

CHICKASAW COUNTRY MARKETING ASSOCIATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
REPORTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING*
STANDARDS

For the Year Ended June 30, 2013

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Independent Auditor's Report

Board of Directors
Chickasaw Country Marketing Association
Sulphur, Oklahoma

We have audited the accompanying statement of assets, liabilities, and net assets - cash basis, of Chickasaw Country Marketing Association, an Oklahoma not-for-profit corporation, as of June 30, 2013, and the related statements of activities - cash basis, for the year ending June 30, 2013. These financial statements are the responsibility of the Association's management. 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 *Governmental 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Association prepares its financial statements on the basis of cash receipts and disbursements. This basis is a comprehensive basis of accounting other than generally accepted accounting principles in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Chickasaw Country Marketing Association as of June 30, 2013, and the results of its operations for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 26, 2013, on our consideration of Chickasaw Country Marketing Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Allowable Expenditures - Cash Basis and Promotional Publication - Vacation Guide Advertisers presented for purposes of additional analysis and is not a required part of the above financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.


Howard Bub
Duncan, Oklahoma
September 26, 2013

CHICKASAW COUNTRY MARKETING ASSOCIATION

Statement of Assets, Liabilities, and Net Assets - Cash Basis
June 30, 2013

ASSETS

Current Assets

Cash

\$ 2,205

TOTAL CURRENT ASSETS

2,205

Property and Equipment

Office equipment

918

Less: accumulated depreciation

(918)

0

TOTAL ASSETS

\$ 2,205

LIABILITIES AND NET ASSETS

Current Liabilities

Notes Payable

\$ 69,089

TOTAL CURRENT LIABILITIES

69,089

Net Assets

Unrestricted

(66,884)

TOTAL LIABILITIES AND NET ASSETS

\$ 2,205

See accompanying notes to financial statements.

CHICKASAW COUNTRY MARKETING ASSOCIATION

Statement of Activities - Cash Basis
June 30, 2013

UNRESTRICTED NET ASSETS	
Support and Revenue	
Amounts paid for advertising by businesses	\$ 128,918
Miscellaneous receipts	5,700
Membership dues and other	1,900
Total Support	<u>136,518</u>
Expenditures	
Publication costs - cooperative advertising	64,005
Publication and printing costs - vacation guide	58,974
Publication costs - television advertising	10,000
Production costs - vacation bags	7,900
Other printed publications	7,475
Allowable administration expenditures	13,504
Other administrative expenditures	1,799
Other promotional events and activities	1,260
Interest expense	3,725
Total Expenditures	<u>168,642</u>
Increase in Unrestricted Net Assets	<u>(32,124)</u>
Net Assets, beginning of year	<u>(34,760)</u>
Net Assets, end of year	<u>\$ (66,884)</u>

See accompanying notes to financial statements.

CHICKASAW COUNTRY MARKETING ASSOCIATION

Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies

Nature of Organization

Chickasaw Country Marketing Association is a not-for-profit organization whose purpose is to promote tourism in the multi county area of Garvin, Murray, Carter, Marshall, Pontotoc and Johnson counties. The Association promotes tourism in a cooperative financial manner to achieve maximum exposure for minimal investment. Support is generally provided by cooperative advertising with groups in this region and matching expenses from the Oklahoma Tourism and Recreation Department, membership dues and cooperative advertising revenue. Revenues primarily relate to amounts received for cooperative advertising in regional publications.

Basis of Accounting

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

Income Taxes

The Association is exempt from federal and state income taxes as an organization described in Section 501(c) (6) of the Internal Revenue Code and files an annual form 990.

Depreciation

Equipment consists of miscellaneous office equipment used in the Association activities. Generally, equipment with a purchase value of over \$500 is capitalized at cost. Equipment is depreciated over a period of five years. Depreciation expense for the period was \$88.

Subsequent Events

Subsequent events were evaluated through September 24, 2013. Statements were available to be issued September 29, 2013. Due to issues involving allowable expenses between the Association and the State Department of Tourism, reimbursement for expenses incurred during the fiscal year was delayed

until July 2013. In accordance with the chosen basis of accounting this was not accrued into these statements. The amount received in July 2013 was \$58,072.

Note 2 - Cash

Cash consists of amounts held in bank accounts under the name of the Association. All amounts were secured by FDIC insurance.

Note 3 - Reimbursements from Department of Tourism

As funds become available at the Oklahoma Department of Tourism, the Association is allowed to apply for matching funds. An application is submitted with documentation of allowed expenditures and upon approval by the Department of Tourism they receive a reimbursement. The expenditures are primarily for publications advertising a geographic area of the state.

Note 4 - Business activities

The Association produces publications specific to the market area and also purchases advertisements in Oklahoma wide and other publications. They also attend recreation events and conventions in locations in which they attempt to attract visitors to the southern Oklahoma recreation area.

Note 5 - Notes Payable

The Association has obtained a line of credit with a local bank to finance advertising expenditures while waiting for the distribution of State funds. The line of credit is payable on demand and carries an interest rate of 6%. Total interest incurred during the year was \$3,725.

Note 6 - Business Risks and Economic Dependency

The Association prepares cooperative advertising for tourism within a geographical area consisting of counties in the South Central part of Oklahoma. Operations are dependent on memberships and charges for advertising sufficient for operating costs including an amount for administration. Also, they receive reimbursements for advertising from the State of Oklahoma under programs administered by the Department of Tourism. Reductions in these revenue sources can materially affect operations.

The Association normally reimburses the Murray County Industrial Authority for a portion of the cost of the Executive Director at the rate of \$1,500 per month. Due to a lack of funds during the year, only two months were reimbursed to the Authority. No decision has been made as to whether the omitted reimbursements will be required.

Supplemental Information

CHICKASAW COUNTRY MARKETING ASSOCIATION

Schedule of Allowable Expenditures - Cash Basis
For the Year ended June 30, 2013

Expenses:	<u>Allowable</u>	<u>Discretionary</u>
Promotional -		
Publication costs - cooperative advertising	\$ -	64,005
Publication costs - vacation guide	-	58,974
Trade shows and other promotional activities	-	<u>25,375</u>
Total Promotional	<u>-</u>	<u>148,354</u>
Administrative services		
Administrative expenditures	-	13,504
Other office, travel, supplies and utilities	-	<u>-</u>
Total Administrative	<u>\$ -</u>	<u>13,504</u>

CHICKASAW COUNTRY MARKETING ASSOCIATION

Promotional Publication - Vacation Guide Advertisers
2013 Edition

Year Ended June 30, 2013

<u>Business Name</u>	<u>Amount</u>	<u>Size of Ad (Percentage)</u>
<u>Full Page</u>		
Ardmore Tourism - IF	\$ 2,775	Full
Chickasaw Country - Nation (IBC)	2,775	Full
Chickasaw Cultural Center	2,300	Full
CrossBar Ranch	2,100	Full
Heartland Flyer Front Sponsor	1,350	Full
Heartland Flyer Back Sponsor	3,250	Full
Newcastle Casino	2,100	Full
OTRD - IFC	2,775	Full
Pauls Valley Tourism	2,100	Full
Riverwind Casino	2,100	Full
Turner Falls	2,300	Full
Winstar Golf Course	2,300	Full
<u>2/3 Page</u>		
Chisholm Trail Heritage	1,725	Two-Thirds
<u>1/2 Page</u>		
Chickasaw Nation Welcome Center and Bedre'	2,100	Half
Sovereign Pharmacy	1,350	Half
WinStar RV Park	1,350	Half
Lake Murray Bed and Berth	1,350	Half
Artesian	1,350	Half
Smokin' Joe's	1,350	Half
Sulphur Chamber of Commerce	TRADE	Half
<u>1/4 Page</u>		
McSwain Theatre	750	Quarter
Lazer Zone	750	Quarter
Boggy Depot	750	Quarter
Greater SW Historical Museum	750	Quarter
Toy and Action Figure Museum	750	Quarter
Echo Canyon	475	Quarter
Premier Lake Property	TRADE	Quarter

CHICKASAW COUNTRY MARKETING ASSOCIATION

Promotional Publication - Vacation Guide Advertisers
2013 Edition
Year Ended June 30, 2013

<u>Business Name</u>	<u>Amount</u>	<u>Size of Ad (Percentage)</u>
<u>1/4 Page</u>		
Buckhorn Road Cabin Rentals	\$ 475	Quarter
Arbuckle Lake Cabins	475	Quarter
Mountain View Motel	475	Quarter
Arbuckle Adventures RV Park	475	Quarter
Rusty Nail	475	Quarter
Casa Romo	1,035	Quarter
Lake Murray Water Sports & Hay Maze	1,350	Quarter
Air Donkey Zip Line	475	Quarter
Pennington Creek Hunting Club	750	Quarter
Antiques Etc. CO-OP 2100	1,050	Quarter
Maria's Garden	1,050	Quarter
	<hr/>	
	Total <u>\$51,110</u>	

Membership discounts and multiple page buys will affect some amounts.

* These listings reflect sold advertisements and not the amount collected in cash during the fiscal year.



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

To the Board of Directors
Chickasaw Country Marketing Association

We have audited the financial statements of the business type activities of the Chickasaw Country Marketing Association, as of and for the year ended June 30, 2013, and have issued our report thereon dated September 26, 2013. We conducted our audit in accordance with standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In that report we reported on their financial statements which are prepared on the Cash Basis of accounting, a basis of accounting not in compliance with Generally Accepted Accounting Principles.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify

any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and others within the organization and Trustees and is not intended and should not be used by anyone other than these specified parties.


Duncan, Oklahoma
September 26, 2013

