

R&A CPAs

A PROFESSIONAL CORPORATION

**GREEN VALLEY
RECREATION, INC.**

REPORT TO MANAGEMENT

DECEMBER 31, 2023



REPORT TO MANAGEMENT

April 26, 2024

To the Board of Directors and Management
Green Valley Recreation, Inc.
Tucson, Arizona

In planning and performing our audit of the financial statements of Green Valley Recreation, Inc. (“GVR”) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered GVR’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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GVR’s internal controls. Accordingly, we do not express an opinion on the effectiveness of GVR’s internal control.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 GVR’s financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we 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. We did identify one deficiency in internal control that we consider to be a significant deficiency.

This communication is intended solely for the information and use of management, the Board of Directors, and others within GVR, 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 black ink that reads 'R&A CPAs' in a cursive, stylized font.

A Professional Corporation

Tucson, Arizona

Significant Deficiency

1. IMPROVE OVERSIGHT AND REVIEW OF NEW RESPONSIBILITIES DURING PERSONNEL TRANSITION

During audit procedures we noted the following that resulted from the transition of monthly reconciliation and close responsibilities to new personnel:

- a. The liability for accrued payroll was overstated due to incorrect inclusion of the employee withholdings and 401k deductions in addition to the employees' gross pay for the period;
- b. Several outstanding checks were older than 3 months and had not been investigated, reissued, or voided;
- c. The December PACF fees were not transferred to the Initiatives Reserve Fund within 10 business days after the end of the month as required by the Corporate Policy Manual.

None of the items discussed above resulted in a material misstatement to the overall financial statements. However, we recommend management implement enhanced review over month-end and closing processing procedures, at least on a probationary basis, whenever there are changes in responsible personnel. The oversight process should include a specific review of the accrued payroll allocations between wages, payroll taxes and deductions for each period that payroll is accrued at month end. We also recommend creating or enhancing month-end closing checklists to include reminders to review outstanding checks and ensure interfund transfers are made timely.