

**OKLAHOMA'S RED CARPET COUNTRY, INC.**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

OKLAHOMA'S RED CARPET COUNTRY, INC.  
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YEAR ENDED JUNE 30, 2018

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Oklahoma's Red Carpet Country, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets-cash basis as of June 30, 2018 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 responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 *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 whether the financial statements are free of 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 Oklahoma's Red Carpet Country, Inc.'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 Oklahoma's Red Carpet Country, Inc.'s internal control. Accordingly, we express no such an 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 cash basis net assets of Oklahoma's RedCarpet Country, Inc. as of June 30, 2018 and the changes in cash basis net assets for the year then ended in conformity with basis of accounting described in Note 1.

## Other Matters

### *Report on Supplementary and Other Information*

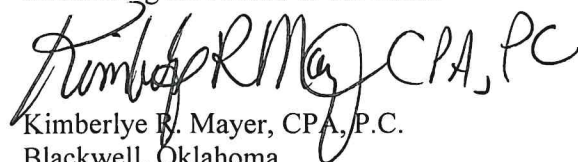
Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management 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 statement 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 that 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 a report dated January 18, 2019 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 laws, regulations, contracts and 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.



Kimberlye R. Mayer, CPA, P.C.  
Blackwell, Oklahoma  
January 18, 2019

OKLAHOMA'S RED CARPET COUNTRY, INC.  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
CASH BASIS  
JUNE 30, 2018

ASSETS

Cash in bank	<u>\$ 223</u>
Total Assets	<u><u>\$ 223</u></u>

LIABILITIES AND NET ASSETS

Liabilities	\$
Notes payable (Note 5)	
Net Assets:	
Unrestricted	<u>223</u>
Total Liabilities and Net Assets	<u><u>\$ 223</u></u>

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

OKLAHOMA'S RED CARPET COUNTRY, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
CASH BASIS  
YEAR ENDED JUNE 30, 2018

Revenues:	
State matching funds (Note 2)	\$ 34,583
State matching funds 16/17 (Note 2)	929
Donations and sponsorships	89
Travel show sponsorships	350
Membership dues	6,850
Advertising sales - Vacation Guides and Maps	48,109
Tourism conference	3,375
Oklahoma Travel Guide advertising	13,760
Other advertising sales & promotions	19,521
Brochure production	13,831
Miscellaneous income	13,831
Total Revenues	141,397
Expenses:	
Administrative:	
Allowable	6,916
Discretionary	59,146
Total Administrative	66,062
Promotional:	
Allowable	27,667
Discretionary	52,176
Total Promotional	79,843
Total Expenses	145,905
Revenues over (under) expenses	(4,508)
Net Assets, beginning of year	4,731
Net Assets, end of year	\$ 223

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, 2018

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, 2017 were \$35,890 of which \$929 was received in the fiscal year ended June 30, 2018. State matching funds allocated to the fiscal year ended June 30, 2018 were \$34,583 which were all received in the fiscal year ended June 30, 2018.

OKLAHOMA'S RED CARPET COUNTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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, 2018.

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 BancCentral in Enid, Oklahoma.

NOTE 5 – NOTES PAYABLE:

The Corporation has a line of credit of \$20,000 with an expiration date of 3/28/19 and an interest rate of 5.75%. At June 30, 2018, the balance of the line of credit was \$0. In July 2018 the Corporation borrowed \$5,000 against this line of credit. At the date of this report, the balance of this line of credit was \$0.

NOTE 6 – INCOME TAXES:

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Association's Forms 990, *Return of Organization Exempt from Income Tax*, for the fiscal years ending 2016, 2017, 2018 are subject to examination by the IRS, generally three years after they were filed.

NOTE 7 – 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.



OKLAHOMA'S RED CARPET COUNTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

NOTE 8 – FAIR VALUES OF FINANCIAL INSTRUMENTS:

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

**Level 1:** Quoted prices in active markets for identical securities.

**Level 2:** Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

**Level 3:** Significant unobservable inputs (including the Corporation's own assumptions in determining the fair value of investments).

The Corporation's financial instruments include cash and cash equivalents. The Corporation's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS:

The Corporation has evaluated subsequent events through January 18, 2019, 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, 2018

	<u>Allowable</u>	<u>Discretionary</u>
Administrative Expenses:		
Personnel costs	\$ 5,622	\$ 27,254
Office rent and storage	1,003	1,397
Office supplies		869
Telephone	291	1,478
Postage		623
Professional fees		2,307
Sales & marketing expenses		17,030
Travel		4,981
Dues and Subscriptions		300
Insurance		1,955
Miscellaneous		952
Total Administrative Expenses	<u>\$ 6,916</u>	<u>\$ 59,146</u>
	<u>Allowable</u>	<u>Discretionary</u>
Promotional Expenses:		
Travel show exhibitions	\$	\$ 1,437
Literature distribution		4,126
Print Production Costs:		
Tourism magazines	4,500	25,680
Brochures	3,168	1,817
Media Advertising:		
Magazine/brochures	19,184	13,001
Newspaper	815	
Website		731
Other tourism promo events		3,074
Tourism conferences		2,310
Total Promotional Expenses	<u>\$ 27,667</u>	<u>\$ 52,176</u>

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

OKLAHOMA'S RED CARPET COUNTRY, INC.  
SCHEDULE OF ADVERTISERS  
YEAR ENDED JUNE 30, 2018

**VACATION GUIDE & MAP SALES:**

<b>Alva, OK:</b>		<b>Hennessey, OK:</b>	
Chamber of Commerce, 502 OK Blvd	\$ 2,300	Town of Hennessey, PO Box 306	4,800
<b>Aline, OK:</b>		<b>Shattuck, OK:</b>	
Sod House Museum	1,050	Town of Shattuck, PO Box 670	1,500
<b>Boise City, OK:</b>		<b>Ponca City, OK:</b>	
Cimmaron Heritage Center, Hwy 287	283	Ponca City Chamber, Box 1450	2,745
<b>Clinton, OK:</b>		Kaw Lake Association, Box 1933	4,600
Lake Walleye Rodeo, POB 74	735	<b>Waynoka, OK:</b>	
<b>Kingfisher, OK:</b>		Chamber of Commerce, POB 173	2,575
Chamber of Commerce, 123 W Miles	475	<b>Oklahoma City, OK:</b>	
<b>Hooker, OK:</b>		Astronomy Club, POB 22804	588
City of Hooker, POB 67	2,300	VI Marketing, 125 Park Ave	2,300
<b>Fairview, OK:</b>		<b>Cherokee, OK:</b>	
Plymouth Valley Vineyard, SE of City	475	Cherokee, 121 N Grand	1,467
<b>Laverne, OK:</b>		Cherokee Inn, 1720 S Grand	823
Chamber of Commerce, POB 364	2,185	<b>Woodward, OK:</b>	
<b>Guymon, OK:</b>		Convention & Tourism, 3401 Centennial Ln	3,220
City of Guymon, 219 NW 4th	2,300	<b>Watonga, OK:</b>	
<b>Medford, OK:</b>		City of Watonga, POB 564	2,300
1893 Land Run Museum, POB 123	400	Whirlwind Winery, 109 E Main	144
City of Medford, POB 123	400	Friends of Roman House, POB 165	358
<b>Kenton, OK:</b>		Noble House, POB 570	575
Easter Pageant,	283	Chapparral Retreat, POB 427	144
Black Mesa Bed & Breakfast, POB 81	283	<b>Canton, OK:</b>	
Hitching Post BB, HCR 1 Box4	298	Bairds Lakeside Café, Box 147	288
Enid, OK:		Lemons & Lace, 105 W Main	288
Leonardos, POB 348	288	Riverside RV Park, POB 206	217
City of Enid, 123 W Main	1,425	This & That, POB 206	216
Cherokee Strip Reg Heritage, 507 S 4th	1,775	The Overlook, POB 125	216
Garfield Furniture, 205 S Grand	611	Gilchrist General Store, POB 206	216
Central Ntl Bank Ctr, 301 Independence	350		
Napolis Italian Restaurant, 225 S Grand	313		

Total \$ 48,109

OKLAHOMA'S RED CARPET COUNTRY, INC.  
SCHEDULE OF ADVERTISERS  
YEAR ENDED JUNE 30, 2018

**Advertising Sales:**

**Oklahoma Travel Guide:**

Major Co. Econ Dev, Fairview, OK	\$ 1,980
City of Guymon,	2,870
Visit Enid	6,930
Kaw Lake Association	1,980
	<u>\$ 13,760</u>

**Destination OK:**

City of Alva	\$ 3,262
Visit Enid	7,210
	<u>10,472</u>

**Brochure:**

Major Co. Historical Society	\$ 795
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**Oklahoma Today Magazine:**

Visit Enid	\$ 2,527
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**Group Tour Media:**

Nacoqdoches, TX:	
Four Travel Motorcade Club	\$ 3,520

**Oklahoma Living:**

City of Guymon	\$ 1,425
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**Website:**

Ponca City Chamber	\$ 62
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**Newspaper:**

Visit Enid	\$ 720
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\$ 19,521

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

INDEPENDENT AUDITOR'S 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, 2018, and have issued our report thereon dated January 18, 2019. 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 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 Oklahoma's Red Carpet Country, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oklahoma's Red Carpet Country, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Oklahoma's Red Carpet Country, Inc.'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 combination of control deficiencies, in internal control that there is reasonable possibility that a material misstatement of the Corporation'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 preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 an instance of

noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings.

We noted other matters that we reported to Oklahoma Red Carpet Country, Inc. in a separate letter dated January 18, 2019.

### **Response to Findings**

Oklahoma's Red Carpet Country, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Oklahoma's Red Carpet Country, Inc.'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kimberlye R. Mayer, CPA, P.C.  
Blackwell, Oklahoma  
January 18, 2019



OKLAHOMA'S RED CARPET COUNTRY, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2018

**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 invoicing and receiving payments; making and recording deposits; maintaining billing registers; and reconciling the monthly bank statements. The same individual is also responsible for receiving and reviewing payable invoices and preparing checks. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause: The Corporation'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.