

Financial Statements

Southeast Iowa Regional Riverboat Commission

October 31, 2019

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**Southeast Iowa Regional Riverboat Commission
Officers and Commissioners
October 31, 2019**

<u>Name</u>	<u>Title</u>
David Schwarz	President
Vacant	Vice President
David Walker	Treasurer
Teresa Johnson	Secretary
Kirk Brandenberger	Commissioner
Steve Link	Commissioner
Joseph Steil	Commissioner
Charles Kempker	Commissioner
Justin Pieper	Commissioner
Jason Hutcheson	Commissioner
Matt Rinker	Ex-Officio
Tom Broeker	Ex-Officio



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Independent Auditor's Report

Commissioners
Southeast Iowa Regional Riverboat Commission
Burlington, IA

We have audited the accompanying statements of cash receipts and disbursements of Southeast Iowa Regional Riverboat Commission (Commission) (a nonprofit organization), for the years ended October 31, 2019 and 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and disbursements basis of accounting as described in Note 2; this includes determining that the cash receipts and disbursement basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of Southeast Iowa Regional Riverboat Commission for the years ended October 31, 2019 and 2018, in accordance with the cash receipts and disbursement basis of accounting, as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash receipts and disbursement basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

CPA Associates PC

January 3, 2020

Southeast Iowa Regional Riverboat Commission
Statements of Cash Receipts and Disbursements
Years Ended October 31, 2019 and 2018

	2019	2018
Cash Receipts	\$ <u>1,241,334</u>	\$ <u>1,249,340</u>
Cash Disbursements		
Program Services		
Grow Greater Burlington	395,023	397,614
Des Moines County Board of Supervisors	24,689	24,851
Fort Madison Southeast Iowa Regional Riverboat Corp.	395,023	397,614
Keokuk Convention and Visitors Bureau	395,023	397,614
Lee County Board of Supervisors	<u>24,689</u>	<u>24,851</u>
	<u>1,234,447</u>	<u>1,242,544</u>
Management and General		
Accounting fees	2,650	2,600
Audit fees	2,300	2,155
Insurance	1,500	1,500
Other	<u>437</u>	<u>541</u>
	<u>6,887</u>	<u>6,796</u>
Total disbursements	<u>1,241,334</u>	<u>1,249,340</u>
Change in cash balance	<u>-</u>	<u>-</u>
 Cash, beginning of year	 <u>1,006</u>	 <u>1,006</u>
Cash, end of year	\$ <u><u>1,006</u></u>	\$ <u><u>1,006</u></u>

See notes to financial statements.

Southeast Iowa Regional Riverboat Commission
Notes to Financial Statements

Note 1. Nature of Organization

The Southeast Iowa Regional Riverboat Commission (Commission) is a nonprofit corporation formed to be a "Qualified Sponsoring Organization" as described in Chapter 99F.1(20), Code of Iowa, 1989, as amended. As a Qualified Sponsoring Organization, the Commission may receive income from gambling boats or gambling structures, which operate under the authority of licensing issued under the provisions of Chapter 99F. All income received from the gambling operations after payment of the Commission's expenses is normally distributed as follows:

Grow Greater Burlington	32%
Fort Madison Southeast Iowa Regional Riverboat Commission Corp.	32%
Keokuk Convention and Visitors Bureau	32%
Des Moines County Board of Supervisors	2%
Lee County Board of Supervisors	2%

Note 2. Significant Accounting Policies

Basis of Accounting

The Commission prepares its financial statements on the cash receipts and disbursement basis of accounting. Under this basis, receipts are recognized when collected and disbursements are recognized when paid, rather than when expenses are incurred. Consequently, accrued income and accrued expenses are not included in these financial statements.

Cash Disbursement Allocation

Directly identifiable cash disbursements are charged to program services or management and general activities. Management and general activities cash disbursements include those disbursements that are not directly identifiable with any other function but provide for the overall support of the Commission.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in type of information provided about expenses and investment return. The Commission has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the years presented.

Subsequent Events

The Commission performed an evaluation of subsequent events through January 3, 2020, which is the date the financial statements were available to be issued. There are no subsequent events that require disclosure or recognition in the financial statements as of October 31, 2019.

Southeast Iowa Regional Riverboat Commission
Notes to Financial Statements

Note 3. Agreement with Casino Operator

Catfish Bend Casino, LLC (casino operator) pays the Commission a license fee equal to 3.157% of its adjusted gross revenue, as defined by the Iowa Racing and Gaming Commission, in accordance with the License and Operations Agreement (Agreement). The fee is paid monthly by the 10th of the month following the month in which the revenue is generated. The Agreement expires January 1, 2023. Catfish Bend Casino, LLC has the option to extend the Agreement for an additional ten year term subject to approval by the Commission. For the months of August and September 2019, Catfish Bend Casino, LLC paid the Commission 3.167% and 3.175%, respectively, of its adjusted gross revenue.

Note 4. Federal Income Taxes

The Commission is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

Note 5. Availability and Liquidity

The Commission has limited liquidity as it is solely a "Qualified Sponsoring Organization" as described in Chapter 99F.1(20), Code of Iowa, 1989, as amended. Funds are collected and paid out throughout the year. As of October 31, 2019, the liquidity is strictly the cash balance reported on the Statements of Cash Receipts and Disbursements.