

**GATEWAY SPECIAL RECREATION ASSOCIATION
BURR RIDGE, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

Gateway Special Recreation Association
Annual Financial Report
Fiscal Year Ended June 30, 2021

Table of Contents

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		3
Basic Financial Statements		
Statement of Net Position	A	6
Statement of Revenues, Expenditures, and Changes in Net Position	B	7
Statement of Cash Flows	C	8
Notes to Financial Statements		9



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gateway Special Recreation Association
Burr Ridge, IL

Report on the Financial Statements

We have audited the accompanying financial statements of the Gateway Special Recreation Association, (the "Association") as of and for the year ended June 30, 2021, and the respective changes in financial position, cash flows and related notes to the financial statements, 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinions

In our opinion, the 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, 2021, and the respective changes in financial position, cash flows and related notes to the financial statements thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Evans, Marshall & Pease, P.C.

Evans, Marshall & Pease, P.C.
Certified Public Accountants

March 23, 2022
Rolling Meadows, IL
(10)

Management's Discussion and Analysis

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**GATEWAY SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

This section of the Gateway Special Recreation Association's (the "Association") annual financial report is the management's discussion and analysis (MD&A) of the Association's financial performance and provides an overall review of the Association's financial activities for the fiscal year ending June 30, 2020.

The management of the Association encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the Association's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A and is included in this analysis.

Financial Highlights

- The Association's net position was \$268,070 as of July 1, 2020. The net position increased \$66,361 to \$334,431 as of June 30, 2021.
- Net investment in capital assets was \$19,069, while unrestricted net position was \$315,362.

Overview of the Financial Statements

This financial report consists of three parts – management's discussion and analysis (this section), basic financial statements, and notes to the financial statements. The basic financial statements include two kinds of statements that present different views of the Association.

The two main components to the basic financial statements are: (1) the statement of net position, and (2) the statement of revenues, expenditures and changes in net position. 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 components of assets are cash and cash equivalents of \$315,584 and capital assets net of accumulated depreciation of \$19,069. The only component of liabilities is accounts payable of \$222.

The statement of revenues, expenditures and changes in net position on page 7 of this report shows the overall expenditures and operating revenues for services the Association provides. Operating revenues include member contributions, fundraising, donations and miscellaneous income 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.

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.

**GATEWAY SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Financial Analysis

Statement of Net Position: The following summary data is compared with data from the preceding year. The following provides a summary of the Association's Statement of Net Position as of June 30, 2021, and June 30, 2020:

	<u>Statement of Net Position</u>	
	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	\$ 315,584	\$ 243,502
Capital Assets, Net of Depreciation	19,069	24,790
Total Assets	<u>334,653</u>	<u>268,292</u>
Liabilities		
Current liabilities	<u>222</u>	<u>222</u>
Total Liabilities	<u>222</u>	<u>222</u>
Net Position		
Net investment in capital assets	19,069	24,790
Unrestricted	<u>315,362</u>	<u>243,280</u>
Total Net Position	<u>\$ 334,431</u>	<u>\$ 268,070</u>

Changes in Net Position: The following is a summary of the Association's change in net position for the year ending June 30, 2021, and June 30, 2020:

	<u>Statement of Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Member contributions	\$ 557,420	\$ 539,012
Investment income	357	4,289
Gain on disposal of capital asset	1,000	-
Miscellaneous	<u>1,330</u>	<u>2,440</u>
Total Revenues	<u>560,107</u>	<u>545,741</u>
Expenditures		
Program services	488,025	511,553
Depreciation	<u>5,721</u>	<u>3,814</u>
Total Expenditures	<u>493,746</u>	<u>515,367</u>
Change in Net Position	66,361	30,374
Net Position - Beginning	<u>268,070</u>	<u>237,696</u>
Net Position - Ending	<u>\$ 334,431</u>	<u>\$ 268,070</u>

The Park District's combined net position increased by \$66,361 to \$334,431 in fiscal year 2021.

**GATEWAY SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The Association's total revenues were \$560,107. Member contributions were \$557,420, or 99.52% of the total. Investment income was \$357, or 0.06% of the total. Gain of disposal of capital asset was \$1,000, or 0.18%. Miscellaneous income totaling \$1,330 made up the remaining balance.

Total costs for the Association totaled \$493,746. These expenditures were for program services. See Exhibit B for a breakdown of these expenditures.

Association 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, 2021, operating revenues in the enterprise fund were \$558,750, which was \$9,934 over budget. Operating expenditures were \$493,746, which was \$66,174 under budget.

Capital Assets and Debt Administration

Capital Assets (See Note 3):

As of June 30, 2021, the Association has a total of \$86,779 in capital assets, with \$19,069 invested in capital assets (net of depreciation). These assets are comprised of vehicles. There were no additions in the current year. The Park District had one disposal of a vehicle during the fiscal year.

Contacting the Special Recreation Association's Financial Management Team

This financial report is designed to provide the Association's customers, members, and creditors with a general overview of the Association's finances and to demonstrate the Association's accountability for the money it receives. If you have questions about this report please contact Scott Nadeau, Gateway Special Recreation Association, 15W431 E. 59th Street, Burr Ridge, IL 60527.

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BASIC FINANCIAL STATEMENTS

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GATEWAY SPECIAL RECREATION ASSOCIATION
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Cash and cash equivalents	\$ 315,584
Capital assets, net of accumulated depreciation	
Vehicles	<u>19,069</u>
Total Assets	<u>334,653</u>
LIABILITIES	
Accounts payable	<u>222</u>
Total Liabilities	<u>222</u>
NET POSITION	
Net investment in capital assets	19,069
Unrestricted	<u>315,362</u>
Total Net Position	<u><u>\$ 334,431</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

GATEWAY SPECIAL RECREATION ASSOCIATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

OPERATING REVENUES	
Member contributions	\$ 557,420
Miscellaneous	1,330
	558,750
 OPERATING EXPENDITURES	
Contractual services	472,698
Vehicle fuel, repair, and insurance	723
Professional services	3,522
Insurance	1,591
Transportation fund	9,176
Website information technology	315
Depreciation	5,721
	493,746
 OPERATING INCOME	 65,004
 NON-OPERATING REVENUE	
Investment income	357
Gain on diposal of capital asset	1,000
	1,357
 CHANGE IN NET POSITION	 66,361
 NET POSITION, JULY 1	 268,070
 NET POSITION, JUNE 30	 \$ 334,431

The accompanying notes to the financial statements are an integral part of this statement.

GATEWAY SPECIAL RECREATION ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members	\$ 558,750	
Payments to suppliers	<u>(488,025)</u>	<u>\$ 70,725</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Gain on disposal of capital assets		<u>1,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received		<u>357</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		72,082
CASH AND CASH EQUIVALENTS, JULY 1, 2020		<u>243,502</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2021		<u><u>\$ 315,584</u></u>
RECONCILIATION OF OPERATING INCOME TO NET		
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income		\$ 65,004
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation expense		<u>5,721</u>
NET CASH FROM OPERATING ACTIVITIES		<u><u>\$ 70,725</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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GATEWAY SPECIAL RECREATION ASSOCIATION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gateway Special Recreation Association (the “Association”), is duly organized and includes the Associations of Burr Ridge, Elmhurst, Oak Brook, Pleasant Dale, Westchester and York Center and the Villages of Countryside, Hinsdale and Willowbrook. The Association is considered a jointly governed organization of the ten governments pursuant to GASB Statement No. 14. The Association operates under the commissioner-director form of government and provides a variety of services to individuals with physical and mental impairments in the member districts.

The financial statements of the Gateway Special Recreation Association, Westchester, Illinois (the Association) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Association's accounting policies are described below.

A. Financial Reporting Entity

The purpose of the Association is to provide for the establishment, maintenance and management of joint recreation programs for persons with disabilities of all the participating Associations. Participation in the Association's programs is available to any individual with a disability living in the immediate South Suburban area.

The Association is considered to be a primary government since it is legally separate and fiscally independent. These financial statements include all functions, programs, and activities under the control of the Board of Trustees of the Association.

B. Fund Accounting

Governmental resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into a single fund.

Proprietary Funds

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 Association is that the costs (expenditures, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the Association has decided that periodic determination of revenues earned, expenditures incurred and net income or loss is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary funds operating statements present increases (e.g., revenues) and decreases (e.g., expenditures) in total net position. Operating revenues and expenditures are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenditures are incidental to the operations of these funds.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenditures are recorded at the time liabilities are incurred.

GATEWAY SPECIAL RECREATION ASSOCIATION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Cash and Cash Equivalents

Cash is considered to be cash with financial institutions and savings deposit accounts. Cash equivalents are considered to be highly liquid investments with an original maturity of three months or less.

E. Capital Assets

Capital assets are defined by the Association as assets with an initial, individual cost in excess of \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	5 years

F. Net Position

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

Restricted net position – Consists of legally restricted amounts by outside parties for a specific purpose. Since no fund balance policy is in place, the Association's flow of funds prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first.

G. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held separately by the Association's funds. The Association invests these funds pursuant to a cash and investment policy established by the Board

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2021, the carrying amount of the Association's deposits totaled \$315,584 and the Association's bank balances totaled \$315,627. All deposits were covered by federal depository insurance or by collateral held by the Association or its agent in the Association's name.

GATEWAY SPECIAL RECREATION ASSOCIATION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – CASH AND CASH EQUIVALENTS (CONT'D)

Interest Rate Risk. The Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations, while providing a reasonable rate of return based on the current market.

Credit Risk and Fair Value Disclosure. Under Illinois law, the Association is restricted to investing funds in specified types of investment instruments.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the Association for the year ended June 30, 2021, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated Vehicles	\$ 101,779	\$ -	\$ 15,000	\$ 86,779
Total Capital Assets Being Depreciated	101,779	-	15,000	86,779
Less: Accumulated Depreciation Vehicles	76,989	5,721	15,000	67,710
Total Accumulated Depreciation	76,989	5,721	15,000	67,710
Net Depreciable Capital Assets	24,790	(5,721)	-	19,069
Net Total Capital Assets	\$ 24,790	\$ (5,721)	\$ -	\$ 19,069

NOTE 4 – OPERATING LEASES

The Association leases one vehicle under a noncancelable operating lease. At June 30, 2021, future minimum lease payments for this lease are as follows:

Year Ending June 30,	Lease Obligation	
	1 Ford Shuttle Bus	Total
2022	\$ 9,176	\$ 9,176
2023	9,176	9,176
Total	\$ 18,352	\$ 18,352

Operating leases are liquidated by the General Fund. The Association paid \$9,176 in operating lease payments during the year ended June 30, 2021.

GATEWAY SPECIAL RECREATION ASSOCIATION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 – RISK MANAGEMENT

The Association is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; employee health, injuries to employees; natural disasters; and employee health.

Illinois Parks Association Risk Services – Liability

The Association is a member of Illinois Parks Association Risk Services (IPARKS), a self-insurance pool initiated by the Illinois Association of Associations. The IPARKS program is designed to provide Illinois Association of Associations member agencies with those coverages necessary to properly protect their assets including comprehensive general liability, public official's and employee's liability, automobile liability and property and inland marine coverage. The current policy is in effect through June 30, 2022.

As a participant in IPARKS, the Association is subject to additional assessments for claims activity in excess of premiums previously paid by IPARKS and is eligible for dividends for premiums in excess of claims. During the year ended June 30, 2021, no dividends were declared. There were no additional assessments during the year. There have been no significant reductions in coverage in any program from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in the past year.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2021 and the date of this audit report requiring disclosure in the financial statements.