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To Board of Directors
Gateway Special Recreation Association

In planning and performing our audit of the financial statements of the business-type activities of Gateway Special Recreation Association as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Gateway Special Recreation Association'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gateway Special Recreation Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gateway Special Recreation Association'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 certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

- **Limited controls over the preparation of the financial statements being audited**

Controls need to be implemented to prevent the occurrence of material misstatements in the presentation and disclosure of the financial statements, including the related footnotes. Someone with the necessary accounting expertise to prevent, detect, and correct a potential misstatement in the financial statements or notes needs to at least read, review, and approve of the financial statements for this to no longer be a significant deficiency.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated October 14, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider Gateway Special Recreation Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether Gateway Special Recreation Association's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Gateway Special Recreation Association are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year ended June 30, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No sensitive estimates were made on the financial statements as of June 30, 2014.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 1, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

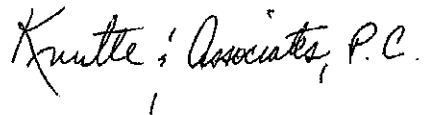
Other Matters

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Supplementary Information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Gateway Special Recreation Association. The Supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2014, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



September 1, 2015

**Gateway Special Recreation Association
Annual Financial Report
For The Year Ended June 30, 2014**

Gateway Special Recreation Association
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For The Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Gateway Special Recreation Association
Westchester, Illinois

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Gateway Special Recreation Association as of and for the year ended June 30, 2014, which collectively comprise the Association's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of these basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Gateway Special Recreation Association, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Supplementary Information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Gateway Special Recreation Association. The Supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2014, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kuntle & Associates, P.C.

**Gateway Special Recreation Association
Management's Discussion and Analysis
June 30, 2014**

The Gateway Special Recreation Association provides the following overview and analysis of the Association's financial operations and attached financial statements for the fiscal year ended June 30, 2014. The following discussion is presented to enable the readers to more fully understand the accompanying audited financial statements. The Association is responsible for the fair and accurate presentation of all financial information, as well as the internal controls and reporting procedures in creating the financial statements. In management's opinion, the financial statements herewith reflect all material aspects of the Association's operations in an accurate, fair and complete manner.

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP), and follow the guidelines of the Governmental Accounting Standards Board (GASB). In 1999, GASB adopted Statement Number 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." This standard modifies the required reporting for the Association requiring full accrual accounting, including the reporting of all capital assets net of depreciation. The modifications to the Association would require the additional reporting of capital assets and depreciation, and long-term debt obligations, when applicable.

The major components of the financial statements are the overall statement of net position and the overall statement of activities. The statement of net position shows the amount that total Association assets exceed total liabilities, which may be considered the current value of net worth for the Association. The statement of activities reflects the overall operations of the Association for the past year, excluding revenues from taxes from members, interest and miscellaneous items. This demonstrates how effectively the Association operates on a business level model. In simple terms, it shows how the Association would fair as a business, without the support of auxiliary revenues.

At June 30, 2014, the Association's total assets exceeded total liabilities by \$62,287. The unrestricted net position totaled \$62,287 at June 30, 2014.

Overview of the Financial Statements

The financial statements have two major components: (1) government-wide financial statements, and (2) notes to the financial statements.

The two main components to the government-wide financial statements are: (1) the statement of net position, and (2) the statement of activities. As discussed before, these are the two major statements that are analyzed in terms of obtaining a broad overview of the finances, value and annual operations of the Association.

The statement of net position is a snapshot as of the end of the fiscal year illustrating the overall value of the Association. The total net position should be a positive number, and can be equated to the Association's total net worth. From year to year, an increase or decrease in the total net position of the Association is one factor in determining the total overall financial performance.

The only component of assets is cash of \$82,103. The only components of liabilities are accounts payable of \$2,722 and unearned membership fees of \$17,094.

**Gateway Special Recreation Association
Management's Discussion and Analysis (Continued)
June 30, 2014**

Overview of the Financial Statements (Continued)

The statement of activities on page 7 of this report shows the overall expenses and operating revenues for services the Association provides. Operating revenues include member contributions, fundraising, and donations to arrive at the total increase or decrease from operations. This amount is added to the total net position at the beginning of the year, to provide the value of the total net position at the end of the year. A decrease in net position does not necessarily mean poor performance, as planned usage of cash on hand or fund reserves will also be reflected here.

Both of the government-wide financial statements may be divided into two components: governmental activities, which are operations of the Association primarily supported by tax revenues, and business-type activities, which are those operation intended to be self-supportive, which have no direct attachment to providing Association services other than their own business. All of the Association's operations are considered to be business-type activities.

The notes to the financial statements provide additional information that is needed to gain a full understanding of the Association's financial operations and the reporting on it. The notes to the financial statements begin on page 9 of this report.

Financial Analysis

The Association's combined net position increased from \$48,750 to \$62,287 as a result of operations in 2014.

Gateway Special Recreation Association
Statement of Net Position
June 30, 2014 and 2013

| | 2014 | 2013 |
|-----------------------------------|------------------|------------------|
| Cash | \$ 82,103 | \$ 52,410 |
| Total Assets | <u>82,103</u> | <u>52,410</u> |
| Deferred Outflows | <u>0</u> | <u>0</u> |
| Accounts Payable | 2,722 | 3,660 |
| Unearned Membership Contributions | 17,094 | 0 |
| Total Liabilities | <u>19,816</u> | <u>3,660</u> |
| Deferred Inflows | <u>0</u> | <u>0</u> |
| Net Position: | | |
| Unrestricted | <u>62,287</u> | <u>48,750</u> |
| Total Net Position | <u>\$ 62,287</u> | <u>\$ 48,750</u> |

**Gateway Special Recreation Association
Management's Discussion and Analysis (Continued)
June 30, 2014**

Financial Analysis (Continued)

Gateway Special Recreation Association
Changes in Net Position
June 30, 2014 and 2013

| | 2014 | 2013 |
|--------------------------|------------|------------|
| Revenues | | |
| Member Contributions | \$ 472,795 | \$ 465,808 |
| Fundraising | 0 | 10,097 |
| Interest Income | 106 | 104 |
| Total Revenues | 472,901 | 476,009 |
| Expenses | | |
| Program Services | 459,364 | 452,722 |
| Total Expenses | 459,364 | 452,722 |
| Increase in Net Position | \$ 13,537 | \$ 23,287 |

Budgetary Highlights

The enterprise fund is reported as the only fund, and accounts for the routine program operations of the Association.

For the year ended June 30, 2014, operating revenues in the enterprise fund were \$472,795, which was equal to the budget. Operating expenditures were \$459,364, which was \$2,114 under budget. For the year ended June 30, 2013, operating revenues in the enterprise fund were \$475,905, which was \$7,597 over budget. Operating expenditures were \$452,722, which was \$9,059 under budget.

Requests for Information

The financial report is designed to provide a general overview of the financial operations of the Gateway Special Recreation Association. Questions concerning any of the information in this report, or requests for additional information, should be sent to the Executive Director, Gary Kasanders, Westchester Park District, 10201 Bond Street, Westchester, Illinois, 60154.

Gateway Special Recreation Association
Statement of Net Position
June 30, 2014

| | Business Type Activities |
|--------------------------------|---|
| ASSETS | |
| Cash | \$ 82,103 |
| TOTAL ASSETS | <u>82,103</u> |
| TOTAL DEFERRED OUTFLOWS | <u>0</u> |
| LIABILITIES | |
| Accounts Payable | 2,722 |
| Unearned Membership Fees | 17,094 |
| TOTAL LIABILITIES | <u>19,816</u> |
| TOTAL DEFERRED INFLOWS | <u>0</u> |
| NET POSITION | |
| Unrestricted Net Position | 62,287 |
| TOTAL NET POSITION | <u><u>\$ 62,287</u></u> |

See Accompanying Notes To The Financial Statements.

Gateway Special Recreation Association
Statement of Activities
For The Year Ended June 30, 2014

| | |
|---------------------------------------|------------------|
| OPERATING REVENUES | |
| Member Contributions | \$ 472,795 |
| TOTAL OPERATING REVENUES | <u>472,795</u> |
| OPERATING EXPENSES | |
| Contractual Services | 411,828 |
| One on One Service | 9,204 |
| Vehicle Fuel, Maintenance, and Repair | 12,945 |
| Brochure Printing | 8,500 |
| Professional Services | 560 |
| Audit Services | 3,500 |
| Financial Assistance | 1,566 |
| Transportation Services | 7,441 |
| Insurance | 2,093 |
| Miscellaneous | 1,727 |
| TOTAL OPERATING EXPENSES | <u>459,364</u> |
| OPERATING INCOME | <u>13,431</u> |
| NON-OPERATING INCOME | |
| Interest Income | 106 |
| TOTAL NON-OPERATING INCOME | <u>106</u> |
| CHANGE IN NET POSITION | 13,537 |
| NET POSITION | |
| BEGINNING OF YEAR | <u>48,750</u> |
| END OF YEAR | <u>\$ 62,287</u> |

See Accompanying Notes To The Financial Statements.

Gateway Special Recreation Association
Statement of Cash Flows
For The Year Ended June 30, 2014

| | |
|--|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Members and Participants | \$ 489,889 |
| Interest Received | 106 |
| Cash Paid to Suppliers | (460,302) |
| Interest Paid | 0 |
| Income Taxes Paid | 0 |
| | <hr/> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 29,693 |
| | <hr/> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 29,693 |
| | <hr/> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 52,410 |
| | <hr/> |
| END OF YEAR | \$ 82,103 |
| | <hr/> <hr/> |
| RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Change in Net Position | \$ 13,537 |
| | <hr/> |
| Adjustments to Reconcile Change in Net Position to Net Cash Provided By Operating Activities | |
| Change in Certain Liabilities: | |
| Accounts Payable | (938) |
| Unearned Membership Fees | 17,094 |
| Total Adjustments | <hr/> 16,156 |
| | <hr/> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 29,693 |
| | <hr/> <hr/> |

See Accompanying Notes To The Financial Statements.

**Gateway Special Recreation Association
Notes To The Financial Statements
For The Year Ended June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Gateway Special Recreation Association is a cooperative association of park districts and municipal entities that have organized to jointly provide recreation services for individuals with disabilities. The member agencies include the Park Districts of Burr Ridge, Elmhurst, Oak Brook, Pleasant Dale, Westchester, and York Center, and the Villages of Hinsdale and Willowbrook. A summary of significant accounting policies is as follows:

A. Reporting Entity

The Association follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Association has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the Association is not required to be included as a component unit of any other entity.

Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity", is an amendment of GASB Statements No. 14 and No. 39, which does not have impact on the current year financial statements.

As of July 1, 2012, the Association has implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position.

As of July 1, 2012, the Association has implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities". The objective of this statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Statement also recognizes as outflows of resources or inflows of resources certain items that were previously reported as assets and liabilities.

Gateway Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The Government-Wide Financial Statements require three statements to be shown as basic financial statements for all stand-alone enterprise fund entities. They are the Statement of Net Position, which presents the financial condition of the governmental activities of the Association at fiscal year end, the Statement of Activities, which presents a comparison between direct expenses and program revenues for the Association's activities, and the Statement of Cash Flows. All statements are prepared on the accrual basis.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Association has one fund which operates as a stand alone enterprise fund whose function is to provide special recreation.

C. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance the Association's operations. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Member agency contributions and fundraising revenues are the primary revenue sources susceptible to accrual. All revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

**Gateway Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus

The basic financial statements are presented using the flow of economic resources measurement focus, which means all assets, deferred outflows, liabilities, and deferred inflows are included on the Statement of Net Position and the operating statements present increases and decreases in net position.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Budgetary and Budgetary Accounting

The Board of Directors followed these procedures in establishing the budgetary data reflected in the financial statements. The Directors submit to the Board of Directors a proposed operating budget for the upcoming fiscal year commencing July 1. The operating budget includes proposed expenditures and the means for financing. The operating budget is based upon the recommendation of the Director and the Board Finance committee. The Board of Directors has the power to amend the Budget in the same manner as its original enactment.

G. Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

H. Capital Assets

Depreciation of all exhaustible capital assets over the threshold of \$1,000 is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|----------|---------|
| Vehicles | 5 Years |
|----------|---------|

Gateway Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2014

NOTE 2 - CASH AND CASH EQUIVALENTS

A. Deposits

At June 30, 2014, the carrying amount of the Association's deposits was \$82,103 and the bank balance was \$82,201.

B. Policies and Investments

It is the policy of the Association to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Association and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Association's deposits may not be returned to it. The Association's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by a third party in the Association's name.

The Association limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

NOTE 3 - CAPITAL ASSETS

A summary of the changes in capital assets for the year follows for the business-type activities. Depreciation expense for the year ended June 30, 2014 was \$0.

| | Balance June 30, 2013 | Additions | Retirements | Balance June 30, 2014 |
|--|--------------------------|-------------|-------------|--------------------------|
| Capital Assets Subject to Depreciation | | | | |
| Vehicle #1 | \$ 43,175 | \$ 0 | \$ 0 | \$ 43,175 |
| Vehicle #2 | 15,000 | 0 | 0 | 15,000 |
| Vehicle #3 | 15,000 | 0 | 0 | 15,000 |
| Total | <u>73,175</u> | <u>0</u> | <u>0</u> | <u>73,175</u> |
| Less Accumulated Depreciation | | | | |
| Vehicle #1 | (43,175) | 0 | 0 | (43,175) |
| Vehicle #2 | (15,000) | 0 | 0 | (15,000) |
| Vehicle #3 | (15,000) | 0 | 0 | (15,000) |
| Total Accumulated Depreciation | <u>(73,175)</u> | <u>0</u> | <u>0</u> | <u>(73,175)</u> |
| Net Capital Assets | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

**Gateway Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2014**

NOTE 4 - MEMBERS CONTRIBUTIONS

Contributions received from members during the 2013 - 2014 fiscal year were:

| | | |
|-----------------------------|----|----------------|
| Burr Ridge Park District | \$ | 30,398 |
| Elmhurst Park District | | 183,708 |
| Oak Brook Park District | | 32,382 |
| Pleasant Dale Park District | | 33,684 |
| Village of Hinsdale | | 69,077 |
| Village of Willowbrook | | 35,081 |
| Westchester Park District | | 68,674 |
| York Center Park District | | 19,791 |
| | \$ | <u>472,795</u> |

NOTE 5 – RISK MANAGEMENT

The Association is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and net income losses.

The Gateway Special Recreation Association is a member of IPARKS, a self-insurance pool initiated by the Illinois Association of Park Districts. The IPARKS program is designed to provide Illinois Association of Park District member agencies with those coverages necessary to properly protect their assets. The relationship with IPARKS is governed by an intergovernmental cooperative contract, which specifies how the contribution (premium) dollars are handled, how members join and withdraw and the roles of the board of directors and the administrator.

The following table is a summary of insurance coverage in effect at June 30, 2014:

| <u>Legal Liability - Third Party Claims</u> | | |
|---|-----------------|---|
| \$ | 2,000,000 | Per Occurrence of Bodily Injury, Property Damage, Personal Injury, and Advertising Liability. |
| \$ | 5,000 | Per Person for Premises Medical Payments |
| | Included | Legal Liability - Real & Personal |
| | Included | |
| | (if applicable) | Day Care/Pre-School Sexual Abuse Liability |
| | N/A | Law Enforcement Operations |
| | N/A | No Benefit Per Occurrence of Employee Benefit Liability. |
| \$ | 2,500 | Each Claim of Broad Legal Defense |
| \$ | 5,000 | Aggregate Claim of Broad Legal Defense |
| \$ | 3,000 | Aggregate of Moral Obligation to Pay |
| \$ | 1,000,000 | Each Occurrence of Cyber Liability |
| \$ | 1,000,000 | Aggregate Cyber Liability |

**Gateway Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2014**

NOTE 5 – RISK MANAGEMENT (CONTINUED)

| <u>Wrongful Acts Coverage</u> | | |
|--|-----------|----------------------------------|
| \$ | 2,000,000 | Limit of Liability Per Occurance |
| \$ | 1,000 | Deductible Each Claim |
| <u>Automobile Liability and Physical Damage Coverage</u> | | |
| | N/A | Bodily Injury & Property Damage |
| | N/A | Per Person for Medical Payments |
| \$ | 2,000,000 | Hired & Non-owned Automobile |
| Uninsured/Underinsured Motorists | | |
| | N/A | Each Member |
| | N/A | Each Accident |

NOTE 6 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 1, 2015, the date on which the financial statements were available to be issued.

Gateway Special Recreation Association
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
For The Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|-------------------------------------|------------------|------------------|------------------|----------------------------|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Member Contributions | \$ 472,795 | \$ 472,795 | \$ 472,795 | \$ 0 |
| TOTAL OPERATING REVENUES | <u>472,795</u> | <u>472,795</u> | <u>472,795</u> | <u>0</u> |
| OPERATING EXPENSES | | | | |
| Contractual Services | 420,328 | 420,328 | 411,828 | 8,500 |
| One on One Service | 8,500 | 8,500 | 9,204 | (704) |
| Vehicle Fuel, Repair, and Insurance | 18,200 | 18,200 | 12,945 | 5,255 |
| Brochure Printing | 0 | 0 | 8,500 | (8,500) |
| Professional Services | 4,500 | 4,500 | 4,060 | 440 |
| Financial Assistance | 4,000 | 4,000 | 1,566 | 2,434 |
| Transportation Services | 3,000 | 3,000 | 7,441 | (4,441) |
| Insurance | 2,100 | 2,100 | 2,093 | 7 |
| Miscellaneous | 850 | 850 | 1,727 | (877) |
| TOTAL OPERATING EXPENSES | <u>461,478</u> | <u>461,478</u> | <u>459,364</u> | <u>2,114</u> |
| OPERATING INCOME | <u>11,317</u> | <u>11,317</u> | <u>13,431</u> | <u>2,114</u> |
| NON-OPERATING INCOME | | | | |
| Interest Income | 90 | 90 | 106 | 16 |
| TOTAL NON-OPERATING INCOME | <u>90</u> | <u>90</u> | <u>106</u> | <u>16</u> |
| CHANGE IN NET POSITION | <u>\$ 11,407</u> | <u>\$ 11,407</u> | <u>13,537</u> | <u>\$ 2,130</u> |
| NET POSITION | | | | |
| BEGINNING OF YEAR | | | <u>48,750</u> | |
| END OF YEAR | | | <u>\$ 62,287</u> | |