

SOUTHEAST IOWA REGIONAL RIVERBOAT COMMISSION

FINANCIAL STATEMENTS
OCTOBER 31, 2022

SOUTHEAST IOWA REGIONAL RIVERBOAT COMMISSION

TABLE OF CONTENTS
OCTOBER 31, 2022

	Page
Officers and Commissioners	1
Independent Auditor's Report	2-3
Financial Statements:	
Statements of Cash Receipts and Disbursements	4
Notes to Financial Statements	5-6

Southeast Iowa Regional Riverboat Commission

Officers & Commissioners

<u>Name</u>	<u>Title</u>
David Schwarz	President
Justin Pieper	Vice President
David Walker	Treasurer
Theresa Johnson	Secretary
Kirk Brandenberger	Commissioner
Steve Link	Commissioner
Joseph Steil	Commissioner
Charles Kempker	Commissioner
Jason Hutcheson	Commissioner
Mitch Taylor	Attorney
Jon Billups	Ex-Officio
Tom Broeker	Ex-Officio



ANDERSON, LARKIN & CO., P.C.
Certified Public Accountants
"Your Success Is Our Business."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA
Alexander T. Barr, CPA

INDEPENDENT AUDITOR'S REPORT

Commissioners
Southeast Iowa Regional Riverboat Commission
Burlington, Iowa

We have audited the accompanying statements of cash receipts and disbursements of Southeast Iowa Regional Riverboat Commission (a nonprofit organization), for the year ended October 31, 2022, and the related notes to the financial statements. The financial statements of the Southeast Iowa Regional Riverboat Commission as of October 31, 2021 were audited by other auditors whose report dated December 22, 2021 expressed an unmodified opinion on those statements.

In our opinion, the accompanying 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, 2022 and 2021, in accordance with the cash receipts and disbursement basis of accounting, as described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Southeast Iowa Regional Riverboat Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 disbursements 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Southeast Iowa Regional Riverboat Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeast Iowa Regional Riverboat Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ANDERSON, LARKIN & CO., P.C.



Ottumwa, Iowa
April 18, 2023

SOUTHEAST IOWA REGIONAL RIVERBOAT COMMISSION
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
YEARS ENDED OCTOBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash receipts	\$ <u>1,423,328</u>	\$ <u>1,458,128</u>
Cash disbursements		
Program services		
Grow greater Burlington	451,663	464,481
Des Moines County Board of Supervisors	28,229	29,030
Fort Madison Southeast Iowa Regional Riverboat Corp.	451,663	464,481
Keokuk Convention and Visitors Bureau	451,663	464,481
Lee County Board of Supervisors	<u>28,229</u>	<u>29,030</u>
	<u>1,411,447</u>	<u>1,451,503</u>
Management and General		
Accounting fees	5,308	2,900
Audit fees	5,315	2,415
Insurance	1,200	1,200
Other	<u>58</u>	<u>110</u>
	<u>11,881</u>	<u>6,625</u>
Total disbursements	<u>1,423,328</u>	<u>1,458,128</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>1,006</u>	\$ <u>1,006</u>

See notes to financial statements

SOUTHEAST IOWA REGIONAL RIVERBOAT COMMISSION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 expense 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.

Subsequent Events

The Commission performed an evaluation of subsequent events through April 18, 2023, 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, 2022.

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.

NOTE 4: CONCENTRATIONS

The Commission receives all of its cash receipts from Catfish Bend Casino, LLC. Its future cash receipts and program distributions are dependent on the continued operations of Catfish Bend Casino, LLC, which is located in Southeast Iowa.

SOUTHEAST IOWA REGIONAL RIVERBOAT COMMISSION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5: FEDERAL INCOME TAXES

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

NOTE 6: 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, 2022, the liquidity is strictly the cash balance reported on the Statements of Cash Receipts and Disbursements.