

LAKE TEXOMA ASSOCIATION
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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LAKE TEXOMA ASSOCIATION
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Independent Auditor's Report

Board of Directors
Lake Texoma Association

We have audited the accompanying statement of assets, liabilities, and net assets - cash basis of the Lake Texoma Association, (a nonprofit corporation) as of June 30, 2011 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 Lake Texoma Association as of June 30, 2011, 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 October 26, 2011 on our consideration of Lake Texoma 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
October 26, 2011

LAKE TEXOMA ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
CASH BASIS
JUNE 30, 2011

ASSETS

Operating cash	\$ 46,711
Certificates of deposit	<u>59,209</u>
Total Assets	<u><u>\$ 105,920</u></u>

LIABILITIES AND NET ASSETS

Liabilities	\$
Net Assets:	
Unrestricted	<u>105,920</u>
Total Net Assets	<u>105,920</u>
Total Liabilities and Net Assets	<u><u>\$ 105,920</u></u>

LAKE TEXOMA ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
CASH BASIS
YEAR ENDED JUNE 30, 2011

Revenues:	
State matching funds (Note 3)	\$ 56,153
Membership dues	14,135
Advertising sales	101,225
Events income	50,358
Interest income	719
Other income	<u>277</u>
Total Revenues	<u>222,867</u>
Expenses:	
Administrative:	
Allowable	11,066
Discretionary	<u>121,214</u>
Total Administrative	<u>132,280</u>
Promotional:	
Allowable	45,087
Discretionary	<u>58,496</u>
Total Promotional	<u>103,583</u>
Total Expenses	<u>235,863</u>
Revenues over (under) expenses	(12,996)
Net Assets, beginning of year	<u>118,916</u>
Net Assets, end of year	<u><u>\$ 105,920</u></u>

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

LAKE TEXOMA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Lake Texoma Association is a not-for-profit organization that was established to promote the conservation and development of water resources of Lake Texoma, and to satisfy the needs of the growing population for flood control, navigation, pollution control and recreation. 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 purchase.

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents include all checking and savings accounts and certificates of deposit with a maturity of three months or less.

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. Lake Texoma 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 Lake Texoma 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. Lake Texoma Association files reports and supporting

LAKE TEXOMA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 3 – STATE MATCHING FUNDS (continued):

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 Lake Texoma Association.

State matching funds allocated to the fiscal year ended June 30, 2011 were \$56,153, which were received in the fiscal year ended June 30, 2011.

NOTE 4 – RETIREMENT PLAN:

The Association maintains Simple IRA accounts for its participating employees. The Association contributes 3% of gross wages to the participating employees Simple IRA accounts. Contributions for the year ended June 30, 2011 were \$2,805.

NOTE 5 – RISK MANAGEMENT:

The Corporation 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 Corporation 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 October 26, 2011, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

LAKE TEXOMA ASSOCIATION
 SCHEDULE OF ADMINISTRATIVE AND PROMOTIONAL EXPENSES
 YEAR ENDED JUNE 30, 2011

	<u>Allowable</u>	<u>Discretionary</u>
Administrative Expenses:		
Wages	\$ 11,066	\$ 86,330
Payroll taxes		7,558
Employee benefits		10,891
Auto expenses		1,627
Office supplies and postage		551
Janitor expenses		900
Telephone		3,112
Utilities		1,846
Professional fees		1,901
Dues and subscriptions		991
Insurance		4,523
Public relations/meetings		824
Other expenses		160
Total Administrative Expenses	<u>\$ 11,066</u>	<u>\$ 121,214</u>
	<u>Allowable</u>	<u>Discretionary</u>
Promotional Expenses:		
Travel shows	\$	\$ 3,021
Literature distribution		2,671
Print Production - Lake Texoma Guide	45,087	7,261
Media Advertising:		
Magazine		8,612
Maps		22,368
Website		730
Promotional items		723
Other event expenses (net of advertising costs):		
Membership appreciation		743
Bash for Cash		12,367
Total Promotional Expenses	<u>\$ 45,087</u>	<u>\$ 58,496</u>

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

LAKE TEXOMA ASSOCIATION
SCHEDULE OF ADVERTISERS
YEAR ENDED JUNE 30, 2011

RECREATIONAL GUIDES SALES:

Sherman, TX:

Ebby Halliday Real Estate, 3445 FM 1417	\$ 995
Sedco, 307 W Washington	2,465
Sherman Dept. of Tourism, 101 S Travis	3,500

Madill, OK:

Texoma Shores Resort, 16022 Cumberland Cove	200
Integris Medical Center, 1 Hospital Dr	700
Little Glasses Resort, Rt 3 Box 108	400
Landmark Bank, P O Box 823	995
Marshall Co. Chamber, P O Box 542	7,442

Kingston, OK:

Little Properties, P O Box 516	1,900
Soldier Creek Marina, Box 341	2,145
Texoma Agency, P O Box 640	360
Texoma Lakeside Motel, Box 15-R	360
Tow Boat	400
Alberta Creek Resort, P O Box 9	1,700
Buncombe Creek Resort, Box 521	400
Wayne's Striper, 255 Post Oak	360
Double Diamond Resort	200
Lake Country Real Estate, Box 1079	360
Centruy 21, Box 1079	400
Point Vista Marine, Box 1009	200
Jason's Striper Guide,	300
Boogers Guide Service, Box 8	250
Stripers, Inc.,	300
BRM, Box 521	700

Durant, OK:

Choctaw Nation, Box 1210	1,556
Coldwell Bank, 419 W Main	700
Medical Center, P O Box 1207	700
Durant Chamber, 215 N 4th	650

Norman, OK:

Texoma Landing, 1800 N Interstate Dr	700
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Dallas, TX:

Marine Insurance, 2700 Stemmons Fwy	775
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Denton, TX:

Robin Wilson Lakehouse, 534 S Elm	795
Commodore Marina, 132 Grandpappy Dr	1,475

Mead, OK:

Snowgoose Striper Guide, 7 Perch Dr	\$ 360
Newberry Creek, 1582 Newberry Rd	1,100

Denison, TX:

Grandpappy Pt Marina, 132 Grandpappy Dr	973
US Corps of Engineers, 351 Corps Rd	2,305
Denison Development, 311 W Woodard	1,545
Denison Convention Center, P O Box 325	3,500
Eisenhower Yacht Club, 2141 Park Rd 20	1,100
Harmelin & Assoc./TMC, 3126 W FM 120	1,300

Pottsboro, TX:

Pottsboro Chamber, P O Box 995	2,095
Daddy's Toy Box Boats, Stg, 4238 FM 996	185
Little Mineral, 300 Little Mineral Blvd	1,172
Highport Marina, 120 Texoma Harbor Dr	200
John Brett's Striper, 458 Fisherman Rd	580
Striper Express Guides, 1079 Locust Rd	360
Flowing Wells Resort, 3217 Flowing Wells Rd	1,100
Steve Brewer's Guide, 225 Windsor Dr	360
Hydrohoist Boat Lifts, 13703 N FM 120	500
Tanglewood Resort, 290 Tanglewood Cr	200
Lake Texoma Highport, 120 Texoma Harbor Dr	2,000
Steve Cook ERA, Box 725	500

Gordonville, TX:

Cedar Bayou Marina, 513 Cedar Bayou Blvd	700
Big Mineral Camp, P O Box 576	1,100
Walnut Creek Resort, P O Box 346	1,100
Lake Texoma Hideaway, 49 Old Cedar Ln	360
Mills Marina, 500 Harbor View Rd	1,195

Oklahoma City, OK:

State of Okla, Box 52002	1,500
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Whitesboro, TX:

Whitesboro Chamber, P O Box 522	995
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Total

\$ 62,768

LAKE TEXOMA ASSOCIATION
SCHEDULE OF ADVERTISERS
YEAR ENDED JUNE 30, 2011

MAGAZINES:

Denison, TX:	
Chamber of Commerce, Box 325	\$ 788
Downtown Denison, Box 325	394
Oklahoma City, OK:	
Point Vista, 701 Cedar Lake	787
Austin, TX:	
The Cragg Group, 9001 Amberglen Blvd	10,470

Total	\$ 12,439
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PROMOTIONAL ITEMS:

Denison, TX:	
Denison Convention, P O Box 325	\$ 250
Oklahoma City, OK:	
Pointe Vista, 701 Cedar Blvd	500
Pottsboro, TX:	
Highport Marina, 120 Texoma Harbor Dr	250
Steve Cooke, Box 725	250
Durant, OK:	
First United Bank, 1400 W Main	250
Durant Main Street, 215 N 4th	125
Medical Center, P O Box 1207	500
Gordonville, TX:	
Walnut Creek Resort, P O Box 346	250
Kingston, OK:	
Soldier Creek Marina, Box 341	250
Bucombe Creek, Box 521	250
Alberta Creek Resort, P O Box 9	250
Sherman, TX:	
Chamber of Tourism, 101 S Travis	500
American Bank, P O Box 1234	500
Total	\$ 4,125

LAKE TEXOMA ASSOCIATION
SCHEDULE OF ADVERTISERS
YEAR ENDED JUNE 30, 2011

LAKE TEXOMA DENISON MAP:

Durant, OK:

Coldwell Bank, 419 W Main	\$ 475
Choctaw Nation, Box 1210	1,440

Denison, TX:

Bratcher Funeral Home, 401 W Woodward	400
Mary Karam Galley, 404 W Main	400
Adventure Texoma, 2411 Sunset	428
Eisenhower State Park, 50 Park Rd	475
Texoma Spirits, PO Box 365	1,695
Trailblazer Health, 3101 S Woodlawn	875
Corps of Engineers, 351 Corps Dr	875
Allens Sales & Service, PO Box 591	350
Bi-Lo, 610 S Mirik	400
Kent's TexMex, 2900 Woodlawn	200
Denison Arts, 404 W Main	475
Gourmet Catering, 2418 W Morton	200
Woodcreek Apts, 1400 Hwy 91	427
The Country Store, 7015 FM 120	475
Grandpappy Point, 132 Grandpappy Dr	550
High Point Marina, 120 Texoma Harbor	200
T Bones, 101 E Main	200
Cotton Patch, 500 N US Hwy 75	200
Denison CVB, 313 W Woodard	875
My Friends House, 313 W Main	400
Stone Brook, 1616 Lifesearch Way	400
Hucks, 2811 Trail Dr	350
North Texas Region	825

Colbert, OK:

Riverview Park, Box 496	1,525
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Kingston, OK:

Pointe Vista, Box 1009	875
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Pottsboro, TX:

Pottsboro Chamber, PO Box 995	475
Steve Cook & Co, PO Box 725	1,178
DeHappy Cajun Restaurant, 5005 Hwy 120	200
Tanglewood Hotel, 290 Tanglewood Circle	550
Texoma Destinations, 21 Tackle Box Dr	800
TV Cable, 501 Spur 316	400

Gordonville, TX:

Big Mineral Camp, PO Box 576	475
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Sherman, TX:

Ebby Holliday, 344 S Hwy 1417	400
Chapin Title Co, 614 N Travis	475
Awards Unlimited, 1000 N Travis	475

Fort Worth, TX:

Teaque Nail, 1100 Macon St	475
Total	<u>\$ 21,893</u>

Total advertising sales \$ 101,225

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
Lake Texoma Association

We have audited the financial statements of the Lake Texoma Association as of and for the year ended June 30, 2011, and have issued our report thereon dated October 26, 2011. 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

In planning and performing our audit, we considered the Lake Texoma 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 Lake Texoma Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lake Texoma Association's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

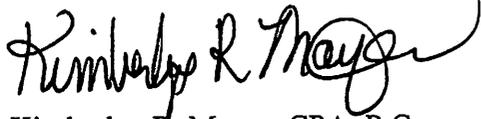
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lake Texoma 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*.

Lake Texoma Association's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Association's response and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink, appearing to read "Kimberlye R. Mayer". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
October 26, 2011

LAKE TEXOMA ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2011

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; and reconciling the monthly bank statements. The same individual is also responsible for receiving and reviewing payables invoices and preparing checks. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause: The Association'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.

Material Weakness in Internal Control Over Financial Reporting: Financial Statements:

Criteria: Internal controls should be in place so that the Association could prepare the financial statements, including the related note disclosures.

Condition: As part of the audit, management requested the auditors to prepare the financial statements, including the related notes. Although management reviewed, approved and accepted responsibility for those financial statements, the auditors cannot be considered part of the internal control over the preparation of the financial statements. Because the Association does not have internal financial statements that reflect all assets and liabilities, the Association does not have necessary controls in place to detect, prevent or correct misstatements in those financial statements.

Cause: The entity's limited size and structure has made it difficult for management to obtain these skills.

Effect or Potential Effect: The absence of controls over the preparation of financial statements is considered a significant deficiency because more than a remote likelihood exists that a misstatement of the financial statements could occur and not be prevented or detected by the Association's internal control.

Recommendation: We recommend that the Association strive to understand the presentation and disclosure requirements of the financial statements.

Board's Response: The Association concurs with the recommendation, and will strive to understand the presentation and disclosure requirements of the financial statements, however, we believe the cost to obtain this knowledge would be prohibitive for the size and structure of our organization.