

OKLAHOMA'S RED CARPET COUNTRY, INC.

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

OKLAHOMA'S RED CARPET COUNTRY, INC.
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YEAR ENDED JUNE 30, 2012

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Kimberlye R. Mayer, CPA, P.C.

735 West Doolin

Blackwell, OK 74631

(580) 363-1453
Fax (580) 363-0068

Independent Auditor's Report

Board of Directors
Oklahoma's Red Carpet Country, Inc.

We have audited the accompanying statement of assets, liabilities, and net assets – cash basis of Oklahoma's Red Carpet Country, Inc., (a non-profit corporation) as of June 30, 2012 and the related statement of revenue and expenses and changes in net assets – cash basis for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion of these financial statements based on our audit.

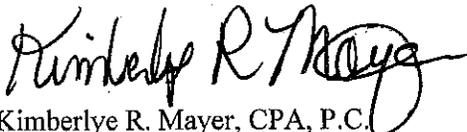
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma's Red Carpet Country, Inc. as of June 30, 2012, and its revenue, expenses, and changes in net assets for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 8, 2013 on our consideration of Oklahoma's Red Carpet Country Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. 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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the above financial statements. Such 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, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
January 8, 2013

OKLAHOMA'S RED CARPET COUNTRY, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
CASH BASIS
JUNE 30, 2012

ASSETS

Cash in bank	<u>\$ 2,125</u>
Total Assets	<u><u>\$ 2,125</u></u>

LIABILITIES AND NET ASSETS

Liabilities	\$
Net Assets:	
Unrestricted	<u>2,125</u>
Total Liabilities and Net Assets	<u><u>\$ 2,125</u></u>

OKLAHOMA'S RED CARPET COUNTRY, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
CASH BASIS
YEAR ENDED JUNE 30, 2012

Revenues:	
State matching funds (Note 2)	\$ 51,086
Membership dues	3,654
Advertising sales - Vacation Guides	41,855
Tourism conference	805
Events guide	3,640
State travel guide	13,750
Subscriptions - Oklahoma Today	150
Brochures	2,254
Advertisements and promotion	31,574
Miscellaneous income	5
Total Revenues	<u>148,773</u>
Expenses:	
Administrative:	
Allowable	5,772
Discretionary	36,086
Total Administrative	<u>41,858</u>
Promotional:	
Allowable	45,314
Discretionary	66,379
Total Promotional	<u>111,693</u>
Total Expenses	<u>153,551</u>
Revenues over (under) expenses	(4,778)
Net Assets, beginning of year	<u>6,903</u>
Net Assets, end of year	<u><u>\$ 2,125</u></u>

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

OKLAHOMA'S RED CARPET COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Oklahoma's Red Carpet County, Inc. is a non-profit organization established to promote Oklahoma's Red Carpet Country; to support its local communities and coordinate their efforts; and to work with other organizations similar to itself in promotion of the State of Oklahoma. Membership is encouraged for anyone located in its region for an annual membership fee. Oklahoma's Red Carpet Country is a sixteen county region in the northwest section of the state. The Corporation is exempt from federal and state income taxes as a 501(c)(6) organization.

Basis of Accounting

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

Property and Equipment

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

Cash and Cash Equivalents

The Corporation considers all deposit accounts with a maturity of three months or less to be cash equivalents.

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. Oklahoma's Red Carpet Country, 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 Oklahoma's Red Carpet Country. 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. Oklahoma's Red Carpet County 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 Oklahoma's Red Carpet County.

State matching funds allocated to the fiscal year ended June 30, 2012 were \$51,086. Of these funds, \$51,086 were received during the year ended June 30, 2012.

OKLAHOMA'S RED CARPET COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 3 – MANAGED COOPERATIVE ADVERTISING:

In an effort to meet its goals of tourism marketing and promotions into the Red Carpet region, Oklahoma's Red Carpet Country, Inc. maintained a managed cooperative advertising program during the year ended June 30, 2012.

This program involved the coordination, management, and implementation of advertising and production costs by the Oklahoma's Red Carpet Country, Inc.'s staff and volunteers. Oklahoma's Red Carpet Country, Inc. arranged for cooperative advertising/production services and made them available to its members at a discounted rate.

NOTE 4 – FINANCIAL INSTITUTION:

The Corporation maintains a bank account at Central National Bank in Alva, Oklahoma.

NOTE 5 – ESTIMATES:

The preparation of financial statements in conformity with the cash basis of accounting 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.

NOTE 6 – 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 Corporation believes that the amount for expenditures that could be disallowed by the grantor agencies, if any, would not be significant.

NOTE 7 – EVALUATION OF SUBSEQUENT EVENTS:

The Corporation has evaluated subsequent events through January 8, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

OKLAHOMA'S RED CARPET COUNTRY, INC.
SCHEDULE OF ADMINISTRATIVE AND PROMOTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	<u>Allowable</u>	<u>Discretionary</u>
Administrative Expenses:		
Personnel costs	\$ 5,623	\$ 26,790
Office rent and storage	40	1,780
Office supplies		536
Telephone		1,619
Postage		550
Professional fees		1,585
Travel	109	1,277
Dues and Subscriptions		285
Service charges		110
Insurance		450
Repairs and maintenance		187
Miscellaneous		917
Total Administrative Expenses	<u>\$ 5,772</u>	<u>\$ 36,086</u>
	<u>Allowable</u>	<u>Discretionary</u>
Promotional Expenses:		
Travel show exhibitions	\$	\$ 5,210
Literature distribution	1,645	10,368
Photo contest		525
Print Production:		
Tourism magazines	21,391	9,309
Events guide		3,975
Brochures	1,667	520
Cooperative advertising (Note 3):		
Media advertisement	9,192	25,240
Brochure production		630
Media Advertising:		
Magazine	10,919	8,585
Promotional items	500	
Conferences:		
Governor's conference		1,140
Tourism conference		877
Total Promotional Expenses	<u>\$ 45,314</u>	<u>\$ 66,379</u>

OKLAHOMA'S RED CARPET COUNTRY, INC.
SCHEDULE OF ADVERTISERS
YEAR ENDED JUNE 30, 2012

VACATION GUIDE SALES:

Alva, OK:		Ringwood, OK:	
Chamber of Commerce, 502 OK Blvd	\$ 2,250	Chamber of Commerce, 200 N Main	200
Aline, OK:		Perry, OK:	
Sod House Museum	675	Chamber of Commerce	1,260
Boise City, OK:		Ponca City, OK:	
Cimmaron Heritage Center, Hwy 287	360	Kaw Lake Association, Box 1933	5,490
Buffalo, OK:		Ponca City Tourism, Box 1450	2,350
Chamber of Commerce, Box 521	675	Shattuck, OK:	
Canton, OK:		Chamber of Commerce, PO Box 400	1,400
Chamber of Commerce, Box 307	210	Watonga, OK:	
Lake Corp of Engineers, Box 69	630	Noble House LLC, PO Box 570	360
Lake Walleye Rodeo Assoc., Box 74	420	Watonga Motel, 307 S Wikoff	360
Enid, OK:		Watonga Chamber of Commerce, Box 537	1,260
Cherokee Strip Reg Heritage Ctr, 507 S 4th St	1,260	Waynoka, OK:	
Chisholm Trail Expo Center, 111 W Purdue	350	Chamber of Commerce, Box 173	9,720
City of Enid, 123 W Main	2,250	Woodward, OK:	
Main Street, Box 3001	630	Woodward Convention Center, 1222 10th St	360
Fairview, OK:		Crystal Christmas, Box 1026	675
Chamber of Commerce, PO Box 180	2,115	Wayfarer Inn, 2901 William Ave	360
Heritage Inn, PO Box 382	360		
Plymouth Valley Vineyard, SE of City	360	Total	<u>\$ 41,855</u>
Guymon, OK			
City of Guymon, 219 NW 4th	2,115		
Hennessey, OK:			
Hennessey 2010, 427 N Cheyenne	675		
Vici, OK:			
BCD Leadership, PO Box 727	360		
Kenton, OK:			
Black Mesa Bed & Breakfast, PO Box 81	360		
Hitching Post BB, HCR 1 Box 4	200		
Kingfisher, OK:			
Chamber of Commerce, 123 W Miles	360		
Chisholm Trail Museum, 605 Zellars	360		
Kingfisher In Lights, 123 W. Miles	360		
Freedom, OK:			
Cedar Canyon Lodge, 216872 State Hwy 50	50		
Wakita, OK:			
Lions Club, PO Box 7	338		
Twister Museum, Box 285	337		

OKLAHOMA'S RED CARPET COUNTRY, INC.
 SCHEDULE OF ADVERTISERS
 YEAR ENDED JUNE 30, 2012

EVENT GUIDE SALES:

Alva, OK:		Ponca City, OK:	
RACE, PO Box 146	\$ 261	Kaw Lake Association, Box 1933	275
Beaver, OK:		Shattuck, OK:	
Chamber of Commerce PO Box 81	143	Main Street, PO Box 400	275
Fairview, OK:		Watonga, OK:	
Chamber of Commerce PO Box 624	275	Watonga Chamber of Commerce, Box 537	500
Guymon, OK:		Woodward, OK:	
City of Guymon, 802 NE 6th	275	Pioneer Museum, PO Box 1167	261
		City of Woodward, 3401 Centennial Ln	<u>275</u>
Hennessey, OK:			
Hennessey 2010, 427 N Cheyenne	275	Total	<u>\$ 3,640</u>
Kingfisher, OK:			
Chamber of Commerce, 123 W Miles	275		
Kingfisher In Lights, PO Box 535	275		
Okeene, OK:			
Rattlesnake Hunt, PO Box 239	275		

SUPPLEMENTAL REPORT
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

Board of Directors
Oklahoma's Red Carpet Country, Inc.

We have audited the financial statements of the Oklahoma's Red Carpet Country, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated January 8, 2013. 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. The financial statements were prepared using the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

Management of Oklahoma's Red Carpet Country, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Oklahoma's Red Carpet Country, Inc.'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 Oklahoma's Red Carpet Country, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Oklahoma's Red Carpet Country, Inc.'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 and correct 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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness.

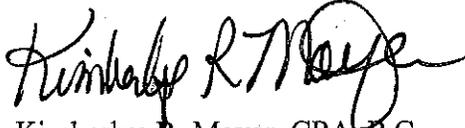
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oklahoma's Red Carpet Country, Inc.'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 or other matters that are required to be reported under *Government Auditing Standards*.

Oklahoma's Red Carpet Country, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of directors, others within the organization, and all applicable federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
January 8, 2013

OKLAHOMA'S RED CARPET COUNTRY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2012

Material Weakness in Internal Control Over Financial Reporting:

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 billing advertisers and receiving payments; making and recording deposits; maintaining billing registers; and reconciling the monthly bank statements. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause: The entity'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 Corporation 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 Corporation 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.