



Dave Yost • Auditor of State



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

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# 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 Ambassador Club, Inc., Mercer County, Ohio (the Club), (a not-for-profit corporation), which comprise the statement of financial position, the related statements of activities and cash flows, as of and for the eight month period ended August 31, 2016 and for the year ended December 31, 2015.

### ***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 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 opinions.

***Basis for Adverse Opinion***

Management has not included note disclosure to the financial statements presented. Accounting principles generally accepted in the United States of America require notes to be filed with the financial statements.

In addition, the Fort Recovery Ambassador Club, Inc. did not have sufficient evidential matter supporting the amounts recorded as Tractor Pull Income revenue for the eight month period ended August 31, 2016 and for the year ended December 31, 2015. 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 activities stated at \$127,623 and \$135,248 (or 73.1% and 74.7% of total revenues) at August 31, 2016 and December 31, 2015, respectively.

***Adverse Opinion***

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* paragraph, the financial statements referred to above do not present fairly the financial position of the Fort Recovery Ambassador Club, Inc., Mercer County, Ohio, as of and for the eight month period ended August 31, 2016 and the year ended December 31, 2015, or the changes in financial position or cash flows thereof for the period and year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2018, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 17, 2018

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

**STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2016**

<b>Assets:</b>	<u><b>2016</b></u>
<b>Current Assets:</b>	
Cash - Checking	\$70,038
Cash - Money Market Fund	41,158
Prepaid Expense	<u>1,000</u>
Total Current Assets	<u>112,196</u>
<b>Capital Assets:</b>	
Land and Building	197,048
Equipment	<u>59,791</u>
	256,839
Less: Accumulated Depreciation	<u>(133,692)</u>
Total Capital Assets, net of accumulated depreciation	<u>123,147</u>
Total Assets	<u><u>\$235,343</u></u>
<b>Net Assets:</b>	
Unrestricted	<u>\$235,343</u>
Total Net Assets	<u><u>\$235,343</u></u>

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

**STATEMENT OF ACTIVITIES  
FOR THE EIGHT MONTH PERIOD ENDED AUGUST 31, 2016**

	<b>2016</b>
<b>REVENUES:</b>	
Tractor Pull Income	\$127,623
Mad Run Income	2,770
Memberships - Community Club	780
Go Cart Race Income	689
Fish Fry Income	1,258
Golf Tournament Income	1,667
Commission - food/mdse sales	4,276
Miscellaneous Donations	27,275
Other Receipts	8,211
Other Community Club Fundraiser Income	69
Interest Income	2
Total Revenues	174,620
<b>EXPENSES:</b>	
Professional & Technical - Tractor Pull	33,240
Food & Beverages	20,802
Purse Payout	40,579
Advertising	797
Real Estate Taxes	48
Supplies & Materials	1,459
Accounting Fees	630
Licenses & Permits	846
Travel & Conference Expense	298
Donations	2,050
Fuel - Lunchstand / Water Heater	242
Fuel - Vehicles	762
Insurance	7,782
Bank Service Charges	98
Printing Costs	120
Postage	1,262
Utilities	3,826
Repairs & Maintenance	3,031
Depreciation Expense	7,020
Total Expenses	124,892
Change in Net Assets	49,728
Net Assets at Beginning of Period	185,615
Net Assets at End of Period	\$235,343



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

**STATEMENT OF CASH FLOWS  
FOR THE EIGHT MONTH PERIOD ENDED AUGUST 31, 2016**

	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$49,728
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
<b>Depreciation</b>	<u>7,020</u>
<b>NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES</b>	<u>56,748</u>
<b>INCREASE (DECREASE) IN CASH</b>	56,748
CASH - Beginning of the period	<u>54,448</u>
CASH - End of the period	<u><u>\$111,196</u></u>

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

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015**

<b>Assets:</b>	<b>2015</b>
<b>Current Assets:</b>	
Cash - Checking	\$28,292
Cash - Money Market Fund	26,156
Prepaid Expense	1,000
Total Current Assets	<u>55,448</u>
<b>Capital Assets:</b>	
Land and Building	197,048
Equipment	59,791
	<u>256,839</u>
Less: Accumulated Depreciation	(126,672)
Total Capital Assets, net of accumulated depreciation	<u>130,167</u>
 Total Assets	 <u><u>\$185,615</u></u>
<b>Net Assets:</b>	
Unrestricted	<u>\$185,615</u>
Total Net Assets	<u><u>\$185,615</u></u>

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
<b>REVENUES:</b>	
Tractor Pull Income	\$135,248
Mad Run Income	1,384
Memberships - Community Club	900
Fish Fry Income	1,440
Golf Tournament Income	1,809
Commission - food/mdse sales	1,950
Miscellaneous Donations	26,575
Other Receipts	3,603
New Year's Eve Income	1,946
Other Community Club Fundraiser Income	6,226
Interest Income	3
Total Revenues	181,084
<b>EXPENSES:</b>	
Professional & Technical - Tractor Pull	35,247
Food & Beverages	17,328
Purse Payout	56,467
Advertising	642
Real Estate Taxes	49
Supplies & Materials	2,364
Accounting Fees	2,082
Licenses & Fees	8,161
Travel & Conference Expense	988
Office Supplies	694
Website Expense	350
Donations	28,084
Fuel - Lunchstand / Water Heater	626
Fuel - Vehicles	1,065
Security	540
Insurance	7,434
Bank Service Charges	42
Printing Costs	1,936
Postage	1,738
Equipment Rental	240
Utilities	3,548
Repairs & Maintenance	1,893
Depreciation Expense	11,043
Miscellaneous Expenses	935
Interest Expense	310
Total Expenses	183,806
Change in Net Assets	(2,722)
Net Assets at Beginning of Year	188,337
Net Assets at End of Year	\$185,615

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	(\$2,722)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,043
Changes in operating assets and liabilities	
Notes Payable	<u>(8,026)</u>
<b>NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES</b>	295
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Capital Expenditures	<u>(10,538)</u>
<b>NET CASH PROVIDED BY (USED) IN INVESTING ACTIVITIES</b>	<u>(10,538)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(10,243)
CASH - Beginning of the period	<u>64,691</u>
CASH - End of the period	<u><u>\$54,448</u></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 Ambassador Club, Inc., Mercer County, (the Club) as of and for the eight month period ended August 31, 2016 and for the year ended December 31, 2015, and have issued our report thereon dated January 17, 2018. We issued an adverse opinion based on not including the notes to the financial statements and due to inadequacies in the Club's accounting records regarding the amount of Tractor Pull Income revenues.

### ***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 opinion 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.

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 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.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-002 to be a material weakness.

***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 matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

***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 "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 17, 2018

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

**SCHEDULE OF FINDINGS  
FOR THE EIGHT MONTH PERIOD ENDED AUGUST 31, 2016 AND  
THE YEAR ENDED DECEMBER 31, 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Noncompliance**

**Required Financial Statement Filing Information and Filing of Financial Statements**

**Ohio Rev. Code § 1724.05** states in part, 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.

In addition, **Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-45-4** specifies in part, that a complete set of financial statements should include accompanying notes to financial statements.

The Club did not file its financial statements for 2015 by the required deadline of April 29, 2016 per Ohio Rev. Code § 1724.05. The financial statements were not filed until July 22, 2016. Also, the Club did not include note disclosures to the financial statements when filing the financial statements for 2015 or 2016 as required by FASB.

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

**FINDING NUMBER 2016-001  
(Continued)**

The Club should establish and implement 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.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2016-002**

**Material Weakness**

**Revenue Support**

The Fort Recovery Ambassador Club, Inc. hosted Tractor Pull activities in 2016 and 2015. The Tractor Pull revenue was reported at \$127,623 and \$135,248 for the years 2016 and 2015, respectively. The following problems were noted in the recording of the Tractor Pull activities:

**Gate Admission Fees:**

In 2016 and 2015, 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 2015 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 2016 and 2015, 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. The total amount of revenue that should have been collected could not be determined.

The Board should consider the following to establish appropriate controls to help verify the completeness and accuracy of the financial statements:

- Formal policies regarding special event hosting and the method in which they are recorded 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.
- Reconciliations should be performed on the sale of goods for concessions to verify completeness of collections.

**Official's Response:**

We did not receive a response from Officials to this finding.



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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE EIGHT MONTH PERIOD ENDED AUGUST 31, 2016 AND  
THE YEAR ENDED DECEMBER 31, 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	<b>ORC 1724.05 and 1724.06</b> – Failure to file annual financial statements with the Auditor of State.	Not Corrected	To my knowledge our new accounting firm submits all proper forms/schedules to Auditor of State offices for review.
2014-002	Material Weakness – Incorrect net asset classification	Fully Corrected	
2014-003	Material Weakness – Revenue Support not maintained	Not Corrected	Unused gate admission wristbands are retained and recorded serial #'s to count against admission money collected. Concession inventory after pull is sold off to other organizations or purchased by members to rid the excess inventory and paperwork. Since we have no Point of Sale system in place for use 2 days per year we cannot track sold items against money collected. Treasurer is now only person that transports the money from entry point to money counting room and is accompanied by armed police officer as witness and protection.

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# 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  
MAY 10, 2018**