



Dave Yost • Auditor of State

HURON COUNTY DEVELOPMENT COUNCIL
HURON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statement of Financial Position For the Years Ended December 31, 2014 and 2013	3
Statement of Activities and Changes in Net Assets For the Years Ended December 31, 2014 and 2013	4
Statement of Cash Flows For the Years Ended December 31, 2014 and 2013	5
Notes to the Financial Statements	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Huron County Development Council
Huron County
180 Milan Avenue, Suite 1
Norwalk, Ohio 44857

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Huron County Development Council, Huron County, Ohio (the Council), (a not-for-profit corporation), which comprise the statements of financial position, the related statements of activities and changes in net assets, and cash flows, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

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 those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council'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 Council'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Huron County Development Council, Huron County, Ohio as of December 31, 2014

and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted to opine on the Council's basic financial statements taken as a whole.

The Schedules of Functional Expenses are not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016, on our consideration of the Council'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 Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

January 22, 2016

HURON COUNTY DEVELOPMENT COUNCIL

**Statement of Financial Position
December 31**

	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Cash	\$ 154,317	\$ 77,583
Property, at cost:		
Equipment	2,616	1,166
Software	3,627	3,200
	<u>6,243</u>	<u>4,366</u>
Less accumulated depreciation and amortization	<u>4,402</u>	<u>4,189</u>
	1,841	177
Other assets:		
Workers' compensation deposit	<u>10</u>	<u>10</u>
Total assets	<u><u>\$ 156,168</u></u>	<u><u>\$ 77,770</u></u>
Liabilities and net assets		
Liabilities:		
Payroll liabilities	\$ 1,431	\$ 1,410
Net assets:		
Unrestricted	<u>154,737</u>	<u>76,360</u>
Total liabilities and net assets	<u><u>\$ 156,168</u></u>	<u><u>\$ 77,770</u></u>

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

HURON COUNTY DEVELOPMENT COUNCIL

**Statement of Activities and Changes in Net Assets
For the year ended December 31**

	2014	2013
Revenues and support:		
Local government support	\$ 46,171	\$ 41,171
Moving Ohio Forward	291,160	126,146
Star of the West Milling Project	38,000	
JobsOhio retention/expansion		18,900
Pepperidge Farm		65,000
NSP Property		52,443
Membership dues	13,100	9,200
Grants	13,700	15,100
Golf outing	10,754	9,736
Luncheon income	1,220	840
SCORE program	1,000	1,000
Interest income	9	6
Miscellaneous income	1,069	1,659
	416,183	341,201
Operating expenses:		
Payroll and related expenses	46,979	45,814
Moving Ohio Forward	248,971	153,914
JobsOhio retention/expansion		1,525
NSP property		52,443
Contract services	17,333	19,850
Office expense	4,339	4,028
Golf outing	4,869	4,906
Insurance	8,438	6,452
Meetings and travel	3,234	4,188
Dues and subscriptions	865	875
Depreciation and amortization	213	767
Professional services	1,205	1,050
Miscellaneous expense	294	109
SCORE program	80	89
Annual luncheon	922	618
Advertising	64	1,054
	337,806	297,682
Change in net assets	78,377	43,519
Net assets, beginning of year	76,360	32,841
Net assets, end of year	\$ 154,737	\$ 76,360

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

HURON COUNTY DEVELOPMENT COUNCIL

**Statement of Cash Flows
December 31**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase in net assets	\$ 78,377	\$ 43,519
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	213	767
Increase in liabilities:		
Payroll liabilities	<u>21</u>	<u>143</u>
Net cash provided by operating activities	<u>78,611</u>	<u>44,429</u>
Cash flows from investing activities:		
Cash paid for fixed assets	<u>(1,877)</u>	
Net cash used in investing activities	<u>(1,877)</u>	
Net increase in cash	76,734	44,429
Cash and cash equivalents, beginning of year	<u>77,583</u>	<u>33,154</u>
Cash and cash equivalents, end of year	<u><u>\$ 154,317</u></u>	<u><u>\$ 77,583</u></u>

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

HURON COUNTY DEVELOPMENT COUNCIL

Notes to Financial Statements For the years ended December 31, 2014 and 2013

1. Nature of operations

The Huron County Development Council (the Council) was organized as a community improvement corporation in the state of Ohio and is exempt from federal taxation under Internal Revenue code section 501(c)(4). A portion of the Council's revenue is generated from grant administration.

2. Summary of significant accounting policies

Property

Property and equipment that has a useful life greater than one year is recorded at cost if purchased and fair value if donated. Routine maintenance, repairs and renewals are expensed when incurred. Depreciation is computed using the straight-line method with lives of three to five years. When property is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is reflected in other income or expense.

Accounting basis

The Council follows the recommendations of the Financial Accounting Standards Board in its presentation of the financial statements. Under FASB ASC 958-205, the Council 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.

Unrestricted net assets are assets not subject to donor imposed restrictions.

Temporarily restricted net assets are assets with a donor-imposed restriction that allows the Council to use the assets as specified either upon the passage of time or by actions of the Council. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are reflected as unrestricted contributions. There were no temporarily restricted net assets held in 2014 or 2013.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently. The donors of these assets may permit the Council to use a specified portion of these assets for general purposes. There were no permanently restricted net assets held in 2014 and 2013.

Dues

Dues are recognized as income during the calendar year that the first month of the membership period falls, rather than ratably over the membership period.

Use of estimates

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

Cash and cash equivalents

The Council considers cash equivalents to be all highly liquid instruments purchased with a maturity of three months or less.

HURON COUNTY DEVELOPMENT COUNCIL

Notes to Financial Statements For the years ended December 31, 2014 and 2013

2. Summary of significant accounting policies - continued

Advertising costs

Advertising is expensed in the period in which it is incurred.

Open tax years

The Organization files its Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the tax authorities for years before 2011.

Subsequent events

Management has evaluated subsequent events through January 22, 2016, the date the financial statements were available to be issued.

3. Support

The Huron County Commissioners provided \$34,000 in 2014 and \$29,000 in 2013 as dues and support for the Council.

4. Administrative contract

On May 2, 1994 the Council entered into an annual agreement with The Ohio State University to administer the economic development activities of the Council. This agreement is self-renewing until terminated by either party.

Beginning in 2009, the Executive Director is now a paid position of the Council. The agreement with The Ohio State University now includes only bookkeeping and related duties.

5. Functional classification of expenses

The Council incurred the following functional expenses during 2014 and 2013:

	2014	2013
Program Services	\$ 291,378	\$ 250,824
Management and general	41,559	41,952
Fundraising	4,869	4,906
Total	\$ 337,806	\$ 297,682

SUPPLEMENTARY INFORMATION

HURON COUNTY DEVELOPMENT COUNCIL

**Schedule I - Schedule of Functional Expenses
For the year ended December 31**

	2014			
	Program Services	Management and General	Fund Raising	Total
Operating expenses:				
Moving Ohio Forward	\$ 248,971			\$ 248,971
Payroll and related expenses	23,489	\$ 23,490		46,979
Contract services	8,666	8,667		17,333
Insurance	4,219	4,219		8,438
Golf outing			\$ 4,869	4,869
Office expense	2,169	2,170		4,339
Meetings and travel	1,617	1,617		3,234
Professional services	602	603		1,205
Annual luncheon	922			922
Dues and subscriptions	432	433		865
Miscellaneous expense	147	147		294
Depreciation and amortization		213		213
SCORE program	80			80
Advertising	64			64
Total expenses	\$ 291,378	\$ 41,559	\$ 4,869	\$ 337,806

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

HURON COUNTY DEVELOPMENT COUNCIL

**Schedule I - Schedule of Functional Expenses
For the year ended December 31**

	2013			
	Program Services	Management and General	Fund Raising	Total
Operating expenses:				
Moving Ohio Forward	\$ 153,914			\$ 153,914
NSP Property	52,443			52,443
Payroll and related expenses	22,906	\$ 22,908		45,814
Contract services	9,925	9,925		19,850
Insurance	3,226	3,226		6,452
Golf outing			\$ 4,906	4,906
Meetings and travel	2,094	2,094		4,188
Office expense	2,014	2,014		4,028
JobsOhio retention/expansion	1,525			1,525
Advertising	1,054			1,054
Professional services	525	525		1,050
Dues and subscriptions	437	438		875
Depreciation and amortization		767		767
Annual luncheon	618			618
Miscellaneous expense	54	55		109
SCORE program	89			89
Total expenses	\$ 250,824	\$ 41,952	\$ 4,906	\$ 297,682

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



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

Huron County Development Council
Huron County
180 Milan Avenue, Suite 1
Norwalk, Ohio 44857

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 Huron County Development Council, Huron County, Ohio (the Council) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated January 22, 2016.

Internal Control Over Financial Reporting

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

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 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 Council'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Council'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council'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 "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

January 22, 2016



Dave Yost • Auditor of State

HURON COUNTY DEVELOPMENT COUNCIL

HURON 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
FEBRUARY 11, 2016