

Financial Statements

Florida Beer Wholesalers Association, Inc.

*Years ended December 31, 2023 and 2022
with Report of Independent Auditors*



Florida Beer Wholesalers Association, Inc.

Financial Statements

Years ended December 31, 2023 and 2022

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Report of Independent Auditors

Board of Directors
Florida Beer Wholesalers Association, Inc.

Opinion

We have audited the financial statements of the Florida Beer Wholesalers Association, Inc. (the Association) which comprises the statement of financial position as of December 31, 2023, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2023, and the changes in its net assets and its cash flows for the year 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 (GAAS). 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 the Association 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.

Other Matter

The financial statements of the Association, as of and for the year ended December 31, 2022, were audited by other auditors whose report, dated November 14, 2023, expressed an unmodified opinion on those statements.

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.

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Responsibilities of Management for the Financial Statements (continued)

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 the Association's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 the Association'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 the Association's ability to continue as a going concern for a reasonable period of time.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Report on Summarized Comparative Information

The previously audited Florida Beer Wholesalers Association, Inc.'s 2022 financial statements were audited by other auditors, and they expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented in the statements of functional expenses as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it is derived.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
August 22, 2024

Florida Beer Wholesalers Association, Inc.

Statements of Financial Position

	December 31,	
	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 226,502	\$ 1,051,580
Accounts receivable	36,612	159,162
Prepaid expenses and other assets	23,433	7,638
Investments	<u>1,043,995</u>	<u>-</u>
Total current assets	1,330,542	1,218,380
Property and equipment, net	15,431	17,875
Operating leases, right-of-use assets	<u>144,392</u>	<u>190,605</u>
Total assets	<u>\$ 1,490,365</u>	<u>\$ 1,426,860</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 186	\$ 24,006
Operating leases liabilities	<u>45,836</u>	<u>45,123</u>
Total current liabilities	46,022	69,129
Operating lease liabilities, net of current portion	<u>102,586</u>	<u>148,139</u>
Total liabilities	<u>148,608</u>	<u>217,268</u>
Net assets:		
Without donor restrictions:		
Undesignated	<u>1,341,757</u>	<u>1,209,592</u>
Total net assets	<u>1,341,757</u>	<u>1,209,592</u>
Total liabilities and net assets	<u>\$ 1,490,365</u>	<u>\$ 1,426,860</u>

See accompanying notes.

Florida Beer Wholesalers Association, Inc.

Statements of Activities and Changes in Net Assets

	<u>Years ended</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Changes in net assets without donor restriction:		
Revenues:		
Membership dues	\$ 1,016,531	\$ 1,256,815
Meeting revenue	54,500	56,700
Miscellaneous revenue	263	-
Investment income, net	<u>24,830</u>	<u>2,930</u>
Total revenues	<u>1,096,124</u>	<u>1,316,445</u>
Expenses:		
Program services	826,233	817,398
General and administrative	<u>137,726</u>	<u>135,877</u>
Total expenses	<u>963,959</u>	<u>953,275</u>
Change in net assets without donor restriction	132,165	363,170
Net assets at beginning of year	<u>1,209,592</u>	<u>846,422</u>
Net assets at end of year	<u>\$ 1,341,757</u>	<u>\$ 1,209,592</u>

See accompanying notes.

Florida Beer Wholesalers Association, Inc.

Statement of Functional Expenses

	Years ended December 31,			
	Program services	General and administrative	2023 Total	2022 Total
Expenses				
Accounting	\$ 4,899	\$ 19,596	\$ 24,495	16,461
Automobile	-	-	-	10,750
Benefits	34,898	8,723	43,621	55,445
Depreciation	-	2,444	2,444	2,037
Donations and sponsorships	5,696	-	5,696	21,602
Dues and subscriptions	39,055	4,339	43,394	7,625
Insurance	5,378	1,345	6,723	6,153
Leases	40,850	10,213	51,063	42,107
Legal	37,940	-	37,940	44,475
Lobbying and consulting	145,725	-	145,725	146,595
Marketing and communications	95,125	-	95,125	79,432
Meetings	69,099	7,678	76,777	43,995
Miscellaneous	16,980	4,245	21,225	4,843
Office	9,170	2,293	11,463	22,983
Payroll taxes	16,182	4,046	20,228	23,948
Salaries	280,000	70,000	350,000	392,096
Telephone and internet	5,384	598	5,982	5,712
Travel	19,852	2,206	22,058	27,016
Total expenses	<u>\$ 826,233</u>	<u>\$ 137,726</u>	<u>\$ 963,959</u>	<u>\$ 953,275</u>

See accompanying notes.

Florida Beer Wholesalers Association, Inc.

Statements of Cash Flows

	Years ended December 31,	
	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets without donor restrictions	\$ 132,165	\$ 363,170
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,444	2,037
Unrealized gain on investments	(995)	-
Amortization of right-of-use asset	49,497	44,469
Changes in operating assets and liabilities:		
Accounts receivable	122,550	(147,147)
Prepaid expenses and other assets	(15,795)	2,472
Accounts payable	(23,820)	5,745
Accrued compensated absences	-	(43,750)
Operating lease payments	<u>(48,124)</u>	<u>(41,812)</u>
Net cash provided by operating activities	<u>217,922</u>	<u>185,184</u>
Investing activities		
Purchase of property and equipment	-	(19,912)
Purchase of investments	(1,915,000)	-
Sale of investments	<u>872,000</u>	<u>-</u>
Net cash used in investing activities	<u>(1,043,000)</u>	<u>(19,912)</u>
(Decrease) increase in cash and cash equivalents	<u>(825,078)</u>	165,272
Cash and cash equivalents at beginning of year	<u>1,051,580</u>	<u>886,308</u>
Cash and cash equivalents at end of year	<u>\$ 226,502</u>	<u>\$ 1,051,580</u>

See accompanying notes.

Florida Beer Wholesalers Association, Inc.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

1. Nature of Operations and Significant Accounting Policies

The Florida Beer Wholesalers Association, Inc. (the Association) was organized to provide a clear line of communication and response between the industry and the decision makers and regulators at the state level, cooperate with and assist the Department of Business and Professional Regulation and all governmental agencies in maintaining proper conduct of the industry, and solicit recognition and acceptance of the beer industry as a desirable and necessary part of Florida's social and economic life. Additionally, the Association realizes that success in the beer industry depends largely upon public opinion and in that regard, the Association will promote better relations between the public and the beer industry, encourage all retailers, distributors and brewers to conduct their businesses in an ethical manner, improve business relations between all members of the industry and work in unison to improve service to the public.

Members of the Association are beer wholesalers conducting business in the State of Florida.

Basis of Accounting

The Association uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds.

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

The financial instruments exposed to concentrations of credit risk consist primarily of its cash and cash equivalents, certificates of deposit, and investments. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

Accounts Receivable

Accounts receivable consists of amounts due from members. Management of the Association considers accounts receivable to be fully collectible; accordingly, no allowance for credit losses has been recorded.

Florida Beer Wholesalers Association, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Investments

Investments consist of one and two-year brokered certificates of deposit and are reported at fair value. Investments maturing during the subsequent fiscal year are considered to be short-term investments.

Property and Equipment, Net

Property and equipment is recorded at cost less accumulated depreciation. Property and equipment purchases greater than \$2,500 are capitalized. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives (3-10 years) of the individual assets.

Leases

The Association leases office space, parking spaces, and equipment. The Association determines if an arrangement is a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Association obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Association also considers whether its service arrangements include the right to control the use of an asset. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the Statement of Financial Position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the office space lease does not provide an implicit rate, the risk-free rate based on the information available at commencement date is used in determining the present value of lease payments. The risk-free rate used is the U.S. Treasury bill rate as of the later of the date of adoption of ASC 842 or the lease commencement date, for the U.S. Treasury bill period that approximates the lease period. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Association's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Florida Beer Wholesalers Association, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Net Assets

Net assets, revenues, gains, and losses are classified 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. Donor-imposed restrictions can be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Revenue Recognition

Revenues are recognized when the earnings process is substantially complete and services have been performed. Membership dues are based on the calendar year and are billed annually and recognized ratably over the calendar year. Memberships are for a twelve-month period.

Meeting revenue, including registration fees and sponsorships of meetings and events, is recognized during the period in which the event occurs. Revenues received in advance of the meetings are deferred.

Advertising

Advertising costs are charged to operations when incurred and are included in operating expenses. Advertising expenses were \$71,125 and \$47,831 for the years ended December 31, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on estimated percentages of time spent in each functional area. Other expenses are allocated based upon direct or estimated use.

Florida Beer Wholesalers Association, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Income Taxes

The Association is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Association is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2019, and prior.

Subsequent Events

The Association has evaluated subsequent events through August 22, 2024, the date the financial statements were available to be issued. During the period from December 31, 2023 to August 22, 2024, the Association did not have any material recognizable subsequent events.

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassification

Certain 2022 financial statement amounts have been reclassified to conform to the 2023 financial statement presentation.

2. Available Resources and Liquidity

The Association receives payments from members and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures. Further, the Association maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Association's expenditures come due.

Florida Beer Wholesalers Association, Inc.

Notes to Financial Statements

2. Available Resources and Liquidity (continued)

The table below presents financial assets available for general expenditures within one year at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 226,502	\$ 1,051,580
Accounts receivable	36,612	159,162
Investments	<u>1,043,995</u>	<u>-</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 1,307,109</u>	<u>\$ 1,210,742</u>

3. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 and 2 investments may include money market funds, securities and bonds and are reported at fair value. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Florida Beer Wholesalers Association, Inc.

Notes to Financial Statements

3. Investments (continued)

Investments consist of the following at December 31, 2023:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Brokered certificates of deposit	\$ 1,043,000	\$ 995	\$ 1,043,995	\$ -	\$ 1,043,995
Total	<u>\$ 1,043,000</u>	<u>\$ 995</u>	<u>\$ 1,043,995</u>	<u>\$ -</u>	<u>\$ 1,043,995</u>

There were no investments at December 31, 2022.

Investment activity for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 24,998	\$ 2,930
Unrealized gains	995	-
Investment fees	<u>(1,163)</u>	-
Total investment income, net	<u>\$ 24,830</u>	<u>\$ 2,930</u>

4. Property and Equipment, Net

Property and equipment, net, consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 36,998	\$ 36,998
Office equipment	<u>32,353</u>	<u>32,353</u>
	69,351	69,351
Less: accumulated depreciation	<u>(53,920)</u>	<u>(51,476)</u>
Total property and equipment, net	<u>\$ 15,431</u>	<u>\$ 17,875</u>

Depreciation for the year ended December 31, 2023 and 2022 was \$2,444 and \$2,037, respectively.

5. Leases

The Association leases office space and parking spaces under operating lease agreements that have initial terms of 5 years. Some leases include one or more options to renew, generally at the Association's sole discretion, with renewal terms that can extend the lease term up to 5 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Association, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Association will exercise that option. The Association's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Florida Beer Wholesalers Association, Inc.

Notes to Financial Statements

5. Leases (continued)

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense is as follows for the years ended December 31:

	2023	2022
Operating lease cost	\$ 45,686	\$ 42,107
Total lease cost	\$ 45,686	\$ 42,107

Supplemental statement of position information related to leases is as follows as of December 31:

	2023	2022
Operating leases:		
Operating lease right-of-use assets	\$ 144,392	\$ 190,605
Operating lease liabilities, current	\$ 45,836	\$ 45,123
Operating lease liabilities, non-current	102,586	148,139
Total operating lease liabilities	\$ 148,422	\$ 193,262
Weighted-average remaining lease term:		
Operating leases	3.0 years	4.1 years
Weighted-average discount rate:		
Operating leases	1.78%	1.80%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023:

Years ending December 31,	Operating Leases
2024	\$ 48,109
2025	49,445
2026	50,810
2027	4,244
2028	-
Total lease payments	152,608
Less imputed interest	4,186
Total present value of lease liabilities	\$ 148,422

Florida Beer Wholesalers Association, Inc.

Notes to Financial Statements

6. Retirement Plan

The Association provides a 401(k) plan (the Plan) for all full-time employees. The Association makes a Safe Harbor contribution of 3% of each employee's salary, plus an elective profit sharing contribution. The profit sharing contribution rate was 2% for 2023 and 2022, for a total of 5%. Plan contributions were \$17,980 and \$21,243 for the years ending December 31, 2023 and 2022, respectively.

7. Related Party Transactions

The Association administers two political committees, Florida Beer Wholesalers Good Government Committee (FBWGGC) and Florida Beer Wholesalers Political Committee (FBWPC) at no cost. The Association has no controlling financial interest or majority voting interest in these organizations.

The Association paid certain administrative expenses, which were not significant for 2023 and 2022, on behalf of the FBWGGC and FBWPC.

8. Concentrations

The Association had approximately 18 members in 2023 and 22 members in 2022. Membership dues were approximately 93% and 96% of total revenue for the years ended December 31, 2023 and 2022, respectively. As a result, any change in membership could significantly impact operations.