

HAWKINS | ASH CPAs

LA CROSSE COUNTY CONVENTION
AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR
ACCOUNT

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT

DECEMBER 31, 2018 AND 2017

**LA CROSSE COUNTY CONVENTION AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR ACCOUNT**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
La Crosse County Convention and Visitors Bureau and La Crosse Center
La Crosse, Wisconsin

We have audited the accompanying financial statements of the La Crosse County Convention and Visitors Bureau - La Crosse Center Liquor Account (the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' 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 Organization'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 Organization'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 financial position of the La Crosse County Convention and Visitors Bureau - La Crosse Center Liquor Account as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
January 25, 2019

**LA CROSSE COUNTY CONVENTION AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR ACCOUNT**

FINANCIAL STATEMENTS

**LA CROSSE COUNTY CONVENTION AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR ACCOUNT
STATEMENTS OF FINANCIAL POSITION**

	DECEMBER 31,	
	2018	2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 32,333	\$ 32,605
Accounts receivable	20,560	12,302
Inventory	40,780	33,066
TOTAL ASSETS	\$ 93,673	\$ 77,973
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 3,229	\$ 5,546
Sales tax payable	879	640
Commissions payable to City of La Crosse	59,565	41,787
TOTAL CURRENT LIABILITIES	63,673	47,973
NET ASSETS WITHOUT DONOR RESTRICTIONS	30,000	30,000
Designated for inventory and cash flow		
jtaylor@laxymca.org	\$ 93,673	\$ 77,973

The accompanying notes are an integral part of these financial statements.

LA CROSSE COUNTY CONVENTION AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR ACCOUNT
STATEMENTS OF ACTIVITIES

	YEAR ENDED DECEMBER 31,	
	2018	2017
SALES, net of sales tax of \$34,554 and \$40,590, respectively	\$ 650,319	\$ 646,066
COST OF SALES	178,634	171,264
GROSS PROFIT	471,685	474,802
OPERATING EXPENSES		
Administrative expenses	3,405	3,300
OPERATING INCOME	468,280	471,502
COMMISSIONS		
La Crosse County Convention and Visitors Bureau	10,000	10,000
City of La Crosse	458,280	461,502
TOTAL COMMISSIONS	468,280	471,502
CHANGE IN NET ASSETS	-	-
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR	30,000	30,000
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	\$ 30,000	\$ 30,000

The accompanying notes are an integral part of these financial statements.

**LA CROSSE COUNTY CONVENTION AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR ACCOUNT
STATEMENTS OF CASH FLOWS**

	YEAR ENDED DECEMBER 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash (used in) operating activities		
(Increase) decrease in assets		
Accounts receivable	(8,258)	8,130
Inventory	(7,714)	(1,139)
(Decrease) increase in liabilities		
Accounts payable	(2,317)	3,354
Sales tax payable	239	(16,591)
Commissions payable to City of La Crosse	17,778	(12,352)
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(272)</u>	<u>(18,598)</u>
CASH AT BEGINNING OF YEAR	<u>32,605</u>	<u>51,203</u>
CASH AT END OF YEAR	<u>\$ 32,333</u>	<u>\$ 32,605</u>

The accompanying notes are an integral part of these financial statements.

LA CROSSE COUNTY CONVENTION AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR ACCOUNT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 - Nature of Activities and Significant Accounting Policies

These financial statements present only the activities of the La Crosse County Convention and Visitors Bureau - La Crosse Center Liquor Account (the "Organization"). This account was established by an agreement between the City of La Crosse and the La Crosse County Convention and Visitors Bureau to operate the beer and liquor sales at the La Crosse Center. The other operations of the La Crosse County Convention and Visitors Bureau, the La Crosse Center, and the City of La Crosse are not included in these statements.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The accompanying financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

New Accounting Pronouncements - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclosure a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The amendments in ASU 2016-14 are effective for fiscal years beginning after December 15, 2017; thus, the Organization adopted the update for the year ended December 31, 2018. The Organization opted to not disclose liquidity and availability information for 2017 as permitted under the ASU in the year of adoption.

Net Assets - The Organization is required to report information regarding its net assets and its activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization had no net assets with donor restrictions at December 31, 2018 and 2017.

LA CROSSE COUNTY CONVENTION AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR ACCOUNT
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018 AND 2017

NOTE 1 - Nature of Activities and Significant Accounting Policies - Continued

Accounts Receivable - Management has elected to record bad debt expense using the direct write-off method when receivables are determined to be uncollectible based on the periodic review of the accounts. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Inventory - Inventory, consisting of liquor, beer, soda, and supplies, is stated at the lower of cost or net realizable value determined on a first-in, first-out basis.

Revenue Recognition - The Organization's revenue source is beverage sales. Revenue is recognized when the beverage sales occur.

Income Taxes - The La Crosse County Convention and Visitors Bureau is a not-for-profit organization exempt from income taxes under Code Section 501(c)(6) of the Internal Revenue Code.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

The determination of tax exempt status is considered to be a tax position taken with respect to the provisions of U.S. GAAP.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to 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 reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation of the current year's financial statements.

Subsequent Events - The Organization has evaluated subsequent events through January 25, 2019, the date which the financial statements were available to be issued.

LA CROSSE COUNTY CONVENTION AND VISITORS BUREAU
LA CROSSE CENTER LIQUOR ACCOUNT
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018 AND 2017

NOTE 2 - Management Agreement

In June of 1980, the La Crosse County Convention and Visitors Bureau ("Convention Bureau"), entered into a management agreement with the La Crosse Center of La Crosse whereby the Convention Bureau would obtain and maintain the beer and liquor license used by the La Crosse Center. The agreement, which is renewed annually, stipulates that the expenses paid from the La Crosse Center Liquor Account are for expenses directly relating to and exclusively used for the beer and liquor concessions with the exception of personnel expenses which will be paid by the La Crosse Center. The current agreement is in effect until June 30, 2019.

The agreement also states that the La Crosse Center Liquor Account shall pay the Convention Bureau the sum of \$10,000 per license year from the gross revenue as payment to the Convention Bureau for the fees associated with holding the liquor license. The remaining excess revenue over expenses is paid to the City of La Crosse.

NOTE 3 - Liquidity and Availability

The Organization has \$52,983 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and receivables. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain unrestricted cash on hand to meet inventory and cash flows needs of \$30,000.