

UPPER MISSISSIPPI GAMING CORPORATION
Marquette, Iowa

FINANCIAL STATEMENTS
with Independent Auditor's Report

For the Years Ended June 30, 2025 and 2024

UPPER MISSISSIPPI GAMING CORPORATION
Marquette, Iowa

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Upper Mississippi Gaming Corporation
Marquette, Iowa 52158

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Upper Mississippi Gaming Corporation, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Mississippi Gaming Corporation as of June 30, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Mississippi Gaming Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Upper Mississippi Gaming Corporation'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 Upper Mississippi Gaming Corporation'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.

Collins & Associates SC

Collins & Associates, S.C.
Prairie du Chien, Wisconsin
August 28, 2025

UPPER MISSISSIPPI GAMING CORPORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

ASSETS

Assets	<u>2025</u>	<u>2024</u>
Cash	\$ 421,588	\$ 429,498
Accrued management rights fee receivable	48,868	49,077
Prepaid expenses	<u>1,159</u>	<u>3,390</u>
Current assets	471,615	481,965
 Membership	 250	 250
Net equipment	<u>40</u>	<u>322</u>
Noncurrent assets	<u>290</u>	<u>572</u>
 Total Assets	 <u><u>\$ 471,905</u></u>	 <u><u>\$ 482,537</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 203	\$ 198
Accrued payroll	-	405
Accrued payroll taxes	<u>1,316</u>	<u>1,088</u>
Current liabilities	<u>1,519</u>	<u>1,691</u>
 Total Liabilities	 1,519	 1,691
 Net Assets		
Without donor restrictions	<u>470,386</u>	<u>480,846</u>
Total Net Assets	<u>470,386</u>	<u>480,846</u>
 Total Liabilities and Net Assets	 <u><u>\$ 471,905</u></u>	 <u><u>\$ 482,537</u></u>

The accompanying notes are an integral part of this statement.

UPPER MISSISSIPPI GAMING CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

	<u>2025</u>	<u>2024</u>
Revenues:		
Management rights fees	\$ 658,405	\$ 668,932
Interest	7,100	5,770
Expense reimbursements	3,900	3,906
Miscellaneous	9,276	1,350
Total Revenues	<u>678,681</u>	<u>679,958</u>
Expenses:		
Program services expense		
Grants	<u>636,616</u>	<u>621,925</u>
Supporting services expense		
Salaries	26,620	23,363
Payroll taxes	2,109	1,755
Telephone and internet	1,314	1,736
Licenses and fees	226	286
Supplies and postage	1,472	2,205
Bank charges	31	94
Travel	266	-
Subscriptions	694	571
Professional fees	7,540	8,405
Insurance	4,390	3,219
Meeting expense	336	-
Rent	3,900	3,900
Miscellaneous	3,130	770
Meals/hotels	215	1,944
Depreciation	282	282
Total General and Administrative Expenses	<u>52,525</u>	<u>48,530</u>
Total Expenses	<u>689,141</u>	<u>670,455</u>
Change in Net Assets without Donor Restrictions	(10,460)	9,503
Net Assets at Beginning of Year	480,846	471,343
Prior period adjustment	-	-
Net Assets at End of Year	<u>\$ 470,386</u>	<u>\$ 480,846</u>

The accompanying notes are an integral part of this statement.

UPPER MISSISSIPPI GAMING CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	2025	2024
<i>Cash Flows From Operating Activities</i>		
Management rights fees	\$ 658,614	\$ 677,044
Interest	7,100	5,770
Expense reimbursements	3,900	3,906
Other receipts	9,276	1,350
Cash paid for grants	(636,616)	(621,925)
Cash paid to employees	(27,025)	(24,138)
Cash paid to suppliers	(23,159)	(23,032)
	<u>(7,910)</u>	<u>18,975</u>
Net Cash Provided By (Used In) Operating Activities	<u>(7,910)</u>	<u>18,975</u>
Net increase (decrease) in cash and cash equivalents	(7,910)	18,975
Cash and cash equivalents- beginning of year	429,498	410,523
Prior period adjustment	-	-
Cash and cash equivalents- end of year	<u><u>\$ 421,588</u></u>	<u><u>\$ 429,498</u></u>
<i>Reconciliation Of Change In Net Assets To Net Cash Provided By Operating Activities</i>		
Change in net assets	\$ (10,460)	\$ 9,503
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	282	282
Changes in Certain Assets and Liabilities:		
Accounts receivable	-	-
Management rights fees receivable	209	8,112
Prepaid expense	2,231	1,561
Accounts payable	5	6
Accrued payroll	(405)	(775)
Accrued payroll taxes	228	286
	<u>\$ (7,910)</u>	<u>\$ 18,975</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (7,910)</u></u>	<u><u>\$ 18,975</u></u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Noncash operating activities		
Facility furnished by excursion boat operator rent free	<u><u>\$ 3,900</u></u>	<u><u>\$ 3,900</u></u>

The accompanying notes are an integral part of this statement.

UPPER MISSISSIPPI GAMING CORPORATION

Notes to the Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. **Basis of Presentation** – The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2019.

Under provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

2. **Use of Estimates in Preparation of Financial Statements** – The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues and expenses. Actual results may differ from these estimates.
3. **Cash and Cash Equivalents** - The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.
4. **Depreciation** - Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.
5. **Income Tax Status** - The Organization is exempt from federal income taxes on related income under Section 501(c)(4) of the Internal Revenue Code. The Organization believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions.

UPPER MISSISSIPPI GAMING CORPORATION

Notes to the Financial Statements - continued

Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

6. **Nature of Activities** - The Organization promotes social welfare and combats community deterioration in the Marquette, Iowa area by making grants to Section 501(c) organizations which will improve the area's economy and create and retain employment opportunities. The Organization is supported primarily through the holding of a gambling license under Iowa Code Chapter 99F. The Organization has entered into a management agreement, expiring June 10, 2044 with an excursion boat operator whereby the gaming operations are managed by the Operator.

For purposes of this Agreement "ticketed passenger" shall mean every person admitted during a calendar day on the excursion gaming boat, except necessary officials and employees of the Operator working on the boat.

Beginning on July 1, 2021, and continuing through expiration of the term of this Agreement, a monthly amount equal to 3.25% of adjusted gross receipts (as defined in Section 99.F.1(1) of the Iowa Code), payable in monthly installments, with payments for each month due on or prior to the 15th day of the following month.

The Operator agrees to pay for any required application fees, bonds, annual license fees, and audit and accounting services required by the Iowa Racing and Gaming Commission. The Operator also agrees to provide the Organization office space sufficient for storage of the Organization's records and for board of directors meetings.

7. **Donated Services** - No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise.
8. **Donated Use of Property** - The Organization began operating from facilities furnished by the Operator on June 1, 2008. In accordance with SFAS No. 116, the Organization has recorded expense reimbursement income and rental expense of \$3,900 based on the estimated fair market rental for twelve months.
9. **Concentration of Revenues** - The Organization received nearly 100% of its funding from the Casino Queen in connection with its holding of a gaming license.

Years Ended June 30, 2025 and 2024

UPPER MISSISSIPPI GAMING CORPORATION
Notes to the Financial Statements - continued
Years Ended June 30, 2025 and 2024

NOTE 3 – RISK MANAGEMENT

The Organization is exposed to various risks of loss to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. In addition, there have been no settlements in excess of coverage in any of the prior three fiscal years.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

From time to time, the Organization is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Organization's financial position or results of operations.

NOTE 5 – SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 28, 2025, the date the financial statements were available to be issued.