DGMB CASINO, LLC

QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2014

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

DGMB CASINO, LLC
BALANCE SHEETS

AS OF DECEMBER 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Amended 5/1/2015

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$9,649	$8,792
2	Short-Term Investments			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2014, $ 1,313; 2013, $2,050)	3,4	6,246	5,912
4	Inventories	3	1,475	1,424
5	Other Current Assets	5	1,624	1,753
6	Total Current Assets		18,994	17,881
7	Investments, Advances, and Receivables	3,6	5,750	5,976
8	Property and Equipment - Gross	3	119,303	113,248
9	Less: Accumulated Depreciation and Amortization		(19,575)	(13,038)
10	Property and Equipment - Net	7	99,728	100,210
11	Other Assets	3,8	3,425	3,354
12	Total Assets		$127,897	$127,421
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$5,933	$6,645
14	Notes Payable	9	1,485	700
	Current Portion of Long-Term Debt:			
15	Due to Affiliates	10	51,585	73,519
16	External			0
17	Income Taxes Payable and Accrued			0
18	Other Accrued Expenses	3,11	10,033	9,806
19	Other Current Liabilities		15,580	8,445
20	Total Current Liabilities		84,616	99,115
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	9	2,210	1,225
23	Deferred Credits	3,12	2,707	2,613
24	Other Liabilities	14	27,736	5,941
25	Commitments and Contingencies		0	0
26	Total Liabilities		117,269	108,894
27	Stockholders', Partners', or Proprietor's Equity		10,628	18,527
28	Total Liabilities and Equity		$127,897	$127,421

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

DGMB CASINO, LLC
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Amended 6/17/2015

Line (a)	Description (b)	Notes	2014 (c)	2013 * (d)
	Revenue:			
1	Casino		$137,746	$129,224
2	Rooms		22,330	19,422
3	Food and Beverage		16,593	20,994
4	Other		7,751	6,906
5	Total Revenue		184,420	176,546
6	Less: Promotional Allowances	3	47,222	51,929
7	Net Revenue	3	137,198	124,617
	Costs and Expenses:			
8	Casino	3	72,595	73,746
9	Rooms, Food and Beverage	3	13,403	13,694
10	General, Administrative and Other		48,703	49,500
11	Total Costs and Expenses		134,701	136,940
12	Gross Operating Profit		2,497	(12,323)
13	Depreciation and Amortization	7	6,522	6,500
	Charges from Affiliates Other than Interest:			
14	Management Fees	10	1,404	1,248
15	Other			
16	Income (Loss) from Operations		(5,429)	(20,071)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	10	(7,117)	(6,168)
18	Interest Expense - External	9	(245)	1,406
19	CRDA Related Income (Expense) - Net	6	(576)	946
20	Nonoperating Income (Expense) - Net	3	5,574	9,061
21	Total Other Income (Expenses)		(2,364)	5,245
22	Income (Loss) Before Taxes and Extraordinary Items		(7,793)	(14,826)
23	Provision (Credit) for Income Taxes	3,12	106	1,013
24	Income (Loss) Before Extraordinary Items		(7,899)	(15,839)
25	Extraordinary Items (Net of Income Taxes - 20__, $___; 20__, $_____)			
26	Net Income (Loss)		($7,899)	($15,839)

* Restated to conform with current year

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

DGMB CASINO, LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Amended 6/17/2015

Line (a)	Description (b)	Notes	2014 (c)	2013 * (d)
	Revenue:			
1	Casino		$34,410	$29,279
2	Rooms		4,665	4,265
3	Food and Beverage		3,649	4,424
4	Other		1,237	1,395
5	Total Revenue		43,961	39,363
6	Less: Promotional Allowances	3	11,846	12,175
7	Net Revenue	3	32,115	27,188
	Costs and Expenses:			
8	Casino	3	18,928	17,331
9	Rooms, Food and Beverage	3	2,782	2,752
10	General, Administrative and Other		12,388	12,740
11	Total Costs and Expenses		34,098	32,823
12	Gross Operating Profit		(1,983)	(5,635)
13	Depreciation and Amortization	7	1,680	1,783
	Charges from Affiliates Other than Interest:			
14	Management Fees	10	356	275
15	Other			
16	Income (Loss) from Operations		(4,019)	(7,693)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	10	(1,605)	(1,929)
18	Interest Expense - External	9	(162)	
19	CRDA Related Income (Expense) - Net	6	(183)	292
20	Nonoperating Income (Expense) - Net	3	23	2,828
21	Total Other Income (Expenses)		(1,927)	1,192
22	Income (Loss) Before Taxes and Extraordinary Items		(5,946)	(6,501)
23	Provision (Credit) for Income Taxes	3,12	104	1,013
24	Income (Loss) Before Extraordinary Items		(6,050)	(7,514)
25	Extraordinary Items (Net of Income Taxes - 20__, $_____; 20__, $______)			
26	Net Income (Loss)		($6,050)	($7,514)

* Restated to conform with current year

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

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 & 2013

(UNAUDITED)
($ IN THOUSANDS)

Amended 5/1/2015

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2012..........**		$35,078	($712)	$0	$34,366
2	Net Income (Loss) - 2013..........			(15,839)		(15,839)
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2013..........**		35,078	(16,551)	0	18,527
11	Net Income (Loss) - 2014..........			(7,899)		(7,899)
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16						0
17						0
18						0
19	**Balance, December 31, 2014..........**		$35,078	($24,450)	$0	$10,628

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

DGMB CASINO, LLC
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Amended 5/1/2015

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$395	($17,349)
	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		(6,054)	(48,203)
5	Proceeds from Disposition of Property and Equipment			
6	CRDA Obligations		(1,675)	(1,585)
7	Other Investments, Loans and Advances made			
8	Proceeds from Other Investments, Loans, and Advances		5,000	7,304
9	Cash Outflows to Acquire Business Entities		0	0
10	CRDA Reimbursement		1,355	15,959
11				
12	Net Cash Provided (Used) By Investing Activities		(1,374)	(26,525)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt			
15	Proceeds from Long-Term Debt		2,470	0
16	Costs of Issuing Debt			
17	Payments to Settle Long-Term Debt		(700)	(700)
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0
19	Purchases of Treasury Stock			
20	Payments of Dividends or Capital Withdrawals			
21	Net Proceeds/Payments related party		(21,934)	38,301
22	Advance from Vendor		22,000	5,188
23	Net Cash Provided (Used) By Financing Activities		1,836	42,789
24	Net Increase (Decrease) in Cash and Cash Equivalents		857	(1,085)
25	Cash and Cash Equivalents at Beginning of Period		8,792	9,877
26	Cash and Cash Equivalents at End of Period		$9,649	$8,792

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$245	$91
28	Income Taxes		$4	$2

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

DGMB CASINO, LLC
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Amended 5/1/2015

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($7,899)	($15,839)
30	Depreciation and Amortization of Property and Equipment		6,537	6,240
31	Amortization of Other Assets		(15)	260
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current		9	107
34	Deferred Income Taxes - Noncurrent		93	904
35	(Gain) Loss on Disposition of Property and Equipment			
36	(Gain) Loss on CRDA-Related Obligations		610	256
37	(Gain) Loss from Other Investment Activities		(5,000)	(7,304)
38	(Increase) Decrease in Receivables and Patrons' Checks		(334)	(971)
39	(Increase) Decrease in Inventories		(52)	(225)
40	(Increase) Decrease in Other Current Assets		124	50
41	(Increase) Decrease in Other Assets		(73)	(20)
42	Increase (Decrease) in Accounts Payable		(712)	(3,903)
43	Increase (Decrease) in Other Current Liabilities		7,296	3,096
44	Increase (Decrease) in Other Liabilities		(189)	0
45				
46				
47	Net Cash Provided (Used) By Operating Activities		$395	($17,349)

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		($6,054)	($48,203)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($6,054)	($48,203)
	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.

DGMB CASINO, LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 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	161,719	$10,844	0	$0
2	Food	201,022	5,448	1,222,999	5,109
3	Beverage	798,158	5,188	0	0
4	Travel	0	0	15,277	1,006
5	Bus Program Cash	4,676	541	0	0
6	Promotional Gaming Credits	629,243	21,100	0	0
7	Complimentary Cash Gifts	132,420	2,396	0	0
8	Entertainment	74,530	1,540	555	69
9	Retail & Non-Cash Gifts	0	0	40,613	4,670
10	Parking	0	0	0	0
11	Other	11,776	165	67,898	1,699
12	Total	2,013,544	$47,222	1,347,342	$12,553

FOR THE THREE MONTHS ENDED DECEMBER 31, 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	37,183	$2,501	0	$0
2	Food	32,509	1,301	223,624	1,469
3	Beverage	192,293	1,250	0	0
4	Travel	0	0	3,516	202
5	Bus Program Cash	1,068	136	0	0
6	Promotional Gaming Credits	156,305	5,738	0	0
7	Complimentary Cash Gifts	49,448	605	0	0
8	Entertainment	16,951	263	74	9
9	Retail & Non-Cash Gifts	0	0	12,565	1,445
10	Parking	0	0	0	0
11	Other	3,722	52	26,291	657
12	Total	489,479	$11,846	266,070	$3,782

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

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

FOR THE QUARTER ENDED DECEMBER 31, 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.

5/5/2015
Date

Timothy A Ebling

VP, Chief Financial Officer
Title

9194-11
License Number

On Behalf of:

DGMB CASINO, LLC
Casino Licensee

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited) **Amended 5/1/15**

1. Basis of Presentation

The accompanying financial statements have been prepared in accordance with the rules and regulation of the New Jersey Division of Gaming Enforcement and include the accounts of DGMB Casino, LLC (the "Company"), a New Jersey limited liability company that was formed on August 30, 2010. The Company currently owns and operates Resorts Casino Hotel ("Resorts"). Resorts is a casino hotel operating in Atlantic City, New Jersey. The Company is owned 100% by DGMB Casino Holding, LLC ("Holding"), a Delaware limited liability company, through a 99.5% direct ownership and a .5 % indirect ownership through DGMB Casino SPE Corp. ("SPE"), a Delaware corporation, which is the managing member of the Company. On October 1, 2012, Holding admitted MGA Gaming NJ, LLC (MGA), a New Jersey limited liability company, as a non-managing member of Holding and 10% owner. MGA then entered into a management agreement for the management of the Company.

2. Management's Plans Related to Liquidity and Capital Needs

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed below, the Company operates in a very competitive market and has incurred operating losses since inception in August 2010. The Company has relied on financing from affiliates of the majority owner of Holding to meet its cash flow requirements since commencing operations in 2010. As described below, the majority owner can terminate funding the Company's cash flow requirements within 60 days of making such notice. The Company does not have adequate financing sources available should funding by affiliates of the majority owner of Holding be terminated. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The Company operates in an extremely competitive market with competitive pressures not only from casinos in Atlantic City, New Jersey but also from those in the surrounding states of Maryland, Delaware, Pennsylvania, New York and Connecticut. During 2014 the Atlantic City market had four casino hotels close reducing the number of operating casinos to eight. The Company has entered in a property management agreement with an established gaming company. The Company expects that the benefits of this agreement will result in increased revenues and operating efficiencies. No assurance can be given as to whether the Company will generate sufficient future cash flows to sustain operations.

The Company has been issued an Internet Gaming Permit (NJIGP-13-008) by the State of New Jersey Division of Gaming Enforcement (DGE) effective February 13, 2015. On February 25, 2015 ResortsCasino.Com website was approved by the DGE to offer legal online gaming.

The Company had in place an Unlimited Line of Credit for purposes of funding cash short falls that may occur. This Unlimited Line of Credit had been provided by affiliates of the majority owner of Holding as a condition of the Company's permanent gaming license. In October, 2013 the DGE modified the conditions of licensure to permit DGMB to support the requirement that it maintain sufficient cash balances to meet its operations needs with a $2 million revolving line of credit with a bank (the "Revolver"). In the event the Revolver is not sufficient to meet the Company's operational needs, is terminated or otherwise matures, the conditions require the majority owner of Holding to identify an alternative source of funds, acceptable to DGE, sufficient to meet the Company's operational needs. Affiliates of the majority owner of Holding continue to fund the cash flow needs of DGMB and as of December 31, 2014 and 2013, the amount owed to affiliates of the majority owner of Holding was $44.4 million and $66.3 million, respectively and included in Due to Affiliates on the accompanying balance sheets. Due to the licensing condition modification, the Unlimited Line of Credit was allowed to expire on December 31, 2013 and was not renewed.

In addition, affiliates of the majority owner of Holding has provided to the Company a source of funds for capital improvements under a $10 million Capital Funding Agreement. Effective October 1, 2012, the Capital Funding Agreement was amended to provide for the accrual of interest at a rate of 10% per annum. The maturity date of the agreement was December 31, 2013. As of December 31, 2013 the funding mechanism of this agreement expired. The terms of the Capital Funding Agreement provide that repayment will be made to the extent funds are available after all day-to-day operating expenses and maintenance expenditures have been made. At December 31, 2014 and 2013, approximately $7.2 million was outstanding under the Capital Funding Agreement and included in Due to Affiliates on the accompanying balance sheets.

3. Summary of Significant Accounting Policies

Cash

Cash includes cash on account and cash on hand. As of December 31, 2014, amounts held in financial institutions were in excess of FDIC limits.

Receivables

Receivables consist primarily of casino, hotel and other receivables. Accounts receivables are typically non-interest bearing and are initially recorded at cost.

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

Property and Equipment

Property and Equipment have been recorded at their estimated fair values and useful lives based on the application of purchase accounting in 2010. Additions to land, building, and equipment since the date of acquisition are stated at cost.

The Company capitalizes the costs of improvements that extend the life of the asset and expenses maintenance and repair costs as incurred. Gains or losses on the dispositions of land, buildings or equipment are included in the determination of income.

Depreciation and amortization is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Asset Class	Life
Building and improvements	35-40 years
Furniture, fixtures, and equipment	3-7 years

The Company reviews the carrying value of property and equipment for impairment whenever events and changes in circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If undiscounted expected future cash flows were less than the carrying value, an impairment loss would be recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. No impairment of land, buildings, and equipment has been recognized.

Included in Non-operating Income (Expense)-Net on the accompanying statements of income are proceeds from insurance related to Super Storm Sandy. The net gain recorded in Non-operating Income (Expense)-Net for the three months end December 31, 2014 and 2013 is $23,000 and $2.8 million, and for twelve months ended December 31, 2014 and 2013 is $4.6 million and $9.1 million, respectively. The dollar amount recorded from the insurance company is not contingent on any finalization of the loss amount or any other conditions. As additional recoveries are realized, the amounts will be recorded in the financial statements.

Intangible Assets

Intangible assets, included in other assets in the accompany balance sheets, includes customer relationships and trade name. Customer relationships represent the value of repeat business associated with our customer loyalty programs. These intangible assets were amortized over a 3-year period under the straight-line method. The trade name is considered an indefinite-lived intangible asset, is not subject to amortization, but instead is subject to an annual impairment test using the relief-from-royalty method. We perform assessments for impairment of trade name more frequently if impairment indicators exist. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference. No impairment of intangible assets has been recognized.

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. Jackpots are recognized at the time they are won by customers. Accommodations, food and beverage and other revenues are recognized when services are performed.

Cash discounts based upon a negotiated amount with each customer are recognized as a promotional allowance on the date the related revenues are recorded. The Company offers other incentive programs. These are gifts and other promotional items, the type and distribution of which is determined by management. Since these awards are not cash awards, the Company records them as gaming expenses in the statements of income. Such amounts are expensed on the date the award can be utilized by the customer. Not in Audit Financials

Cashback Liability

The Company provides incentives to its casino customers, based on levels of gaming activity, through its "Cash Back" marketing program. The incentives are in the form of points, which may be redeemed for wagers on slot machines. The Company estimates a liability for outstanding "Cash Back" incentives (those incentives which have been earned, but not redeemed by the customer), adjusted for an estimated redemption factor based on historical results. The ultimate redemption amount resulting from this marketing program could vary from the estimated liability based on actual redemption activity. The amount is recorded as a promotional allowance in the statements of income. At December 31, 2014 and 2013, the "Cash Back" liability was $95,000 & $75,000, respectively and is included in other accrued expenses in the accompanying balance sheets.

Bankable Complimentaries

The Company customer loyalty program, Resorts Star Club, offers incentives to gaming customers at Resorts. Under the program, customers are able to accumulate, or bank, comp dollars over time that they may redeem at their discretion under the terms of the program. The comp dollars balance will be forfeited if the customer does not use their player card and earn points over a designated period from the time they were first earned. Because of the customer's ability to bank the comp dollars, the Company accrues the expense of the comp dollars as they are earned, after consideration of estimated breakage for points that will not be redeemed. The estimated cost to provide comp dollars is included in casino expense on the Company's statements of income. To arrive at the estimated cost associated with comp dollars, estimates and assumptions are made regarding the marginal costs of the benefits provided, breakage rates and the mix of goods and services for which comp dollars will be redeemed. At December 31, 2014 and 2013, the bankable complimentary liability was $1.3 million and $899,000, respectively and is included in other accrued expenses in the accompanying balance sheets.

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. The carrying amount of the note payable approximates fair value as the interest rate is variable and the Company's credit worthiness has not changed since issuing such note.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were $1.1 million and $0.8 million for the three months ended December 31, 2014 and 2013, respectively, and $3.5 million and $3.7 million for the twelve months ended December 31, 2014 and 2013, respectively. Advertising expenses are included in general, administrative and other expenses in the accompanying statements of income.

Gaming Tax

The Company remits weekly to the State of New Jersey a tax equal to 8% of the gross gaming revenue. Gaming taxes paid for the three months ended December 31, 2014 and 2013 were $2.4 million and $2.0 million, respectively, and for the twelve months ended December 31, 2014 and 2013 were $9.9 million and $9.0 million, respectively. Gaming tax is included in casino expenses in the accompanying statements of income.

Multiemployer Benefit Plans

Certain employees of the Company are covered by union sponsored, collectively bargained, health and welfare plans. The contributions for these plans totaled $1.9 million and $1.9 million for the three months ended December 31, 2014 and 2013, respectively, and $7.5 million and $7.6 million for the twelve months ended December 31, 2014 and 2013, respectively, and were included in total costs and expenses in the accompanying consolidated statements of income.

The Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from a single-employer plan in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans for the years ended December 31, 2014 and 2013, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in 2014 and 2013 is for the plan years beginning January 1, 2014 and 2013, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. All plans detailed in the table below utilized extended amortization provisions to calculate zone status except the Pension Plan of the UNITE HERE National Retirement Fund. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2014	2013	FIP/RP Status Pending/ Implemen	Contributions ($ in thousands) 2014	2013	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
Pension Plan of the								
UNITE HERE National Retirement Fund	13-6130178/001	Red	Red	Yes	$ 2,023	$ 2,467	No	September 14, 2014 *
Local 68 Maintenance Engineers Union Pension Plan	51-0176618/001	Yellow	Yellow	Yes	345	339	No	April 30, 2017
Local 68 Entertainment Engineers Union Pension Plan	51-0176618/001	Yellow	Yellow	Yes	110	152	No	June 30, 2017
NJ Carpenters Pension Fund	22-6174423/001	Yellow	Yellow	Yes	173	188	No	April 30, 2017
Local 711 Painters Union	52-6073909/001	Yellow	Yellow	Yes	59	73	No	April 30, 2017
					$ 2,710	$ 3,219		

* Contract extended pending new negotiations

Under the Collective Bargaining Agreement ("CBA") entered into with UNITE HERE Local 54 (Local 54), the Company began contributing as a new employer to the UNITE HERE National Retirement Fund ("NRF") effective July 1, 2012. Under Section 4210 of ERISA, the Company is entitled to contribute to the NRF under the "free look" rule, permitting it to withdraw from the NRF any time prior to December 31, 2016 without incurring any withdrawal liability, provided that certain conditions are met. The Company believes that all such conditions have been met.

In addition, the NRF agreed that it would apply for and receive approval from the Pension Benefit Guarantee Corporation ("PBGC") to use a withdrawal liability method that has a new pool for calculating withdrawal liability and to place the Company, and other new employers, in that new pool. The purpose of placing the Company and other new employers into a separate pool is to significantly reduce any withdrawal liability exposure because the new employer pool, unlike the NRF, would not be underfunded. More importantly, as a participant in the new pool, the Company would not be liable for the large underfunded amount in the existing NRF pool. The NRF and the Company entered into a written agreement that provides that, in the event the PBGC does not approve the Company's participation in the new employer pool, then the NRF will treat the Company as having contributed to the NRF as a result of a mistake of fact and will refund the Company's contributions without interest and the Company's agreement to contribute to the NRF will cease. In that event, the Company and Local 54 will then meet in a good faith attempt to agree upon an alternate retirement contribution method, which will not expose the Company to a significant unfunded liability. Based upon information and belief, the NRF has never sought or obtained approval from the PBGC to create a new pool or to place the Company into that new pool, thus entitling the Company to claim a refund of all of its contributions to the NRF if it is assessed any withdrawal liability.

The Company has withdrawn from the NRF effective September 30, 2014 and will receive confirmation during 2015 that all conditions have been met to entitle it to a "free look" without any withdrawal liability. The only potential liability to which the Company may be exposed is if its contributions in 2014 equaled or exceeded 2% of the total contributions made by all employers participating in the NRF. While the Company has been assured that this is not the case, official confirmation awaits completion of the NRF's 2014 audit which is imminent. In the unlikely event it is determined that the Company's contributions in 2014 equaled or exceeded 2% of the total contributions made by all employers participating in the NRF, resulting in a withdrawal liability for the Company, the Company will then seek to enforce the Agreement with the NRF to treat the Company as having contributed to the NRF as a result of a mistake of fact and seek a refund of the Company's contributions without interest.

The CBA entered into between Local 54 and the Atlantic City casino industry expired on September 14, 2014. The Company and other Atlantic City casino operators entered into an extension agreement with the Union ("Extension Agreement") extending the CBA through March 14, 2015. The Extension Agreement further provides that, upon its expiration, the CBA shall continue in full force and effect subject to all terms and conditions of the Extension Agreement until either the Employer or the Union provides 15 days written notice of its intent to terminate the CBA. As noted above, the Company withdrew from the NRF effective September 30, 2014. Under the terms of the Extension Agreement, the Company is accruing an amount each month in lieu of making pension contributions. The final disposition of the amounts accrued shall be subject to bargaining between the Company and Local 54.

Economic Development Authority Grant

The Company entered into a Licensing and Lease Agreement with Margaritaville of Atlantic City, LLC (Margaritaville). Margaritaville restaurants are affiliated with the famed singer Jimmy Buffet and are themed with Key West Tropical motif and lifestyles depicted in the music of Mr. Buffet. The Lease Agreement called for the Company to construct a Margaritaville themed Café, Landshark Bar and Grill, 5 O'clock Somewhere Bar, along with a Margaritaville themed section of the existing gaming floor all within the existing property ("Margaritaville Projects") which were completed and opened in 2013. In 2013, the State of New Jersey Economic Development Authority approved a $5.0 million grant for the Company under the Economic Redevelopment and Growth Program ("ERG Grant") for the Margaritaville Projects. The ERG Grant is an incentive grant of up to 75% of the annual incremental state sales tax revenue generated by the project. The ERG Grant comes in the form of rebates for certain state taxes paid (e.g., sales taxes paid on construction materials and food and beverage sales, corporate business taxes, etc.). As of December 31, 2014, the Company received $1.3 million of these funds and recorded approximately $1.0 million in ERG Grant receivables based on these state taxes (see Note 4 and Note 9). The Company recorded income of $130,000 for the three months ended December 31, 2014, and $898,000 for the twelve months ended December 31, 2014, that is included in Nonoperating Income (Expense) – Net on the corresponding Statements of Income.

In 2014, the Margaritaville restaurants assigned substantially all of their restaurant leases nationwide to International Meal Company ("IMC"). Accordingly, Margaritaville of Atlantic City, LLC assigned its Lease Agreement with the Company to IMCMV Atlantic City, LLC, a subsidiary of IMC, on July 31, 2014, having no impact on the Company's entitlement to monies due under the ERG Grant. The License Agreement was not affected by the assignment of the Lease Agreement.

Income Taxes

The Company is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of Holding. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, the Company is required to record New Jersey state income taxes and file a consolidated return with other affiliates that derive income from the casino. These financial statements are prepared on a separate company return approach therefore certain amounts reported, including net operating loss carryforward, differ from the filed consolidated New Jersey income tax return. (see Note 12).

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

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires that the Company make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities (ASU 2011-11)* and the clarification release of the Accounting Standards Update 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities (ASU 2013-01)* on January 31, 2013. These updates require disclosure on both a gross and net basis of offsetting assets and liabilities in connection financial assets and liabilities. It was effective on January 1, 2013 however as the Company does not have any offsetting financial assets and liabilities there was no impact of this pronouncement.

A variety of proposed or otherwise potential accounting standards are currently under study by standard-setting organizations. Because of the tentative and preliminary nature of such proposed standards, the Company has not yet determined the effect, if any, that the implementation of such proposed standards would have on its financial statements.

4. Receivables

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

	2014	2013
Gaming	$ 3,343	$ 4,807
Less: allowance for doubtful accounts	(1,186)	(2,020)
	2,157	2,787
Non-gaming:		
Hotel and related	613	452
Less: allowance for doubtful accounts	(127)	(32)
Related Party Receivable	1,664	-
EDA Fund Receivable	958	1,542
Tenant Receivable	301	362
Other	680	801
	4,089	3,125
Receivables, net	$ 6,246	$ 5,912

5. Other Current Assets

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

	2014	2013
Prepaid insurance	$ 503	$ 496
Prepaid casino license	438	431
Prepaid maintenance agreements	455	317
Prepaid sewer	88	96
Prepaid rent	90	45
Other prepaid expenses and current assets	50	368
	$ 1,624	$ 1,753

6. Investments, Advances and Receivables

The New Jersey Casino Control Act provides, among other things, for an assessment of licensee equal to 1.25% of the Company's gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. Once funds are deposited with the Casino Reinvestment Development Authority ("CRDA"), qualified investments may be satisfied by: (i) the purchase of bonds issued by the CRDA at below market rates of interest; (ii) direct investment in CRDA-approved projects; or (iii) a donation of funds to projects as determined by the CRDA. According to the Casino Control Act, funds on deposit with the CRDA are invested by the CRDA and the resulting income is shared two-thirds to the casino licensee and one-third to the CRDA. Further, the Casino Control Act requires that CRDA bonds be issued at statutory rates at two-thirds of market value. Quarterly deposits are made to satisfy investment obligations with the CRDA. At the date the obligation arises, charges to expense are recorded (i) pursuant to the respective underlying agreements for obligations with identified qualified investments and (ii) by applying a one-third valuation reserve to obligations that are available to fund qualified investment to reflect the anticipated below market return on investment. The one-third reserve is adjusted accordingly when a qualified investment is identified.

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

	2014	2013
Deposits — net of valuation allowance for $1,418 and $1,383, respectively	$ 2,760	$ 2,902
CRDA Bonds — net of valuation allowance for $8,020 and $8,093, respectively	2,990	3,074
	$ 5,750	$ 5,976

The Company records (credits) charges to operations to reflect the estimated net realizable value of its CRDA investment. Such credits to operations were $153,000 and 909,000 for the three months ended December 31, 2014 and 2013, respectively, and $610,000 and $256,000 for the twelve months ended December 31, 2014 and 2013, respectively. CRDA (credits) charges are included in other income (expenses) in the accompanying statements of income.

The funds on deposits are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 33% to represent their fair value and eventual expected conversion into bonds by the CRDA. Once CRDA Bonds are issued, we have concluded that the bonds are classified as held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and under the CRDA, the Company is not permitted to do otherwise. As such, the CRDA Bonds are measured at amortized cost. As there is no market for the CRDA Bonds, their 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.

After the initial determination of fair value, the Company analyzes the recoverability of the CRDA Bonds on a quarterly basis and its effect on reported 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 borrower, historical collection experience and other information received from the CRDA. If indications exist that the amount expected to be recovered is less than its carrying value, the asset will be written down to its expected realizable amount.

The Company developed a Food Court within its casino hotel property that has five different food and beverage outlets. The Food Court outlets will be operated by third party vendors under a Master Lease paying rent based upon a percentage of food and beverage revenues. All of the outlets are opened for business.

The CRDA granted $2.8 million to the Company, of funds on deposit with the CRDA in the CRDA Atlantic City Expansion Fund, for use in the development of the Food Court project. As of December 31, 2014, all funds have been received for the Food Court project.

In October, 2014, the Company applied to CRDA for financial assistance in the form of a direct investment grant in the amount of $9.4 million for the construction of an approximately 12,533 square foot meeting space expansion project ("Meeting Space Component") with an estimated budget of $4.7 million and renovation of 310 bathrooms ("Hotel Room Component"), also with an estimated budget of $4.7 million, which application was approved by CRDA in December, 2014. In or about March, 2015 the company requested modification to the project to allow the company to forgo proceeding with the Hotel Room Component unless future Investment Alternative Tax revenues are available to the Company to fund the Hotel Room Component as contemplated by the original application.

On or about March 23, 2015, CRDA approved the Company's request for modification permitting it to proceed with the Meeting Space Component. The Meeting Space Component will transform the existing buffet space into eleven new meeting breakout rooms and supporting space. This renovation will provide the Company with a more competitive meeting and convention space program and is intended to grow the Atlantic City meeting and convention market. The projected completion date for the project will be in the summer of 2015.

7. Property and Equipment

Components of property and equipment, net were as follows at December 31, (in thousands):

	2014	2013
Land	$ 11,579	$ 11,570
Hotels and other buildings	73,665	72,162
Furniture, fixtures and equipment	32,958	28,146
Construction in progress	1,101	1,370
	119,303	113,248
Less: accumulated depreciation	(19,575)	(13,038)
Net property and equipment	$ 99,728	$ 100,210

Depreciation expense for the three months ended December 31, 2014 and 2013 was $1.7 million and $1.8 million respectively and for the twelve months ended December 31, 2014 and 2013 was $6.5 million and $6.2 million, respectively.

Interest capitalized for construction in progress was $0 for the three months ended December 31, 2014 and 2013, respectively and $0 and $1.5 million for the twelve months ended December 31, 2014 and 2013, respectively.

8. Intangible Assets

Intangible assets, included in other assets in the accompanying balance sheets, includes a trade name valued at $3.3 million at December 31, 2014 and 2013, respectively. The trade name is deemed to have an indefinite life. The customer database was determined to have an initial value of $900,000 based on the application of purchase accounting in 2010 and a three-year life based upon attrition rates and computations of incremental value derived from existing relationships. The Company recorded $0 and $50,000 for the three months ended December 31, 2014 and 2013, respectively and $0 and $275,000 for the twelve months ended December 31, 2014 and 2013, respectively of amortization expense for the customer database. The customer database was fully amortized at December 31, 2013.

9. Note Payable

In August 2011, the Company obtained a loan for $3.5 million to fund the purchase of heating ventilation and air-conditioning equipment, all of which are secured by the purchased equipment. An entity controlled by the Company's principal shareholder provided guarantees on the note payable. The payment terms of the note are 60 months spread ratably for the principle balance, plus interest on the outstanding principal balance at LIBOR plus 300 basis points. At no time will the interest rate fall below 400 basis points. At December 31, 2014 and 2013, the interest rate was 4%. The Company has estimated that the carrying amounts of $1.2 million and $1.9 million approximate the fair value of the debt at December 31, 2014 and 2013, respectively.

In April 2013, the Company entered into a $2 million Revolver with an initial maturity date of April 30, 2014. The Revolver was extended to April 30, 2016 under the same terms and conditions. Any outstanding amounts on the Revolver accrue interest at a rate of the greater of 5% or LIBOR plus 4%. There is a fee of .35% on the amount of unused funds. The Revolver is guaranteed by certain affiliates of Holding. There were no amounts outstanding or repaid as of December 31, 2014.

In October 2014, the Company entered into a $2.5 million three year Promissory Note with the EDA Grant (see Note 3) as collateral maturing on November 1, 2017. Principal payments are tied to the amount received from the grant and are no less than $785,000 annually beginning August 31, 2015. The Promissory Note accrues interest at a rate of 4.25% plus LIBOR as defined. In addition to the grant collateral, the Promissory Note is guaranteed by certain affiliates of Holding.

10. Related Party Transactions

In accordance with amended gaming license conditions, the Company is required to maintain total cash balances sufficient to meet its operational needs, which are to be supported, in part, by the Revolver. As noted above, in the event the

Revolver is not sufficient to meet the Company's operational needs, is terminated or otherwise matures, the conditions require the majority owner of Holding to identify an alternative source of funds, acceptable to DGE, sufficient to meet the Company's operational needs.

The initial terms of the Unlimited Line of Credit were that the amounts borrowed carry no interest charge and require that if the Company is financially able, and if the cash levels of the Company exceed a certain level, payment will be made to reduce the amount outstanding. On October 1, 2012, under an amendment to the operating agreement of Holding, the terms of the Unlimited Line of Credit were changed to allow interest to accrue at 10% per annum and compound annually on the unpaid principal balance. In October 2013 the DGE modified the conditions of licensure to require that DGMB maintain sufficient cash balances to meet its operational needs and that this requirement be supported by the Revolver. The Unlimited Line of Credit expired on December 31, 2013 and was not renewed as permitted by the licensing condition modification. However affiliates of the majority owner of Holding continue to fund the cash flow needs of DGMB and as of December 31, 2014 and 2013, the amount owed to affiliates of the majority owner of Holding was $44.4 million and $66.3 million, respectively and included in Due to Affiliates on the accompanying balance sheets. The amount of interest expense incurred was $1.4 million and $1.7 million for the three months ended December 31, 2014 and 2013, respectively, and $6.2 million and $5.4 million for the twelve months ended December 31, 2014 and 2013, respectively.

In addition, affiliates of the majority owner of Holding had provided to the Company a source of funds for capital improvements under a $10 million Capital Funding Agreement. Consistent with the terms of the amended Operating Agreement of Holding, the Capital Funding Agreement was amended to provide for the accrual of interest at a rate of 10% per annum, effective October 1, 2012. The maturity date of the agreement was December 31, 2013 and the funding mechanism of this agreement expired however, the amounts outstanding will remain outstanding until paid under the original terms, as amended. The terms of the Capital Funding Agreement are that repayment will be made to the extent funds are available after all day-to-day operating expenses and maintenance expenditures have been made. At December 31, 2014 and 2013, approximately $7.2 million was outstanding under the Capital Funding Agreement and included in Due to Affiliates on the accompanying balance sheets. The amount of interest expense incurred was $215,000 and $195,000 for the three months ended December 31, 2014 and 2013, respectively, and $823,000 and $747,000 for the twelve months ended December 31, 2014 and 2013, respectively.

On October 1, 2012, the Company entered into an agreement with MGA whereby MGA would manage and operate Resorts Casino Hotel (the "Management Agreement") for a minimum term of five years. MGA is compensated for its services under the Management Agreement with a base fee calculated as a percentage of net revenues and paid on a monthly basis. The Management Agreement also allows for an incentive fee based on annual EBITDA results as defined in the Management Agreement. The Company recorded $355,000 and $275,000, for the three months ended December 31, 2014 and 2013, respectively, and $1.4 million and $1.2 million, for the twelve months ended December 31, 2014 and 2013, respectively, in base fees related to the Management Agreement. In December 2014 there was $38,000 recorded for incentive fees based on results.

11. Other Accrued Expenses

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

	2014	2013
Payroll and related costs	$ 4,778	$ 5,186
Capital Liability	831	559
Unredeemed incentives	1,393	974
Property Taxes	497	497
Utilities	386	396
Guest Claims	397	382
Other	1,751	1,812
	$ 10,033	$ 9,806

12. Income Taxes

The Company is subject to the State of New Jersey Income Tax and, as noted above, is not subject to federal income taxes. The Company is required to file a New Jersey consolidated return with other affiliates that conduct business with the casino. We calculate the provision for income taxes by using a "separate return" method. Under this method, we are assumed to file a separate return with the tax authority, thereby reporting our taxable income or loss and paying the applicable tax to or receiving the appropriate refund without our affiliates. Our current provision is the amount of tax payable or refundable on the basis of a hypothetical, current-year separate return. We provide deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical separate return and assess the need for a valuation allowance on the basis of our projected separate return results.

Significant components of income taxes for the years ended December 31 were as follows (in thousands):

	2014	2013
Current	$ 4	$ 2
Deferred	102	1,011
Income tax provision (benefit)	$ 106	$ 1,013

The differences between income taxes expected at the New Jersey statutory income tax rate of 9 percent and the reported income tax (benefit) expense is the Company's valuation allowance.

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

	2014	2013
Total deferred tax assets	$ 6,057	$ 4,482
Total deferred tax liabilities	(4,093)	(3,210)
Valuation allowance	(4,674)	(3,879)
Total deferred tax liability, net	$ (2,710)	$ (2,607)

The significant components of the deferred tax assets and deferred tax liabilities include net operating losses, fixed assets and bargain purchase gain.

Net deferred tax assets have been reduced by a valuation allowance of $4.7 million and $3.9 million at December 31, 2014 and 2013, respectively. After consideration of all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations, the Company believes certain net deferred tax assets are not likely to be utilized. In the event the Company determines it would be able to realize these net deferred tax assets in the future in an amount different than their recorded amount, the Company would make an adjustment to the valuation allowance which would be recorded through the provision for income taxes.

The gross amount of the New Jersey State net operating loss carryforward as of December 31, 2014, was $55.8 million, which will begin to expire in 2030, if not utilized by the Company. These financial statements are prepared on a separate company return approach therefore the net operating loss carryforward differs from the filed consolidated New Jersey income tax return.

The Company has determined there were no unrecognized tax positions to recognize as a liability as of December 31, 2014 and 2013.

13. Leases

Operating Leases —

The Company leases real estate and equipment for use in its business through operating leases.

Future minimum rental commitments for non-cancelable leases, including renewal options and capital leases, as of December 31, 2014, are as follows (in thousands):

Year ending, December 31,	Operating Lease Obligations
2015	$ 492
2016	337
2017	330
2018	330
2019	330
Thereafter	13,423
Total minimum lease payments	$ 15,242

14. Commitments and Contingencies

Litigation

There are other various claims and legal actions arising in the ordinary course of business which can be categorized as routine business litigation, such as, without limitation, negligence, workers compensation and employment claims. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Commitments

All the Atlantic City casino properties (AC Industry) and the CRDA 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 expires 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 $5.0 million as of December 31, 2011 and will continue to pay $30.0 million annually for the term of the agreement. Each payment will be allocated to the AC Industry based on each casino's prorated share of gross gaming revenues from the preceding period. The Company paid $456,000 and $475,000 for the three months ended December 31, 2014 and 2013, respectively, and $1.5 million and $1.4 million for the twelve months ended December 31, 2014 and 2013, respectively. In November, 2014, the ACA board voted unanimously to request the state legislature to disband the ACA and to divert the Industry's combined $30 million yearly ACA contributions to compensate both proposed tax structure changes and the cost of doing business in Atlantic City. While legislation for disbanding the ACA and use of the diverted funds has been proposed, it has yet to be adopted.

In June 2013, the Company entered into a binding term sheet with Rational Services Limited ("Rational"). The binding term sheet, which is subject to approval by the DGE, allows, under the Company's license, for Rational to provide the operation of and marketing strategy for online gaming sites in New Jersey. Rational has made payments to the Company in the amount of $22.0 million and $5.1 million in the years ending December 31, 2014 and 2013 respectively. The ultimate disposition of these funds will be either deferred income, if a license is granted or a combination of a ten-year loan and income if a license is not granted. This funding is included in other non-current liabilities on the balance sheet.
In December 2013, Rational's application for a casino service industry enterprise license was placed in a suspended status for a period of two years by the DGE. Since Rational continued to pursue its license, on April 29, 2014, the Company entered into an agreement with Rational (the "Agreement") which contained all of the terms contained in the Term Sheet previously entered into by the Parties. None of the classifications of amounts previously paid by Rational to the Company changed as a result of execution of the Agreement.

The principal changes between the Term Sheet and the Agreement are (i) the Agreement permits the Company to enter into an agreement with an Alternative Provider to act as the Internet gaming operator for the Company with respect to all casino games except peer-to-peer poker on the Company's website and websites of the Company's affiliates; (ii) Rational is permitted to extend the Term of the Agreement through December 31, 2015 in exchange for the payment of stated extension fees; and (iii) the Agreement potentially modifies the amounts of guarantees the Company is entitled to receive from Rational depending on the length of time the Company continues to operate with an Alternative Provider.

Amaya Gaming Group Inc. acquired the Oldford Group Limited, parent company of Rational, during 2014, and has continued the licensing process of Rational with the DGE.

On June 18, 2014, the Company entered into an Online Gaming Software License and Operating Agreement with Sportech-NYX Gaming, LLC ("SNG") to serve as its Alternative Provider. Under the terms of the SNG Agreement, SNG is required to provide the Company with an online gaming system consisting of a platform and casino games content developed by NYX Gaming Group, Ltd. which is exclusive to the Company in the State of New Jersey. This online gaming system was approved by the DGE on February 25, 2015 to commence legal online gaming.

15. Subsequent Events

The Company completed its subsequent events review through April 30, 2015, the date on which the financial statements were available to be issued. No subsequent events have been identified that are required to be accounted for or disclosed in the financial statements.

DGMB CASINO, LLC

ANNUAL FILINGS

FOR THE PERIOD DECEMBER 31, 2014

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

DGMB CASINO, LLC

ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2014

(UNAUDITED)
($ IN THOUSANDS)

Amended 6/17/2015

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	**Description (b)**	**Account Balance (c)**	**Allowance (d)**	**Accounts Receivable (Net of Allowance) (e)**
	Patrons' Checks:			
1	Undeposited Patrons' Checks..............................	$1,793		
2	Returned Patrons' Checks..................................	1,550		
3	Total Patrons' Checks.......................................	3,343	$1,186	$2,157
4	Hotel Receivables..	1,026	127	$899
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates..........................	1,664		
7	Other Accounts and Notes Receivables................	1,526		
8	Total Other Receivables....................................	3,190		$3,190
9	Totals (Form DGE-205)..	$7,559	$1,313	$6,246

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)...	$1,993
11	Counter Checks Issued...	55,392
12	Checks Redeemed Prior to Deposit..	(42,252)
13	Checks Collected Through Deposits...	(10,563)
14	Checks Transferred to Returned Checks...	(1,550)
15	Other Adjustments...	($1,227)
16	Ending Balance..	$1,793
17	"Hold" Checks Included in Balance on Line 16..	0
18	Provision for Uncollectible Patrons' Checks..	$392
19	Provision as a Percent of Counter Checks Issued......................................	0.7%

DGMB CASINO, LLC
ANNUAL EMPLOYMENT AND PAYROLL REPORT
AT DECEMBER 31, 2014
($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages: Other Employees (d)	Salaries and Wages: Officers & Owners (e)	Salaries and Wages: Totals (f)
	CASINO:				
1	Table and Other Games	366			
2	Slot Machines	51			
3	Administration	12			
4	Casino Accounting	81			
5	Simulcasting	0			
6	Other	0			
7	Total - Casino	510	$9,735		$9,735
8	ROOMS	207	4,737		4,737
9	FOOD AND BEVERAGE	443	7,783		7,783
10	GUEST ENTERTAINMENT	157	1,184		1,184
11	MARKETING	128	4,224		4,224
12	OPERATION AND MAINTENANCE	182	4,271		4,271
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	17	1,711		1,711
14	Accounting and Auditing	22	1,709		1,709
15	Security	143	3,621		3,621
16	Other Administrative and General	72	3,365		3,365
	OTHER OPERATED DEPARTMENTS:				
17	Health Club/Spa				0
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	1,881	$42,340	$0	$42,340