

**LAKE TENKILLER ASSOCIATION, INC.**  
**COOKSON, OKLAHOMA**

**AUDITED FINANCIAL STATEMENTS**  
For the year ended June 30, 2015 and 2016

Audited By:  
ROBERT ST. PIERRE, C.P.A., P.C.  
CERTIFIED PUBLIC ACCOUNTANT  
1113 N. SECOND STREET  
STILWELL, OK 74960

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**INDEPENDENT  
AUDITOR'S  
REPORT**

# ROBERT ST. PIERRE C.P.A., P.C.

*Certified Public Accountant*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lake Tenkiller Association, Inc.  
Cookson, OK 74427

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lake Tenkiller Association, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-cash basis as of June 30, 2015 and 2016, and the related statement of support, revenue, and expenses-cash basis for the year then ended, and the related notes to the financial statements.

### ***Managements 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 B; 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 also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 the standards applicable to financial audits contained in 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 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 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluation 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 assets, liabilities, and net assets of Lake Tenkiller Association, Inc. as of June 30, 2015 and 2016, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting described in Note B.

***Other Matters***

We draw attention to Note B of the financial statements, which 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 that matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued a report dated August 12, 2016, on our consideration of Lake Tenkiller Association, Inc.'s, internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Tenkiller Association, Inc.'s internal control over financial reporting and compliance



Robert St. Pierre, C.P.A., P.C.  
August 12, 2016

**FINANCIAL**

**SECTION**

LAKE TENKILLER ASSOCIATION, INC.  
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS  
 June 30, 2015 and 2016

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note C)	\$ 45,517	\$ 36,944
	<u>45,517</u>	<u>36,944</u>
<b>TOTAL ASSETS</b>	<u><u>45,517</u></u>	<u><u>36,944</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>NET ASSETS</b>		
Unrestricted Net Assets	<u>45,517</u>	<u>36,944</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 45,517</u></u>	<u><u>\$ 36,944</u></u>

**3** The Accompanying Notes and Auditor's Report are an Integral Part of These Financial Statements.

**LAKE TENKILLER ASSOCIATION, INC.  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2015 and 2016**

	2016	2015
<b>REVENUE AND SUPPORT</b>		
State Matching	\$ 41,774	\$ 45,362
Advertising Sales	61,486	65,682
Co-op Media Advertising	5,398	7,196
Special Event Revenue	15,308	15,135
Membership Dues	5,200	5,850
Miscellaneous Income		
	<hr/>	<hr/>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>129,166</u>	<u>139,225</u>
 <b>EXPENSES</b>		
Administrative Expense	28,549	33,415
Administrative Matched	7,991	9,072
Media Advertising	13,877	20,303
Literature Distribution	7,409	3,995
Print Production	44,522	55,667
Travel Shows	3,729	4,547
Special Events	14,516	20,601
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<u>120,593</u>	<u>147,600</u>
 <b>INCREASE IN UNRESTRICTED NET ASSETS</b>	8,573	(8,375)
 <b>NET ASSETS BEGINNING OF PERIOD</b>	<hr/>	<hr/>
	36,944	45,319
 <b>NET ASSETS END OF THE PERIOD</b>	<u>\$ 45,517</u>	<u>\$ 36,944</u>

**FINANCIAL**

**STATEMENT**

**NOTES**

**LAKE TENKILLER ASSOCIATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2016

**NOTE A: NATURE OF THE ORGANIZATION**

Lake Tenkiller Association, Inc. was organized in 1978 to aid in marketing and developing the full potential of the Lake Tenkiller area through the promotion of tourism.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Lake Tenkiller Association, Inc., included in the financial statements conform to FASB SFAS No. 117 – Cash Basis. The following represent the more significant accounting policies and practices of the association:

**1. BASIS OF ACCOUNTING**

The financial statements of Lake Tenkiller Association, Inc. are presented under the cash basis of accounting as requested by the regulatory agency. Revenues are recognized when received rather than when earned and expenses are recorded when paid rather than when incurred.

**2. CASH AND CASH EQUIVALENTS**

The association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**3. PROPERTY AND EQUIPMENT**

All equipment has been expensed, and at the date of the statement of financial position the association did not own any land, buildings or property.

#### 4. INCOME TAXES

Lake Tenkiller Association, Inc., is a non-profit organization under section 501 (C) (6) of the Internal Revenue Code.

The Organizations Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

#### 5. GRANT

Lake Tenkiller Association, Inc. receives third party reimbursement funds from the Oklahoma Tourism and Recreation Department in the amount of 45,362 for FY 2015 and 41,774 for FY 2016. The Oklahoma Tourism and Recreation Department reimburse expenses to the association for tourism, promotion and administrative functions.

#### 6. Evaluation of Subsequent Events

The Company has evaluated subsequent events through August 12, 2016 the date which the financial statements were available to be issued.

#### NOTE C: CASH IN BANK

As of June 30, 2015 and 2016 cash in bank consisted of the following:

	2016	2015
Armstrong Bank Operating Account	45,517	36,944
	<hr/>	<hr/>
TOTAL CASH ON HAND	<u>45,517</u>	<u>36,944</u>

All deposits were FDIC insured.

**NOTE D: MANagements USE OF ESTIMATES**

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

**NOTE E: COMMITMENTS AND CONTINGENCIES**

Lake Tenkiller Association, Inc., currently contracts with the Oklahoma Tourism and Recreation Department to provide services on a fee-for-service arrangement. This program is subject to audit by the contracting agency or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for services disallowed under the terms of the contract. Presently Lake Tenkiller Association, Inc., has no such requests pending, and in the opinion of management, any such amounts would not be considered material.

Lake Tenkiller Association, Inc. receives substantially all its revenues from the Oklahoma Tourism and Recreation Department. In the event this agency discontinues support under this contract, the association's net assets could be materially affected.

**SUPPLEMENTARY**

**SCHEDULES**

**LAKE TENKILLER ASSOCIATION, INC.  
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	2016 TOTAL	ALLOWABLE STATE	DISCRETIONARY OTHER
<b>REVENUES</b>			
State Matching	41,774	41,774	-
Advertising Sales	61,486	-	61,486
Co-op Media Advertising	5,398	-	5,398
Special Event Revenue	15,308	-	15,308
Membership Dues	5,200	-	5,200
Activities Other	-	-	-
<b>TOTAL REVENUES</b>	<b>129,166</b>	<b>41,774</b>	<b>87,392</b>
<b>EXPENDITURES</b>			
Administrative	36,540	7,991	28,549
Promotional	69,537	33,783	35,754
Total Promotional & Administrative	106,077	41,774	64,303
Other:			
Activities	14,516	-	14,516
Interest	-	-	-
Other	-	-	-
Total Other	14,516	-	14,516
<b>TOTAL EXPENDITURES</b>	<b>120,593</b>	<b>41,774</b>	<b>78,819</b>
Excess Revenues over (under) Expenditures	8,573	-	8,573

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLAINEE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Lake Tenkiller Association, Inc.  
Cookson, OK 74427

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 Lake Tenkiller Association, Inc.'s (a nonprofit organization) which comprise the statement of assets, liabilities and net assets-cash basis as of June 30, 2015 and 2016, and the related statement of support, revenue and expenses-cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 12, 2016. The financial statements of Lake Tenkiller Association have been prepared on the cash basis of accounting.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Lake Tenkiller Association, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Tenkiller Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Tenkiller Association, 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 a 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 might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost that we consider to be significant deficiencies. 2016-1

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lake Tenkiller Association, Inc. financial statements are free from 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 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.

### **Lake Tenkiller Association, Inc.'s Response to Findings**

Lake Tenkiller Association, Inc. response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lake Tenkiller Association, Inc. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert St. Pierre C.P.A., P.C.  
Certified Public Accountant  
August 12, 2016

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2016-1

**Criteria:** The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and 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 that is responsible for billing and adjustments; posts payment to subsidiary accounts receivable ledgers and reconciles the monthly bank statements. In addition, only limited oversight is provided over this individual in the conduct of their daily functions. This condition was also reported in 2015.

**Cause:** The entity's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

**Effect or Potential Effect:** Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the membership and other billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

**Recommendation:** Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation over assets. In response to the identified risks, consideration should be given to identifying and implementing compensating duties to act as controls that could help mitigate the risks associated with lack of segregation of duties, such as management performing review procedures for the reconciliation of accounts.

**Responsible Official's Response:** The organization concurs with the recommendation, and will strive to implement procedures and compensating duties to help mitigate the risks associated with the lack of segregation of duties.

**LAKE TENKILLER ASSOCIATION, INC.**  
**SCHEDULE OF STATE AWARDS**  
**June 30, 2015**

<u>State Grantor/ Program Title</u>	<u>Contract Period</u>	<u>Contract Amount</u>	<u>Receipts Recognized 6/30/2016</u>	<u>Disbursements/ Expenditures</u>	<u>Cash/Accrued (Deferred)Revenue at 6/30/2015</u>
OK Dept. of Tourism and Recreation					
Contract /OK Lakes & Counties Associations (Multicounty Organizations State Appropriated Funds	7/1/2015 6/30/2016	41,774	41,774	41,774	-
Total State Financial Assistance		<u>41,774</u>	<u>41,774</u>	<u>41,774</u>	<u>-</u>

**LAKE TENKILLER ASSOCIATION, INC.  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

	2016
<b>REVENUE AND SUPPORT</b>	
State Matching	\$ 41,774
Advertising Sales	61,486
Co-op Media Advertising	5,398
Special Event Revenue	15,308
Membership Dues	5,200
Miscellaneous Income	-
	-
<b>TOTAL REVENUE AND SUPPORT</b>	129,166
 <b>EXPENSES</b>	
A - Annual Audit	1,950
A - Office Supplies	694
A - Contract Services	29,350
A - Insurance	720
A - Office Operation	926
A - Telephone	1,264
A - Travel	1,636
A - Other	-
B - Print Production	44,522
C - Coop Media Adversting	13,877
D - Literature Distribution	7,409
E - Travel Shows	3,729
F - Other Promotion	1,731
G - Fireworks	12,000
G - Membership Activity	400
G - Membership Dues	235
G - OLCA	150
	-
<b>TOTAL OPERATING EXPENSES</b>	120,593
 <b>INCREASE IN UNRESTRICTED NET ASSETS</b>	8,573
 <b>NET ASSETS BEGINNING OF PERIOD</b>	36,944
 <b>NET ASSETS END OF THE PERIOD</b>	\$ 45,517

**Lake Tenkiller Association-Supplement List of Advertisers & Ad Income FY2014 Audit**

<b>Business NAME</b>	<b>ADDRESS</b>	<b>City, State, Zip</b>	<b>Ad Income</b>
Arrowhead	7704 HWY 10	TAHLEQUAH, OK 74464	600
Arrowhead	7704 HWY 10	TAHLEQUAH, OK 74464	1,200
Arrowhead	7704 HWY 10	TAHLEQUAH, OK 74464	660
BriLo Properties LLC	642 W. 78 TH ST.	TULSA, OK 74132	470
Bryant Management	213 N FRIEDSWOOD DR	FRIEDSWOOD, TX 77548	2,460
Burnt Cabin Marina & Resort	34996 S 502 RD	Park Hill, OK 74451	1,750
Caney Ridge Marina	19058 W. Snake Creek Rd	Cookson, OK 74427	613
Cookson Bend Resort & Marina	PO BOX 887	TAHLEQUAH, OK 74464	2,990
Del Rancho	PO BOX 1125	TAHLEQUAH, OK 74464	470
FFE /Adventas Cultural Tourism	8945 W. RUSSE	LAS VEGAS, NV 89148	1,410
FFE /Adventas Cultural Tourism	8945 W. RUSSE	LAS VEGAS, NV 89148	1,410
Fin & Feather Resort	RT 1 Box 194	Gore, OK 74435	615
Fin & Feather Resort	RT 1 Box 194	Gore, OK 74435	615
Fin & Feather Resort	RT 1 Box 194	Gore, OK 74435	615
Fin & Feather Resort	RT 1 Box 194	Gore, OK 74435	615
Fishin & Huntin Oklahoma	1911Valley Rd	Sapulpa OK 74066	575
Flintridge Grocery	29269 HWY 82	Park Hill, OK 74451	288
Flintridge Grocery	29269 HWY 82	Park Hill, OK 74451	144
Gambino's Pizza	PO BOX 1034	Gore, OK 74435	780
Go Ye Village, Inc.	1201 W. 4TH ST	TAHLEQUAH, OK 74464	990
Gore Chamber Of Commerce	PO BOX 943	Gore, OK 74435	4,300
Gore Chamber Of Commerce	PO BOX 943	Gore, OK 74435	2,150
Meadow Park/Grand Villa	HCR 68 BOX 1065	Vian OK 74962	620
Meadow Park/Grand Villa	HCR 68 BOX 1065	Vian OK 74962	620
Meadow Park/Grand Villa	HCR 68 BOX 1065	Vian OK 74962	1,220
Murrell Home	19479 E. Murrel Home Road	TAHLEQUAH, OK 74464	780
Parks Investment Properties	4201 S. 69th Street	Tulsa, OK 74017	470
Payne 5 Communicaitons LLC	24189 E 865 RD	WELLING, OK 74471	2,460
Pine Cove Marina & Yacht Club	HCR 68 BOX 1090	Vian OK 74962	2,460
Pine Cove Marina & Yacht Club	HCR 68 BOX 1090	Vian OK 74962	2,460
Ron Day Photography	30500 S. 533 RD	Cookson, OK 74427	1,410
Sixshooter Resort	20144 W. Sixshooter Rd	Cookson, OK 74427	438
Sixshooter Resort	20144 W. Sixshooter Rd	Cookson, OK 74427	438
Sixshooter Resort	20144 W. Sixshooter Rd	Cookson, OK 74427	438
Sixshooter Resort	20144 W. Sixshooter Rd	Cookson, OK 74427	1,750
Snake Creek Marina	PO BOX 82396	OKLA CITY, OK 73148	780
Strayhorn Marina	PO BOX 257	Gore, OK 74435	1,750
Tahlequah Tourism Bureau	123 DELAWARE AVE	TAHLEQUAH, OK 74464	2,460
Tenkiller Area Community Organization (T	PO BOX 37	Cookson, OK 74427	2,460
Tenkiller Liquor	1005 N MAIN	Gore, OK 74435	390
Tenkiller Liquor	1005 N MAIN	Gore, OK 74435	390
Tenkiller Lodge	30500 S. 533 RD	Park Hill, OK 74451	1,750
Terrapin Creek Enterprises	PO BOX 307	Cookson, OK 74427	438
Terrapin Creek Enterprises	PO BOX 307	Cookson, OK 74427	438
Terrapin Creek Enterprises	PO BOX 307	Cookson, OK 74427	438
Terrapin Creek Enterprises	PO BOX 307	Cookson, OK 74427	438
The Wolf At Tenkiller	453579 E 965 RD	Vian OK 74962	195
The Wolf At Tenkiller	453579 E 965 RD	Vian OK 74962	390
Timbers At Burnt Cabin	34996 S 502 RD	Park Hill, OK 74451	1,410
U.S. Army Corps Of Engineers	RT 1 Box 259	Gore, OK 74435	2,460
VI Marketing & Branding	125 Park Avenue SUITE 200	OKLA CITY, OK 73102	2,460
Wright Real Estate	103 MIMOSA LANE	TAHLEQUAH, OK 74464	780
Wright Real Estate	103 MIMOSA LANE	TAHLEQUAH, OK 74464	780

**61,486**

