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

**AUDITED FINANCIAL STATEMENTS**  
For the year ended June 30, 2018 and 2019

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, 2018 and 2019, 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 of 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, 2018 and 2019, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting described in Note B.

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**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 13-14 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 July 26, 2019, 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.  
July 26, 2019

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**FINANCIAL**

**SECTION**

LAKE TENKILLER ASSOCIATION, INC.  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS  
June 30, 2018 and 2019

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	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note D)	\$ 36,906	\$ 35,508
	<u>36,906</u>	<u>35,508</u>
<b>TOTAL ASSETS</b>	<u>36,906</u>	<u>35,508</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>NET ASSETS</b>		
Net Assets without Donor Restrictions	<u>36,906</u>	<u>35,508</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 36,906</u>	<u>\$ 35,508</u>

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**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, 2018 and 2019**

	2019	2018
<b>REVENUE AND SUPPORT</b>		
State Matching	\$ 34,183	\$ 32,868
Advertising Sales	66,290	53,505
Co-op Media Advertising	2,898	5,035
Special Event Revenue	13,808	12,953
Membership Dues	5,376	7,375
Miscellaneous Income	90	163
	<u>122,645</u>	<u>111,899</u>
<b>TOTAL REVENUE AND SUPPORT</b>		
<b>EXPENSES</b>		
Administrative Expense	32,562	32,535
Administrative Matched	7,262	7,262
Media Advertising	14,922	13,638
Literature Distribution	3,335	4,211
Print Production	45,901	42,243
Travel Shows	3,660	4,590
Promotional Expense	13,605	13,523
	<u>121,247</u>	<u>118,002</u>
<b>TOTAL OPERATING EXPENSES</b>		
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	1,398	(6,103)
<b>NET ASSETS BEGINNING OF PERIOD</b>	<u>35,508</u>	<u>41,611</u>
<b>NET ASSETS END OF THE PERIOD</b>	<u>\$ 36,906</u>	<u>\$ 35,508</u>



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**FINANCIAL**

**STATEMENT**

**NOTES**

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**LAKE TENKILLER ASSOCIATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**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:

**Basis of Presentation**—The financial statements of the Organization have been prepared on the cash basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

**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.

**Income Tax Status**—The organization have been notified by the Internal Revenue Service that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

Management believes that all of the positions taken by the Organization in its federal income tax returns are more likely than not to be sustained upon examination. The Organization files returns in the U.S. Federal jurisdiction. The Organization's federal income tax returns for the tax years 2017 and beyond remain subject to examination by the Internal Revenue Service.

**Financial Instruments**—The carrying value of cash and cash equivalents, restricted cash, are stated at carrying cost at June 30, 2018 and 2019, which approximates fair value due to the relatively short maturity of these instruments. There are no other financial instruments held at year-end.

**Cash and Cash Equivalents**—For purposes of the statement of cash flows, cash equivalents includes cash on hand and in banks except for cash equivalents associated with the investment accounts. Restricted cash is combined with cash and cash equivalents for purposes of the consolidated statement of cash flows.

**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.

**Concentration of Credit Risk**—Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash. The Organization holds substantially all of its cash with one financial institution. These balances are insured up to 250,000 per deposit account.

**Use of Estimates**—The preparation of financial statements in conformity with U.S. GAAP 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. Actual results could differ from those estimates.

**Evaluation of Subsequent Events** - The Company has evaluated subsequent events through July 26, 2019 the date which the financial statements were available to be issued.

**NOTE C: GRANT**

Lake Tenkiller Association, Inc. receives third party reimbursement funds from the Oklahoma Tourism and Recreation Department in the amount of 32,868 for FY 2018 and 31,774 for FY 2019. The Oklahoma Tourism and Recreation Department reimburse expenses to the association for tourism, promotion and administrative functions.

**NOTE D: CASH IN BANK**

As of June 30, 2018 and 2019 cash in bank consisted of the following:

	<b>2019</b>	<b>2018</b>
Armstrong Bank Operating Account	26,018	24,828
Money Manager Account	<u>10,888</u>	<u>10,680</u>
<b>TOTAL CASH ON HAND</b>	<u><u>36,906</u></u>	<u><u>35,508</u></u>

All deposits were FDIC insured.

**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 a substantial amount of 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.

**NOTE F: OPERATING LEASES**

At Fiscal Year end the organization had not operating or capital leases.

**NOTE G: EMPLOYEE BENEFIT PLAN**

At Year end the organization had no employees or employee benefit plans.

**NOTE H: Liquidity and Availability of Financial Assets**

The following reflects the Theater's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Theatre or Foundation Board approves that action.

	<b>2019</b>	<b>2018</b>
Cash & Cash Equivalents & Restricted Cash	36,906	35,508
Accounts Receivable, Net, collected in Less than One Year	-	-
Investments	-	-
	<hr/>	<hr/>
Total Financial Assets, Excluding NonCurrent Receivables	36,906	35,508
Contractual or Donor-Imposed Restrictions:		
Cash Restricted to Specific Uses	-	-
Endowment Fund Investments	-	-
Add Back: Amount Appropriated for Following Year Less		
Cash Received Prior to Beginning of Fiscal Year	-	-
Other Donor Restrictions	-	-
Add Back: Amounts Available for Donor-Specified Expenditures		
in Following Year, Including Investment in Capital Assets	-	-
Board Designations:		
Operating Reserves and Other	-	-
	<hr/>	<hr/>
<b>Financial Assets Available to Meet Cash Needs for</b>		
<b>Expenditures Within One Year</b>	<u>36,906</u>	<u>35,508</u>

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**SUPPLEMENTARY**

**INFORMATION**

**LAKE TENKILLER ASSOCIATION, INC.**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019 TOTAL	ALLOWABLE STATE	DISCRETIONARY OTHER
<b>REVENUES</b>			
State Matching	34,183	34,183	-
Advertising Sales	66,290	-	66,290
Co-op Media Advertising	2,898	-	2,898
Special Event Revenue	13,808	-	13,808
Membership Dues	5,376	-	5,376
Activities Other	2,478	-	2,478
<b>TOTAL REVENUES</b>	<b>125,033</b>	<b>34,183</b>	<b>90,850</b>
<b>EXPENDITURES</b>			
Administrative	39,803	7,262	32,541
Promotional	67,818	24,512	43,306
Total Promotional & Administrative	107,621	31,774	75,847
Other:			
Activities	13,605	-	13,605
Interest	-	-	-
Other	-	-	-
Total Other	13,605	-	13,605
<b>TOTAL EXPENDITURES</b>	<b>121,226</b>	<b>31,774</b>	<b>89,452</b>
Excess Revenues over (under) Expenditures	3,807	2,409	1,398

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLAINE 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, 2018 and 2019, 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 July 26, 2019. 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. 2019-1



## **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  
July 26, 2019

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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### 2019-1

**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 2018.

**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, 2019**

<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	7/1/2018 6/30/2019	34,183	34,183	34,183
Total State Financial Assistance		34,183	34,183	34,183

**LAKE TENKILLER ASSOCIATION, INC.  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

	2019
<b>REVENUE AND SUPPORT</b>	
State Matching	\$ 34,183
Advertising Sales	66,290
Co-op Media Advertising	2,898
Special Event Revenue	13,808
Membership Dues	5,376
Miscellaneous Income	<u>90</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>122,645</u>
 <b>EXPENSES</b>	
A - Annual Audit	2,900
A - Office Supplies	243
A - Contract Services	29,400
A - Insurance	636
A - Office Operation	3,256
A - Telephone	1,428
A - Travel	1,961
B - Print Production	45,901
C - Coop Media Adversting	14,922
D - Literature Distribution	3,335
E - Travel Shows	3,660
F - Other Promotion	1,000
G - Fireworks	12,000
G - Membership Activity	333
G - Membership Dues	235
G - OLCA	<u>37</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>121,247</u>
 <b>INCREASE IN UNRESTRICTED NET ASSETS</b>	 1,398
<b>NET ASSETS BEGINNING OF PERIOD</b>	<u>35,508</u>
<b>NET ASSETS END OF THE PERIOD</b>	<u><u>\$ 36,906</u></u>

