

**LAKE TEXOMA ASSOCIATION**  
**FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**  
**AS OF AND FOR THE YEAR ENDING**  
**JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lake Texoma Association  
Kingston, OK

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lake Texoma Association (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of June 30, 2020, and the related statements of revenues, expenses and changes in net assets-cash basis for the year 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 the cash basis of accounting as described in Note 1; this includes determining that the cash 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 entity'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 entity'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 Lake Texoma Association as of June 30, 2021, and the changes in its net assets cash basis for the year then ended in conformity with basis of accounting described in Note 1.

## **Other Matters**

### **Report on Supplemental and Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, on our consideration of Lake Texoma Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lake Texoma Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Texoma Association's internal control over financial reporting and compliance.

*Russell + Williams CPA's, P.C.*

Russell & Williams CPA's, P.C.  
Oklahoma City, Oklahoma  
December 9, 2021

**Lake Texoma Association**  
**Statement of Assets, Liabilities, and Net Assets - Cash Basis**  
**For the Year Ending June 30, 2021**

**ASSETS**

**Current Assets**

Operating Account	\$ 19,669
Fireworks Account	10,006
Certificates of Deposits	<u>39,103</u>
<b>Total Current Assets</b>	<b>68,778</b>

**Total Assets** \$ 68,778

**LIABILITIES**

**Net Assets**

Without Donor Restrictions	<u>68,778</u>
<b>Total Net Assets</b>	<b>68,778</b>

**Total Liabilities and Net Assets** \$ 68,778

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

**Lake Texoma Association**  
**Statement of Revenues, Expenses, and Changes in Net Assets - Cash Basis**  
**For the Year Ending June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
State Matching Funds	66,434	-	66,434
Membership Dues	17,762	-	17,762
Advertising Income	64,322	-	64,322
Events Income	26,700	-	26,700
Other Income	21,742	-	21,742
Interest Income	198	-	198
<b>Total Revenues</b>	<u>197,158</u>	<u>-</u>	<u>197,158</u>
<b>Expenses</b>			
<b>Administrative:</b>			
Allowable	14,966	-	14,966
Discretionary	104,361	-	104,361
<b>Total Administrative Expenses</b>	<u>119,327</u>	<u>-</u>	<u>119,327</u>
<b>Promotional:</b>			
Allowable	59,504	-	59,504
Discretionary	32,647	-	32,647
<b>Total Promotional Expenses</b>	<u>92,151</u>	<u>-</u>	<u>92,151</u>
<b>Total Expenses</b>	211,478	-	211,478
<b>Net Increase (Decrease) in Net Assets</b>	(14,320)	-	(14,320)
<b>Net Assets, Beginning of Year</b>	<u>83,098</u>	<u>-</u>	<u>83,098</u>
<b>Net Assets, End of Year</b>	<u>\$ 68,778</u>	<u>\$ -</u>	<u>\$ 68,778</u>

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

**Lake Texoma Association  
Notes to Financial Statements  
For Year Ended June 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**Nature of Organization**

Lake Texoma Association is a not-for-profit organization that was established to promote the conservation and development of water resources of Lake Texoma, and to satisfy the needs of the growing population for flood control, navigation, pollution control and recreation. The Association is exempt from federal and state income taxes as a 501(c)(6) organization.

**Basis of Accounting**

The Association maintains its records on the of cash receipts and disbursements. Under the cash basis, revenues are recognized when received, rather than when earned, expenditures are recognized as expenses when paid, rather than incurred.

**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. These net assets may be used at the discretion of management and the board of directors.

**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 association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from the net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**New Accounting Pronouncement**

On August 18, 2016, 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 classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The association has adjusted the presentation of these statements accordingly.

**Property and Equipment**

Purchases of and capital lease payments on property and equipment are recorded as expenses in the year of purchase.

**Cash and Cash Equivalents**

For the purpose of financial reporting, cash and cash equivalents include all checking and saving accounts and certificates of deposit with a maturity of three months or less.

**Lake Texoma Association  
Notes to Financial Statements  
For Year Ended June 30, 2021**

**Accounting for contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restrictions ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Functional Expenses**

The cost of providing program services and other activities have been summarized in the Schedule of Administrative and Promotional Expenses (page 9). Direct costs are recorded as administrative or promotional expenses. There are no indirect or allocated expenses.

**NOTE 2 – STATE MATCHING FUNDS:**

The Oklahoma State Legislature appropriates funds which are available to multi-county organizations through the Oklahoma Tourism and Recreation Department. Lake Texoma Association, on an annual basis, contractually agrees to assist the department in the promotion of tourism. The Department allocates funds to match allowable expenditures made by Lake Texoma Associations. Allowable expenditures are promotional and administrative expenses which comply with contract guidelines. Matching funds to be paid each fiscal year by the Department are limited by the contract. Lake Texoma Association files reports and supporting documentation with the Department to prove its adherence with the contract. Upon the Department's approval of these reports, the matching funds are paid to Lake Texoma Association.

State matching funds allocated to the fiscal year ended June 30, 2021 were \$74,830 of which \$66,434 was received during fiscal year ended June 30, 2021.

**NOTE 3- RETIREMENT PLAN:**

The Association maintains Simple IRA accounts for its participating employees. The Association contributes 3% of gross wages to the participating employees' Simple IRA accounts. Contributions for the year ended June 30, 2021, were \$1,500.

**NOTE 4 – LIQUIDITY AND CASH MANAGEMENT:**

The association is substantially supported by matching funds, membership dues, advertising income and event income. The Association budgets its advertising, promotion and event expenses based on expected revenues. On June 30, 2021, the Association has funds of \$68,778 that were available for future operating expenditures.

**NOTE 5 – FINANCIAL INSTITUTIONS:**

The Association maintains one checking account for operations located at First United Bank in Durant, OK.



**Lake Texoma Association**  
**Notes to Financial Statements**  
**For Year Ended June 30, 2021**

**NOTE 6 – RISK MANAGEMENT:**

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The Association purchases commercial insurance for these and other risk of loss.

**NOTE 7 – INCOME TAXES:**

The Association is a non-profit organization that is exempt from income taxes under 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service as other than private foundation.

The Association's Forms 990, *Return of Organization Exempt from Income Tax*, for the fiscal years ending 2019, 2020, 2021 are subject to examination by the IRS, generally three years after they were filed.

**NOTE 8 – CONTINGENCIES:**

Grant expenditures are subject to financial and compliance audits by the grantor agencies or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures that are disallowed under the terms of the grant. The Association believes that the amount for expenditures that could be disallowed by the grantor agencies, if any, would not be significant.

**NOTE 9 – EVALUATION OF THE SUBSEQUENT EVENTS:**

The Association has evaluated subsequent events through December 9, 2021 the date which the financial statements were available to be issued.

## **Supplemental Information**

**Lake Texoma Association**  
**Schedule of Administrative and Promotional Expenses - Cash Basis**  
**For the Years Ending June 30, 2021**

	<u>Allowable</u>	<u>Discretionary</u>
Administrative Expenses:		
Personnel Costs	\$ 14,966	\$ 69,352
Travel & Meetings	-	6,602
Office Supplies & Postage	-	6,461
Telephone	-	1,560
Utilities	-	2,618
Professional Fees	-	2,961
Dues & Subscriptions	-	2,582
Insurance	-	6,138
Public Relations	-	5,626
Other Expenses	-	461
Total Administrative Expenses	<u>\$ 14,966</u>	<u>\$ 104,361</u>
Promotional Expenses:		
Travel Shows/Expos	\$ -	\$ 800
Literature Distribution	-	359
Print Production - Lake Texoma Guide	59,504	6,002
Media Advertising:		
Website/Internet	-	1,880
Other Promotional Advertising	-	674
Bash for Cash	-	2,743
Fireworks	-	18,376
Other	-	1,813
Total Promotional Expenses	<u>\$ 59,504</u>	<u>\$ 32,647</u>

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

Lake Texoma Association  
Schedule of Advertisers  
For Year Ended June 30, 2021

**RECREATIONAL GUIDES SALES:**

**Mead, OK:**

Lake Texoma Lodge, 3263 US 70	2,496.93
Newberry Creek, 1582 Newberry Rd	1,140.00
Crystal Creek Winery, 41 Swinney Rd	800.00

**Calera, OK:**

Do Drop Inn, 560 Platter Dike Rd	400.00
Cherokee Telephone Co., POB 445	

**Oklahoma City, OK:**

Chickasaw Nation Tourism, 1 Sheridan	3,000.00
VI Marketing & Branding, 125 Park Ave	3,990.00

**Durant, OK:**

Van Meter Rader Group, 419W Main	380.00
DiscoverDurant, 215 N 4th	4,200.00
Servents Heart Realty, 1621 Sand Stone Rd	800.00
Alliance Medical Center, 1800 University Dr	800.00
Impact Realty, 401 S. 9th	1,500.00

**Kingston, OK:**

Buncombe Creek Resort, Box 521	760.00
Black Beard Marine, 6339 S Hwy 377	5,000.00
Ponte Vista Development, Box 1009	4,200.00
Super C-Mart, 515 US-70	1,500.00

**Gordonville, TX:**

Walnut Creek Resort, POB 346	2,375.00
Big Mineral Camp, 500 Harbor View RD	760.00
Cedar Mills Marina, 500 Harbor View RD	2,500.00
TowBoatUS Lake Texoma	1,200.00

**Whitesboro, TX:**

Whitesboro Chamber, POB 522	1,140.00
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**Denison, TX:**

Grayson County College, 6101 Grayson Dr	1,200.00
US Corps of Engineers, 351 Corps Rd	2,291.72
Eisnehower Yacht Club, 2141 Park Rd 20	1,500.00

**Madill, OK:**

Bridgeview Resort, Box 618	2,500.00
Marshall CO. Tourism, PO Box 542	3,990.00
Texoma Luxury Rentals	1,200.00

**Pottsboro, TX:**

Striper Express Guide Services, 1079 Locust	800.00
Highpoint Marine, 120 Texoma Harbor Dr	2,850.00
ERA Steve Cook & Co, 225 FM 120	4,750.00
Hydra Hoist	400.00
Pottsboro Chamber of Commerce, 615 FM 120	399.50

**Bala Cynwyd PA:**

Harmeline Media, 525 Righters Rd	1,500.00
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Total	\$62,323.15
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**LAKE TEXOMA ASSOCIATION  
SCHEDULE OF OTHER ADVERTISERS  
FOR YEAR ENDED JUNE 30, 2021**

**Lake Texoma Map:**

**Kingston, OK:**

Buncombe Creek Resort, Box 521	500.00
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**Pottsboro, TX:**

Highpoint Marine, 120 Texoma Harbor Dr	500.00
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**Mill Creek, OK:**

Vulcan Materials, 12310 W Holder Rd	998.77
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\$1,998.77

Total Other Advertising Sales	\$1,998.77
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Total Advertising Sales	\$64,321.92
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Lake Texoma Association  
Schedule of Event Income  
Year Ended June 30, 2021

**Tourism Promotion Events:**

Fireworks:			
Sponsors	\$ 22,000.00	\$	-
Bash For Cash/Silent Auction:			
Donation/Sponsors	3,650.00		-
Other Event Income			
Other Promo Events:			
Other Events	-		300.00
75th Denison Dam Anniversary	-		750.00
	<u>\$ 25,650.00</u>	<u>\$</u>	<u>1,050.00</u>

## Russell & Williams CPA's, P.C.

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### REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Management and Board of Directors of  
Lake Texoma Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Texoma Association, which comprise the statements of assets, liabilities, and net assets – cash basis as of June 30, 2021, and the related statements of revenues, expenses, and changes in net assets – cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2021. The financial statements were prepared using the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lake Texoma Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Texoma Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Texoma Association's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-1 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lake Texoma Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Responses to Findings**

Lake Texoma Association's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lake Texoma Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Russell + Williams CPAs, P.C.*

Oklahoma City, Oklahoma  
December 9, 2021

**Lake Texoma Association  
Schedule of Findings and Responses  
Year Ended June 30, 2021**

**2021-1 (Repeat Finding) – Inadequate Segregation of Duties:**

Criteria: The segregation of duties and responsibilities between different individuals and the reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently, the same individual is responsible for invoicing and receiving payments and making and recording deposits. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause: The Association's limited size has made it difficult for management to fully segregate the duties.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to the sales and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: The board should evaluate the risks associated with the lack of segregation of duties and consider implementing controls that could mitigate these risks.

Board's Response: The board has concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.