

**Gateway Special Recreation Association
Annual Financial Report
For The Year Ended June 30, 2017**

**Gateway Special Recreation Association
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For The Year Ended June 30, 2017**

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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, 2017, 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, 2017, 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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an

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, 2017, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Knuttle & Associates, P.C.

**Gateway Special Recreation Association
Management's Discussion and Analysis
June 30, 2017**

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, 2017. 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, 2017, the Association's total assets exceeded total liabilities by \$145,637. The unrestricted net position totaled \$145,637 at June 30, 2017.

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 \$155,546. The only component of liabilities is accounts payable of \$9,909.

**Gateway Special Recreation Association
Management's Discussion and Analysis (Continued)
June 30, 2017**

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 \$115,256 to \$145,637 as a result of operations in 2017.

Gateway Special Recreation Association
Statement of Net Position
June 30, 2017 and 2016

	2017	2016
Cash	\$ 155,546	\$ 337,279
Total Assets	155,546	337,279
Deferred Outflows	0	0
Accounts Payable	9,909	190
Unearned Membership Contributions	0	221,833
Total Liabilities	9,909	222,023
Deferred Inflows	0	0
Net Position:		
Unrestricted	145,637	115,256
Total Net Position	\$ 145,637	\$ 115,256

**Gateway Special Recreation Association
Management's Discussion and Analysis (Continued)
June 30, 2017**

Financial Analysis (Continued)

Gateway Special Recreation Association
Changes in Net Position
June 30, 2017 and 2016

	2017	2016
Revenues		
Member Contributions	\$ 517,859	\$ 506,479
Interest Income	969	292
Total Revenues	518,828	506,771
Expenses		
Program Services	488,447	477,766
Total Expenses	488,447	477,766
Increase in Net Position	\$ 30,381	\$ 29,005

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, 2017, operating revenues in the enterprise fund were \$517,859, which was \$1,250 over budget. Operating expenditures were \$488,447, which was \$17,741 under budget. For the year ended June 30, 2016, operating revenues in the enterprise fund were \$506,479, which was equal to the budget. Operating expenditures were \$477,766, which was \$20,024 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, Scott Nadeau, York Center Park District, 1609 Luther Avenue, Lombard, Illinois, 60148.

Gateway Special Recreation Association
Statement of Net Position
June 30, 2017

	Business Type Activities
ASSETS	
Cash	\$ 155,546
TOTAL ASSETS	<u>155,546</u>
TOTAL DEFERRED OUTFLOWS	<u>0</u>
LIABILITIES	
Accounts Payable	9,909
TOTAL LIABILITIES	<u>9,909</u>
TOTAL DEFERRED INFLOWS	<u>0</u>
NET POSITION	
Unrestricted Net Position	145,637
TOTAL NET POSITION	<u><u>\$ 145,637</u></u>

**Gateway Special Recreation Association
Statement of Activities
For The Year Ended June 30, 2017**

OPERATING REVENUES	
Member Contributions	\$ 516,609
Donations	1,250
TOTAL OPERATING REVENUES	<u>517,859</u>
OPERATING EXPENSES	
Contractual Services	439,140
One on One Service	4,306
Vehicle Fuel, Maintenance, and Repair	19,233
Professional Services	555
Audit Services	3,800
Financial Assistance	3,573
Insurance	2,106
Transportation Services	3,043
Transportation Fund	11,207
Website IT	1,224
Miscellaneous	260
TOTAL OPERATING EXPENSES	<u>488,447</u>
OPERATING INCOME	<u>29,412</u>
NON-OPERATING INCOME	
Interest Income	969
TOTAL NON-OPERATING INCOME	<u>969</u>
CHANGE IN NET POSITION	30,381
NET POSITION	
BEGINNING OF YEAR	<u>115,256</u>
END OF YEAR	<u><u>\$ 145,637</u></u>

See Accompanying Notes To The Financial Statements.

**Gateway Special Recreation Association
Statement of Cash Flows
For The Year Ended June 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Members and Participants	\$ 296,026
Interest Received	969
Cash Paid to Suppliers	(478,728)
Interest Paid	0
Income Taxes Paid	0

NET CASH USED IN OPERATING ACTIVITIES (181,733)

NET DECREASE IN CASH AND CASH EQUIVALENTS (181,733)

**CASH AND CASH EQUIVALENTS,
BEGINNING OF YEAR** 337,279

END OF YEAR \$ 155,546

**RECONCILIATION OF CHANGE IN NET POSITION TO
NET CASH USED IN OPERATING ACTIVITIES**

Change in Net Position \$ 30,381

Adjustments to Reconcile Change in Net Position to Net Cash
Used In Operating Activities

Change in Certain Liabilities:

Accounts Payable	9,719
Unearned Revenue	(221,833)
Total Adjustments	<u>(212,114)</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (181,733)

**Gateway Special Recreation Association
Notes To The Financial Statements
For The Year Ended June 30, 2017**

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 Countryside, 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, 2017

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, 2017

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
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Gateway Special Recreation Association
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 2 - CASH AND CASH EQUIVALENTS

A. Deposits

At June 30, 2017, the carrying amount of the Association's deposits and the bank balance was \$155,546, respectively.

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, 2017 was \$0.

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
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, 2017**

NOTE 4 - MEMBERS CONTRIBUTIONS

Contributions received from members during the 2017 - 2018 fiscal year were:

Burr Ridge Park District	\$	32,100
Village of Countryside		17,347
Elmhurst Park District		193,993
Oak Brook Park District		34,194
Pleasant Dale Park District		35,570
Village of Hinsdale		72,943
Village of Willowbrook		37,044
Westchester Park District		72,519
York Center Park District		20,899
		<hr/>
	\$	<u>516,609</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, 2017:

<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, 2017**

NOTE 5 – RISK MANAGEMENT (CONTINUED)

Wrongful Acts Coverage		
\$	2,000,000	Limit of Liability Per Occurance
\$	1,000	Deductible Each Claim
Automobile Liability and Physical Damage Coverage		
	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, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 19, 2017, 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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Member Contributions	\$ 516,609	\$ 516,609	\$ 516,609	\$ 0
Donations	0	0	1,250	1,250
TOTAL OPERATING REVENUES	<u>516,609</u>	<u>516,609</u>	<u>517,859</u>	<u>1,250</u>
OPERATING EXPENSES				
Contractual Services	441,421	441,421	439,140	2,281
One on One Service	12,000	12,000	4,306	7,694
Vehicle Fuel, Repair, and Insurance	18,750	18,750	19,233	(483)
Professional Services	5,500	5,500	4,355	1,145
Financial Assistance	4,000	4,000	3,573	427
Insurance	2,310	2,310	2,106	204
Transportation Services	6,000	6,000	3,043	2,957
Transportation Fund	11,207	11,207	11,207	0
Website IT	4,000	4,000	1,224	2,776
Miscellaneous	1,000	1,000	260	740
TOTAL OPERATING EXPENSES	<u>506,188</u>	<u>506,188</u>	<u>488,447</u>	<u>17,741</u>
OPERATING INCOME	<u>10,421</u>	<u>10,421</u>	<u>29,412</u>	<u>18,991</u>
NON-OPERATING INCOME				
Interest Income	250	250	969	719
TOTAL NON-OPERATING INCOME	<u>250</u>	<u>250</u>	<u>969</u>	<u>719</u>
CHANGE IN NET POSITION	<u>\$ 10,671</u>	<u>\$ 10,671</u>	<u>30,381</u>	<u>\$ 19,710</u>
NET POSITION				
BEGINNING OF YEAR			<u>115,256</u>	
END OF YEAR			<u>\$ 145,637</u>	