

**ARBUCKLE COUNTRY MARKETING ASSOCIATION**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**REPORTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

For the Year Ended June 30, 2011



**Steve Beebe, CPA/PFS, Inc.**

**A PROFESSIONAL CORPORATION**

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Independent Auditor's Report

Board of Directors  
Arbuckle Country Marketing Association  
Sulphur, Oklahoma

We have audited the accompanying statement of assets, liabilities, and net assets - cash basis, of Arbuckle Country Marketing Association, an Oklahoma not-for-profit corporation, as of June 30, 2011, and the related statements of activities - cash basis, for the year ending June 30, 2011. These financial statements are the responsibility of the Association's management. 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 *Governmental 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 discussed 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 the United States.

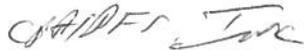
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Arbuckle Country Marketing Association as of June 30, 2011, and the results of its operations for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 04, 2011, on our consideration of Arbuckle Country Marketing Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information on page 7 and 8 is presented for purposes of additional analysis and is not a required part of the above financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

  
Duncan, Oklahoma  
November 04, 2011



## ARBUCKLE COUNTRY MARKETING ASSOCIATION

Statement of Assets, Liabilities, and Net Assets - Cash Basis  
June 30, 2011

### ASSETS

#### Current Assets

Cash	\$ 33,821
TOTAL CURRENT ASSETS	<u>33,821</u>

#### Property and Equipment

Office equipment	918
Less: accumulated depreciation	<u>(730)</u>
	<u>188</u>

TOTAL ASSETS	<u>\$ 34,009</u>
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### LIABILITIES AND NET ASSETS

#### Current Liabilities

Notes Payable	\$ 36,029
TOTAL CURRENT LIABILITIES	<u>36,029</u>

#### Net Assets

Unrestricted	<u>(2,020)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,009</u>

See accompanying notes to financial statements.

## ARBUCKLE COUNTRY MARKETING ASSOCIATION

### Statement of Activities - Cash Basis June 30, 2011

#### UNRESTRICTED NET ASSETS

##### Support and Revenue

Amounts paid for advertising	\$ 87,360
State contribution - tourism matching dollars	69,102
Arbuckle Country Vacation Guide	19,243
Membership dues and other	2,688
Total Support	<u>178,393</u>

##### Expenditures

Publication costs - cooperative advertising	101,572
Publication costs - vacation guide	40,906
Other administrative expenditures	26,162
Office occupancy and support	3,718
Other promotional events and activities	10,779
Interest expense	1,137
Total Expenditures	<u>184,274</u>

Increase in Unrestricted Net Assets (5,881)

Net Assets, beginning of year 3,861

Net Assets, end of year \$ (2,020)

See accompanying notes to financial statements.

# ARBUCKLE COUNTRY MARKETING ASSOCIATION

Notes to Financial Statements  
June 30, 2011

## Note 1 - Summary of Significant Accounting Policies

### Nature of Organization

Arbuckle Country Marketing Association is a not-for-profit organization whose purpose is to promote tourism in the multi county area of Garvin, Murray, Carter, Marshall, Pontotoc and Johnson counties. The Association promotes tourism in a cooperative financial manner to achieve maximum exposure for minimal investment. Support is generally provided by cooperative advertising with groups in this region and matching expenses from the Oklahoma Tourism and Recreation Department, membership dues and cooperative advertising revenue. Revenues primarily relate to amounts received for cooperative advertising in regional publications.

### Basis of Accounting

The Association maintains its records on the basis of cash receipts and disbursements. Under the cash basis of accounting, revenues are recognized when received, rather than when earned, and expenditures are recognized when paid, rather than when incurred.

### Income Taxes

The Association is exempt from federal and state income taxes as an organization described in Section 501(c) (6) of the Internal Revenue Code and files an annual form 990.

### Depreciation

Equipment consists of miscellaneous office equipment used in the Association activities. Generally, equipment with a purchase value of over \$500 is capitalized at cost. Equipment is depreciated over a period of five years. Depreciation expense for the period was \$121.

### Subsequent Events

Subsequent events were evaluated through November 4, 2011. Statements were available to be issued November 15, 2011.

#### Note 2 - Reimbursements from Department of Tourism

As funds become available at the Oklahoma Department of Tourism, the Association is allowed to apply for matching funds. An application is submitted with documentation of allowed expenditures and upon approval by the Department of Tourism they receive a reimbursement. The expenditures are primarily for publications advertising a geographic area of the state.

#### Note 3 - Business activities

The Association produces publications specific to the market area and also purchases advertisements in Oklahoma wide and other publications. They also attend recreation events and conventions in locations in which they attempt to attract visitors to the southern Oklahoma recreation area.

#### Note 4 - Notes Payable

The Association has obtained a line of credit with a local bank to finance advertising expenditures while waiting for the distribution of State funds. The line of credit is payable on demand and carries an interest rate of 6%. Total interest incurred during the year was \$1,137.

#### Note 5 - Business Risks

The Association prepares cooperative advertising for tourism within a geographical area consisting of counties in the South Central part of Oklahoma. Operations are dependent on memberships and charges for advertising sufficient for operating costs including an amount for administration. Also, they receive reimbursements for advertising from the State of Oklahoma under programs administered by the Department of Tourism. Reductions in these revenue sources can materially affect operations.

## ARBUCKLE COUNTRY MARKETING ASSOCIATION

Schedule of Allowable Expenditures - Cash Basis  
For the Year ended June 30, 2011

Expenses:	<u>Allowable</u>	<u>Discretionary</u>
Promotional -		
Cooperative advertising		
Arbuckle 2010 and 2011 Vacation Guide	\$ 14,320	\$ 26,586
Advertising in other publications	54,782	46,790
Trade shows and conferences	-	10,779
	<u>                    </u>	<u>                    </u>
Total Promotional	<u>69,102</u>	<u>84,155</u>
Administrative services		
Contract administration		
Other office, travel, supplies and utilities	<u>0</u>	<u>31,017</u>
	<u>                    </u>	<u>                    </u>
Total Administrative	<u>\$ 0</u>	<u>\$ 31,017</u>

**ARBUCKLE COUNTRY MARKETING ASSOCIATION**

Promotional Publication - Vacation Guide Advertisers  
2011 Edition  
Year Ended June 30, 2011

<u>Business Name</u>		<u>Amount</u>	<u>Size of Ad (Percentage)</u>
Ardmore Tourism		\$ 2,130	Full
Heartland Flyer		1,800	Full
Sulphur Chamber		1,500	Full
Pauls Valley Chamber		2,130	Full
Chickasaw Nation		2,170	Full
Turner Falls		2,170	Full
Cross Bar Ranch		1,080	Half
Inn at Treasure Valley		1,080	Half
Pontotoc County Tourism		1,080	Half
Lake Murray Bed and Berth		1,080	Half
Premier Lake Property		600	Half
Lake Murray State Park		1,080	Half
Smokin Joe's		1,080	Half
Main Street Wine	Non Collected	1,080	Half
Antique's Etc.		720	Quarter
Ardmore Main Street		720	Quarter
Holiday Inn Express	Non Collected	720	Quarter
Arbuckle Boat Rentals		525	Quarter
Arbuckle Lake Cabins	Chamber Donation	-	Quarter
Greater SW Historical Museum		720	Quarter
Echo Canyon Spa Resort		720	Quarter
Arbuckle Adventures RV Park		720	Quarter
The Rusty Nail Winery		720	Quarter
		<hr/>	
		Total	
		<u>\$ 25,625</u>	



Steve Beebe, CPA/PFS, Inc.  
A PROFESSIONAL CORPORATION

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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  
Arbuckle Country Marketing Association

We have audited the financial statements of the business type activities of the Arbuckle Country Marketing Association, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In that report we reported on their financial statements which are prepared on the Cash Basis of accounting, a basis of accounting not in compliance with Generally Accepted Accounting Principles.

Internal Control Over Financial Reporting

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

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## 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 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and others within the organization and Trustees and is not intended and should not be used by anyone other than these specified parties.

  
Duncan, Oklahoma  
November 4, 2011