jersey, the Atlantic City casino industry is required to provide \$15,000 in 2017, \$10,000 in 2018 and \$5,000 each year from 2019 through 2026, to a separate State fund for marketing initiatives aimed at growing tourism in the city. These payments are prorated among operating casino properties based on their share of the prior year's GGR. For the nine months ended September 30, 2024 and 2023, the Company expensed \$545 and \$480, respectively, related to this fund, and such amounts are included in General, Administrative and Other expenses in the accompanying consolidated statements of income.

In addition, the NJ PILOT Law also provides for IAT payments made by the casino operators since the effective date of the NJ PILOT Law, which were previously deposited with the CRDA and which have not been pledged for the payment of bonds issued by the CRDA, or any bonds issued to refund such bonds, to be allocated to the State of New Jersey for purposes of paying debt service on bonds previously issued by Atlantic City.

CRDA Project Grant Agreement

Pursuant to an agreement between AC Ocean Walk, LLC and the CRDA dated June 28, 2018 (the "Project Grant Agreement"), the Company is entitled to reimbursement of certain sales taxes and other fees incurred through January 2036. As of September 30, 2024 and 2023, such amounts totaling \$3,279 and \$2,375 are recorded within Other Current Assets in the accompanying consolidated balance sheet.

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Parking Fee Agreement

In connection with the purchase of the real property now known as Ocean by the Company on January 4, 2018, the Company is obligated to the previous owner of the asset for a fee per car parked in Ocean's parking garage. This agreement is for a term of ninety-nine (99) years, with liability for the fee to commence two years after the agreement date. The initial fee was one dollar and fifty cents per car parked, which began in year three of the agreement (2020), increasing to three dollars per car for years seven through nine (2024 through 2026), and then increasing to four dollars per car for each year thereafter. For the nine months ended September 30, 2024 and 2023, the Company recorded \$2,396 and \$1,154 related to this fee. The fee is paid annually in January for the preceding year. The fee is considered an addition to the purchase price of the property, is capitalized as incurred and depreciated accordingly.

Other

The Company is party to legal actions, various claims and complaints that arise in the normal course of business. It is management's belief that its defenses are substantial in each of these matters and the Company's position can be successfully defended or settled without material adverse effect on its financial position, results of operations, or cash flows.

NOTE 11 – RELATED PARTY TRANSACTIONS

Partnership Distributions

In 2022, in accordance with the Amended and Restated Limited Liability Company Agreement dated as of November 24, 2021 (the "LLC Agreement"), the Board of Managers of the Company approve certain tax and excess cash distributions to the partners. Amounts totaling \$22,841 were approved and paid during the nine months ending September 30, 2024. In addition, amounts totaling \$15,000 were approved and paid during the year ended December 31, 2023.

Management Agreement

On September 21, 2021, the NJCCC granted a CSIE license to OCRM, LLC (an affiliate of the Ilitch organization) and approved a Management Agreement between OCRM, LLC and AC Ocean Walk, LLC. The Management Agreement became effective on November 24, 2021. Under the Management Agreement, OCRM, LLC provides certain management services to the Company. The agreement calls for monthly payments of \$50 for management fees. For the nine months ended September 30, 2024 and 2023, the Company paid \$450 and \$450, respectively, under this agreement.

NOTE 12 – EMPLOYEE BENEFIT PLANS

401(k) Plan

The Company offers a defined contribution 401(k) plan to all employees who meet certain age and length of service requirements and who are not covered by a collective bargaining agreement. Plan participants can elect to defer up to the lesser of the Internal Revenue Code prescribed maximum amount or 100% of their income on a pre-tax basis. Such deferrals are regulated under Section 401(k) of the Internal Revenue Code. The plan allows for the Company to make an employer contribution on the employee's behalf at the Company's discretion. The Company recorded a \$535 and \$1,387 matching contribution expense during the three months and nine months ended September 30, 2024, respectively. The Company did not pay any matching contributions for the year ending December 31, 2023.

Multiemployer Pension Plans

Approximately 100 of the Company's trade workers, such as painters, carpenters and mechanics, are represented by collective bargaining agreements. The Company contributes to multiemployer defined benefit pension plans under the terms of these agreements. The Company is obligated to make defined contributions under these plans.

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Effective May 1, 2022, the Company reached agreement with Unite Here Local 54, for a collective bargaining agreement. This agreement covers approximately 1,200 hotel, food and beverage and other employees as of September 30, 2024. Contributions to the Unite Here retirement fund commenced effective June 1, 2022.

The significant risks of participating in multiemployer defined benefit plans include, but are not limited to, the following:

- If the Company elects to withdraw from participation in the multiemployer plans, the Company may be required to pay a withdrawal liability based on the underfunded status of the plans, as applicable.
- The Company may contribute assets for the benefit of its covered employees to the multiemployer plans, but the assets could be used to provide benefits to employees of other participating employers.
- The Company may be required to fund additional amounts if other participating employers stop contributing to the multiemployer plan.

Contributions, which are based on hours worked by covered employees, totaled \$1,614 and \$1,436 for the nine months ended September 30, 2024 and 2023, respectively. These contributions were not individually significant to any of the respective plans.

NOTE 13 – SUBSEQUENT EVENTS

In preparing the accompanying consolidated financial statements, the Company has reviewed, as determined necessary by the Company's management, events that have occurred after September 30, 2024 up to November 14, 2024, the date the financial statements were available for issuance, and we believe that the appropriate disclosures have been made throughout these footnotes.