

Green Valley Recreation, Inc. and GVR Foundation

DECEMBER 31, 2019 AUDITED
CONSOLIDATED FINANCIAL STATEMENTS



Board of Directors Meeting
May 12, 2020



INDEPENDENT AUDITORS' REPORT

Dated April 8, 2020, the report gives the opinion that the December 31, 2019 consolidated financial statements are fairly stated in all material respects.



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Variances (in thousands)

Assets increased \$5,317,000:

	2019	2018	Variance
	\$	\$	\$
Cash and cash equivalents	4,452	1,317	3,135
Accounts receivable	171	98	73
Investments	11,918	10,996	922
Prepaid expenses	314	218	96
Property/equipment	17,670	16,633	1,037

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Variances (in thousands)

Liabilities increased \$3,334,000:

	2019	2018	Variance
	\$	\$	\$
Accounts payable	312	150	162
Deferred membership dues	4,332	1,175	3,157

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Variances (in thousands)

Total net assets increased \$1,983,000:

	2019	2018	Variance
	\$	\$	\$
Without donor restrictions:			
Undesig avail for operations	18,935	18,640	295
Desig reserves for emergency operations	865	805	60
Desig reserves for initiatives	2,465	1,996	469
Desig reserves for R&R	7,085	5,881	1,204
Desig quasi-endowment	13	13	-
	<u>29,363</u>	<u>27,335</u>	<u>2,028</u>
With donor restrictions	121	166	(45)
	<u><u>29,484</u></u>	<u><u>27,501</u></u>	<u><u>1,983</u></u>

CONSOLIDATED STATEMENTS OF ACTIVITIES

Variations (in thousands)

Revenue increased \$1,644,000:

	2019	2018	Variance
	\$	\$	\$
Investment income	1,030	(27)	1,057
Contributions	223	100	123
In-kind contributions	310	-	310

CONSOLIDATED STATEMENTS OF ACTIVITIES

Variances (in thousands)

Expenses increased \$156,000:

	2019		2018		\$ Var	% Var
	\$		\$			
Program services	8,141	77%	8,181	79%	(40)	0%
Administration	2,365	22%	2,130	21%	235	11%
Fundraising	9	0%	48	0%	(39)	-81%
	<u>10,515</u>		<u>10,359</u>		<u>156</u>	

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Variances (in thousands)

Largest variances in expenses by natural classification:

	2019	2018		
	<u>\$</u>	<u>\$</u>	<u>\$ Var</u>	<u>% Var</u>
Computer expense	65	360	(295)	-82%
Grants and program exp	251	31	220	710%
Recreation contracts	556	623	(67)	-11%
Repair and maint.	597	480	117	24%

LETTER TO THOSE CHARGED WITH GOVERNANCE

- 4 material weaknesses for GVR:
 - Cash disbursements – A board member’s signature stamp was used by the Controller
 - Cash receipts:
 - Lack of internal controls over unexpected cash receipts
 - Payments made in person and reports from CLASS software are given to the Accountant III, who also has the ability to modify transactions in CLASS
 - Journal entries – No independent review of journal entries posted by GVR staff

LETTER TO THOSE CHARGED WITH GOVERNANCE

- 8 recommendations to GVR management in 2019:
 - Cash disbursements:
 - Signed checks are returned to Accountant II for mailing while Accountant II is also responsible for accounts payable and printing checks
 - A signature stamp is used when checks cannot be signed by two signers
 - Bank reconciliations:
 - No documentation of review of bank reconciliation
 - Bank statements are opened during the customary mail-opening process before given to Accounting Manager

LETTER TO THOSE CHARGED WITH GOVERNANCE

- 8 recommendations to GVR management in 2019, continued:
 - Credit cards – Volume and dollar amount of credit card purchases was high. No exceptions noted during our review of four months of credit card purchases. However, as best practice, we recommend management consider establishing policies to improve monitoring of credit card purchases
 - Board matters:
 - No fraud risk assessment and monitoring program
 - Board refused to provide minutes of executive session for inclusion in GVR’s sealed archives
 - Payroll – No documentation of CFO’s review of payroll reports

LETTER TO THOSE CHARGED WITH GOVERNANCE

- 2 recommendations to the Foundation management in 2019:
 - Board matters:
 - No fraud risk assessment and monitoring program
 - No formal written spending policy

Highlights of Required Communications

Generally accepted auditing standards require the auditor to promote effective two-way communication between the auditor and those charged with governance. The following are highlights of our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility in overseeing the financial reporting process.

<u>Item</u>	<u>Comment</u>
Audit adjustments	7 audit adjustments required, material in the aggregate to the financial statements taken as a whole, but not considered to be indicative of weaknesses in internal controls
Disagreements with management	None
Significant difficulties encountered in performing the audit	None