

**TRI-COUNTY LODGING
ASSOCIATION, INC.**

Osage Beach, Missouri

INDEPENDENT AUDITORS' REPORT

For The Year Ended June 30, 2012

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Evers & Company, CPA's, L.L.C.

Certified Public Accountants and Consultants

Elmer L. Evers
Jerome L. Kauffman
Richard E. Elliott
Dale A. Siebeneck
Keith L. Taylor
Jo L. Moore
Wendy M. Renner

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of **Tri-County Lodging Association, Inc.** (a nonprofit organization) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. 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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Tri-County Lodging Association, Inc.** as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Osage Beach, Missouri

December 28, 2012

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

STATEMENT OF FINANCIAL POSITION

June 30, 2012

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 61,214.78
Due from Business Districts	158,818.03
Prepaid Expenses	44,568.73
Due from MO Co-Op	<u>56,892.89</u>
Total Current Assets	<u>321,494.43</u>
TOTAL ASSETS	<u>\$ 321,494.43</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 121,646.83
Payroll Taxes Payable	73.52
Advances from Counties	172,882.53
Advance from Golf Council	5,800.00
Deferred Revenue	<u>21,091.55</u>
Total Current Liabilities	<u>321,494.43</u>
TOTAL LIABILITIES	321,494.43

Unrestricted Net Assets

0.00

TOTAL LIABILITIES AND NET ASSETS

\$ 321,494.43

See accompanying notes to financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

REVENUES	
Lodging Associations	\$1,260,776.75
Other Revenue	<u>9,390.50</u>
Total Revenues	1,270,167.25
EXPENSES	
Newspaper Advertising	34,851.67
Other Advertising	94,108.22
Sport & Travel Shows	99,967.52
Group Sales	120,765.38
Public Relations	85,771.29
LOCVB administrative/other	269,408.38
Professional Fees	80,542.20
Salaries and Benefits	234,859.54
Legislative	32,084.20
Reserve Fund	2,752.62
Travel Conferences	1,175.46
Outside Advertising	44,792.55
Business Journals and Magazines	120,313.36
Special Events/Festivals	<u>48,774.86</u>
Total Expenses	<u>1,270,167.25</u>
Change in Net Assets	0.00
NET ASSETS - BEGINNING OF YEAR	<u>0.00</u>
NET ASSETS - END OF YEAR	<u>\$ 0.00</u>

See accompanying notes to financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

For the Year Ended June 30, 2012

Cash Flows from Operating Activities:

Changes in net assets		\$	0.00
Adjustment to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Accounts Receivable	487.50		
(Increase) Decrease in due from Camden - Small	547.54		
(Increase) Decrease in due from Camden - Medium	(1,564.73)		
(Increase) Decrease in due from Camden - Large	(1,945.56)		
(Increase) Decrease in due from Miller-Small	(1,725.08)		
(Increase) Decrease in due from Miller - Medium	(14,246.70)		
(Increase) Decrease in due from Morgan - Small	(2,519.15)		
(Increase) Decrease in due from counties	(21,063.28)		
(Increase) Decrease in prepaid expenses	(27,022.10)		
(Increase) Decrease in due from MO Co-Op	(15,913.84)		
Increase (Decrease) in accounts payable	(41,170.62)		
Increase (Decrease) in due to Camden - large	(6.65)		
Increase (Decrease) in due to Camden - Medium	(5.41)		
Increase (Decrease) in due to Morgan - Small	(0.57)		
Increase (Decrease) in advances from Counties	76,013.61		
Increase (Decrease) in advances from Golf Council	5,800.00		
Increase (Decrease) in payroll taxes payable	65.16		
Increase (Decrease) in deferred revenue	10,841.53		
Total Adjustments			<u>(33,428.35)</u>
Net Cash Provided (Used) by Operating Activities			<u>(33,428.35)</u>
Net Increase (Decrease) in Cash & Cash Equivalents			(33,428.35)
Cash and Cash Equivalents at Beginning of Year			<u>94,643.13</u>
Cash and Cash Equivalents at End of Year		\$	<u>61,214.78</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Income Taxes	\$	-
Interest	\$	-

See accompanying notes to financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

Tri-County Lodging Association is a not-for-profit organization whose principle purpose is to promote and encourage through advertising the travel and tourism industry for businesses 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had only unrestricted net assets in 2012.

Method of Accounting

The Association uses the accrual method of accounting for both financial reporting and tax purposes.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Income Taxes and Sales Tax

The Association is a not-for-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. The Association is also exempt from sales tax on purchases related to its not-for-profit activities.

The Association's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2009, 2010, and 2011 are subject to examination by the IRS, generally for 3 years after they were filed.

Advertising

The Association uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During 2012, advertising expense was \$342,840.66.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Deposits and Investments

The Association maintains its cash balances in one financial institution located in Osage Beach, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The financial institution has pledged securities as collateral for any balances in excess of \$250,000.

The Association's investments at June 30, 2012 consist of repurchase agreements. Repurchase agreements are overnight investments in U.S. Government Securities not covered by the FDIC and are recorded at market value as summarized below:

Investaccount:

	<u>2012</u>
Market Value	<u>\$117,420</u>

Due to the nature of the account, investaccount balances are included in cash and cash equivalents.

Subsequent Events

The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 28, 2012, which is the date the financial statements were available to be issued.

NOTE 2 – PROGRAM AND SUPPORTING SERVICES:

The following schedule reflects total program and supporting service expenses on a functional basis:

Program:	
Tourism promotion	\$ 653,273
Supporting Services:	
Management and General	<u>616,894</u>
	<u>\$1,270,167</u>

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE 3 – 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 primary purpose. For compensation of such duties, the Association pays GLOCVB a monthly management/administration fee. The monthly fee is subject to review at any time that is agreeable to both the Association and GLOCVB. For the year ended June 30, 2012 management/administration fees totaled \$263,500.00.

NOTE 4 – SIMPLE IRA MATCHING:

In July 1999, the Association established a savings incentive match plan (S.I.M.P.L.E.), covering all employees. The Association will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction up to a limit of 3% of the employee's compensation for the year. The Association's contribution for the year ended June 30, 2012 was \$6,138.12.

NOTE 5 – SUBSEQUENT EVENTS:

Litigation

Tri-County Lodging Association was involved in a lawsuit in which the plaintiff alleged the Association was not properly formed; the lodging tax was not validly imposed and the Camden County Business District was not properly formed. The Association vigorously contested such allegations. Subsequent to the year end the case was settled for \$7,500 to be paid by the plaintiff. However, the declaratory judgment claims was not sustained, thereby resolving the concern over whether the ongoing viability of the Camden County Business District would be compromised and also represent a potential litigation hazard to the Miller and Morgan County Business Districts.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 6 – DUE FROM BUSINESS DISTRICTS:

The following is the detail of amounts comprising Due from Business Districts as of June 30, 2012:

Due from Camden – Small	\$ 28,824.61
Due from Camden – Medium	39,835.29
Due from Camden – Large	49,129.13
Due from Miller – Small	3,754.01
Due from Miller – Medium	30,728.93
Due from Morgan – Small	<u>6,546.06</u>
Total	\$ <u>158,818.03</u>

**TRI-COUNTY LODGING
ASSOCIATION, INC.**

Osage Beach, Missouri

INDEPENDENT AUDITOR'S REPORT

For The Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of **Tri-County Lodging Association, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows 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

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Tri-County Lodging Association, Inc.** as of June 30, 2013, 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.



Sidney A. Dulle, CPA, PC
Jefferson City, Missouri

December 10, 2013

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF FINANCIAL POSITION
June 30, 2013

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 89,120.50
Due from Business Districts	51,722.07
Prepaid Expenses	57,770.52
Due from MO Co-Op	24,110.45
Accounts Receivable - Miscellaneous	4,315.00
	<hr/>
Total Current Assets	227,038.54
	<hr/>
TOTAL ASSETS	\$ 227,038.54

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 54,452.24
Payroll Taxes Payable	84.67
Advances from Counties	172,151.01
Advance from MO Co-Op	18.00
Due to Miller County	332.62
	<hr/>
Total Current Liabilities	227,038.54
	<hr/>
TOTAL LIABILITIES	227,038.54

Unrestricted Net Assets	<hr/> -
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 227,038.54

See accompanying notes to the financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

REVENUES

Lodging Associations \$ 1,185,390.85

Total Revenues 1,185,390.85

EXPENSES

Newspaper Advertising 30,442.10

Other Advertising 100,000.00

Sport & Travel Shows 95,345.07

Group Sales 113,115.35

Public Relations 99,942.03

LOCVB Administrative/Other 269,451.67

Professional Fees 36,871.70

Salaries and Benefits 235,945.71

Legislative 32,041.83

Reserve Fund 655.88

Travel Conferences 1,664.10

Outside Advertising 40,747.59

Business Journals and Magazines 69,073.80

Special Events/Festivals 60,094.02

Total Expenses 1,185,390.85

Change in Net Assets -

NET ASSETS - BEGINNING OF YEAR -

NET ASSETS - END OF YEAR \$ -

See accompanying notes to the financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

For the Year Ended June 30, 2013

Cash Flows from Operating Activities:

Changes in net assets	\$	0.00
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Adjustment to Reconcile Changes in Net Assets to Net

Cash Provided (Used) by Operating Activities:

(Increase) Decrease in due from Business Districts	\$ 107,095.96	
(Increase) Decrease in prepaid expenses	(13,201.79)	
(Increase) Decrease in due from MO Co-Op	32,782.44	
(Increase) Decrease in A/R - Miscellaneous	(4,315.00)	
Increase (Decrease) in accounts payable	(67,194.59)	
Increase (Decrease) in payroll taxes payable	11.15	
Increase (Decrease) in advances from Counties	(731.52)	
Increase (Decrease) in advances from MO Co-Op	(5,782.00)	
Increase (Decrease) in deferred revenue	(21,091.55)	
Increase (Decrease) in due to Miller County	332.62	

Total Adjustments		27,905.72
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Net Cash Provided (Used) by Operating Activities		27,905.72
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Net Increase (Decrease) in Cash & Cash Equivalents		27,905.72
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Cash and Cash Equivalents at Beginning of Year		61,214.78
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Cash and Cash Equivalents at End of Year	\$	89,120.50
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Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Income Taxes	\$	-	
Interest	\$	-	

See accompanying notes to the financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

Tri-County Lodging Association is a not-for-profit organization whose principle purpose is to promote and encourage through advertising the travel and tourism industry for businesses 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had only unrestricted net assets in 2013.

Method of Accounting

The Association uses the accrual method of accounting for both financial reporting and tax purposes.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Income Taxes and Sales Tax

The Association is a not-for-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. The Association is also exempt from sales tax on purchases related to its not-for-profit activities.

The Association's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for 3 years after they were filed.

Advertising

The Association uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During 2013, advertising expense was \$300,357.51.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Deposits and Investments

The Association maintains its cash balances in one financial institution located in Osage Beach, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The financial institution has pledged securities as collateral for any balances in excess of \$250,000.

The Association's investments at June 30, 2013 consist of repurchase agreements. Repurchase agreements are overnight investments in U.S. Government Securities not covered by the FDIC and are recorded at market value as summarized below:

Investaccount:

	<u>2013</u>
Market Value	<u>\$217,954</u>

Due to the nature of the account, investaccount balances are included in cash and cash equivalents.

Subsequent Events

The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 10, 2013, which is the date the financial statements were available to be issued.

NOTE 2 – PROGRAM AND SUPPORTING SERVICES:

The following schedule reflects total program and supporting service expenses on a functional basis:

Program:	
Tourism promotion	\$ 611,080
Supporting Services:	
Management and General	<u>574,311</u>
	<u>\$1,185,391</u>

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

NOTE 3 – 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 primary purpose. For compensation of such duties, the Association pays GLOCVB a monthly management/administration fee. The monthly fee is subject to review at any time that is agreeable to both the Association and GLOCVB. For the year ended June 30, 2013 management/administration fees totaled \$263,500.00.

NOTE 4 – SIMPLE IRA MATCHING:

In July 1999, the Association established a savings incentive match plan (S.I.M.P.L.E.), covering all employees. The Association will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction up to a limit of 3% of the employee's compensation for the year. The Association's contribution for the year ended June 30, 2013 was \$5,789.23.

NOTE 5 – DUE FROM BUSINESS DISTRICTS:

The following is the detail of amounts comprising Due from Business Districts as of June 30, 2012:

Due from Camden – Small	\$ 12,460.88
Due from Camden – Medium	14,829.55
Due from Camden – Large	15,580.02
Due from Miller – Small	886.17
Due from Miller – Medium	3,642.94
Due from Miller – Large	366.90
Due from Morgan – Small	<u>3,955.61</u>
Total	\$ <u>51,722.07</u>

**TRI-COUNTY LODGING
ASSOCIATION, INC.**

Osage Beach, Missouri

INDEPENDENT AUDITOR'S REPORT

For The Year Ended June 30, 2014

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SIDNEY A. DULLE, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of **Tri-County Lodging Association, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows 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

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Tri-County Lodging Association, Inc.** as of June 30, 2014, 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.



Sidney A. Dulle, CPA, PC
Jefferson City, Missouri

November 25, 2014

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF FINANCIAL POSITION
June 30, 2014

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 171,719.06
Due from Business Districts	105,075.75
Prepaid Expenses	50,078.27
Due from MO Co-Op	28,077.51
Accounts Receivable - Miscellaneous	<u>1,316.50</u>
Total Current Assets	<u>356,267.09</u>
TOTAL ASSETS	<u>\$ 356,267.09</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 52,979.75
Payroll Taxes Payable	161.47
Advances from Counties	298,455.70
Advances from Golf Council	4,670.10
Due to Morgan County - small	<u>.07</u>
Total Current Liabilities	<u>356,267.09</u>
TOTAL LIABILITIES	<u>356,267.09</u>

Unrestricted Net Assets -0-

TOTAL LIABILITIES AND NET ASSETS \$ 356,267.09

See accompanying notes to the financial statements

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

REVENUES	
Lodging Associations	<u>\$ 1,328,247.39</u>
Total Revenues	1,328,247.39
EXPENSES	
Newspaper Advertising	32,125.60
Other Advertising	143,814.00
Sport and Travel Shows	94,354.83
Group Sales	137,032.75
Public Relations	100,435.14
LOCVB Administrative/Other	269,499.47
Professional Fees	39,290.71
Salaries and Benefits	279,834.35
Legislative	31,912.17
Reserve Fund	2,669.14
Travel Conferences	2,192.43
Outside Advertising	74,899.92
Business Journals and Magazines	71,045.02
Special Events/Festivals	<u>49,141.86</u>
Total Expenses	<u>1,328,247.39</u>
Change in Net Assets	-0-
NET ASSETS - BEGINNING OF YEAR	<u>-0-</u>
NET ASSETS - END OF YEAR	<u><u>\$ -0</u></u>

See accompanying notes to the financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF CASH FLOWS (INDIRECT METHOD)
For the Year Ended June 30, 2014

Cash Flows from Operating Activities:

Change in net assets	\$	- 0-
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in due from Business Districts	\$	(53,353.68)
(Increase) Decrease in prepaid expenses		7,692.25
(Increase) Decrease in due from MO Co-Op		(3,967.06)
(Increase) Decrease in A/R - Miscellaneous		2,998.50
(Increase) Decrease in accounts payable		(1,472.49)
(Increase) Decrease in payroll taxes payable		76.80
(Increase) Decrease in advances from Counties		126,304.69
(Increase) Decrease in advances from Golf Council		4,652.10
(Increase) Decrease in County		<u>(332.55)</u>
Total Adjustments		<u>82,598.56</u>
Net Cash Provided (Used) by Operating Activities		<u>82,598.56</u>
Net Increase (Decrease) in Cash & Cash Equivalents		82,598.56
Cash and Cash Equivalents at Beginning of year		<u>89,120.50</u>
Cash and Cash Equivalents at End of Year		<u>\$ 171,719.06</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:		
Income Taxes	\$	-0-
Interest	\$	-0-

See accompanying notes to financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

Tri-County Lodging Association is a not-for-profit organization whose principle purpose is to promote and encourage through advertising the travel and tourism industry for businesses 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had only unrestricted net assets in 2014.

Method of Accounting

The Association uses the accrual method of accounting for both financial reporting and tax purposes.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Income Taxes and Sales Tax

The Association is a not-for-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. The Association is also exempt from sales tax on purchases related to its not-for-profit activities.

The Association's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2011, 2012, and 2013 are subject to examination by the IRS, generally for 3 years after they were filed.

Advertising

The Association uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During 2014, advertising expense was \$371,026.40.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Deposits and Investments

The Association maintains its cash balances in one financial institution located in Osage Beach, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The financial institution has pledged securities as collateral for any balances in excess of \$250,000.

The Association's investments at June 30, 2014 consist of repurchase agreements. Repurchase agreements are overnight investments in U.S. Government Securities not covered by the FDIC and are recorded at market value as summarized below:

Investaccount:

	<u>2014</u>
Market Value	<u>\$250,000</u>

Due to the nature of the account, investaccount balances are included in cash and cash equivalents.

Subsequent Events

The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 10, 2014, which is the date the financial statements were available to be issued.

NOTE 2 – PROGRAM AND SUPPORTING SERVICES:

The following schedule reflects total program and supporting service expenses on a functional basis:

Program:	
Tourism promotion	\$ 707,710
Supporting Services:	
Management and General	<u>620,537</u>
	<u>\$1,328,247</u>

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 – 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 primary purpose. For compensation of such duties, the Association pays GLOCVB a monthly management/administration fee. The monthly fee is subject to review at any time that is agreeable to both the Association and GLOCVB. For the year ended June 30, 2014 management/administration fees totaled \$263,449.96.

NOTE 4 – SIMPLE IRA MATCHING:

In July 1999, the Association established a savings incentive match plan (S.I.M.P.L.E.), covering all employees. The Association will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction up to a limit of 3% of the employee's compensation for the year. The Association's contribution for the year ended June 30, 2014 was \$6,286.98.

NOTE 5 – DUE FROM BUSINESS DISTRICTS:

The following is the detail of amounts comprising Due from Business Districts as of June 30, 2014 :

Due from Camden – Small	\$ 6,989.75
Due from Camden – Medium	3,684.54
Due from Camden – Large	20,586.15
Due from Miller – Small	209.90
Due from Miller – Medium	(549.06)
Due from Counties	<u>74,154.47</u>
Total	<u>\$105,075.75</u>



SIDNEY A. DULLE, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

November 25, 2014

To the Board of Directors and the
Executive Vice-President of Tri-County
Lodging Association, Inc.:

In planning and performing my audit of the financial statements of Tri-County Lodging Association as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, I considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

My consideration of internal control was for the limited purpose described in the first paragraph above 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. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

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. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

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. I consider the following deficiency in Tri-County Lodging Association, Inc.'s internal control to be a significant deficiency:

PRIOR YEAR RECOMMENDATIONS RESUBMITTED:

Internal Control Structure

I am required to give consideration to the Association's ability to prepare financial statements and related note disclosures, as well as the oversight of the financial reporting process by those charged with governance. The Association does not have in place controls that would assure the preparation of internal financial statements and related note disclosures in accordance with generally accepted accounting principles. The Association engages independent accountants to draft the financial statements, which includes drafting the primary financial statements and ensuring the disclosures are complete. Once drafted, the financial statements are submitted to the Association for review and approval.

While the practice is common and practical, I must inform those charged with governance that this must be considered a significant deficiency in internal control since the financial statement preparation cannot be performed in-house.

This communication is intended solely for the information and use by the Board of Directors, and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Sidney A. Dulle CPA, P.C.



SIDNEY A. DULLE, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

November 25, 2014

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

I have audited the financial statements of Tri County Lodging Association for the year ended June 30, 2014, and have issued my report thereon dated November 25, 2014. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information to you. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tri-County Lodging Association are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. I noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for uncollectible accounts is based on historical collection rates and an analysis of the collectability of individual accounts. I evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The allocation of overhead expenses between the business districts and between the small, medium, large categories in each district is based on annual budget amounts. I reviewed the allocation to verify the expenses were allocated using this method but did not evaluate the reasonableness of the budget.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 25, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of my professional relationship and our responses were not a condition to my retention.

This information is intended solely for the use of management and the Board of Directors of Tri-County Lodging Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "S. Dulle".

Sidney A. Dulle, CPA, PC

**TRI-COUNTY LODGING
ASSOCIATION, INC.**

Osage Beach, Missouri

INDEPENDENT AUDITOR'S REPORT

For The Year Ended June 30, 2015

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SIDNEY A. DULLE, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of **Tri-County Lodging Association, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows 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

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Tri-County Lodging Association, Inc.** as of June 30, 2015, 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.



Sidney A. Dulle, CPA, PC
Jefferson City, Missouri

December 8, 2015

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF FINANCIAL POSITION
June 30, 2015

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 159,978.17
Due from Business Districts	109,021.46
Prepaid Expenses	46,433.59
Due from MO Co-Op	64,024.50
Accounts Receivable - Miscellaneous	<u>9,158.75</u>
Total Current Assets	<u>388,616.47</u>
TOTAL ASSETS	\$ 388,616.47

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 64,650.30
Payroll Taxes Payable	111.43
Advances from Counties	298,116.30
Advances from Golf Council	9,090.00
Due to Camden County - Large	13,272.64
Due to Miller County - small	991.78
Due to Miller County - medium	<u>2,384.02</u>
Total Current Liabilities	<u>388,616.47</u>
TOTAL LIABILITIES	388,616.47

Unrestricted Net Assets -0-

TOTAL LIABILITIES AND NET ASSETS \$ 388,616.47

See accompanying notes to the financial statements

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

REVENUES

Lodging Associations \$ 1,389,535.46

Total Revenues 1,389,535.46

EXPENSES

Magazines \$ 62,235.55

Newspapers 25,572.45

Internet/TV/Radio 169,742.00

Special Events 32,956.91

Public Relations 114,630.71

Fulfillment 99,447.12

Group Sales 158,934.79

Operational Expenses 276,914.20

Professional Services / Research 44,050.00

Legislative 31,374.97

Payroll / Benefits 289,498.12

Funlake.com Promotion 57,778.25

General Reserve 1,629.00

Jackrabbit 22,250.00

Travel Conferences / Annual Dues 2,511.39

Total Expenses 1,389,535.46

Change in Net Assets -0-

NET ASSETS - BEGINNING OF YEAR -0-

NET ASSETS - END OF YEAR \$ -0

See accompanying notes to the financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF CASH FLOWS (INDIRECT METHOD)
For the Year Ended June 30, 2015

Cash Flows from Operating Activities:

Change in net assets	\$ - 0-
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in due from Business Districts	\$ (3,945.71)
(Increase) Decrease in prepaid expenses	3,644.68
(Increase) Decrease in due from MO Co-Op	(35,946.99)
(Increase) Decrease in A/R - Miscellaneous	(7,842.25)
(Increase) Decrease in accounts payable	11,670.55
(Increase) Decrease in payroll taxes payable	(50.04)
(Increase) Decrease in advances from Counties	(339.40)
(Increase) Decrease in advances from Golf Council	4,419.90
(Increase) Decrease in County	<u>16,648.37</u>
Total Adjustments	<u>(11,740.89)</u>
Net Cash Provided (Used) by Operating Activities	<u>(11,740.89)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(11,740.89)
Cash and Cash Equivalents at Beginning of year	<u>171,719.06</u>
Cash and Cash Equivalents at End of Year	<u>\$ 159,978.17</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:	
Income Taxes	\$ -0-
Interest	\$ -0-

See accompanying notes to financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

Tri-County Lodging Association is a not-for-profit organization whose principle purpose is to promote and encourage through advertising the travel and tourism industry for businesses 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had only unrestricted net assets in 2015.

Method of Accounting

The Association uses the accrual method of accounting for both financial reporting and tax purposes.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Income Taxes and Sales Tax

The Association is a not-for-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. The Association is also exempt from sales tax on purchases related to its not-for-profit activities.

The Association's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2012, 2013, and 2014 are subject to examination by the IRS, generally for 3 years after they were filed.

Advertising

The Association uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During 2015, advertising expense was \$405,137.62.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Deposits and Investments

The Association maintains its cash balances in one financial institution located in Osage Beach, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The financial institution has pledged securities as collateral for any balances in excess of \$250,000.

The Association's investments at June 30, 2015 consist of repurchase agreements. Repurchase agreements are overnight investments in U.S. Government Securities not covered by the FDIC and are recorded at market value as summarized below:

Investaccount:

	<u>2015</u>
Market Value	<u>\$243,389</u>

Due to the nature of the account, investaccount balances are included in cash and cash equivalents.

Subsequent Events

The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 8, 2015, which is the date the financial statements were available to be issued.

NOTE 2 – PROGRAM AND SUPPORTING SERVICES:

The following schedule reflects total program and supporting service expenses on a functional basis:

Program:	
Tourism promotion	\$ 782,801
Supporting Services:	
Management and General	<u>606,734</u>
	<u>\$1,389,535</u>

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 3 – 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 primary purpose. For compensation of such duties, the Association pays GLOCVB a monthly management/administration fee. The monthly fee is subject to review at any time that is agreeable to both the Association and GLOCVB. For the year ended June 30, 2015 management/administration fees totaled \$271,046.47.

NOTE 4 – SIMPLE IRA MATCHING:

In July 1999, the Association established a savings incentive match plan (S.I.M.P.L.E.), covering all employees. The Association will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction up to a limit of 3% of the employee's compensation for the year. The Association's contribution for the year ended June 30, 2015 was \$6,477.20.

NOTE 5 – DUE FROM BUSINESS DISTRICTS:

The following is the detail of amounts comprising Due from Business Districts as of June 30, 2015 :

Due from Camden – Small	\$ 14,174.94
Due from Camden – Medium	1,334.59
Due from Morgan - Small	328.45
Due from Counties	<u>93,183.48</u>
Total	<u>\$109,021.46</u>

**TRI-COUNTY LODGING
ASSOCIATION, INC.**

Osage Beach, Missouri

INDEPENDENT AUDITOR'S REPORT

For The Year Ended June 30, 2016

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SIDNEY A. DULLE, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of **Tri-County Lodging Association, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows 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

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Tri-County Lodging Association, Inc.** as of June 30, 2016, 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.



Sidney A. Dulle, CPA, PC
Jefferson City, Missouri

November 21, 2016

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

REVENUES	
Lodging Associations	<u>\$ 1,433,310.46</u>
Total Revenues	1,433,310.46
EXPENSES	
Magazines	\$ 48,953.38
Newspapers	25,572.45
Internet/TV/Radio	239,398.93
Special Events	50,521.77
Public Relations	113,070.02
Fulfillment	107,252.82
Group Sales	162,010.30
Operational Expenses	274,407.07
Professional Services / Research	40,860.00
Legislative	31,584.70
Payroll / Benefits	292,387.96
Funlake.com Promotion	41,918.90
General Reserve	3,058.72
Travel Conferences / Annual Dues	<u>2,313.44</u>
Total Expenses	<u>1,433,310.46</u>
Change in Net Assets	-0-
NET ASSETS - BEGINNING OF YEAR	<u>-0-</u>
NET ASSETS - END OF YEAR	<u><u>\$ -0</u></u>

See accompanying notes to the financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF CASH FLOWS (INDIRECT METHOD)
For the Year Ended June 30, 2016

Cash Flows from Operating Activities:

Change in net assets		\$ - 0-
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in due from Business Districts	\$ 3,562.25	
(Increase) Decrease in prepaid expenses	(30,705.25)	
(Increase) Decrease in due from MO Co-Op	(20,817.00)	
(Increase) Decrease in A/R - Miscellaneous	9,158.75	
(Increase) Decrease in accounts payable	28,897.14	
(Increase) Decrease in payroll taxes payable	(29.77)	
(Increase) Decrease in advances from Counties	(40,796.78)	
(Increase) Decrease in advances from Golf Council	(8,290.00)	
(Increase) Decrease in County	<u>(16,648.44)</u>	
Total Adjustments		<u>(75,669.10)</u>
Net Cash Provided (Used) by Operating Activities		<u>(75,669.10)</u>
Net Increase (Decrease) in Cash & Cash Equivalents		(75,669.10)
Cash and Cash Equivalents at Beginning of year		<u>159,978.17</u>
Cash and Cash Equivalents at End of Year		<u>\$ 84,309.07</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:		
Income Taxes	\$	-0-
Interest	\$	-0-

See accompanying notes to financial statements.

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

Tri-County Lodging Association is a not-for-profit organization whose principle purpose is to promote and encourage through advertising the travel and tourism industry for businesses 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had only unrestricted net assets in 2016.

Method of Accounting

The Association uses the accrual method of accounting for both financial reporting and tax purposes.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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

TRI-COUNTY LODGING ASSOCIATION, INC.

Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Income Taxes and Sales Tax

The Association is a not-for-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. The Association is also exempt from sales tax on purchases related to its not-for-profit activities.

The Association's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for 3 years after they were filed.

Advertising

The Association uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During 2016, advertising expense was \$426,994.78.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 – HISTORY OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Deposits and Investments

The Association maintains its cash balances in one financial institution located in Osage Beach, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The financial institution has pledged securities as collateral for any balances in excess of \$250,000.

The Association's investments at June 30, 2016 consist of repurchase agreements. Repurchase agreements are overnight investments in U.S. Government Securities not covered by the FDIC and are recorded at market value as summarized below:

Investaccount:

	<u>2016</u>
Market Value	<u>\$158,847</u>

Due to the nature of the account, investaccount balances are included in cash and cash equivalents.

Subsequent Events

The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 21, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – PROGRAM AND SUPPORTING SERVICES:

The following schedule reflects total program and supporting service expenses on a functional basis:

Program:	
Tourism promotion	\$ 822,597
Supporting Services:	
Management and General	<u>610,713</u>
	<u>\$1,433,310</u>

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 3 – 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 primary purpose. For compensation of such duties, the Association pays GLOCVB a monthly management/administration fee. The monthly fee is subject to review at any time that is agreeable to both the Association and GLOCVB. For the year ended June 30, 2016 management/administration fees totaled \$268,500.00.

NOTE 4 – SIMPLE IRA MATCHING:

In July 1999, the Association established a savings incentive match plan (S.I.M.P.L.E.), covering all employees. The Association will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction up to a limit of 3% of the employee's compensation for the year. The Association's contribution for the year ended June 30, 2016 was \$7,543.52.

NOTE 5 – DUE FROM BUSINESS DISTRICTS:

The following is the detail of amounts comprising Due from Business Districts as of June 30, 2016:

Due from Camden - Small	\$ 1,275.14
Due from Camden - Medium	3,846.55
Due from Camden -- Large	6,075.49
Due from Miller -- Small	856.14
Due from Miller -- Medium	3,871.06
Due from Morgan - Small	2,380.48
Due from Counties	<u>87,154.35</u>
Total	<u>\$105,459.21</u>

TRI-COUNTY LODGING ASSOCIATION, INC.
Osage Beach, Missouri

STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 84,309.07
Due from Business Districts	105,459.21
Prepaid Expenses	77,138.84
Due from MO Co-Op	<u>84,841.50</u>
Total Current Assets	<u>351,748.62</u>
TOTAL ASSETS	\$ 351,748.62

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 93,547.44
Payroll Taxes Payable	81.66
Advances from Counties	257,319.52
Advances from - Misc.	<u>800.00</u>
Total Current Liabilities	<u>351,748.62</u>
TOTAL LIABILITIES	351,748.62

Unrestricted Net Assets	<u>-0-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 351,748.62</u>

See accompanying notes to the financial statements



November 21, 2016

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

I have audited the financial statements of Tri County Lodging Association for the year ended June 30, 2016, and have issued my report thereon dated November 21, 2016. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tri-County Lodging Association are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. I noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for uncollectible accounts is based on historical collection rates and an analysis of the collectability of individual accounts. I evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The allocation of overhead expenses between the business districts and between the small, medium, large categories in each district is based on annual budget amounts. I reviewed the

allocation to verify the expenses were allocated using this method but did not evaluate the reasonableness of the budget.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 21, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of my professional relationship and our responses were not a condition to my retention.

This information is intended solely for the use of management and the Board of Directors of Tri-County Lodging Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "S. Dulle".

Sidney A. Dulle, CPA, PC



SIDNEY A. DULLE, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

November 21, 2016

To the Board of Directors and the
Executive Vice-President of Tri-County
Lodging Association, Inc.:

In planning and performing my audit of the financial statements of Tri-County Lodging Association as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, I considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

My consideration of internal control was for the limited purpose described in the first paragraph above 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. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

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. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

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. I consider the following deficiency in Tri-County Lodging Association, Inc.'s internal control to be a significant deficiency:

PRIOR YEAR RECOMMENDATIONS RESUBMITTED:

Internal Control Structure

I am required to give consideration to the Association's ability to prepare financial statements and related note disclosures, as well as the oversight of the financial reporting process by those charged with governance. The Association does not have in place controls that would assure the preparation of internal financial statements and related note disclosures in accordance with generally accepted accounting principles. The Association engages independent accountants to draft the financial statements, which includes drafting the primary financial statements and ensuring the disclosures are complete. Once drafted, the financial statements are submitted to the Association for review and approval.

While the practice is common and practical, I must inform those charged with governance that this must be considered a significant deficiency in internal control since the financial statement preparation cannot be performed in-house.

This communication is intended solely for the information and use by the Board of Directors, and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Sidney A. Dulle CPA, P.C.