



Dave Yost • Auditor of State

**NOVEMBER 9 FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Statement of Net Position - December 31, 2014 and 2013	9
Statement of Revenues, Expenses and Change in Net Position For the Years Ended December 31, 2014 and 2013	10
Statement of Cash Flows For the Years Ended December 31, 2014 and 2013	11
Notes to the Financial Statements	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Fort Recovery Ambassador Club Inc.
Mercer County
P.O. Box 567
Fort Recovery, Ohio 45846

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Fort Recovery Ambassadors Club Inc, Mercer County, Ohio (the Club), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Club's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Club's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Club's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Basis for Qualified Opinion on U.S. Generally Accepted Accounting Principles

The financial statements of the Fort Recovery Ambassadors Club Inc did not have sufficient evidential matter supporting the amounts recorded as Tractor Pull Income revenue for the years ended December 31, 2014 and 2013. Because of inadequacies in the Club's accounting records, we were unable to form an opinion regarding the amount of Tractor Pull Income revenues in the accompanying statement of revenues, expenses, and change in net position stated at \$126,983 and \$129,207 (or 71.8% and 73.8% of total revenues) at December 31, 2014 and 2013, respectively.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fort Recovery Ambassadors Club, Inc., as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015, on our consideration of the Club's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Club's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

November 9, 2015

This page intentionally left blank.

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

The discussion and analysis for the Fort Recovery Ambassador Club Inc.'s (the Club) financial performance provides an overall review for the year ended December 31, 2014 and 2013. The intent of this discussion and analysis is to look at the Club's financial performance as a whole. Readers should also review the notes and the basic financial statements to enhance their understanding of the Club's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2014 and 2013 are as follows:

- In total, the general fund balance increased by \$30,784 and \$21,088 in 2014 and 2013, respectively. The reason for the increase is from an increase in operating income in 2014 and 2013.
- Total assets increased by \$21,096 and \$7,110 in 2014 and 2013, respectively. This is mainly from an increase in cash.
- Total liabilities decreased by \$9,688 from 2013 to 2014 and by \$13,978 from 2012 to 2013. This is from principal payments made on the note payable for a building.
- The total revenue amounted to \$176,887 in 2014, which is an increase of \$1,801 from 2013. An increase in advertising income was the main reason for the increase in revenue.
- The total revenue amounted to \$175,086 in 2013, which is a decrease of \$3,745. A decrease in Admissions-Civil War was the main reason for the decrease in revenue.
- The total expenses are \$146,103 for 2014, which is a decrease of \$7,895 from 2013. This is mainly from a decrease in advertising expenses. Total expenses are \$153,998 for 2013, which is a decrease of \$7,571 from 2012. This is mainly from a decrease in Civil War re-enactment expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows. The Club only uses one fund, which they show as the general fund.

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

FINANCIAL ANALYSIS

A comparative analysis of 2014, 2013, and 2012 is presented below:

Changes in Net Position

The following table shows the changes in the net position for the years 2014, 2013, and 2012:

**Table 1
Net Position**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets:			
Current Assets	\$65,691	\$53,560	\$45,696
Capital Assets, Net	130,672	121,707	122,461
Total Assets	<u>196,363</u>	<u>175,267</u>	<u>168,157</u>
Liabilities:			
Current and Other Liabilities	8,026	17,714	31,692
Net Position:			
Net Investment in Capital Assets	122,646	103,993	90,769
Unrestricted	65,691	53,560	45,696
Total Net Position	<u>\$188,337</u>	<u>\$157,553</u>	<u>\$136,465</u>

**Table 2
Statement of Revenues, Expenses, and Change in Net Position**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues:			
Mad Run Income	\$3,503	\$2,595	
Tractor Pull Income	126,983	129,207	\$131,042
Camping			3,075
Memberships-Community Club	1,600		
Go Cart Race Income	1,085	1,379	6,861
Fish Fry and Pork Chop Dinner Income	2,696	3,158	4,207
Civil War			8,121
Golf Tournament Income	4,090		
Commissions - Food/Mdse. Sales	1,508	3,988	1,321
Advertising Income	12,375	3,900	1,200
Miscellaneous Donations	21,060	27,725	23,000
Other Receipts	1,984	3,131	-
Interest Income	3	3	4
Total Operating Revenues	<u>176,887</u>	<u>175,086</u>	<u>178,831</u>

(Continued)

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

**Table 2
Statement of Revenues, Expenses, and Change in Net Position
(Continued)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Expenses:			
Professional and Technical Pull	26,065	28,747	29,061
Purse Payout	52,441	52,309	44,677
Golf Tournament Expense	2,080		
Civil War		1,450	15,417
Advertising	1,316	10,427	11,898
Repairs and Maintenance	5,736	3,543	3,144
Insurance	7,649	10,845	9,678
Licenses and Fees	529	643	662
Rent	150	-	-
Telephone	-	272	-
Real Estate Taxes	21	21	21
Postage	1,472	1,516	1,331
Utilities	3,692	2,863	3,755
Trash	-	165	510
Printing	2,059	2,987	1,515
Office Supplies	174	233	-
Food and Beverages	21,506	17,058	20,129
Pork Chop Dinner Expense	-	2,180	2,905
Supplies and Material	2,726	2,810	1,454
Fuel - Lunch Stand/Water Heater	1,388	712	1,382
Fuel - Vehicles	945	1,301	997
Depreciation	9,643	8,754	8,896
Accounting Fees	1,010	1,055	815
NTPA Banquet/Travel Expense	1,634	-	717
Donations	1,925	800	125
Bank Fees	15	-	-
Interest	1,310	2,022	2,452
Other Expenses	617	1,285	28
Total Operating Expenses	<u>146,103</u>	<u>153,998</u>	<u>161,569</u>
Operating Income	<u>30,784</u>	<u>21,088</u>	<u>17,262</u>
Net Position at Beginning of Year	<u>157,553</u>	<u>136,465</u>	<u>119,203</u>
Net Position at End of Year	<u>\$188,337</u>	<u>\$157,553</u>	<u>\$136,465</u>

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

CAPITAL ASSETS

At the end of 2014 and 2013, the Club had \$130,672 and \$121,707 invested in capital assets, net of depreciation. The following table shows 2014, 2013, and 2012 balances:

**Table 3
Capital Assets
(Net of Depreciation)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Capital Assets:			
Land	\$25,500	\$25,500	\$25,500
Building Improvements	92,901	86,327	87,391
Equipment	12,271	9,880	9,570
Total Capital Assets	<u>\$130,672</u>	<u>\$121,707</u>	<u>\$122,461</u>

CURRENT FINANCIAL RELATED ACTIVITIES

At December 31, 2014 and 2013, the Club had total assets of \$196,363 and \$175,267, respectively and total general net position of \$188,337 and \$157,553, respectively. Management continues to monitor all activity affecting the condition of the Club.

REQUEST FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, and consumers of the City of Fort Recovery with a general overview of the Club's financial position. If you have any questions about this report or need additional financial information, contact the Director at P.O. Box 567, Fort Recovery, Ohio 45846.

**FORT RECOVERY AMBASSADOR CLUB INC
MERCER COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2014 AND 2013**

Assets:	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash - Checking	\$38,537	\$26,409
Cash - Money Market Fund	26,154	26,151
Prepaid Expense	1,000	1,000
Total Current Assets	<u>65,691</u>	<u>53,560</u>
 Capital Assets:		
Land and Building	195,563	183,441
Equipment	66,681	63,695
	<u>262,244</u>	<u>247,136</u>
Less: Accumulated Depreciation	<u>(131,572)</u>	<u>(125,429)</u>
Total Capital Assets, net of accumulated depreciation	<u>130,672</u>	<u>121,707</u>
 Total Assets	 <u><u>196,363</u></u>	 <u><u>175,267</u></u>
 Liabilities:		
Current Liabilities:		
Notes	8,026	17,714
Total Current Liabilities	<u>8,026</u>	<u>17,714</u>
 Net Position:		
Net investment in capital assets	122,646	103,993
Unrestricted	65,691	53,560
Total Net Position	<u><u>\$188,337</u></u>	<u><u>\$157,553</u></u>

The notes to the basic financial statements are an integral part of these financial statements.

**FORT RECOVERY AMBASSADOR CLUB INC
MERCER COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Mad Run Income	\$3,503	\$2,595
Tractor pull income	126,983	129,207
Memberships - Community Club	1,600	
Go cart race income	1,085	1,379
Fish fry and Pork chop dinner income	2,696	3,158
Golf tournament income	4,090	
Commission - food/mdse sales	1,508	3,988
Advertising income	12,375	3,900
Miscellaneous donations	21,060	27,725
Other Receipts	1,984	3,131
Interest Income	3	3
	<u>176,887</u>	<u>175,086</u>
Operating Expenses:		
Professional and technical pull	26,065	28,747
Golf tournament expense	2,080	
Civil War		1,450
Advertising	1,316	10,427
Repairs and Maintenance	5,736	3,543
Insurance	7,649	10,845
Licenses and fees	529	643
Telephone		272
Rent	150	
Real estate taxes	21	21
Postage	1,472	1,516
Utiilities	3,692	2,863
Trash		165
Printing	2,059	2,987
Purse payout	52,441	52,309
Office supplies	174	233
Food and beverages	21,506	17,058
Pork chop dinner expense		2,180
Supplies and material	2,726	2,810
Fuel - lunch stand/water heater	1,388	712
Fuel - vehicles	945	1,301
Depreciation	9,643	8,754
Miscellaneous	83	335
Accounting fees	1,010	1,055
Casual Labor		180
NTPA banquet/travel expense	1,634	
Donations	1,925	800
Bank Fees	15	
Live Streaming		200
Web site	114	90
Security	420	480
Interest	1,310	2,022
	<u>146,103</u>	<u>153,998</u>
Operating Income	30,784	21,088
Net Position at Beginning of Year	<u>157,553</u>	<u>136,465</u>
Net Position at End of Year	<u>\$188,337</u>	<u>\$157,553</u>

The notes to the basic financial statements are an integral part of these financial statements.

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Operating Activities:		
Net Income (Loss)	\$30,784	\$21,088
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	9,643	8,754
Changes in operating assets and liabilities Prepaid expenses		3,700
Net Cash Provided by (Used) in Operating Activities	40,427	33,542
Investing Activities:		
Purchase of fixed assets	(18,608)	(8,000)
Net Cash Provided by (Used) in Investing Activities	(18,608)	(8,000)
Financing Activities:		
Repayment of short term loans	(9,688)	(13,979)
Net Cash Provided by (Used) in Financing Activities	(9,688)	(13,979)
Increase (Decrease) in Cash	12,131	11,563
Cash - Beginning of the period	52,560	40,997
Cash - End of the period	\$64,691	\$52,560

The notes to the basic financial statements are an integral part of these financial statements.

This page intentionally left blank.

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. BUSINESS ACTIVITIES

The Fort Recovery Ambassador Club, Inc, (the Club) is a non-profit organization organized under Chapter 1724 of the Ohio Revised Code for the purpose of advancing, encouraging, and promoting industrial, economic, commercial and civic development of Fort Recovery Ohio.

The Club is governed by a Board of four officers and five members of the board members elected by the membership.

The Board believes these financial statements present all activities which the Club is financially responsible.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting

The financial statements of Club are prepared using the accrual basis of accounting. In the financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the accrual basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Club does not apply FASB statements issued after November 30, 1989, to its enterprise fund.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The Club uses the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

On the accrual basis, revenue is recorded on exchange transactions when the exchange takes place. Non-exchange transactions, in which the Club receives value without directly giving equal value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

B. Capital assets

Land and building, equipment, and furniture are stated at cost if purchased, or at fair-market value, if donated. Property and equipment are depreciated over their estimated useful lives using a straight-line method of depreciation. Buildings and Improvements are depreciated for 10-40 years and Equipment is depreciated 6-10 years.

C. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

The Club considers cash and cash equivalents to be defined as cash on hand and cash in the bank with maturities of one year or less.

E. Advertising Costs

It is the Club's policy to expense all advertising costs when incurred.

F. Measurement Focus

The accounting and financial reporting treatment is determined by measurement focus. Proprietary accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Airport Authority finances and meets the cash flow needs of its enterprise activity.

G. Net position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Club applies restricted resources when an expense is incurred or purposes for which both restricted and unrestricted components of net position are available. The Club did not have any restrictions at December 31, 2014 or 2013.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. Operating expenses are the necessary costs incurred to provide the services that are the primary activity. All revenue and expenses not meeting these definitions are reported as non-operating.

3. NON-PROFIT ORGANIZATION – TAX STATUS

The Club is a non-profit organization under IRC section 501(c)(3) and is exempt from paying federal income taxes.

4. DONATED SERVICES

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available to value them. There are a number of volunteers who have donated significant amounts of time for various events and improvements.

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

5. FUND DESCRIPTION

The Club fund balance consists of a general fund.

The general fund is used primarily for day-to-day operations for promoting economic and civic development and is composed of the checking account and money market fund.

6. SHORT-TERM DEBT

The Club has entered into a promissory note for \$43,590 on July 17, 2010 with Second National Bank. The note has a variable interest rate with interest payable annually.

Principal Outstanding 01/01/14	Additions	Deductions	Outstanding 12/31/14
\$17,714		\$9,688	\$8,026

Principal and interest payments to retire the debt as of December 31, 2014, are as follows:

Year	Principal	Interest	Total
2015	\$5,406	\$594	\$6,000
2016	2,620	194	2,814
Total	\$8,026	\$788	\$8,814

7. CASH

The bank balance was \$64,905 as of December 31, 2014 and \$52,576 as of December 31, 2013. The entire bank balance was covered by Federal Depository Insurance.

At December 31, 2014 and 2013 the Club had no investments.

8. CONCENTRATION OF RISK – MAJOR REVENUE SOURCE

Over 70% of the Club's funding comes from holding a national tractor pull in July and August of each year. Income is primarily generated from admissions and concessions sales at these two events. The success of these summer tractor pulls each year accounts for most of the profit the Club has available to carry out its mission.

9. INTEREST EXPENSE

The cash paid interest expense for 2014 was \$1,310 and for 2013 was \$2,022.

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

10. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 is as follow:

Description	Balance 1/1/2014	Additions	Capital Disposals	Balance 12/31/2014
Land	\$25,500			\$25,500
Buildings and Improvements	157,941	\$12,122		170,063
Equipment	63,695	6,486	\$3,500	66,681
Total Capital Assets	<u>247,136</u>	<u>18,608</u>	<u>3,500</u>	<u>262,244</u>
Less accumulated depreciation				
Buildings and Improvements	71,614	5,548		77,162
Equipment	53,815	4,095	3,500	54,410
Total Accumulated depreciation	<u>125,429</u>	<u>9,643</u>	<u>3,500</u>	<u>131,572</u>
Total Capital Assets, Net	<u>\$121,707</u>	<u>\$8,965</u>	<u>\$0</u>	<u>\$130,672</u>

Capital asset activity for the year ended December 31, 2013 is as follow:

Description	Balance 1/1/2013	Additions	Capital Disposals	Balance 12/31/2013
Land	\$25,500			\$25,500
Buildings and Improvements	153,691	\$4,250		157,941
Equipment	63,020	3,750	\$3,075	63,695
Total Capital Assets	<u>242,211</u>	<u>8,000</u>	<u>3,075</u>	<u>247,136</u>
Less accumulated depreciation				
Buildings and Improvements	66,300	5,314		71,614
Equipment	53,450	3,440	3,075	53,815
Total Accumulated depreciation	<u>119,750</u>	<u>8,754</u>	<u>3,075</u>	<u>125,429</u>
Total Capital Assets, Net	<u>\$122,461</u>	<u>\$(754)</u>	<u>\$0</u>	<u>\$121,707</u>



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Fort Recovery Ambassador Club Inc.
Mercer County
P.O. Box 567
Fort Recovery, Ohio 45846

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Fort Recovery Ambassadors Club Inc., Mercer County, (the Club) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated November 9, 2015 wherein we qualified our opinion on the financial statements due to inadequacies in the Club's accounting records regarding the amount of tractor pull revenues in the accompanying statement of revenues, expenses, and change in net position stated at \$126,983 and \$129,207 (or 71.8% and 73.8% of total revenues) at December 31, 2014 and 2013, respectively.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Club's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Club's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Club's financial statements. 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. We consider findings 2014-002 and 2014-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Club's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Club's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

November 9, 2015

**FORT RECOVERY AMBASSADOR CLUB INC.
MERCER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2014-001

Noncompliance

Filing of Annual Financial Statements

Ohio Rev. Code §1724.05 states that each community improvement corporation shall prepare an annual financial report that conforms to rules prescribed by the auditor of state pursuant to section [117.20](#) of the Revised Code, that is prepared according to generally accepted accounting principles, and that is certified by the board of directors of the corporation or its treasurer or other chief fiscal officer to the best knowledge and belief of those persons certifying the report. The financial report shall be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year, unless the auditor of state extends that deadline.

Ohio Rev. Code § 1724.06 states if any community improvement corporation fails to prepare an annual financial report as required by section [1724.05](#) of the Revised Code and to file that report with the auditor of state within ninety days of the time prescribed for that filing by that section, or if the auditor of state determines by applying the standards applicable to a public office under section [117.41](#) of the Revised Code that any community improvement corporation cannot be audited and declares it to be un-auditable and the corporation fails to then prepare an annual financial report as required by section [1724.05](#) of the Revised Code and to file that report with the auditor of state within ninety days of the time that the auditor of state declared the corporation to be un-auditable, the auditor of state shall certify that fact to the secretary of state. The secretary of state then shall cancel the articles of the community improvement corporation involved by filing and recording the certificate of the auditor of state or a true copy of it. All of the rights, privileges, and franchises conferred upon that community improvement corporation by those articles of incorporation then shall cease. The secretary of state shall immediately notify that community improvement corporation of the action taken. Reinstatement may be accomplished within two years after that cancellation upon proper filing of all delinquent annual financial reports to the satisfaction of the auditor of state and the filing of the auditor of state's certificate reflecting that satisfaction with the secretary of state, who shall be entitled to a fee of ten dollars for recording the certificate in the corporate records. That filing may be made by any officer, member, creditor, receiver, lessee, or sub-lessee of the community improvement corporation involved, and any such person or agent of any such person shall be granted access to the books and records of the corporation for that purpose. The rights, privileges, and franchises of a community improvement corporation whose articles have been reinstated are subject to section [1702.60](#) of the Revised Code.

The Club did not file its 2014 and 2013 annual reports with the Auditor of State.

Procedures were not in place to provide for the timely filing of annual reports with the Auditor of State. By not filing reports with the Auditor of State, financial information was not made available timely for potential users.

The Club should develop procedures to monitor the preparation of its annual financial report to provide that it will be completed and submitted within one hundred twenty days of year-end.

FINDING NUMBER 2014-002

Material Weakness

Fund Balance Classification

The Club has implemented GASB Statement No. 63 as required for the years ended December 31, 2014 and 2013. Paragraph 9 states the *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. In addition Paragraph 11 states the *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Review of the fund balance classifications in accordance with GASB 63 noted the Club failed to properly classify the ending balance properly as Unrestricted and Net Investment in Capital Assets. These errors resulted in a reclassification in the General Fund Unrestricted Balance to the Net Investment in Capital Assets as of December 31, 2014 and 2013, in the amount of \$ \$122,646 and \$103,993 respectively. Audit adjustments were made which are reflected in the financial statements.

The Board should review and implement requirements noted in GASB 63 and present net position in accordance with current guidance.

FINDING NUMBER 2014-003

Material Weakness

Revenue Support

The Fort Recovery Ambassador Club Inc. hosted Tractor Pull activities in 2014 and 2013. The Tractor Pull revenue was reported at \$126,983 and \$129,207 for the years 2014 and 2013, respectively. The following problems were noted in the recording of the Tractor Pull activities:

Gate Admission Fees:

In 2014 and 2013, the Club collected gate admission fees for Tractor pull events. Gate admission rates were not approved by the Board. Unused tickets for the gate admissions for the 2014 and 2013 tractor pull events were not kept and available for audit. By not having unused gate tickets, the total amount of revenue that should have been collected could not be determined.

Concession Sales:

In 2014 and 2013, the Club sold concessions at the tractor pull events and bank deposits were made for revenue collected; however, the Club did not maintain an inventory of items sold, a reconciliation of purchases versus sales or other source documentation for the completeness and accuracy of these receipts.

Procedures were not in place to properly maintain supporting documentation for the revenue collected for the Tractor Pull events. The lack of required detailed documentation for the Tractor Pull events, and the lack of monitoring procedures could result in the possibility of diversion of cash to personal use without detection.

**FINDING NUMBER 2014-003
(Continued)**

The Board should consider the following to establish appropriate controls over the Tractor Pull and to help ensure the accuracy of the financial statements:

- formal policies regarding special event hosting and the method in which they are booked should be established by the Board.
- revenue should be collected and maintained per the Board approved policy and at a minimum, gate sales should be tracked either by ticket sales or another Board approved method.

Officials' Response

We did receive responses from Officials to the Findings listed above.

This page intentionally left blank.



Dave Yost • Auditor of State

FORT RECOVERY AMBASSADORS CLUB

MERCER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 8, 2015**