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KIAMICHI COUNTRY, INC.

PO Box 638

Wilburton, Oklahoma 74578

FINANCIAL STATEMENTS

June 30, 2011 and 2010

**Joe Bob Smith, CPA
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KIAMICHI COUNTRY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

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**JOE BOB SMITH
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 70
BROKEN BOW, OK 74728**

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Kiamichi Country, Inc.**

I have audited the accompanying statement of assets, liabilities, and net assets - cash basis of Kiamichi Country, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of support, revenues, expenses and changes in net assets-cash basis and cash flows-cash basis and functional expenses-cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note A to the financial statements, Kiamichi Country, Inc. prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of Kiamichi Country, Inc. as of June 30, 2011 and 2010, and its support, revenues, expenses, and other changes in net assets, and its cash flows for the years then ended, on the basis of accounting described in Note A.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The supplemental schedules of allowable and discretionary expenses as listed in the attached table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules of allowable and discretionary expenses have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Joe Bob Smith CPA

Broken Bow, Oklahoma

December 14, 2011

FINANCIAL STATEMENTS

**KIAMICHI COUNTRY, INC.
SUPPLEMENTAL SCHEDULE OF
ALLOWABLE AND DISCRETIONARY EXPENSES
SUPPORTING SERVICES
FOR THE YEAR ENDED
JUNE 30, 2011**

CASH BASIS

	TOTAL	ALLOWABLE	DISCRETIONARY
	2011	2011	2011
MANAGEMENT AND GENERAL ADMINISTRATIVE EXPENSES			
CONTRACT LABOR	\$ 13,800	0	13,800
INSURANCE	126	0	126
OFFICE SUPPLIES AND EXPENSE	2,888	0	2,888
DUES AND FEES	850	0	850
RENTAL EXPENSE	10,800	0	10,800
TELEPHONE AND INTERNET	1,025	0	1,025
AUDIT FEES	1,250	0	1,250
CONFERENCES & SEMINARS	225	0	225
TOTAL	\$ 30,964	0	30,964

KIAMICHI COUNTRY, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS

JUNE 30, 2011 AND 2010

CASH BASIS

	2011	2010
<u>ASSETS</u>		
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 74,221	\$ 69,324
TOTAL CURRENT ASSETS	<u>74,221</u>	<u>69,324</u>
NONCURRENT ASSETS:		
TOTAL NONCURRENT ASSETS	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>74,221</u>	<u>69,324</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
TOTAL CURRENT LIABILITIES/ TOTAL LIABILITIES	<u>0</u>	<u>0</u>
NET ASSETS:		
UNRESTRICTED	74,221	69,324
TOTAL NET ASSETS	<u>74,221</u>	<u>69,324</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 74,221</u>	<u>\$ 69,324</u>

See notes to financial statements.

KIAMICHI COUNTRY, INC.

**STATEMENTS OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010**

CASH BASIS

	2011	2010
REVENUES:		
STATE FINANCIAL ASSISTANCE	\$ 49,723	\$ 50,355
ADVERTISING REVENUES	47,735	41,994
COOPERATIVE ADVERTISING REVENUES	36,640	24,893
MEMBERSHIP DUES	1,570	1,670
OTHER INCOME	249	475
INVESTMENT INCOME	191	239
TOTAL REVENUES	<u>136,108</u>	<u>119,626</u>
EXPENSES:		
PROGRAM SERVICES-		
PROMOTIONAL EXPENSES	100,248	97,472
SUPPORTING SERVICES	30,964	31,242
TOTAL EXPENSES	<u>131,212</u>	<u>128,714</u>
INCREASE (DECREASE)- UNRESTRICTED NET ASSETS	<u>4,896</u>	<u>(9,088)</u>
INCREASE (DECREASE) IN NET ASSETS	4,896	(9,088)
NET ASSETS:		
BEGINNING OF YEAR	<u>69,325</u>	<u>78,412</u>
END OF YEAR	<u>\$ 74,221</u>	<u>\$ 69,324</u>

See notes to financial statements.

KIAMICHI COUNTRY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010

CASH BASIS

	2011	2010
Cash flows from operating activities		
Increase (decrease) in net assets:	\$ 4,896	\$ (9,088)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Total adjustments	0	0
Net cash provided (used) by operating activities	4,896	(9,088)
Cash flow from investing activities:		
Net cash provided (used) by investing activities	0	0
Cash flow from financing activities:		
Other changes in equity-rounding	1	0
Net cash provided (used) by financing activities	1	0
Cash flow from non-cash transfer activities:		
Net cash provided (used) by non-cash transfer activities	0	0
Net increase (decrease) in cash and equivalents	4,897	(9,088)
Cash and equivalents, beginning of year	69,324	78,412
Cash and equivalents, end of year	\$ 74,221	\$ 69,324

See notes to financial statements.

KIAMICHI COUNTRY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
PROGRAM SERVICES - PROMOTIONAL EXPENSES
FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010

CASH BASIS

	2011	2010
STATE VACATION GUIDE		
OKLAHOMA TOURISM & RECREATION	\$ 19,440	\$ 19,440
OTHER EXPENSE	78	0
	<u>19,518</u>	<u>19,440</u>
KIAMICHI COUNTRY VISITORS GUIDE		
TRAVEL GUIDE EXPENSE	<u>40,609</u>	<u>41,194</u>
MEDIA ADVERTISEMENT		
OKLAHOMA GLORY/VIBE	<u>0</u>	<u>4,550</u>
MAGAZINE ADVERTISEMENT		
OKLAHOMA TODAY	8,291	7,590
	<u>8,291</u>	<u>7,590</u>
OTHER ADVERTISEMENT EXPENSE		
WEB SITE EXPENSE	1,200	3,650
BROCHURES & RACK CARDS	6,341	0
OTHER ADVERTISING	4,550	732
	<u>12,091</u>	<u>4,382</u>
TRAVEL SHOWS		
OKLAHOMA TOURISM & RECREATION	0	357
DEER FESTIVAL-ANTLERS	0	100
TRAVEL SHOW EXPENSE-OTHER	1,650	525
	<u>1,650</u>	<u>982</u>
LITERATURE DISTRIBUTION		
DISTRIBUTION EXPENSE	<u>18,089</u>	<u>19,334</u>
TOTAL	<u>\$ 100,248</u>	<u>\$ 97,472</u>

See notes to financial statements.

KIAMICHI COUNTRY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
SUPPORTING SERVICES
FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010

CASH BASIS

	2011	2010
MANAGEMENT AND GENERAL		
CONTRACT LABOR	\$ 13,800	\$ 13,800
INSURANCE	126	126
OFFICE SUPPLIES & EXPENSE	2,888	3,188
DUES & FEES	850	850
RENTAL EXPENSE	10,800	10,850
TELEPHONE & INTERNET	1,025	1,023
AUDIT FEES	1,250	1,200
CONFERENCES & SEMINARS	225	205
TOTAL	<u>\$ 30,964</u>	<u>\$ 31,242</u>

See notes to financial statements.

KIAMICHI COUNTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Reporting Entity - The Organization is a nonprofit organization incorporated to promote the Kiamichi Country area for tourism and industry and to sponsor projects and organizational activities to develop the area.

2. Accounting Method - The cash basis method of accounting is utilized which recognizes support and revenues when received rather than when earned and expenses when paid rather than when the obligation is incurred. This accounting method represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

3. Financial Statements - The Organization is considered a not-for-profit organization for financial reporting purposes and following the adoption of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-for-Profit Organizations", the Organization reports 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. In addition, the Organization is required to present a statement of cash flows and information about expenses by functional classifications.

4. Contributions - The Organization follows SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, restricted support and revenues received are reported as unrestricted if the restrictions are met in the reporting period.

5. Income Taxes - The Organization is not a private foundation and is exempt from income taxes under Internal Revenue Code Section (501) (c) (6) and there are no taxes on unrelated business income.

6. Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities; and the reported revenues, expenses and allocation of those expenses to program and supporting services. Accordingly, actual results could differ from those estimates.

Any difference between amounts that should articulate (i.e., tie) on different financial statements is due to rounding.

KIAMICHI COUNTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

7. Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Receipts of contributions donor-restricted for long-term purposes are considered financing activities and excluded from cash and equivalents.

NOTE B - RESTRICTED REVENUES

Restricted support and revenues received are reported as unrestricted if the restrictions are met in the reporting period. Thus, the only support and revenues reported as restricted are those amounts received and restricted by the payee during the current period, which have not yet been expended.

NOTE C - RISKS AND UNCERTAINTIES

Approximately 41% for 2011 and 42% for 2010, of the Organization's support was provided through state financial assistance. State funds provided under the grants or contracts are subject to reduction in the event of a shortfall of state funding.

NOTE D - CONTINGENCIES

The Organization accounts for payments for certain services as commissions, fees or contract labor. If the Internal Revenue Service considered part of the payments to be wages subject to withholding, IRC Sections provide for penalties and interest on the FICA and withholding taxes that should have been paid. A partial listing of potential penalties that could be assessed on the taxes due and interest follows:

FAILURE TO FILE:	5% PER MONTH, NOT TO EXCEED 25%
FAILURE TO PAY:	.5% PER MONTH, NOT TO EXCEED 25%
INTEREST:	AT AN ESTIMATED 4.0% PER YEAR

If the commissions paid in fiscal year 2010-2011 were determined to be subject to payroll taxes, the estimated Federal FICA taxes would be approximately \$1,056 employer tax and \$828 employee tax per year. Penalties and interest would be dependent upon the number of months that were assessed.

SUPPLEMENTAL SCHEDULES

KIAMICHI COUNTRY, INC.
SUPPLEMENTAL SCHEDULE OF
ALLOWABLE AND DISCRETIONARY EXPENSES
PROGRAM SERVICES - PROMOTIONAL EXPENSES
FOR THE YEAR ENDED
JUNE 30, 2011

CASH BASIS

	TOTAL 2011	ALLOWABLE 2011	DISCRETIONARY 2011
STATE VACATION GUIDE			
OKLAHOMA TOURISM & RECREATION	\$ 19,518	9,245	10,273
KIAMICHI COUNTRY VISITORS GUIDE			
TRAVEL GUIDE EXPENSE	40,609	40,478	131
MEDIA ADVERTISEMENT			
OTHER ADVERTISING	4,550	0	4,550
MAGAZINE ADVERTISEMENT			
OKLAHOMA TODAY	8,291	0	8,291
OTHER ADVERTISEMENT EXPENSE			
WEB SITE EXPENSE	1,200	0	1,200
BROCHURES & RACK CARDS	6,341	0	6,341
OTHER ADVERTISING	0	0	0
TOTAL	7,541	0	7,541
TRAVEL SHOWS			
OKLAHOMA TOURISM & RECREATION	0	0	0
OKLAHOMA TACKLE SHOW	0	0	0
GREEN COUNTRY HUNT & TACKLE	0	0	0
DEER FESTIVAL-ANTLERS	0	0	0
TRAVEL SHOW EXPENSE-OTHER	1,650	0	1,650
TOTAL	1,650	0	1,650
LITERATURE DISTRIBUTION			
DISTRIBUTION EXPENSE	18,089	0	18,089
TOTAL	\$ 100,248	49,723	50,525