

Digging Deeper: Adding context to casino finance reports

The integrated casino resort industry is complex with many moving and interconnected parts. The interplay of these parts is often difficult to depict in streamlined documents, leading at times to an incomplete understanding of the dynamic forces at play.

In 2018, a new accounting methodology was introduced for the casino industry in New Jersey (see Dr. Jean Abbot's analysis for [LIGHTs ON Summer 2018](#)) that changed the way net revenues for the gaming and nongaming side of resort operations are presented. This had the effect of rebalancing the presentation of net gaming and net nongaming revenues in favor of nongaming – showing economic activity related to the award and redemption of player comps (complimentary goods and services awarded to gambling patrons to incentivize play) as net nongaming revenue and effectively reducing the net gaming revenue by the value of these comps. This did not change total net revenue, only how the breakdown between gaming and nongaming revenue was presented.

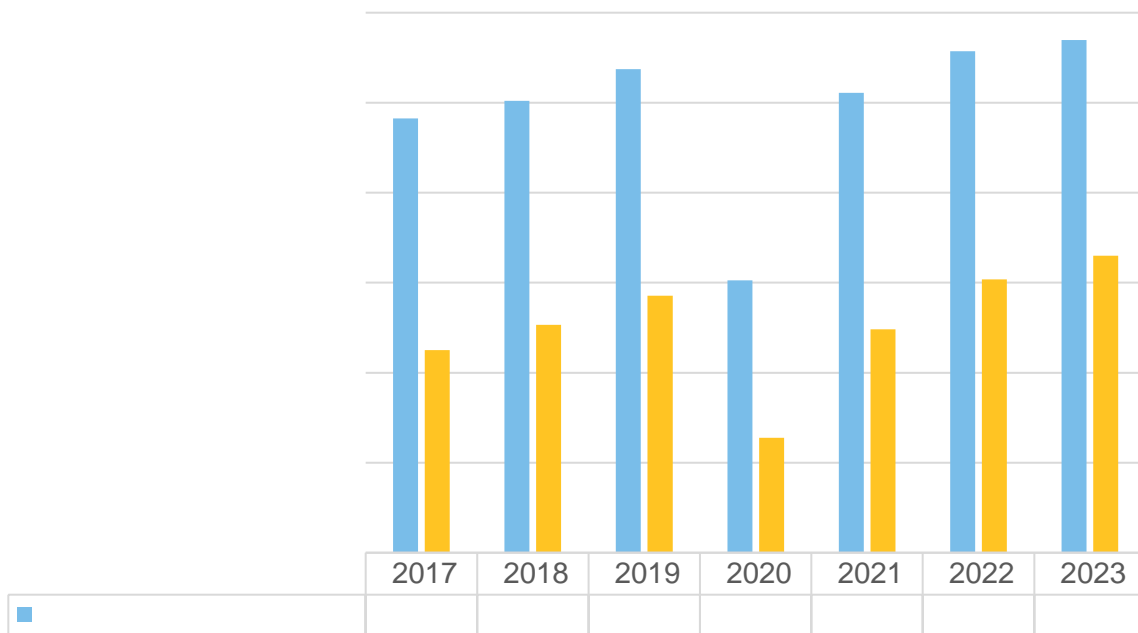
and beverage and entertainment sales is tied to economic activity that was initiated on the gaming side of the house, and conversely how much the gaming side of operations may rely on nongaming operations to recruit, retain and optimize the spending of gaming patrons.

None of the current publicly available reports quite captures this relationship and each has additional "shortcomings" especially when the newest revenue streams, sports betting and internet gaming, are included.

The Quarterly Net Gaming reports only include revenues generated by Atlantic City's nine casino entities and omit the revenue generated by their partners (ex. FanDuel, DraftKings) and while the Monthly Gross Revenue reports include revenue generated by third parties, they omit revenues generated from nongaming activity.

If the goal is to examine revenue activity in the resort – separate from tax revenues that rely on Monthly Gross Revenue reports and Gross Operating Profit that draws from the Quarterly Net Gaming Revenue Reports – then a new visualization of the data is needed.

The below graph attempts to show as accurate a representation of casino resort generated revenue activity in Atlantic City as is presently possible based on publicly available data.



*Revenue from Slots, Poker and Table Games as reported for Atlantic City casino operators in New Jersey Division of Gaming Enforcement [Monthly Gross Revenue Reports](#)

**Revenue from Rooms, Food & Beverage and Other sources as reported for Atlantic City casino operators in New Jersey Division of Gaming Enforcement [Quarterly Financial Reports](#)

It is important to note that this visualization does not include activity from ~~party~~ vendors or revenue streams (internet and sports betting) that are not primarily ~~person~~, nor can (or should) the figures for gaming and nongaming in this graph be totaled – they will not “foot” or match total net or gross revenue numbers and ~~cannot~~ be combined with data on expenses to discuss profit. This visualization only seeks to add perspective to the net and gross revenue reports by presenting a view of total ~~revenue~~ activity for each aspect of the ~~person~~ casino resort business in Atlantic City.

When viewed thus ~~we~~ see a pattern of clear, modest gains in both sectors interrupted in 2020 by market conditions resulting from a global pandemic. Recovery in 2021 brought revenues back in range of 2019 by the end of 2022, and 2023 continued a positive trend. ~~Gaming still~~ dominates integrated casino resort operations with revenue activity sometimes twice that of nongaming operations.

This visualization, and the net and gross revenue reports, are only one facet of economic activity generated by the casino resorts and the gaming industry in general in Atlantic City. A more complete view of the industry’s impact must also include other factors such as tax contributions, employment and charitable giving.