

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

AUDITED FINANCIAL STATEMENTS
For the year ended June 30, 2017 and 2018

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

1113 N. Second St.
Stilwell, Oklahoma 74960
Phone: (918) 696-4983
Fax: (918) 696-4867

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, 2017 and 2018, 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, 2017 and 2018, and it support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting described in Note B.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of State assistance, functional expenses, and the list of advertiser sales on pages 12-14 is presented for purposes of additional analysis and is not a required part of the 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 been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Basis of Accounting

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 October 18, 2018, 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



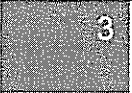
Robert St. Pierre, C.P.A., P.C.
October 18, 2018

FINANCIAL

SECTION

LAKE TENKILLER ASSOCIATION, INC.
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
 June 30, 2017 and 2018

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash (Note C)	\$ 35,508	\$ 41,611
	<u>35,508</u>	<u>41,611</u>
TOTAL ASSETS	<u><u>35,508</u></u>	<u><u>41,611</u></u>
LIABILITIES AND NET ASSETS		
NET ASSETS		
Unrestricted Net Assets	<u>35,508</u>	<u>41,611</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 35,508</u></u>	<u><u>\$ 41,611</u></u>

 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, 2017 and 2018**

	2018	2017
REVENUE AND SUPPORT		
State Matching	\$ 32,868	\$ 36,718
Advertising Sales	53,505	57,103
Co-op Media Advertising	5,035	5,398
Special Event Revenue	12,953	13,534
Membership Dues	7,375	4,700
Miscellaneous Income	163	232
	<u>111,899</u>	<u>117,685</u>
TOTAL REVENUE AND SUPPORT		
 EXPENSES		
Administrative Expense	32,535	32,279
Administrative Matched	7,262	7,344
Media Advertising	13,638	15,123
Literature Distribution	4,211	4,987
Print Production	42,243	42,344
Travel Shows	4,590	5,210
Promotional Expense	13,523	14,304
	<u>118,002</u>	<u>121,591</u>
TOTAL OPERATING EXPENSES		
 INCREASE IN UNRESTRICTED NET ASSETS	(6,103)	(3,906)
 NET ASSETS BEGINNING OF PERIOD	<u>41,611</u>	<u>45,517</u>
 NET ASSETS END OF THE PERIOD	<u>\$ 35,508</u>	<u>\$ 41,611</u>

FINANCIAL

STATEMENT

NOTES

**LAKE TENKILLER ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

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 2015, 2016 and 2017 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 36,718 for FY 2017 and 32,868 for FY 2018. 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 October 18, 2018 the date which the financial statements were available to be issued.

NOTE C: CASH IN BANK

As of June 30, 2017 and 2018 cash in bank consisted of the following:

	2018	2017
Armstrong Bank Operating Account	24,828	40,029
Money Manager Account	<u>10,680</u>	<u>1,582</u>
TOTAL CASH ON HAND	<u>35,508</u>	<u>41,611</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, 2018**

	2018 TOTAL	ALLOWABLE STATE	DISCRETIONARY OTHER
REVENUES			
State Matching	32,868	32,868	-
Advertising Sales	53,505	-	53,505
Co-op Media Advertising	5,035	-	5,035
Special Event Revenue	12,953	-	12,953
Membership Dues	7,375	-	7,375
Activities Other	163	-	163
TOTAL REVENUES	111,899	32,868	79,031
EXPENDITURES			
Administrative	39,797	7,262	32,535
Promotional	64,682	25,606	39,076
Total Promotional & Administrative	104,479	32,868	71,611
Other:			
Activities	13,523	-	13,523
Interest	-	-	-
Other	-	-	-
Total Other	13,523	-	13,523
TOTAL EXPENDITURES	118,002	32,868	85,134
Excess Revenues over (under) Expenditures	(6,103)	-	(6,103)

**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**

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, 2017 and 2018, 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 October 18, 2018. The financial statements of Lake Tenkiller Association, Inc. 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.
2018-1

Compliance and Other Matters

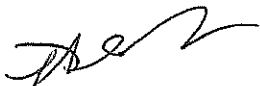
As part of obtaining reasonable assurance about whether Lake Tenkiller Association, Inc. financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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.'s 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
October 18, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2018-1

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 2017.

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, 2018

<u>State Grantor/ Program Title</u>	<u>Contract Period</u>	<u>Contract Amount</u>	<u>Receipts Recognized 6/30/2018</u>	<u>Disbursements/ Expenditures</u>
OK Dept. of Tourism and Recreation				
Contract /OK Lakes & Counties Associations (Multicounty Organizations State Appropriated Funds	7/1/2017 6/30/2018	32,868	32,868	32,868
Total State Financial Assistance		32,868	32,868	32,868

**LAKE TENKILLER ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	2018
REVENUE AND SUPPORT	
State Matching	\$ 32,868
Advertising Sales	53,505
Co-op Media Advertising	5,035
Special Event Revenue	12,953
Membership Dues	7,375
Miscellaneous Income	<u>163</u>
TOTAL REVENUE AND SUPPORT	<u>111,899</u>
 EXPENSES	
A - Annual Audit	2,550
A - Office Supplies	521
A - Contract Services	22,050
A - Insurance	725
A - Office Operation	2,441
A - Telephone	1,328
A - Travel	1,975
A - Other	7,329
B - Print Production	42,243
C - Coop Media Adversting	13,638
D - Literature Distribution	4,211
E - Travel Shows	4,590
F - Other Promotion	1,281
G - Fireworks	12,242
G - Membership Activity	180
G - Membership Dues	75
G - OLCA	<u>623</u>
TOTAL OPERATING EXPENSES	<u>118,002</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 (6,103)
 NET ASSETS BEGINNING OF PERIOD	 <u>41,611</u>
 NET ASSETS END OF THE PERIOD	 <u><u>\$ 35,508</u></u>

Lake Tenkiller Association- Supplement List of Advertisers & Ad Income FY2018 Audit

Business NAME	ADDRESS	City, State, Zip	Ad Income
Arrowhead Camp	7404 Highway 10	Tahlequah, Ok 74464	2,460
Barnacle Bills Marina	31979 S. 516 Roa	Park Hill, OK 74451	195
Burnt Cabin Marina	34996 S. 502 Road	Park Hill, OK 74451	1,750
Bryant Management	213 Friendwood Drive	Friendwood TX 77546	1,750
Caney Ridge Marina	23449 Hwy 100	Welling OK 74471	923
Cheokee Casino FEE/Advent	8945 West Russe	Las Vegas, NV 89148	2,820
Cookson Bend Marina	PO Box 190	Cookson, OK 74427	3,606
Cookson Village Properties	23810 E. 1082 Road	Cookson, OK 74427	353
Del Rancho	PO Box 1125	Tahlequah, Ok 74464	470
Fin and Feather	Route 1. Box 194	Gore, OK 74435	2,460
Fishin & Huntin Oklahoma	1911 Valley Road	Sapulpa, OK 74066	550
Gore Chamber of Commerce	PO Box 943	Gore, OK 74435	6,450
Kristen Woods	23810 E. 1082 Road	Weatherford, OK 73096	226
Meadow Park	HC 68, Box 1065	Vian, OK 74962	1,230
Meadow Park	HC 68, Box 1065	Vian, OK 74962	615
Payne Communications LLC	24189 E 865 Rd	Welling OK 74471	2,460
Parks Investment Properties	4201 S. 69th St	Tulsa, OK 74107	470
Pine Cove Marina	HCR 68, Box 1090	Vian, OK 74962	2,460
Ron Day Photography	30500 S. 533 Road	Cookson, OK 74427	1,410
Sixshooter Resort	20144 W. Sixshooter Rd	Cookson, OK 74427	1,750
Strayhorn Marina	32477 Hwy. 82	Cookson, OK 74427	1,750
Tahlequah Tourism	123 E. Delaware	Tahlequah, Ok 74464	2,460
Tenkiller Area Community Org	PO Box 15	Cookson, OK 74427	2,460
Tenkiller Lake Realty	19058 W. Snake Creek Rd	Cookson, OK 74427	1,232
Tenkiller Liquor	1007 N. Main Street	Gore, OK 74435	390
Tenkiller Lodge	123 E. Delaware	Tahlequah, OK 74464	1,314
Tenkiller Property.Com	Rt. 1, Box 259	Gore, OK 74435	1,410
Terrapen Peak	PO Box 307	Cookson, OK 74427	1,752
Timbers at Burnt Cabin	34996 S. 502 Road	Park Hill, OK 74451	1,410
U.S.A.C.E. Tenkilller Lake	RT 1 Box 259	Gore, OK 74435	2,460
VI Marketing & Branding	125 Park Ave Suite 200	Oklahoma City, OK 73102	2,460
	TOTAL VISITOR GUIDE ADVERTISING INCOME		53,505
Bryant Management	213 N. Friendwood Drive	Friendwood, TX 77546	5,035
	TOTAL COOP ADVERTISING INCOME		5,035