

**RESORTS DIGITAL GAMING, LLC**  
**QUARTERLY REPORT**  
**FOR THE QUARTER ENDED MARCH 31, 2024**

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



**OFFICE OF FINANCIAL INVESTIGATIONS**  
**REPORTING MANUAL**

# RESORTS DIGITAL GAMING, LLC

## BALANCE SHEETS

AS OF MARCH 31, 2024 AND 2023

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$86,115	\$81,769
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2024, \$24 ; 2023, \$2,310).....	2, 3	17,758	15,510
4	Inventories .....			
5	Other Current Assets.....		150	312
6	Total Current Assets.....		104,023	97,591
7	Investments, Advances, and Receivables.....			
8	Property and Equipment - Gross.....		310	269
9	Less: Accumulated Depreciation and Amortization.....		(202)	(152)
10	Property and Equipment - Net.....		108	117
11	Other Assets.....	2	150	228
12	Total Assets.....		\$104,281	\$97,936
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$1,675	\$3,050
14	Notes Payable.....			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....			
16	External.....			
17	Income Taxes Payable and Accrued.....			
18	Other Accrued Expenses.....		10,469	11,377
19	Other Current Liabilities.....	4, 6	82,817	79,168
20	Total Current Liabilities.....		94,961	93,595
	Long-Term Debt:			
21	Due to Affiliates.....			
22	External.....			
23	Deferred Credits .....	2	17,076	20,986
24	Other Liabilities.....	2	90	170
25	Commitments and Contingencies.....	7		
26	Total Liabilities.....		112,127	114,751
27	Stockholders', Partners', or Proprietor's Equity.....		(7,846)	(16,815)
28	Total Liabilities and Equity.....		\$104,281	\$97,936

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

# RESORTS DIGITAL GAMING, LLC

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	Revenue:			
1	Casino.....	1, 2, 4	\$14,229	\$14,732
2	Rooms.....			
3	Food and Beverage.....			
4	Other.....		350	291
5	Net Revenue.....		14,579	15,023
	Costs and Expenses:			
6	Casino.....	2	4,191	4,295
7	Rooms, Food and Beverage.....			
8	General, Administrative and Other.....		2,682	2,765
9	Total Costs and Expenses.....		6,873	7,060
10	Gross Operating Profit.....		7,706	7,963
11	Depreciation and Amortization.....		13	13
	Charges from Affiliates Other than Interest:			
12	Management Fees.....			
13	Other.....	4	275	280
14	Income (Loss) from Operations.....		7,418	7,670
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....			
16	Interest Expense - External.....			
17	CRDA Related Income (Expense) - Net.....	5	(213)	(238)
18	Nonoperating Income (Expense) - Net.....		3	0
19	Total Other Income (Expenses).....		(210)	(238)
20	Income (Loss) Before Taxes .....		7,208	7,432
21	Provision (Credit) for Income Taxes.....			
22	Net Income (Loss).....		\$7,208	\$7,432

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

# RESORTS DIGITAL GAMING, LLC

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023  
AND THE THREE MONTHS ENDED MARCH 31, 2024

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	Special Equity Distribution (e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2022.....		\$5,000	\$55,819	(\$85,066)	(\$24,247)
2	Net Income (Loss) - 2023.....			9,517		9,517
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....				(851)	(851)
6	Prior Period Adjustments.....					0
7	Special Capital Contribution	7			527	527
8						0
9						0
10	Balance, December 31, 2023.....		5,000	65,336	(85,390)	(15,054)
11	Net Income (Loss) - 2024.....			7,208		7,208
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	Special Capital Contribution					0
17						0
18						0
19	Balance, March 31, 2024.....		\$5,000	\$72,544	(\$85,390)	(\$7,846)

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

# RESORTS DIGITAL GAMING, LLC

## STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$5,150	(\$225)
	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.....		(4)	0
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations .....	5	(4,347)	(3,614)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances .....			
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(4,351)	(3,614)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt .....			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt .....			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....			
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....		0	0
21	Net Proceeds/Payments related party .....			
22				
23	Net Cash Provided (Used) By Financing Activities.....		0	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		799	(3,839)
25	Cash and Cash Equivalents at Beginning of Period.....		85,316	85,608
26	Cash and Cash Equivalents at End of Period.....		\$86,115	\$81,769
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....			
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.

# RESORTS DIGITAL GAMING, LLC

## STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
29	Net Income (Loss).....		\$7,208	\$7,432
30	Depreciation and Amortization of Property and Equipment...		13	13
31	Amortization of Other Assets.....			
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current .....			
34	Deferred Income Taxes - Noncurrent .....			
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....	5	213	238
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks .....	3	(908)	(3,484)
39	(Increase) Decrease in Inventories .....			
40	(Increase) Decrease in Other Current Assets.....		(41)	63
41	(Increase) Decrease in Other Assets.....		20	19
42	Increase (Decrease) in Accounts Payable.....		33	207
43	Increase (Decrease) in Other Current Liabilities .....	6	2,504	1,510
44	Increase (Decrease) in Other Liabilities .....		(3,374)	(3,659)
45	Increase (Decrease) in Intercompany Payable .....	4	(518)	(2,564)
46	Non cash tax expense .....			
47	Net Cash Provided (Used) By Operating Activities.....		\$5,150	(\$225)

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<b>ACQUISITION OF PROPERTY AND EQUIPMENT:</b>			
48	Additions to Property and Equipment.....		(\$4)	\$0
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$4)	\$0
	<b>ACQUISITION OF BUSINESS ENTITIES:</b>			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net .....			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	<b>STOCK ISSUED OR CAPITAL CONTRIBUTIONS:</b>			
57	Total Issuances of Stock or Capital Contributions.....			
58	Less: Issuances to Settle Long-Term Debt.....			
59	Consideration in Acquisition of Business Entities.....			
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.

# RESORTS DIGITAL GAMING, LLC SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms				
2	Food				
3	Beverage				
4	Travel				
5	Bus Program Cash				
6	Promotional Gaming Credits				
7	Complimentary Cash Gifts				
8	Entertainment				
9	Retail & Non-Cash Gifts				
10	Parking				
11	Other	30,152	1,774		
12	Total	30,152	\$1,774	0	\$0

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FOR THE THREE MONTHS ENDED MARCH 31, 2024

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms				
2	Food				
3	Beverage				
4	Travel				
5	Bus Program Cash				
6	Promotional Gaming Credits				
7	Complimentary Cash Gifts				
8	Entertainment				
9	Retail & Non-Cash Gifts				
10	Parking				
11	Other	30,152	1,774		
12	Total	30,152	\$1,774	0	\$0

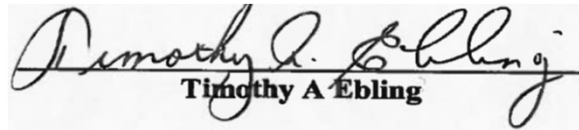
\*No item in this category (Other) exceeds 5%.

# RESORTS DIGITAL GAMING, LLC STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2024

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

05/14/24  
Date



**Timothy A Ebling**

Vice President, CFO  
Title

9194-11  
License Number

On Behalf of:

RESORTS DIGITAL GAMING, LLC  
Casino Licensee



**RESORTS DIGITAL GAMING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS**

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Division of Gaming Enforcement (“DGE”) and include the accounts of Resorts Digital Gaming, LLC (the “Company”), a New Jersey limited liability company that was formed on June 27, 2014. The Company is owned 100% by DGMB Casino Holding, LLC (“Holding”), a Delaware limited liability company, through a 99.5% direct ownership and a 0.5 % indirect ownership through DGMB Casino SPE Corp. (“SPE”), a Delaware corporation, which is the managing member of the Company. MGA Gaming NJ, LLC (MGA), a New Jersey limited liability company, is a non-managing member of Holding and 10% owner.

The Company holds a casino license issued on August 12, 2015, by the State of New Jersey Casino Control Commission (“Commission”) and, as an Internet Gaming Affiliate of DGMB Casino, LLC (“Resorts”), has been authorized by the DGE to operate real money online gaming in New Jersey under the Internet Gaming Permit (NJIGP-18-008) issued to Resorts. Resorts operates Resorts Casino Hotel located in Atlantic City, NJ. The Company operates both the ResortsCasino.com and MoheganSunCasino.com online casino websites. In 2018, legalized sports betting was approved in New Jersey. In April 2014, Resorts entered into an agreement with TSG Interactive US Services Limited d/b/a PokerStars (“PokerStars”). The Company licensed PokerStars to operate an online casino website, which includes poker, utilizing the Company’s Internet Gaming Permit. PokerStars launched its gaming operations in March of 2016. In January of 2021, PokerStars, using the FoxBet brand, launched sportsbook operations in New Jersey. In August 2023, FoxBet brand closed operations.

On May 21, 2018, the Company entered into an online gaming agreement with Crown NJ Gaming, Inc., d/b/a DraftKings (“DraftKings”) whereby the Company licensed DraftKings to operate (i) an online casino website utilizing the Company’s Internet Gaming Permit and (ii) an online sports betting website utilizing the Company’s Sports Wagering License. DraftKings began operations in August of 2018. On December 6, 2022, an amendment was executed to allow DraftKings to offer poker on its online casino website.

In addition, on September 1, 2020, the Company entered into an online gaming agreement with Penn Interactive Ventures, LLC, d/b/a Penn (“Penn”) whereby the Company licensed Penn to operate an online casino website (with the exception of poker) utilizing the Company’s Internet Gaming Permit. Penn launched its Barstool branded online casino website in August of 2021. In August of 2023, Penn rebranded from Barstool to ESPN Bet.

Under these agreements, the Company is paid a fixed percentage of the operator’s net gaming revenue, as defined, with some contractual annual minimums and maximums. Revenue generated from these activities are recognized in Casino Revenues in the accompanying financials. All expenses associated with the third-party operations under the Company’s license are recognized under selling, general, and administrative within the accompanying financials. Other expenses reimbursed from third party partners to the Company are recognized in Other Revenues.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Concentrations of Credit Risk** - Cash includes cash on account and cash on hand. The Company maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At March 31, 2024, and March 31, 2023, the Company had approximately \$85.9 million and \$81.5 million, respectively, in excess of FDIC-insured limits.

**Restricted Cash** - Pursuant to NJAC 13:69O-1.3(k), a unique New Jersey bank account is maintained to segregate internet gaming patron’s funds on deposit, pending withdraws, and active bets.

**RESORTS DIGITAL GAMING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**Reconciliation of Cash and Restricted Cash** – The following table provides a reconciliation of cash and cash equivalents and restricted cash reported on the balance sheets that sum to the total of the same amounts shown on the statements of cash flows at March 31 (in thousands):

	<b>2024</b>	<b>2023</b>
Cash	\$ 7,464	\$ 9,288
Restricted Cash	78,651	72,481
<b>Total Cash and Restricted Cash</b>	<b>\$ 86,115</b>	<b>\$ 81,769</b>

**Receivables and Allowance for Credit Losses-** Receivables consist primarily of amounts due from patrons and third-party processors. Receivables also include approximately \$14.1 million and \$15.0 million from online gaming platforms at March 31, 2024 and 2023, respectively. Receivables are non-interest bearing and are initially recorded at cost. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company’s previous loss history, the customer’s current ability to pay its obligation to the Company, and condition of the general economy and the industry as a whole.

**Deferred Revenue** - Deferred revenue consists of amounts advanced from a third party and will be recognized in future periods as a component of gaming revenue.

**Revenue Recognition** - The company accounts for revenue recognition in accordance with the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (“Topic 606”), which provides a comprehensive revenue recognition model for all contracts with customers. The model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services.

The Company’s revenue contracts with customers consist of gaming wagers, including sports wagering, and other transactions. The transaction price for a gaming wager contract is the difference between gaming wins and losses, not the total amount wagered. Gaming wager contracts involve two performance obligations for those customers earning points under the Company’s players’ club and a single performance obligation for customers who do not participate in the program. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis because such wagers have similar characteristics, and the Company reasonably expects the effects on the financial statements of applying the revenue recognition guidance to the portfolio to not differ materially from that which would result if applying the guidance to an individual wagering contract. For purposes of allocating the transaction price in a wagering contract between the wagering performance obligation and the obligation associated with loyalty points earned, the Company allocates an amount to the loyalty credit obligation based on the stand-alone selling price of the points earned. An amount is allocated to the gaming wager performance obligation using the residual approach because the stand-alone price for wagers is highly variable and no set established price exists for such wagers. The allocated revenue for gaming wagers is recognized when the wagers occur because all such wagers settle immediately.

**Right-of-Use Assets and Lease Liabilities** -The Company adopted ASC 842 on January 1, 2022, using the prospective adoption approach, and therefore, comparative periods will continue to be reported under prior lease accounting guidance consistent with previously issued financial statements. The Company elected the package of practical expedients permitted under the transition guidance within ASC 842, which among other things, allows the Company to carry forward the historical lease identification, lease classification and treatment of initial direct costs for leases entered into prior to January 1, 2022. The Company also made an accounting policy election to not record short-term leases with an initial term of 12 months or less on the balance sheet for all classes of underlying assets. The Company has also elected to not adopt the hindsight practical expedient for determining lease terms.

The Company’s operating leases, in which The Company is the lessee, are recorded on the balance sheet as an ROU asset with a corresponding lease liability. The lease liability will be remeasured each reporting period with a corresponding change to the ROU asset. ROU assets totaled \$0.2 million for both periods ending March 31, 2024 and March 31, 2023, and can be found in Other Assets in the accompanying financial statements. Lease liabilities totaled

**RESORTS DIGITAL GAMING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

\$0.2 million as of March 31, 2024 and March 31, 2023, and can be found in Other Accrued Expenses and Other Liabilities in the accompanying financial statements.

**Loyalty Program** – The Company provides customers with a loyalty program. Members of the loyalty program earn points based on gaming activity, and such points are redeemable for cash and free play based on the terms of the program. In addition, on a discretionary basis, the Company may award points to customers that can be redeemed for free play. The liability for these points is included in accrued expenses and other current liabilities on the company balance sheets and totaled approximately \$93,000 and \$108,000 at March 31, 2024 and 2023, respectively.

**Gaming Tax** - The Company remits monthly to the State of New Jersey a tax equal to 15% of gross internet gaming revenue and a tax equal to 13% of gross internet sports wagering revenue, as defined Gaming tax expense was \$1.3 million and \$1.4 million for the three months ended March 31, 2024 and 2023, respectively. Gaming tax is included in casino expenses in the accompanying statements of income.

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

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

**Use of Estimates** – The preparation of the financial statements in conformity with GAAP requires that the Company makes 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.

**Reclassification** - Certain reclassifications of amounts previously reported have been made to the accompanying financials statements to maintain consistency between periods presented. The reclassifications had no impact on the previously reported net income.

**Omitted Disclosures** - In accordance with the DGE Financial Reporting guidelines the Company has elected not to include certain disclosures that were made in the December 31, 2023 report. Accordingly, the following disclosures have been omitted: certain Income Tax disclosures, Leases, and Advertising.

**RESORTS DIGITAL GAMING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 3 - RECEIVABLES AND PATRONS' CHECKS**

Receivables and patrons' checks as of March 31, 2024 and 2023 consisted of the following (in thousands):

	<u>2024</u>	<u>2023</u>
Gaming Related	\$ 219	2,466
Less reserve	(24)	\$ (2,310)
Third Party Receivable	14,088	15,025
Other	-	329
Due from Affiliates	3,475	-
Receivables, net	<u>\$ 17,758</u>	<u>\$ 15,510</u>

**NOTE 4 – ENTITIES UNDER COMMON CONTROL**

The Company and Resorts are under common control. Resorts provides the Company with administrative services such as payroll, accounting, risk management, legal, treasury, and information systems in return for a fee pursuant to the Shared Services Agreement. This fee was \$0.3 for the three months ended March 31, 2024 and 2023, and is included in general, administrative, and other in the accompanying statements of operations. Amounts due from DGMB Casino, LLC totaled approximately \$3.5 million at March 31, 2024, while amounts due to DGMB Casino, LLC totaled approximately \$3.4 million at March 31, 2023. Amounts are recorded in receivables and other current liabilities, respectively. In addition, as discussed in Note 7, the Company is a co-borrower on Resorts' debt.

During 2015, agreements between PokerStars, NYX Digital Gaming (USA), LLC and Resorts were assigned to the Company. Between 2013 and 2015, the Company received \$32.0 million in cash advances from Pokerstars, which will be earned and recognized as revenue based upon various events and conditions, through March 2026. In 2021, the agreement was amended, which among other things, gave PokerStars the option to extend the agreement for an additional two years. The company had approximately \$17.1 million and \$21.0 million recorded as deferred revenue as a result of these advances at March 31, 2024 and 2023, respectively.

**NOTE 5 – CASINO REINVESTMENT DEVELOPMENT AUTHORITY**

The New Jersey Casino Control Act provides, among other things, for an assessment of licensee equal to 2.5% of the Company's gross internet gaming revenues, and 1.25% of the Company's gross internet sports wagering revenue in lieu of an investment alternative tax equal to 5.0% of gross gaming revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestments Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, direct investments in approved CRDA projects may be donated to the CRDA. CRDA bonds have terms up to 50 years and bear interest at below-market rate.

On May 27, 2016, the New Jersey legislature enacted Senate Bill S1715, subsequently amended by Senate Bill S4007 in December 2021, which implements a Payment in Lieu of Taxes Program (the "PILOT"). Commencing in 2017 and for a period of ten (10) years, each Atlantic City casino property owner would fulfill their financial obligations to all local governments serving Atlantic City thereby exempting casino gaming properties from ad valorem property taxation by the City of Atlantic City. The PILOT has an impact on, among other things, the disposition of future CRDA payments by reallocating the majority of casino investment alternative tax ("IAT") receipts collected by the

**RESORTS DIGITAL GAMING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

CRDA to Atlantic City for the purpose of paying debt service on municipal bonds issued prior to the effective date of the bill until December 31, 2026. IAT revenues previously pledged for the payment of bonds issued by the CRDA, or any bonds issued to refund those bonds, or otherwise contractually obligated by the CRDA prior to the effective date of the bill, are excluded from the reallocation.

To date no bonds have been purchased by the Company and the current CRDA funds on deposit are being used to fund the previously pledged grant to an affiliate or the PILOT program.

**NOTE 6 – OTHER CURRENT LIABILITES**

Other current liabilities as of March 31, 2024 and 2023 consisted of the following (in thousands):

	<u>2024</u>	<u>2023</u>
Patron Deposits	\$ 77,790	\$ 71,662
Other	309	415
CRDA Obligations	4,718	3,712
Due to Affiliates	-	3,379
	<u>\$ 82,817</u>	<u>\$ 79,168</u>

**NOTE 7 – 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.

**Commitments** - The Company entered into an agreement with Fifth Third Bank, National Association to be a co-borrower of debt and a line of credit with Resorts on July 7, 2022. The Company has not recorded any debt relating to this agreement on the financial statements as Resorts has agreed to pay the debt and the Company does not expect to pay any portion of the debt. The maximum potential liability in the event of Resorts defaulting on the loan is the outstanding principal balance of the debt, which was approximately \$55.5 million for the note and \$7.5 million for the line of credit, at March 31, 2024.

**NOTE 8 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 14, 2024, the date which the financial statements were available to be issued.