

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tri-County Lodging Association, Inc.
Osage Beach, Missouri

We have audited the accompanying financial statements of the Tri-County Lodging Association (the "Association") (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2020, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating 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 financial position of the Association as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC

Jefferson City, Missouri

January 4, 2021

TRI-COUNTY LODGING ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2020

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 68,220
Due from Camden - Small	1,604
Due from Camden - Medium	1,604
Due from Camden - Large	1,604
Due from Miller - Small	1,396
Due from Miller - Medium	1,396
Due from Morgan - Small	4,632
Due from Counties	26,144
Due from Mo-Coop	63,311
Prepaid Expenses	37,233
Total Current Assets	<u>207,144</u>
TOTAL ASSETS	<u>\$ 207,144</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Current Liabilities	
Accounts Payable	\$ 8,284
Advances from Counties	184,985
Advances - Miscellaneous	13,875
Total Current Liabilities	<u>207,144</u>
TOTAL LIABILITIES	<u>207,144</u>
Net Assets	
Without Member Restrictions	<u>-</u>
TOTAL NET ASSETS	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 207,144</u>

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

TRI-COUNTY LODGING ASSOCIATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES

Tax Transfer - Camden - Small	\$	412,486
Tax Transfer - Camden - Medium		390,879
Tax Transfer - Camden - Large		409,496
Tax Transfer - Miller - Small		33,988
Tax Transfer - Miller - Medium		76,789
Tax Transfer - Morgan - Small		29,943
Miller County Commission		1,000
City of Osage Beach		25,000
Total Revenues		<u>1,379,581</u>

EXPENSES

Program:

Tourism Promotion	797,678
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Supporting Services:

Management and General	<u>581,903</u>
Total Expenses	<u>1,379,581</u>

Excess of Revenues Over (Under) Expenses -

Fund Balance, Beginning of Year -

Fund Balance, End of Year \$ -

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

TRI-COUNTY LODGING ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:

Change in Net Assets		\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash provided (Used) by Operating Activities:		
(Increase) Decrease in Due from Business Districts	39,101	
(Increase) Decrease in Prepaid Expenses	35,452	
(Increase) Decrease in Due from MO Co-Op	50,480	
(Increase) Decrease in A/R-Miscellaneous	1,067	
Increase (Decrease) in Accounts Payable	(140,157)	
Increase (Decrease) in Payroll Taxes Payable	(13)	
Increase (Decrease) in Advances from Counties	(162,328)	
Increase (Decrease) in Advances - Miscellaneous	13,875	
Total Adjustments		<u>(162,522)</u>
Net Cash Provided (Used) by Operating Activities		(162,522)
Net Increase (Decrease) in Cash and Cash Equivalents		<u>(162,522)</u>
Cash and Cash Equivalents - Beginning of Year		<u>230,742</u>
Cash and Equivalents - End of Year		<u><u>\$ 68,220</u></u>

Supplemental Disclosures of Cash Flow Information:

Cash Paid During the Year For:

Interest	\$ -
Taxes	\$ -

Disclosure of Accounting Policy:

For purposes of the Statements of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less from the date of purchase to be cash and cash equivalents.

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

TRI-COUNTY LODGING ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program</u>	<u>Supporting Services</u>	
	Tourism	Management	
	Promotion	and General	Total
Magazines	\$ 5,800	\$ -	\$ 5,800
Newspapers	25,619	-	25,619
Internet, Television, and Radio	291,573	-	291,573
Special Events	36,910	-	36,910
Public Relations	55,673	-	55,673
Fulfillment	54,658	-	54,658
Group Sales	120,822	-	120,822
Operational Expenses	-	293,883	293,883
Professional Services/Research	-	62,911	62,911
Fishing Tournament Sponsorships	50,165	-	50,165
Legislative	-	16,000	16,000
Payroll/Benefits	104,554	209,108	313,663
FunLake.com Promotion	29,519	-	29,519
General Reserve	11,815	-	11,815
Major League Fishing	10,000	-	10,000
Travel Conferences	571	-	571
Total Expenses	<u>\$ 797,678</u>	<u>\$ 581,903</u>	<u>\$ 1,379,581</u>

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

TRI-COUNTY LODGING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES:

Nature of Business

Tri-County Lodging Association (the “Association”) is a not-for-profit organization whose purpose is to promote, through advertising, travel and tourism for business engaged primarily in furnishing lodging within the business districts of Camden, Miller, and Morgan Counties.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to two classes of net assets: without member restrictions and with member restrictions. The Association had no net assets with member restrictions as of the year ended.

Basis of Accounting

The financial statements of the Association are prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenses when incurred. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Use of Estimates

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

Transactions with Business Districts

Amounts reported as “Due From” and “Due To” the various business districts represent the net difference between the amounts paid by the respective business districts compared to the business districts’ representative share of Association expenses.

Amounts reported as “Due From Counties” represent payments made or accrued by the Association and not yet reimbursed by the business districts.

Advances from the Counties represent payments received from the business district that are deferred and will be recognized over the periods to which the related expenses are incurred.

Cash and Cash Equivalents

The Association considers all highly liquid investments, except those held for long-term investment, with maturities of one year or less when purchased to be cash equivalents.

TRI-COUNTY LODGING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES: (Continued)

Prepaid Items

Prepaid balances are for payments made by the Association in the current year to provide services occurring in the subsequent fiscal year.

Revenue Recognition

The Association derives its revenues primarily from county tax transfers. County tax transfers collected for the current fiscal year are recognized as revenue.

Functional Allocation of Expenses

The costs of programs and supporting activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and support services benefited.

Income Taxes

The Association is a non-profit organization exempt from state and federal income taxes under Internal Revenue Code Section 501(c)(6). However, income from certain activities not directly related to the Association's tax-exempt purpose would be subject to taxation as unrelated business income.

NOTE 2 – DEPOSITS AND INVESTMENTS:

Custodial Credit Risk – As of the year ended, the carrying amount of the Association's deposits was \$68,220, and the bank balance was \$68,220. As of the year ended, the bank balance was covered by Federal Depository Insurance Corporation (FDIC).

NOTE 3 – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor/grantor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 68,220
Due From	101,691
Prepaid Expenses	37,233
Total	<u>\$ 207,144</u>

TRI-COUNTY LODGING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – ADVERTISING:

The Association uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expenses the first time the advertising takes place. During the year ended, advertising expenses was \$372,918.

NOTE 4 – MANAGEMENT/ADMINISTRATION AGREEMENT:

The Association has a written contract with the Greater Lake Ozark Convention and Visitor's Bureau (GLOCVB). Under this contract, GLOCVB is to administer and manage all services required to successfully carry out the Association's annual budget, advertising, and marketing plan, and all other reasonable requests by the Association's Board of Directors to carry out the Association's exempt purpose. For compensation of such duties, the Association pays GLOCVB a monthly management/administration fee. The monthly fee is subject to review and any time that is agreeable to both the Association and the GLOCVB. For the year ended, the management/administration fees totaled \$255,292.

NOTE 5 – RETIREMENT:

The Association has a savings incentive match plan (SIMPLE), covering all employees. The Association matches contributions to each eligible employee's SIMPLE IRA equal to the employee's salary reduction up to a limit of 3%. The Association's contribution for the year ended was \$16,145.

NOTE 6 – UNCERTAIN TAX POSITIONS:

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Association and various positions related to the potential sources of unrelated business taxable income (UBIT). The Council was not subject to UBIT for the year ended.

The Association files Form 990 in the U.S. federal jurisdiction. The Association is generally no longer subject to examination by the Internal Revenue Service three years after the forms are timely filed.

TRI-COUNTY LODGING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 – EVALUATION OF SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through January 4, 2021, the date which the financial statements were available to be issued.

On March 11, 2020, Coronavirus (“COVID-19”) was declared a pandemic by the World Health Organization. As of the date of this report, any potential effects of COVID-19, whether operational or financial, for the Association are unknown. An estimate of the actual effects, whether operational or financial, cannot be reasonably determined as of the date of this report.