

NORTHWEST SPECIAL RECREATION
ASSOCIATION, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021



May 10, 2022

Members of the Board of Directors
Northwest Special Recreation Association
Rolling Meadows, Illinois

In planning and performing our audit of the basic financial statements of the Northwest Special Recreation Association, Illinois, for the year ended December 31, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit fieldwork progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board of Directors, management, and others within the Association.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Association personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the Association for the well-prepared audit package and we appreciate the courtesy and assistance given to us by the entire Association staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

1. GASB STATEMENT NO. 87 LEASES

Comment

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. In accordance with GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which was issued as temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 87, *Leases* is applicable to the Association's financial statements for the year ended December 31, 2022.

Recommendation

Lauterbach & Amen, LLP will work directly with the Association to review the new lease criteria in conjunction with the Association's current leases to determine the appropriate financial reporting for these activities under GASB Statement No. 87.

Management Response

Management acknowledges this comment, if applicable, and will work with Lauterbach and Amen, LLP to implement it by December 31, 2022, as required by GASB.

PRIOR RECOMMENDATION

1. FUND OVER BUDGET

Comment

Previously, we noted that the following fund had an excess of actual expenditures over budget for the fiscal year:

<u>Fund</u>	<u>Excess</u>
General	\$ 120,400

Recommendation

We recommended the Association investigate the causes of the fund over budget and adopt appropriate future funding measures.

Status

This comment has been implemented and will not be repeated in the future.