

KAW LAKE ASSOCIATION

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

KAW LAKE ASSOCIATION
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YEAR ENDED JUNE 30, 2012

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Independent Auditor's Report

Board of Directors
Kaw Lake Association

We have audited the accompanying statement of assets, liabilities, and net assets - cash basis of the Kaw Lake Association, (a nonprofit 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 Association's management. Our responsibility is to express an opinion of these financial statements based on our audit.

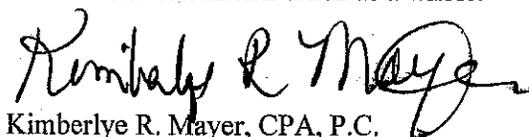
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 described 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 our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Kaw Lake Association 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 20, 2013 on our consideration of Kaw Lake Association's internal control over financial reporting and on our tests of 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 20, 2013

KAW LAKE ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
CASH BASIS
JUNE 30, 2012

ASSETS

Operating cash	<u>\$ 18,920</u>
Total Assets	<u><u>\$ 18,920</u></u>

LIABILITIES AND NET ASSETS

Liabilities	\$
Net Assets:	
Unrestricted	<u>18,920</u>
Total Net Assets	<u>18,920</u>
Total Liabilities and Net Assets	<u><u>\$ 18,920</u></u>

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

KAW LAKE ASSOCIATION
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 CASH BASIS
 YEAR ENDED JUNE 30, 2012

Revenues:	
State matching funds (Note 3)	\$ 40,050
Coop advertising	38,511
Membership dues	5,800
Advertising sales	32,578
Kaw Fest	4,650
Other tourism promo events	13,244
Merchandise sold	253
Donations	348
Other income	2,326
Total Revenues	<u>137,760</u>
Expenses:	
Administrative:	
Allowable	4,392
Discretionary	32,695
Total Administrative	<u>37,087</u>
Promotional:	
Allowable	35,658
Discretionary	63,202
Total Promotional	<u>98,860</u>
Total Expenses	<u>135,947</u>
Revenues over (under) expenses	1,813
Net Assets, beginning of year	<u>17,107</u>
Net Assets, end of year	<u><u>\$ 18,920</u></u>

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

KAW LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Kaw Lake Association is a not-for-profit organization that was established to promote the conservation and development of water resources of the Central Arkansas River Basin and its tributaries, and to satisfy the needs of the growing population for flood control, navigation, pollution control, recreation and all other benefits of the Kaw Reservoir. 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 basis 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.

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

NOTE 2 – 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 of the expenditures that could be disallowed by the grantor agencies, if any, would not be significant.

NOTE 3 – STATE MATCHING FUNDS:

The Oklahoma State Legislature appropriates funds which are available to multi-county organizations through the Oklahoma Tourism and Recreation Department. Kaw Lake 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 Kaw Lake Association. 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. Kaw Lake 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 Kaw Lake Association.

KAW LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – STATE MATCHING FUNDS (continued):

State matching funds allocated to the fiscal year ended June 30, 2012 were \$40,050. Of these funds, \$40,050 were received in the fiscal year ended June 30, 2012.

NOTE 4 – FINANCIAL INSTITUTIONS:

The Association maintained a checking account at RCB Bank in Ponca City, Oklahoma.

NOTE 5 – 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 risks of loss.

NOTE 6 – 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 7 – EVALUATION OF SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through January 20, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

KAW LAKE ASSOCIATION
SCHEDULE OF ADMINISTRATIVE AND PROMOTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	<u>Allowable</u>	<u>Discretionary</u>
Administrative Expenses:		
Personnel costs	\$ 4,392	\$ 19,134
Meetings and mileage		1,233
Office supplies and equipment		2,469
Other administration expenses		135
Office rent		2,200
Telephone		1,555
Postage		444
Legal and accounting		1,251
Dues and memberships		1,550
Insurance		2,724
Total Administrative Expenses	<u>\$ 4,392</u>	<u>\$ 32,695</u>
	<u>Allowable</u>	<u>Discretionary</u>
Promotional Expenses:		
Travel show exhibitions	\$ 975	\$ 4,298
Literature distribution	2,546	5,081
Print Production - Kaw Lake Guide	14,705	12,708
Media Advertising:		
Magazine/newspaper/brochures	844	5,990
Website		1,020
Radio/TV	250	500
Other		775
Coop advertising:		
Maps and other advertising	1,450	
Magazines/newspaper	14,438	27,371
Govenors conference	450	59
Other event expenses (net of advertising costs):		
Kaw Fest		369
Eagle watch		1,706
Fishing Tournament		2,044
Other events		1,281
Total Promotional Expenses	<u>\$ 35,658</u>	<u>\$ 63,202</u>

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

KAW LAKE ASSOCIATION
 SOURCES OF INCOME
 YEAR ENDED JUNE 30, 2012

Kaw Fest:

Sponsorships:

Ponca City, OK:

TV OK Network, P O Box 808	\$ 1,000
Team Radio, P O Box 2509	1,000
Ponca City News, PO Box 191	1,000

Newkirk, OK:

Eastman Nation Bank, P O Box 190	500
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Enid, OK:

Chisholm Trail Broadcasting, P O Box 952	1,000
	4,500

Donation	50
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Event fees, gate sales, concessions and vendor fees	100
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Total Kaw Fest	\$ 4,650
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Other tourism promo events:

Donations	\$ 7,339
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Sponsorships	2,725
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Event fees, gate sales, concessions and vendor fees	3,180
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Total other tourism promo events	\$ 13,244
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KAW LAKE ASSOCIATION
SCHEDULE OF ADVERTISERS
YEAR ENDED JUNE 30, 2012

RECREATIONAL GUIDE SALES:

Ponca City, OK:

Boathouse, 2100 E Lake Rd	\$ 1,022
Bowker Ford, 2415 N 14th	247
Brandts, 3203 N 14th	359
Ponca City Tourism, PO Box 1109	2,567
The Fox, 1801 N 4th	616
Century 21, 525 Monument Rd	226
Davis Moore Auto, 3501 N 14th St	246
Conoco Phillips, PO Box 1267	936
Comfort Inn, 3101 N 14th	579
Dougan Bar-B-Q, 215 S 14th St	260
EconoLodge, 212 S 14th	234
Sun-N-Fun, 8900 Lake Rd	567
Buffalo Waller Ranch, 1 Skinner Ln	296
Kinder Campers, 2208 N Ash	234
KEDA, 3006 Turner Rd	1,530
Lake Road Storage, 5159 Lake Rd	339
Marland Estate, 901 Monument Rd	351
McFadden Cove, 2100 E Lake Rd	1,082
Randall Real Estate	127
Pembertons, PO Box 711	246
RBC Bank, PO Box 111	603
Super 8 Motel, 301 S 14th	234
U.S. Corps of Engineers, 9400 Lake Rd	1,479
United Country, 8736 E Tower Rd	234
University Learning, 1000 S Pine	351
Quality Water, PO Box 829	351
Stage Coach, 1641 Kildare Rd	127
Camp McFadden, PO Box 1495	567
Lakeview Boat, PO Box 2558	283
Cleveland, OK:	
Indian Electric Co., PO Box 49	1,530
Perry, OK:	
Chamber of Commerce, PO Box 426	1,464
Blackwell, OK:	
Chamber of Commerce, 120 S. Main	1,479
Bubba's Bait Shop, 513 W Doolin	247

Tonkawa, OK:

Pecan Creek Lodge, 1501 E North Ave	\$ 255
Tonkawa Casino	260
Chamber of Commerce, 102 E Grand	765

Kaw City, OK:

Kaw Lake One Stop, 998 Grandview	296
City of Kaw City, 900 Morgan Sq	147

Arkansas City, KS:

Chamber of Commerce, PO Box 795	1,604
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Tulsa, OK:

Holiday Inn Express	443
Green Country Mktg, 2805 E Skelley	234
Anheuser Busch, 2929 N Florence	1,615

Shidler, OK:

Chamber of Commerce, PO Box 528	382
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Burbank, OK:

Boat N Tote, 773 S Osage Cove	283
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Alva, OK:

Red Carpet Country, Drawer B	1,530
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Fairfax, OK:

Chamber of Commerce, PO Box 35	857
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Newkirk, OK:

Newkirk Dental, 327 W South St	127
Eastman National Bank, PO Box 190	489
Main Street Authority, PO Box 235	128
Mini Storage, 104 W 7th St	63
Bilger Real Estate, 104 W 7th St	64
77 Ranch Motel, 201 W South	128
Lil Tapa, 724 N Main	128
Native Lights Casino	260

Pawhuska, OK:

Osage State Park, 2131 Osage Hills Park Rd	164
Osage County Tourism, PO Box 87	887

Pawnee, OK:

Pawnee Café, 620 Harrison	164
Simple Simon, 522 4th St	292

Total

\$ 32,578

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
Kaw Lake Association

We have audited the financial statements of the Kaw Lake Association as of and for the year ended June 30, 2012, and have issued our report thereon dated January 20, 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 Kaw Lake Association is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Kaw Lake 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 Kaw Lake Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Kaw Lake Association's internal control over financial reporting.

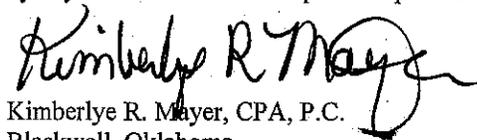
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is 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 preceding paragraph of this section 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kaw Lake 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 or other matters that are required to be reported under *Government Auditing Standards*.

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 20, 2013