



**GREEN COUNTRY MARKETING
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

AND

AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2013



Clothier & Company CPA's P.C.

P.O. Box 1495 * Muskogee, Ok 74402

(918) 687-0189 FAX (918) 687-3594

cccpa@yahoo.com



Clothier & Company CPA's P.C.
cccpa@yahoo.com

P.O. Box 1495
Muskogee, Oklahoma 74402
918-687-0189 FAX 918-687-3594

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Green Country Marketing
Association, Inc.

We have audited the accompanying financial statements of Green Country Marketing Association, Inc. (a nonprofit organization), which comprise the statement of financial position- modified cash basis as of June 30, 2013, and the related statement of activities, functional expense, and cash flows-modified 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 modified cash basis of accounting as described in Note 1, this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 Green Country Marketing Association, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 modified 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 that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Clothier & Company CPA's".

Clothier & Company, CPA's, P.C.
September 26, 2013

Green Country Marketing Association, Inc.
Statement of Financial Position-Modified Cash
June 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$	13,534
Money-market cash		92,850
Certificates of deposit		<u>102,370</u>

Total Current Assets 208,754

Fixed Assets

Fixed assets		61,485
Accumulated depreciation		<u>(54,655)</u>

Total Fixed Assets 6,830

Other Assets

Total Assets \$ 215,584

LIABILITIES AND NET ASSETS

Current Liabilities

Payroll tax liabilities	\$	<u>7,144</u>
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Total Current Liabilities 7,144

Net Assets

Unrestricted		204,411
Increase (Decrease) in Net Assets		<u>4,029</u>

Total Net Assets 208,440

Total Liabilities & Net Assets \$ 215,584

See notes and independent auditor's report.

Green Country Marketing Association, Inc.
Statement of Activities-Modified Cash Basis
For the Period Ended June 30, 2013

UNRESTRICTED NET ASSETS

Revenue and Gains

Membership dues	\$	26,290
Matching funds		209,366
Advertising income		232,557
Coop advertising		203,949
Miscellaneous income		2,648
Website income		615
Interest earned		1,271
Other income		<u>11,676</u>

Total Revenue and Gains 688,372

Expenses

Program expenses		462,824
Administrative expenses		<u>221,519</u>

Total Expenses 684,343

Increase (Decrease) in

Unrestricted Net Assets 4,029

TEMPORARILY RESTRICTED NET ASSETS

Revenue and Gains

PERMANENTLY RESTRICTED NET ASSETS

Revenues and Gains

Increase (Decrease) in Net Assets \$ 4,029

See accompanying notes and independent auditors' report.

Green Country Marketing Association, Inc.
Statement of Functional Expenses
For the Period Ended June 30, 2013

Functional Expenses		
Salaries and payroll taxes	\$	240,096
Employee benefits		25,159
Insurance		3,719
Travel expense		12,405
Office/postage expenses		2,883
Equipment/furniture repairs		7,878
Rent and parking		19,980
Telephone		6,646
Accounting/auditing		8,283
Dues and subscriptions		4,148
Miscellaneous		5,608
Education/sponsorship		3,461
Depreciation		2,742
Distribution/publication		29,473
Production and creative		15,541
Public relations		8,730
Co-op advertising		87,699
Travel shows/conventions		18,673
Newspaper/magazine/media		57,088
Special events		116
Oklahoma Today/Preview		20,819
Guides/coupon book		99,475
Website expansion/maintenance		<u>3,721</u>
Total Functional Expenses	\$	<u><u>684,343</u></u>

See accompanying notes and independent auditors' report.

Green Country Marketing Association, Inc.
Statement of Functional Expenses
For the Period Ended June 30, 2013

Administrative Expenses

Salaries/payroll taxes	\$	120,902
Employee benefits		25,159
Insurance		3,719
Travel expense		12,405
Office/postage expenses		2,883
Equipment/furniture repairs		7,878
Rent and parking		19,980
Telephone		6,646
Accounting/auditing		8,283
Dues and subscriptions		4,148
Miscellaneous		3,313
Education/sponsorship		3,461
Depreciation		<u>2,742</u>

Total Administrative Expenses \$ 221,519

See accompanying notes and independent auditors' report.

Green Country Marketing Association, Inc.
Statement of Functional Expenses
For the Period Ended June 30, 2013

Program Expenses		
Salaries and payroll taxes	\$	119,194
Miscellaneous		2,295
Distribution/publication		29,473
Production/creative		15,541
Public relations		8,730
Co-op advertising		87,699
Travel shows/conventions		18,673
Newspaper/magazine/media		57,088
Special events		116
Oklahoma Today/Preview		20,819
Guides/coupon book		99,475
Website expansion/maintenance		<u>3,721</u>
Total Program Expenses	\$	<u><u>462,824</u></u>

See accompanying notes and independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Basis of Accounting

The financial statements of Green Country Marketing Association, Inc. have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Modifications to the cash basis of accounting include recording depreciation on property and equipment and accruing for payroll taxes.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be highly liquid depository accounts with a maturity of less than three months.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and in the Reconciliation of Cash Expenditures. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

General Statement

The Green Country Marketing Association, Inc. is a multi-county organization established under the laws of the State of Oklahoma. The purpose of the Association is to promote and encourage the development of tourism and commerce through various forms of advertising and promotion.

The Association derives a significant portion of its income from advertising sales and managed cooperative advertising, as well as contributions and the sale of memberships. These revenues come mainly from business enterprises in the eighteen county area of Oklahoma known as Green Country. The remainder of revenues are derived from the State of Oklahoma and fund raising events. The Organization presents periodic reports to the State showing expenses paid, and the state reimburses the organization for one hundred percent of the allowable expenses limited to the amount allocated to Green Country Marketing

Green Country Marketing Association, Inc.

Association, Inc. Reimbursements from the state are recorded as income in the fiscal year in which they are received.

Fixed Assets

Equipment is recorded at historical cost. Depreciation is computed on the straight-line basis over its estimated useful life. Green Country Marketing Association's capitalization policy is to capitalize any equipment over \$500.00. Any purchases of equipment under \$500.00 is expensed in the period purchased.

Income Tax

The Internal Revenue Service has determined that the Organization meets the requirements of the Internal Revenue Code and is exempt from federal income tax under Section 501(c)(6) of the Code.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existences and/or nature of any donor restrictions.

2. CASH AND INVESTMENTS

The Green Country Marketing Association, Inc. maintains its cash accounts in F&M Bank and Century Bank located in Tulsa, Oklahoma. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2013 the Association had no uninsured receipts.

3. REIMBURSEMENT FROM THE STATE OF OKLAHOMA

As described in Note 1, the Organization receives funding from the State of Oklahoma in the form of the reimbursement of 100% of allowable expenditures, limited to the amount allocated by the state for matching funds. State reimbursements are identified according to the fiscal year program from which the State makes the payments. Payments received during the year for the F.Y. 2013 contract totaled \$209,366. This is approximately 30.4% of the total revenue for this organization and may be considered a concentration of revenue.

Total expenditures for the organization were \$684,343. The state reimbursed 30.6% of the total expenditures for a total of \$209,366, the amount paid by the state as matching funds for Green Country Marketing Association, Inc. for the 2013 fiscal year.

4. ANNUAL PUBLICATIONS

Green Country Marketing Association published four publications this year. The publications include Guide to Green County, Shop, Dine, and Fun, Destination Oklahoma, and Attractions Map. Guide to Green Country is a color publication that the Green Country Marketing Association publishes annually as its principal fulfillment piece. Each year 100,000 copies are produced and distributed. Green Country Shop, Dine and Fun Guide is a four-color publication. Each year 50,000 copies are produced and distributed. Destination Oklahoma is a four-color publication. Each year 2,500 copies are produced and distributed. Attractions Map is a color publication that Green Country published and distributed 65,000 copies. The publications are distributed in state tourism information centers, in chambers of commerce, and as direct fulfillment of inquiries received in the Green Country office.

Green Country Marketing Association, Inc.

5. LEASE AGREEMENT

Green Country Marketing Association, Inc. entered into office space lease agreement with Swadener Investment Properties LLC on August 8, 2003. The lease is payable in equal monthly installments of \$1,250 on or before the first day of each calendar month during the term. Green Country Marketing Association, Inc. paid the first and last month's installment of \$2,500 as "pre-paid rent" when the lease was executed. The Association moved into a larger office space in the same building and as of January 1, 2012 the rent increased by \$300 for a total of \$1,550 per month.

6. ADVERTISING COSTS

Because Green Country Marketing Association Inc. is in the business of promoting the development of tourism and commerce through various forms of advertising, all advertising costs are expensed in the period paid and none of the costs are capitalized.

7. SUBSEQUENT EVENTS

No events have occurred through the date of these financial statements that need disclosed in the financial statements.



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INDEPENDENT AUDITORS' 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
Green Country Marketing Association, Inc.

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 Green Country Marketing Association, Inc. (a nonprofit organization), which comprise the statement financial position-modified cash basis as of June 30, 2013, and the related statements of activities, functional expense-modified cash basis, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 we consider to be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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*.

Purpose of this Report

This 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Clothier & Company CPAs".

Clothier & Company, CPA's, P.C.
September 26, 2013

SUPPLEMENTAL INFORMATION

Green Country Marketing Association, Inc.
OTRD Required Schedules
June 30, 2013

Sources of Revenue Schedule

Advertising Sales	\$232,557
Membership in Association	26,290
Co-op Media Advertising	203,949
Miscellaneous/Other Income	14,939
Matching Funds	209,366
Interest Income	1,271
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	\$688,372
	<hr/> <hr/>

Schedule of Reconciliation of Cash Expenditures

	Allowable Expenditures Claimed	Discretionary Expenditures	Total Expenditures
EXPENDITURES:	<hr/>		
Administrative Expenses	\$0	\$100,617	\$100,617
Administrative Wages	0	120,902	120,902
Program Wages	0	119,194	119,194
Advertising & Promotional:			
Print Production	87,535	48,300	135,835
Media Advertising	114,485	30,302	144,787
Postage/Literature Distribution	7,346	22,127	29,473
Travel Shows	0	18,673	18,673
Other Allowable Promotion	0	0	0
Admin Matched	0	0	0
Other & Misc	0	14,862	14,862
	<hr/>		
	\$209,366	\$474,977	\$684,343
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See accompanying notes and independent auditors' report.

Green Country Marketing Association, Inc.
BUDGET TO ACTUAL COMPARRISON
June 30, 2013

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Advertising	267,200	267,200	232,557	34,643
Co-op Advertising	251,000	251,000	203,949	47,051
Interest	1,500	1,500	1,271	229
Matching Funds/Tourism	209,366	209,366	209,366	0
Memberships	30,000	30,000	26,290	3,710
Misc	1,000	1,000	2,648	(1,648)
Productive & Creative	600	600	11,676	(11,076)
Website	2,000	2,000	615	1,385
	<u>762,666</u>	<u>762,666</u>	<u>688,372</u>	<u>74,294</u>
EXPENSES				
Administrative	190,230	190,230	221,519	(31,289)
Promotion Expenses	472,063	472,063	462,824	9,239
	<u>662,293</u>	<u>662,293</u>	<u>684,343</u>	<u>(22,050)</u>
Revenue Over/(Under) Expenses	<u>100,373</u>	<u>100,373</u>	<u>4,029</u>	<u>96,344</u>