BOARDWALK REGENCY CORPORATION
QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BOARDWALK REGENCY CORPORATION
BALANCE SHEETS

AS OF SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$13,460	$15,807
2	Short-Term Investments			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2014, $11,344 ; 2013, $11,402)	2 & 4	16,990	22,003
4	Inventories	2	430	388
5	Other Current Assets	5	8,223	7,708
6	Total Current Assets		39,103	45,906
7	Investments, Advances, and Receivables	6 & 12	17,969	494,651
8	Property and Equipment - Gross	2 & 7	63,037	862,116
9	Less: Accumulated Depreciation and Amortization	2 & 7	(4,015)	(217,315)
10	Property and Equipment - Net	2 & 7	59,022	644,801
11	Other Assets	2 & 8	129,243	96,045
12	Total Assets		$245,337	$1,281,403
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$6,381	$7,810
14	Notes Payable			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates			
16	External	10	1,987	1,493
17	Income Taxes Payable and Accrued	2		37
18	Other Accrued Expenses	9	309,090	266,130
19	Other Current Liabilities		4,223	3,989
20	Total Current Liabilities		321,681	279,459
	Long-Term Debt:			
21	Due to Affiliates	10	518,330	518,330
22	External	10	1,480	2,621
23	Deferred Credits	2		79,867
24	Other Liabilities	11	105	153,745
25	Commitments and Contingencies	12		
26	Total Liabilities		841,596	1,034,022
27	Stockholders', Partners', or Proprietor's Equity		(596,259)	247,381
28	Total Liabilities and Equity		$245,337	$1,281,403

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Amended 4/29/2015

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)	
	Revenue:				
1	Casino		$244,751	$255,142	
2	Rooms		27,619	28,779	
3	Food and Beverage		46,118	41,525	
4	Other		15,523	13,789	
5	Total Revenue		334,011	339,235	
6	Less: Promotional Allowances		101,631	87,299	
7	Net Revenue		232,380	251,936	
	Costs and Expenses:				
8	Casino		118,922	110,565	*
9	Rooms, Food and Beverage		14,272	15,613	*
10	General, Administrative and Other		56,675	63,379	*
11	Total Costs and Expenses		189,869	189,557	
12	Gross Operating Profit		42,511	62,379	
13	Depreciation and Amortization	2	4,182	30,762	
	Charges from Affiliates Other than Interest:				
14	Management Fees				
15	Other	3	19,612	19,172	
16	Income (Loss) from Operations		18,717	12,445	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	10	(33,043)	(33,044)	
18	Interest Expense - External	10	(74)	(123)	
19	CRDA Related Income (Expense) - Net	12	299	(2,112)	
20	Nonoperating Income (Expense) - Net		(380)	(1,437)	
21	Total Other Income (Expenses)		(33,198)	(36,716)	
22	Income (Loss) Before Taxes and Extraordinary Items		(14,481)	(24,271)	
23	Provision (Credit) for Income Taxes	2	(31,458)	(6,613)	
24	Income (Loss) Before Extraordinary Items		16,977	(17,658)	
25	Extraordinary Items (Net of Income Taxes - 20__, $0; 20__, $0)				
26	Net Income (Loss)		$16,977	($17,658)	

* These costs and expenses were reclassified.

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Amended 4/29/2015

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)	
	Revenue:				
1	Casino		$97,223	$95,956	
2	Rooms		10,473	11,232	
3	Food and Beverage		16,643	15,739	
4	Other		6,760	6,130	
5	Total Revenue		131,099	129,057	
6	Less: Promotional Allowances		39,330	35,088	
7	Net Revenue		91,769	93,969	
	Costs and Expenses:				
8	Casino		43,010	39,908	*
9	Rooms, Food and Beverage		5,456	5,984	*
10	General, Administrative and Other		22,500	22,046	*
11	Total Costs and Expenses		70,966	67,938	
12	Gross Operating Profit		20,803	26,031	
13	Depreciation and Amortization	2	(2,294)	9,248	
	Charges from Affiliates Other than Interest:				
14	Management Fees				
15	Other	3	7,540	6,523	
16	Income (Loss) from Operations		15,557	10,260	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	10	(11,014)	(11,015)	
18	Interest Expense - External	10	(19)	(31)	
19	CRDA Related Income (Expense) - Net	12	(112)	(126)	
20	Nonoperating Income (Expense) - Net		(51)	(962)	
21	Total Other Income (Expenses)		(11,196)	(12,134)	
22	Income (Loss) Before Taxes and Extraordinary Items		4,361	(1,874)	
23	Provision (Credit) for Income Taxes	2	1,546	(274)	
24	Income (Loss) Before Extraordinary Items		2,815	(1,600)	
25	Extraordinary Items (Net of Income Taxes - 20__, $_____; 20__, $________)				
26	Net Income (Loss)		$2,815	($1,600)	

* These costs and expenses were reclassified.

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2012..........**		100	$1,370			$915,830		($638,602)	$278,598
2	Net Income (Loss) - 2013.............								(484,891)	(484,891)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments..............									0
6	Equitization of Intercompany									0
7	Balances						(382,504)		(268)	(382,772)
8										0
9										0
10	**Balance, December 31, 2013..........**		100	1,370	0	0	533,326	0	(1,123,761)	(589,065)
11	Net Income (Loss) - 2014.............								16,977	16,977
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments..............									0
15	Equitization of Intercompany									0
16	Balances						(24,171)			(24,171)
17										0
18										0
19	**Balance, Septembere 30, 2014 ....**		100	$1,370	0	$0	$509,155	$0	($1,106,784)	($596,259)

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		$34,755	$59,794
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment		(13,885)	(9,747)
5	Proceeds from Disposition of Property and Equipment		34	205
6	CRDA Obligations		(2,871)	(2,855)
7	Other Investments, Loans and Advances made			
8	Proceeds from Other Investments, Loans, and Advances			34
9	Cash Outflows to Acquire Business Entities		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities		(16,722)	(12,363)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt			
15	Proceeds from Long-Term Debt		676	2,596
16	Costs of Issuing Debt			
17	Payments to Settle Long-Term Debt		(1,203)	(501)
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0
19	Purchases of Treasury Stock			
20	Payments of Dividends or Capital Withdrawals			
21	Borrowings/Payments of Intercompany Payable		(24,171)	(56,171)
22				
23	Net Cash Provided (Used) By Financing Activities		(24,698)	(54,076)
24	Net Increase (Decrease) in Cash and Cash Equivalents		(6,665)	(6,645)
25	Cash and Cash Equivalents at Beginning of Period		20,125	22,452
26	Cash and Cash Equivalents at End of Period		$13,460	$15,807

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$182	$135
28	Income Taxes			

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$16,977	($17,658)
30	Depreciation and Amortization of Property and Equipment		3,721	24,119
31	Amortization of Other Assets		461	6,643
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current			1,773
34	Deferred Income Taxes - Noncurrent		(20,606)	8,751
35	(Gain) Loss on Disposition of Property and Equipment		(22)	(158)
36	(Gain) Loss on CRDA-Related Obligations		1,761	1,809
37	(Gain) Loss from Other Investment Activities			349
38	(Increase) Decrease in Receivables and Patrons' Checks		5,605	386
39	(Increase) Decrease in Inventories		67	114
40	(Increase) Decrease in Other Current Assets		(2,216)	(139)
41	(Increase) Decrease in Other Assets		(266)	371
42	Increase (Decrease) in Accounts Payable		(2,501)	(775)
43	Increase (Decrease) in Other Current Liabilities		31,673	31,892
44	Increase (Decrease) in Other Liabilities		101	1,758
45				
46	Impairment of Assets			559
47	Net Cash Provided (Used) By Operating Activities		$34,755	$59,794

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($14,561)	($10,729)
49	Less: Capital Lease Obligations Incurred		676	982
50	Cash Outflows for Property and Equipment		($13,885)	($9,747)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired			
52	Goodwill Acquired			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

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

BOARDWALK REGENCY CORPORATION
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	388,180	$14,706		
2	Food	561,600	22,465		
3	Beverage	5,462,180	10,924		
4	Travel			109,452	3,688
5	Bus Program Cash	1,488	126		
6	Promotional Gaming Credits	622,527	32,508		
7	Complimentary Cash Gifts	78,893	16,188		
8	Entertainment	33,935	2,447	11,318	2,708
9	Retail & Non-Cash Gifts	49,291	986		
10	Parking				
11	Other	29,813	1,281	230,635	5,852
12	Total	7,227,907	$101,631	351,405	$12,248

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	143,892	$5,449		
2	Food	204,272	8,022		
3	Beverage	1,999,636	3,999		
4	Travel			38,984	1,374
5	Bus Program Cash	714	60		
6	Promotional Gaming Credits	300,668	13,355		
7	Complimentary Cash Gifts	27,216	6,022		
8	Entertainment	21,827	1,541	4,304	848
9	Retail & Non-Cash Gifts	18,315	366		
10	Parking				
11	Other	5,080	516	109,637	2,747
12	Total	2,721,620	$39,330	152,925	$4,969

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

BOARDWALK REGENCY CORPORATION
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

Karen Worman

11/17/2014	Karen Worman
Date	

Vice President of Finance
Title

006320-11
License Number

On Behalf of:

BOARDWALK REGENCY CORPORATION
Casino Licensee

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

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Boardwalk Regency Corporation (the “Company”), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. (“CNJ”), a New Jersey corporation. The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as “Caesars Atlantic City”. CNJ is a wholly owned subsidiary of Caesars World, Inc. (“CWI”), a Florida corporation, and CWI is a wholly owned subsidiary of Caesars Entertainment Operating Company, Inc. (“CEOC”) (formerly Harrah’s Operating Company), a direct wholly owned subsidiary of Caesars Entertainment, Inc. (“Caesars”) (formerly Harrah’s Entertainment Inc.).

The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The Company is licensed to operate the facility by the New Jersey Division of Gaming Enforcement, (the “DGE”) and is subject to rules and regulations established by the DGE. The Company’s license is subject to resubmission every five years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Inventories - Inventories of provisions and supplies are valued at the lower of average cost, or market.
Long-Lived Assets – The Company has significant capital invested in long-lived assets, and

(All dollar amounts in thousands)

judgments are made in determining the estimated useful lives of assets and salvage values and if or when an asset (or asset group) has been impaired. The accuracy of these estimates affects the amount of depreciation and amortization expense recognized in the Company's financial results and whether the Company has a gain or loss on the disposal of an asset. The Company assigns lives to its assets based on its standard policy, which is established by management as representative of the useful life of each category of asset.

The Company reviews the carrying value of its long-lived assets whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The Company typically estimates its fair value of assets starting with a "Replacement Cost New" approach and then deducting appropriate amounts for both functional and economic obsolescence to arrive at fair value estimates. Other factors considered by management in performing this assessment may include current operating results, trends, prospects, and third-party appraisals, as well as the effect of demand, competition, and other economic, legal, and regulatory factors. In estimating expected future cash flows for determining whether an asset is impaired, assets are grouped at the lowest level of identifiable cash flows. These analyses are sensitive to management assumptions and the estimates of the obsolescence factors, and changes in the assumptions and estimates, could have a material impact on the analysis and the supplemental consolidated financial statements schedules.

Additions to property and equipment are stated at cost. The Company capitalizes the costs of improvements that extend the life of the asset. The Company expenses maintenance and repair costs as incurred. Gains or losses on the disposition of property and equipment are recognized in the period of disposal. Interest expense is capitalized on internally constructed assets at the applicable weighted-average borrowing rates of interest. Capitalization of interest ceases when the project is substantially complete or construction activity is suspended for more than a brief period of time.

Useful Lives

Land improvements	12 years
Buildings	30 to 40 years
Leasehold improvements	5 to 15 years
Furniture, fixtures, and equipment	2.5 to 20 years

Intangible Assets Other Than Goodwill – Intangible assets other than goodwill represents the customer database with a gross carrying value of $3,737 and $106,200 as of September 30, 2014 and 2013, respectively, with accumulated amortization of $461 and $50,150 as of September 30, 2014 and 2013, respectively. The customer database was determined to have a 12 year life based upon attrition rates and computations of incremental value derived from existing relationships.

Impairment of Intangible Assets - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principle market or, if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as the "exit price"). Fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability, including consideration of nonperformance risk.

We assess the inputs used to measure fair value using the three-tier hierarchy promulgated under GAAP. This hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Inputs include quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly, including quoted prices for similar assets in active markets, quoted prices from identical or similar assets in inactive markets, and observable inputs such as interest rates and yield curves.

Level 3: Inputs that are significant to the measurement of fair value that are not observable in the market and include management's judgments about assumptions market participants would use in pricing the asset or liability (including assumptions about risk).

Our assessment of goodwill and other intangible assets for impairment includes an assessment using various Level 2 (EBITDA multiples and discount rate) and Level 3 (forecasted cash flows) inputs.

Investment in Atlantic City Express Service, LLC "ACES" – In 2006, Caesars Atlantic City and Harrah's Atlantic City together with one other Atlantic City casino (the "Members") entered into an agreement to form Atlantic City Express Service, LLC ("ACES"). The Members each had a 33% interest, this New Jersey limited liability company was formed for the purpose of contracting with New Jersey Transit to operate express rail service between Manhattan, New York, and Atlantic City. ACES suspended services during 2011 and the joint venture agreement terminated, which forced a liquidation of the joint venture's assets. In 2013, the Members each received $39 in final settlement of the remaining assets.

Fair Value of Financial Instruments - The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. After giving effect to their allowances, the Casino Reinvestment Development Authority ("CRDA") bonds and deposits approximately reflect their fair value based upon their below-market interest rates.

Revenue Recognition - Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Food and beverage, rooms, and other operating revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer. Sales taxes and other taxes collected from customers on behalf of governmental authorities are accounted for on a net basis and are not included in net revenues or operating expenses.

Total Rewards Program Liability — Caesars' customer loyalty program, Total Rewards, offers incentives to customers who gamble at the Company's property and certain affiliate casinos throughout the United States. Under the program, customers are able to accumulate, or bank, reward credits over time that they may redeem at their discretion under the terms of the program. The reward credit balance will be forfeited if the customer does not earn a reward credit over the prior six-month period. As a result of the ability of the customer to bank the reward credits, the Company accrues the expense of reward credits, after consideration of estimated forfeitures referred to as "breakage", as they are earned. The estimated cost to provide reward credits is expensed as the reward credits are earned and is included in casino expense in the accompanying consolidated statements of operations. To arrive at the estimated cost associated with reward credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which reward credits will be redeemed. The Company uses historical data to assist in the determination of estimated accruals. At September 30, 2014 and 2013, $3,021 and $2,045 respectively, was accrued for the cost of anticipated Total reward credit redemptions. These amounts reside on Caesars' Balance Sheet and thus are included in the due from affiliates balance in the accompanying consolidated balance sheets of the company.

In addition to Reward Credits, the Company's customers can earn points based on play that are redeemable in Non-Negotiable Reel Rewards ("NNRR"). The Company accrues the costs of NNRR, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in casino promotional allowances in the accompanying consolidated statements of operations. At September 30, 2014 and 2013, the liability related to outstanding NNRR, which is based on historical redemption, was approximately $1,077 and $582, respectively.

Casino Promotional Allowances - Casino promotional allowances consist of the retail value of complimentary food and beverages, accommodations, admissions and entertainment provided to casino patrons. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as casino expenses in the accompanying statements of income. These costs consisted of the following as of September 30, 2014 and 2013:

(All dollar amounts in thousands)

	2014	2013
Food & Beverage	$ 25,390	$ 21,316
Rooms	7,133	6,105
Other	4,806	2,847
Bus Program Cash	126	67
Promotional Gaming Credits	32,508	26,693
Other Cash Complimentaries	16,188	15,153
	$ 86,151	$ 72,181

Gaming Tax — The Company remits weekly to the State of New Jersey a tax equal to 8% of the gross gaming revenue, as defined. Gaming taxes paid to the State of New Jersey for the nine months ended September 30, 2014 and 2013, which are included in casino expenses in the accompanying consolidated statements of income, were approximately $19,776 and $20,469, respectively.

City of Atlantic City Real Property Tax Appeals - Property Tax – In 2014, the Company settled with the City with respect to their challenges to the real estate tax assessment for prior years. The City approved refund/credit of prior year's property taxes during the first quarter of 2014 in the amount of $1,751. This amount was recorded as a receivable on the accompanying balance sheet and in general, administrative and other expense in the accompanying Statement of Income. In addition, the 2014 assessment was reduced by approximately $225 million. During 2014, the city increased property tax rate by approximately 32%.

Income Taxes - The Company is included in the consolidated federal tax return of Caesars and files a separate New Jersey tax return. The (benefit)/provision for federal income taxes is computed based on the statutory federal rate as if the Company had filed a separate income tax return. The provision for state taxes is based on the statutory New Jersey tax.

Deferred tax assets and liabilities represent the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date. The Company follows the provisions of ASC 740-Income Taxes. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles (GAAP) requires the Company 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. Actual results may differ from these estimates.

Internet Gaming - Caesars Interactive Entertainment New Jersey, LLC as the affiliate of Boardwalk Regency Corporation, was issued an internet gaming permit on November 20, 2013 to conduct real money online gaming in the State of New Jersey. All real money online gaming is reported in the financial statements of Caesars Interactive Entertainment New Jersey, LLC.

Seasonal factors - The Company's operations are subject to seasonal factors and, therefore, the results of operations of the nine months ended September 30, 2014 are not necessarily indicative of the results of operations for the full year.

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

NOTE 3 - RELATED PARTY TRANSACTIONS

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

Cash Activity with CEOC and Affiliates - The Company transfers cash in excess of its operating and regulatory needs to CEOC on a daily basis. Cash transfers from CEOC to the Company are also made based upon the needs of the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is earned on the amount shown as due from affiliates in the accompanying financial statements.

Atlantic City Country Club - Atlantic City Country Club 1, LLC ("ACCC") was a wholly owned subsidiary of Bally's Atlantic City ("Bally's"), an affiliate of the Company. The net operating costs of ACCC were allocated to the Company and Bally's as well as Harrah's Atlantic City and Showboat Atlantic City, also affiliates of the Company. The Company was charged approximately $176 and $68 for these costs for the nine months ended September 30, 2014 and 2013, respectively. The costs are included in other operating expenses in the accompanying statements of income. ACCC was sold in April 2014.

(All dollar amounts in thousands)

Administrative and Other Services - The Company is charged a fee by CEOC for administrative and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Company was charged $19,612 and $19,172 for these services for the nine months ended September 30, 2014 and 2013, respectively. The fee is included in charges from affiliates in the accompanying statements of income.

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

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of September 30 consist of the following:

	2014	2013
Casino Receivables (Net of Allowance for Doubtful Accounts - 2014, $10,329 & 2013, $11,041)	$ 12,511	$ 16,439
Other (Net of Allowance for Doubtful Accounts - 2014, $1,015 & 2013, $361)	4,479	5,564
	$ 16,990	$ 22,003

NOTE 5 –OTHER CURRENT ASSETS

Other Current Assets as of September 30 consist of the following:

	2014	2013
Tax Deferred Asset	$ 4,554	$ 6,064
Other	3,669	1,644
	$ 8,223	$ 7,708

(All dollar amounts in thousands)

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of September 30 consist of the following:

	2014	2013
Due from Caesars	$ -	$ 473,205
Casino Reinvestment Development Authority Obligation ("CRDA") (net of valuation reserves- 2014, $9,303 and 2013, $11,106)	17,969	21,446
	$ 17,969	$ 494,651

The amounts due from Caesars as of September 30 are unsecured and non-interest bearing.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and Equipment as of September 30 consist of the following:

	2014	2013
Land	$ 12,593	$ 182,448
Buildings and Improvements	32,547	534,781
Furniture, Fixtures, and Equipment	14,259	143,842
Construction in Progress	3,638	1,045
	$ 63,037	$ 862,116
Less Accumulated Depreciation & Amortization	(4,015)	(217,315)
	$ 59,022	$ 644,801

The Company held investments in two townhouse complexes, both of which are located in Atlantic City, NJ and are collectively referred to as the "CRDA Real Estate". In June 2013, the Company recorded impairments on the CRDA Real Estate in the amount of $559 reflected in tangible and intangible asset impairments of the accompanying supplemental consolidating balance sheet schedule. In October 2013, Company agreed to sell the CRDA Real Estate to Harbour Pointe Properties, LLC in exchange for $661 upon expiration of a mandatory 20 year hold period. The sale closed in December 2013.

During the fourth quarter 2013, casino property sales occurred in the Atlantic City market. The pricing of the transactions indicated a substantial decline in market price had occurred for Casinos in Atlantic City. As a result of this triggering event, Caesars determined it was necessary to perform a recoverability test of the carrying amount of the Companies. It was determined the carrying values of the Companies was not recoverable. Therefore, a fair value assessment of the properties was performed. Impairment losses were $594,059.

(All dollar amounts in thousands)

NOTE 8 – OTHER ASSETS

Other assets as of September 30 consist of the following:

	2014	2013
Customer Database (less Accumulated Amortization of $461 in 2014 & $50,150 in 2013)	$ 3,277	$ 56,050
L/T Deferred Income Tax	122,061	-
Other	3,905	39,995
	$ 129,243	$ 96,045

During the fourth quarter of 2013, the Company completed its annual assessment of other amortizing intangible assets, as of December 31, 2013, which resulted in impairment charges of $84,926. These impairment charges were the result of reduced projections associated with these intangible assets within our long-term operating plan.

During May 2003, the Company entered into an agreement to lease The Pier at Caesars (the "Pier") to developers for an initial term of 75 years. The 75 year term commenced upon completion of the Pier's construction in 2006. The lease agreement provides for the repayment of certain qualified pier development costs incurred by the developers.

NOTE 9 - OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consist of the following:

	2014	2013
Accrued Payroll	$ 6,462	$ 5,811
Accrued Interest Payable	294,095	250,038
Other	8,533	10,281
	$ 309,090	$ 266,130

(All dollar amounts in thousands)

NOTE 10- LONG-TERM DEBT

Long-term debt, due to affiliates and other as of September 30, consists of the following:

	2014	2013
Due to Affiliates		
8.5% Note Payable to Caesars Entertainment, Ltd. ("CEL") due December 1, 2020	$ 518,330	$ 518,330
Due to Other		
Notes Payable	2,035	$ 2,596
Less: Current Portion of Notes Payable	(956)	$ (661)
Capitalized Leases	1,432	1,518
Less: Current Portion of Capitalized Leases	(1,031)	(832)
Long Term Portion of Other Debt	1,480	2,621
Total Long Term Debt	$ 519,810	$ 520,951

On July 1, 2006, the note formerly held by Caesars Entertainment Finance Corp. ("CEFC") was assigned to CEL. Neither the terms nor the amounts of debt were affected by this assignment. The only notable change resulting from the assignment was a change in the timing of interest payments. Prior to the assignment interest payments were made monthly. However, for subsequent tax years, interest payments will be remitted annually, payable in the following year. As of September 30, 2014 and 2013, accrued interest related to the intercompany note totaled $294,076 and $250,018, respectively. Since the note is due to an affiliate, a determination of fair value is not considered meaningful.

NOTE 11 – OTHER LIABILITIES

Other Liabilities as of September 30 consisted of the following:

	2014	2013
Due to Affiliates, Atlantic City Region	$ -	$ 117,294
Due to Affiliates, Other		(3,150)
Deferred Tax Liability		39,597
Other	105	4
	$ 105	$ 153,745

The Atlantic City Region consists of Caesars' casino licenses operating in Atlantic City, New Jersey.

(All dollar amounts in thousands)

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

Insurance Reserve - The Company is self-insured for various levels of general liability coverage. Insurance claims and reserves include the accrual of estimated settlements for known and anticipated claims. Accrued expenses and other current liabilities in the accompanying balance sheets include insurance allowances of $148 and $15 as of September 30, 2014 and 2013. Actual results may differ from these reserve amounts.

CRDA Investment Obligation — The New Jersey Casino Control Act provides, among other things, for an assessment of licenses equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company 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. CRDA bonds have terms up to 50 years and bear interest at below-market rate.

As of September 30, CRDA related assets were as follows:

	2014	2013
CRDA Bonds — net of amortized costs	$ 4,157	$ 4,190
Deposits — net of reserves of $9,303 and $11,106	13,812	17,256
Total	$ 17,969	$ 21,446

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges/(Credits) to operations were $(299) and $1,763 for the nine months ended September 30, 2014 and 2013, respectively, and is included in CRDA Expense, in the consolidated statements of operations.

The funds on deposits are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 33% to represent their fair value and eventual expected conversion into bonds by the CRDA.

Once CRDA Bonds are issued, we have concluded that the bonds are held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and, under the CRDA, they are not permitted to do otherwise. As such, the CRDA Bonds are measured at amortized cost. As there is no market for the CRDA Bonds, its fair value could only be determined based on unobservable inputs. Such inputs are limited to the historical carrying value of the CRDA Bonds that are reduced, consistent with industry practice, by 1/3 of their face value at the time of issuance to represent fair value. The Company accretes such discount over the remaining life of the bonds. Accretion for the nine months ended September 30, 2014 and 2013 was $24 and $25, respectively, and is included in CRDA Expense in the consolidated statements of operations.

After the initial determination of fair value, the Company will analyze the recoverability of the CRDA Bonds on a quarterly basis and its affect on reported amount based upon the ability and likelihood of bonds to be repaid. When considering recoverability of the CRDA Bonds, the Company considers the relative credit-worthiness of each bondholder, historical collection experience and other information received from the CRDA. If indications exist that the amount expected to be recovered is less than its carrying value, the asset will be written down to its expected realizable amount.

All the Atlantic City casino properties (the "AC Industry") and the CRDA entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. This agreement expired on January 1, 2009. The agreement provided that in exchange for funding, the NJSEA and the three active New Jersey racetracks would not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry provided $34,000 over a four year period to the NJSEA and deposited another $62,000 into the Casino Expansion Fund (managed by the CRDA). The Company's obligation was equal to its fair-share of AC Industry casino revenues totaling $2,812, and the Company is eligible to receive funds deposited as a result of this obligation from the Casino Expansion Fund for qualified construction expenditures. The Company had until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

All the Atlantic City casino properties (the "AC Industry") and the CRDA entered into an agreement with the Atlantic City Alliance (the "ACA") to provide funding to subsidize Atlantic City casino marketing. This agreement was signed on November 2, 2011 and is set to expire on December 31, 2016. The agreement provides that in exchange for funding, the ACA will create and implement a marketing plan for the AC Industry. As part of the agreement, the AC Industry provided an initial deposit of $5,000 in December 2011 and will continue to pay $30,000 annually for the next five years. The Company's obligation was $2,527 for the nine months ended September 30, 2014. The Company's obligation for its portion of future payments is estimated at $9,200, equal to its fair-share of AC Industry casino revenues.

(All dollar amounts in thousands)

Atlantic City Conference Center - In June 2013, Caesars established, AC Conference NewCo, LLC ("NewCo") to construct and operate a new conference center (the "Project") adjacent to Harrah's Atlantic City. NewCo is a direct wholly owned subsidiary of AC Conference HoldCo, LLC, which is a direct wholly owned subsidiary of Caesars.

Also in June 2013, Caesars signed an agreement with the CRDA regarding a grant for financial assistance in the amount of $45,000 (the "Project Grant") wherein the CRDA will provide Caesars cash to help fund the construction of the Project. Under the Project Grant, Caesars is obligated to contribute to the CRDA the following:

- $46,200 of Atlantic City Economic Development Investment Alternative Tax Obligation balances ("Existing Credits"), of which $1,200 represents a 2.75% administrative fee,
- $9,500 of CRDA Credits that the CRDA will use towards the construction of the CRDA's marketplace-style retail development project (the "Donation Credits"), and
- Land parcels with an appraised value of $7,300 on which the CRDA's Marketplace Project will be developed (the Marketplace Parcels).

The gross value of the credits and land parcels described above held by the Companies immediately prior to the transaction were as follows:

Existing Credits		
Bally's Park Place, Inc.	$	23,400
Boardwalk Regency Corporation		10,600
Harrah's Atlantic City Holding, Inc. and		7,000
Ocean Showboat, Inc. and Subsidiaries		5,200
	$	46,200
Donation Credits		
Ocean Showboat, Inc. and Subsidiaries	$	9,500
Marketplace Parcels		
Bally's Park Place, Inc.	$	4,600
Boardwalk Regency Corporation		2,700
	$	7,300

In return for the above, the CRDA will deposit $45,000 into a Project Fund from which Caesars can draw on a pari-passu basis via reimbursements to NewCo based on amounts paid for the Project by NewCo. To date, Caesars received $8,993 in reimbursements from the Project Fund.