

ANNUAL FINANCIAL REPORT

**GATEWAY SPECIAL RECREATION ASSOCIATION
BURR RIDGE, ILLINOIS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

Gateway Special Recreation Association
Annual Financial Report
Fiscal Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gateway Special Recreation Association
Burr Ridge, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities of the Gateway Special Recreation Association (the "Association"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Gateway Special Recreation Association, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Evans, Marshall & Pease, P.C.

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

Rolling Meadows, Illinois
January 31, 2024

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

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**GATEWAY SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023.

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 \$386,336 as of July 1, 2022. The net position increased \$47,212 to \$433,548 as of June 30, 2023.
- Net investment in capital assets was \$16,387, while unrestricted net position was \$417,161.

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 \$417,161 and capital assets net of accumulated depreciation of \$16,387.

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, 2023**

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, 2023, and June 30, 2022:

	<u>Statement of Net Position</u>	
	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 417,161	\$ 372,987
Capital assets, net of depreciation	16,387	13,349
Total Assets	<u>433,548</u>	<u>386,336</u>
Net Position		
Net investment in capital assets	16,387	13,349
Unrestricted	417,161	372,987
Total Net Position	<u>\$ 433,548</u>	<u>\$ 386,336</u>

Changes in Net Position: The following is a summary of the Association's change in net position for the year ending June 30, 2023, and June 30, 2022:

	<u>Statement of Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues		
Member contributions	\$ 581,109	\$ 548,216
Investment income	15,948	827
Miscellaneous	-	361
Total Revenues	<u>597,057</u>	<u>549,404</u>
Expenditures		
Program services	543,930	491,779
Depreciation	5,915	5,720
Total Expenditures	<u>549,845</u>	<u>497,499</u>
Change in Net Position	47,212	51,905
Net Position - Beginning	<u>386,336</u>	<u>334,431</u>
Net Position - Ending	<u>\$ 433,548</u>	<u>\$ 386,336</u>

The Park District's combined net position increased by \$47,212 to \$433,548 in fiscal year 2023.

**GATEWAY SPECIAL RECREATION ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

The Association's total revenues were \$597,057. Member contributions were \$581,109, or 97.33% of the total. Investment income was \$15,948, or 2.67% of the total, and made up the remaining balance.

Total costs for the Association totaled \$549,845. These expenditures were for program services and depreciation. 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, 2023, the enterprise fund's budgeted operating revenues were \$581,709, and actual operating revenues were \$581,109. Budgeted operating expenditures were \$631,462, and actual operating expenditures were \$543,930.

Capital Assets and Debt Administration

Capital Assets (See Note 3):

As of June 30, 2023, the Association has a total of \$95,732 in capital assets, with \$16,387 invested in capital assets (net of depreciation). These assets are comprised of vehicles. Additions made during the fiscal year totaled \$8,953, \$7,000 of which was a down payment for a new vehicle, included as construction in progress.

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 Matt Russian, 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
YEAR ENDED JUNE 30, 2023

ASSETS

Cash and cash equivalents	\$ 417,161
Capital assets, net of accumulated depreciation	<u>16,387</u>
Total Assets	<u>433,548</u>

NET POSITION

Net investment in capital assets	16,387
Unrestricted	<u>417,161</u>
Total Net Position	<u><u>\$ 433,548</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, 2023

OPERATING REVENUES	
Member contributions	\$ 581,109
Total Operating Revenues	581,109
OPERATING EXPENDITURES	
Contractual services	520,212
Vehicle fuel, repair, and insurance	6,123
Financial assistance	1,312
Professional services	4,526
Insurance	1,654
Transportation fund	9,730
Miscellaneous expenses	238
Website information technology	135
Depreciation	5,915
Total Operating Expenditures	549,845
OPERATING INCOME	31,264
NON-OPERATING REVENUE	
Investment income	15,948
Total Non-Operating Revenue	15,948
CHANGE IN NET POSITION	47,212
NET POSITION, JULY 1, 2022	386,336
NET POSITION, JUNE 30, 2023	\$ 433,548

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members	\$ 581,109	
Payments to suppliers	<u>(543,930)</u>	<u>\$ 37,179</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets		(8,953)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received		<u>15,948</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		44,174
CASH AND CASH EQUIVALENTS, JULY 1, 2022		<u>372,987</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2023		<u><u>\$ 417,161</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income		\$ 31,264
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation expense		<u>5,915</u>
NET CASH FROM OPERATING ACTIVITIES		<u><u>\$ 37,179</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, 2023

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. 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, 2023

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, 2023, the carrying amount of the Association's deposits totaled \$417,161 and the Association's bank balances totaled \$417,161. 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, 2023

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, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Construction in progress	\$ -	\$ 7,000	\$ -	\$ 7,000
Total	-	7,000	-	7,000
Capital Assets Being Depreciated				
Vehicles	86,779	1,953	-	88,732
Total	86,779	1,953	-	88,732
Less: Accumulated Depreciation				
Vehicles	73,430	5,915	-	79,345
Total	73,430	5,915	-	79,345
Net Capital Assets	<u>\$ 13,349</u>	<u>\$ 3,038</u>	<u>\$ -</u>	<u>\$ 16,387</u>

NOTE 4 – 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.

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, 2023.

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, 2023, 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.

GATEWAY SPECIAL RECREATION ASSOCIATION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – 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, 2023 and the date of this audit report requiring disclosure in the financial statements.