

Gateway Special Recreation Association

NOTICE IS HEREBY GIVEN that the meeting of the Gateway Special Recreation Association Board of Directors will be held on Thursday, May 9, 2024 at 3:00 PM at the Oak Brook Family Recreation Center 1450 Forest Gate Rd., Oak Brook, IL 60523

- I. CALL TO ORDER
- II. OPEN FORUM
- III. BOARD MEMBER COMMENTS
- IV. COMMUNICATIONS
- V. APPROVAL OF THE APRIL 11, 2024 REGULAR MEETING MINUTES
- VI. APPROVAL OF THE MAY 9, 2024 TREASURER'S REPORT
- VII. REPORTS
 - a. RGA Monthly Report
- VIII. OLD BUSINESS
 - a. Vehicle Discussion
 - b. Sixth Amendment Articles of Agreement Review
- IX. NEW BUSINESS
 - a) Review Progress of Contract Committee
 - b) Review Contract Language
 - c) Discuss Facility Rental of Oak Brook Park District Facilities for the New ELEVATE Program
 - d) Approve GSRA Bylaws
 - e) Discuss Fiscal Year Budget and 18 Month Membership Fees Projections
- X. ADJOURNMENT

Items listed on the Agenda will be discussed and considered by the Board. The Board welcomes public comment on the agenda items during discussion. Gateway Special Recreation is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the facilities, are requested to contact Mike Contreras (630) 990-4233 or at mcontreras@obparks.org promptly to allow the Board to make reasonable accommodations for those persons.

Gateway Special Recreation Association
Contract Committee Meeting Agenda
April 25, 2024, 10:30AM
Pleasant Dale Park District

1. Review draft written attachments to contract previously identified.
2. Update on ELEVATE housing at Oak Brook Park District.
3. Discuss/resolve any costs issues associated with changes to prepared service parameters related to the upcoming contract.
4. Discuss agencies' full value for services pledged in the proposal if any of them fail to come to fruition within the contract term.
5. Clarify cooperative programming support provided by RGA to agencies accommodating special needs in non-SRA programming.
6. Discuss web site operations.
7. Discuss fall speakers series.
8. Review notes for contract document revisions.
9. Review financial reporting to the Board discussed at the last meeting.

Contract Committee Meeting Summary
April 26, 2024

Attachments:

-RGA 2023-2025 Strategic Priorities
-RGA Audit

Attending:

Jim Pacanowski
Matt Russian
Kim Zoeller
Ryan Messinger II

1. Written Attachments to Contract – RGA will be preparing an implementation schedule for program goals and objectives and marketing and communication plans. These processes will obviously not be completed by contract signing time but a schedule for the plans will be. RGA will then periodically report on progress in these areas. At the next Board meeting, RGA will share a sample populated financial reporting form so members can see what data will be provided in what format. At the next Board meeting, RGA will provide employee evaluation documents they will share with the Board. Also, there will be a written breakdown of each full-time position and the compensation. We expect to have all attachments in final written form in the June Board packets.
2. Elevate Facility Discussion – RGA staff has received confirmation that the OBPD facility being sought for this program is designated as a “revenue producing” facility. Staff is currently awaiting a rental proposal from OBPD. We hope to entertain discussion on member agency fees for facility usage policy and at least one facility as an alternate to OBPD facilities at the May meeting.
3. Increased Cost Issues – Other than financial adjustments due to extending the contract from 12 to 18 months, the only cost center to which RGA is requesting additional funding for is full-time wages based in large part on Board encouragement for increased salaries and participant satisfaction expressed throughout the RFP process with the current staff, when compared to the IPRA marketplace. RGA compensations costs are significantly higher over the 18 month contract than they would have been if initially proposed salaries, at 12 months length, were still being considered. RGA will be requesting the Board’s consideration to assume a cost sharing of this increase that amounts to \$23,000 over the 18 months, or about 25% of the increased costs for appropriately situating our full-time staff in the appropriate for market survey scale. More details will be provided at the May meeting prior to considering this request.
4. Agency’s Full Value for Services Pledged – The new contract shall reflect a 5% retainage of member fee payments to RGA as a protective mechanism for the SRA should services delivered not be on a par with services pledged. Service progress through the 18 month contract shall be regularly discussed along with any return, continued retention or forfeit of the 5% retained.

5. Non-SRA Program Support for Member Agencies – Member agencies have unlimited access to advice, on-site assessment of potential one-on-one needs in their programs, etc., from RGA in the form of our staff. Staffing additions and efficiencies will allow Gateway staff to be much more proactive and comprehensive in being able to direct agencies in need to qualified aides. Agencies remain financially responsible for hourly cost of one-on-one aides deemed necessary in their programs.
6. Website – The Gateway Board is responsible for providing staff with the appropriate minutes, documents, etc., that are required to be posted and in the Board's domain. RGA will assume responsibility for website construction, ease of navigation, content, aesthetics, etc. They have some definite plans and thoughts in this area that will be detailed more in the completed marketing plan.
7. Fall Speaker Series – Occurring this fall. RGA will advise on dates, subject matter and will also perform direct marketing to Gateway families.
8. Contract – A couple of additional adjustments were made on top of previous changes, mostly obsolete information removed or information to be contained in attachments. Simpler contract document, detailed attachments is the goal. We will have an update discussion at the May meeting. Final draft, vetted by our attorney one last time, will be distributed in advance of the June signing.
9. Financial Reporting – Audit has been provided as an attachment. At the May meeting, RGA will walk the Board through a sample reporting form they can expect to be utilized moving forward.

Final Note – This April 26th meeting now concludes the ad hoc committee's mission of answering proposal questions, addressing issues and creating a representative contract ready for authorization prior to the start of the new term. As such, all updates, reports, discussions going forward will be agenda items to be addressed with the entire Board rather than the intermediary committee.



October 17, 2023

To the Board of Directors
Ray Graham Association for People with Disabilities
901 Warrenville Road, Suite 500
Lisle, IL 60532

We have audited the financial statements of Ray Graham Association for People with Disabilities (the "Association") for the year ended June 30, 2023, and we will issue our report thereon dated October 17, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2023. Professional standards also require that we communicate to you the following information related to our audit.

In planning and performing our audit, we considered Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about Association's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Association's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Association's compliance with those requirements.

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 the Association are described in Note B to the financial statements. As described in Note N, the Association changed accounting policies related to leases by adopting FASB Accounting Standards Update (ASU) No. 2016-02 *Leases (Topic 842)* and additional subsequently issued updated for 2022. Accordingly, the accounting change has been implemented using the modified retrospective approach. Under the modified retrospective approach, the Association recognizes the cumulative effect of initially applying ASC 842 as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. We noted no transactions entered into by the Association 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. Significant estimates to the financial statements as a whole include estimates related to revenue recognition including determining transaction price and allocation of transaction price to performance obligations, collectability of accounts receivable and the functional allocation of indirect expenses. We have evaluated the factors and assumptions used by management in developing these estimates and determined the amounts are reasonable in relation to the financial statements taken as a whole.

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 trivial, and communicate them to the appropriate level of management. No such misstatements were noted were identified during the audit.

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 auditors' 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 October 17, 2023.

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 Association'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 Association'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

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in cursive script that reads "Porte Brown LLC". The signature is written in black ink and is positioned above a horizontal line.

Elk Grove Village, Illinois

Client: **10-2759000 - Ray Graham Association for People with Disabilities**
 Engagement: **10-2759000 - 06.2023 Audit**
 Period Ending: **6/30/2023**
 Trial Balance: **TB-01 - Trial Balance**
 Workpaper: **JE-01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 4				
PBC - Record ERC receivable				
10 0 000-00 121050.000	A/R - Other		315,959.00	
R09	ERC Receivable		3,218,878.00	
10 1 770-00 480100.000	Interest Income			315,959.00
R10	Prior Period Adjustment			3,218,878.00
Total			<u>3,534,837.00</u>	<u>3,534,837.00</u>
	Total Adjusting Journal Entries		<u>3,534,837.00</u>	<u>3,534,837.00</u>
	Total All Journal Entries		<u>3,534,837.00</u>	<u>3,534,837.00</u>

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2023 AND 2022

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ray Graham Association for People with Disabilities
901 Warrenville Road, Suite 500
Lisle, IL 60532

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ray Graham Association for People with Disabilities, which comprise the statement of financial position as of June 30, 2022, and the related statements activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ray Graham Association for People with Disabilities as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Ray Graham Association for People with Disabilities 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 Ray Graham Association for People with Disabilities' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 and *Government 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 and *Government 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 Ray Graham Association for People with Disabilities' 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 Ray Graham Association for People with Disabilities' 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023 on our consideration of the Ray Graham Association for People with Disabilities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ray Graham Association for People with Disabilities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ray Graham Association for People with Disabilities' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Ray Graham Association for People with Disabilities' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, except for as described in Note M, with the audited financial statements from which it has been derived.

PORTE BROWN LLC
Certified Public Accountants



Elk Grove Village, Illinois
October 17, 2023

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022 As restated
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,550,467	\$ 6,005,826
Cash, restricted	162,086	280,106
Accounts receivable		
State of Illinois, net	2,440,989	2,598,150
Employee retention credit receivable	3,218,878	3,218,878
Other receivables	576,102	422,657
Prepaid expenses	212,904	287,937
	14,161,426	12,813,554
FIXED ASSETS		
Property and equipment	13,850,806	13,409,398
Less: Accumulated depreciation	(6,790,526)	(6,311,579)
	7,060,280	7,097,819
OTHER ASSETS		
Security deposits	19,530	19,530
Operating lease right-of-use assets	1,135,070	-
Investments	6,856,210	6,091,150
Cash equivalents	2,531,364	2,175,773
	10,542,174	8,286,453
TOTAL ASSETS	\$ 31,763,880	\$ 28,197,826

The accompanying notes are an integral part of these financial statements

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022 As restated
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,286,621	\$ 1,974,280
Due to people supported	161,542	280,496
Deferred revenue	97,973	304,109
Current portion of operating lease liabilities	458,283	-
Current portion of long-term debt	162,630	156,296
	<u>4,167,049</u>	<u>2,715,181</u>
LONG-TERM OBLIGATIONS		
Forgivable notes	3,062,121	3,075,344
Long-term debt, net of current portion included above	1,306,086	1,468,716
Operating lease liabilities, net of current portion	746,442	-
	<u>5,114,649</u>	<u>4,544,060</u>
NET ASSETS		
Without donor restrictions	21,580,498	20,394,384
With donor restrictions	901,684	544,201
	<u>22,482,182</u>	<u>20,938,585</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,763,880</u>	<u>\$ 28,197,826</u>

The accompanying notes are an integral part of these financial statements

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

(with summarized information for the year ended June 30, 2022)

	2023			2022 Total As restated
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND SUPPORT				
Government revenues				
Illinois Department of Human Services	\$17,570,673	\$ -	\$ 17,570,673	\$ 14,620,195
Illinois Department of Healthcare and Family Services	140,584	-	140,584	1,663
Other government awards	1,067,814	-	1,067,814	1,244,791
Total government revenues	<u>18,779,071</u>	<u>-</u>	<u>18,779,071</u>	<u>15,866,649</u>
Other revenues and support				
Fees paid by people supported	2,945,614	-	2,945,614	2,828,373
Donations	321,281	906,906	1,228,187	1,341,510
In-kind donations	24,136	-	24,136	9,440
Corporate and foundation grants	942,462	-	942,462	801,901
Special events, net	385,980	-	385,980	372,540
Management fees	331,417	-	331,417	372,484
Investment (loss) income, net	557,909	-	557,909	(167,237)
Net (loss) gain on sale of property and equipment	(410)	-	(410)	1,139,101
Net assets released from restriction	549,423	(549,423)	-	-
Total revenues and support	<u>6,057,812</u>	<u>357,483</u>	<u>6,415,295</u>	<u>6,698,112</u>
	<u>24,836,883</u>	<u>357,483</u>	<u>25,194,366</u>	<u>22,564,761</u>
EXPENSES				
Program services	18,971,552	-	18,971,552	17,034,377
Management and general	3,783,242	-	3,783,242	3,026,114
Fundraising	895,975	-	895,975	744,840
	<u>23,650,769</u>	<u>-</u>	<u>23,650,769</u>	<u>20,805,331</u>
CHANGE IN NET ASSETS	1,186,114	357,483	1,543,597	1,759,430
NET ASSETS, BEGINNING OF YEAR	20,394,384	544,201	20,938,585	15,960,277
PRIOR PERIOD ADJUSTMENT	-	-	-	3,218,878
NET ASSETS, BEGINNING OF YEAR AS RESTATED	<u>20,394,384</u>	<u>544,201</u>	<u>20,938,585</u>	<u>19,179,155</u>
NET ASSETS, END OF YEAR	<u>\$21,580,498</u>	<u>\$ 901,684</u>	<u>\$ 22,482,182</u>	<u>\$ 20,938,585</u>

The accompanying notes are an integral part of these financial statements

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

(with summarized information for the year ended June 30, 2022)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>2023 Total</u>	<u>2022 Total</u>
EXPENSES					
Salaries	\$ 12,556,563	\$ 1,905,219	\$ 436,382	\$ 14,898,164	\$ 12,938,446
Payroll taxes and benefits	2,556,404	435,727	112,472	3,104,603	3,008,365
Total salaries and related	15,112,967	2,340,946	548,854	18,002,767	15,946,811
Direct services	1,434,149	85,164	-	1,519,313	1,249,061
Program support	247,520	855,282	-	1,102,802	535,092
Occupancy	1,350,935	277,054	57,405	1,685,394	1,621,334
Other	28,868	194,933	432,077	655,878	715,100
Expenses before depreciation	18,174,439	3,753,379	1,038,336	22,966,154	20,067,398
Depreciation	797,113	29,863	-	826,976	854,204
TOTAL FUNCTIONAL EXPENSES	18,971,552	3,783,242	1,038,336	23,793,130	20,921,602
Direct benefit to donors, netted with revenue	-	-	(142,361)	(142,361)	(116,271)
TOTAL EXPENSES	<u>\$ 18,971,552</u>	<u>\$ 3,783,242</u>	<u>\$ 895,975</u>	<u>\$ 23,650,769</u>	<u>\$ 20,805,331</u>

The accompanying notes are an integral part of these financial statements

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets:	\$ 1,543,597	\$ 1,759,430
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	826,976	854,204
(Gain) loss on investments	(46,237)	163,307
Loss (gain) on sale of fixed assets	410	(1,139,101)
Forgiveness of debt	-	(209,379)
Changes in:		
Accounts receivable, net	3,716	(174,524)
Prepaid expenses	91,670	1,007
Security deposits	-	228
Operating lease right-of-use-assets	97,952	-
Accounts payable and accrued expenses	1,312,341	(170,134)
Due to people supported	(118,954)	(131,740)
Deferred revenue	(206,136)	(177,137)
Operating lease liabilities	(44,934)	-
Net cash provided by operating activities	3,460,401	776,161
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	1,603,688
Purchase of property and equipment	(789,847)	(998,037)
Proceeds from investments	1,864,509	2,609,259
Purchase of investments	(2,583,332)	(2,383,172)
Net cash (used) provided by investing activities	(1,508,670)	831,738
FINANCING ACTIVITIES		
Proceeds from long-term debt	61,777	271,886
Repayment of long-term debt	(231,296)	(150,135)
Net cash (used) provided by financing activities	(169,519)	121,751
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,782,212	1,729,650
BEGINNING CASH, CASH EQUIVALENTS AND RESTRICTED CASH	8,461,705	6,732,055
ENDING CASH, CASH EQUIVALENTS AND RESTRICTED CASH	\$ 10,243,917	\$ 8,461,705
SUPPLEMENTAL INFORMATION TO CASH FLOWS		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	60,218	69,078
Noncash activities:		
Increase (decrease) in fair value of investments	\$ 46,237	\$ (191,974)
Contributed property recognized by the organization	24,136	9,440
Forgiveness of debt	-	209,379
Operating lease assets obtained in exchange for lease liabilities	1,233,022	-

The accompanying notes are an integral part of these financial statements

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF OPERATIONS

Ray Graham Association for People with Disabilities ("Association") is a not-for-profit human services agency that responds to the needs of individuals with developmental disabilities and their families in DuPage County through a comprehensive array of services and supports. The goal is to improve the quality of life of the individuals and families served. The Association's primary financial support is received from State of Illinois agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

BASIS OF ACCOUNTING

The Association maintains records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

In accordance with FASB ASC 958-205, "Not-for-Profit Entities Presentation of Financial Statements," the Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions and providing services less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of donated assets, either temporarily or permanently, until the donor restriction expires, the net assets are restricted.

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional allocation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In addition, the information has been restated as described in Note M. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2022 from which the summarized information was derived.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

In accordance with FASB ASC 958-605-25 "Not-for-Profit Entities Revenue Recognition" contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair market values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. In addition, FASB ASC 958-605 requires not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire.

The Association receives revenue from the Illinois Department of Human Services (DHS), Illinois Department of Health and Family Services (HFS) and Illinois Department of Rehabilitation Services (DRS) through fee for service arrangements. The Association bills for various services provided to DHS, HFS and DRS based on preapproved rates for each service provided. Revenue is recognized over time as the services performed for the government agencies.

A portion of the Association's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when the Association has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Revenue recognition under a lease begins when the lessee takes possession or controls the physical use of the leased property. Generally, this occurs on the lease commencement date. Rents are recognized as income on the accrual basis as they are earned. Advance receipts of rental income are deferred and classified as liabilities until earned. All leases between the Association and tenants of the property are considered to be operating leases and have terms of one year or less.

Home-Based Service (HBS) program is option available to children and adults with intellectual and developmental disabilities through the Medicaid Waiver program. The HBS program provides individuals with a monthly allotment they can use to purchase needed services and supports that allow a person to continue to live in the family residence or in their own home in the community. In addition to purchasing services and supports with HBS funds, individuals may opt to purchase Self Direction Assistance to help the individual and the family to independently direct and manage self-directed services. A Home-Based Support Services Agreement is entered into, between the Association and the individual, outlining how many hours of support per month they anticipate needing. Actual hours of support delivered are billed and revenue recognized in the month the services are provided. Service agreements are for a term of one year or less. The hourly rate is fixed by the State and the same for each participant.

Monarch Services offers three dynamic programs that are tailored to meet the transition needs of young adults or those that can benefit from individualized support services. A Private Pay Service Agreement is entered into between the Association and the person supported and the Guarantor or Responsible Party. Fees for services are calculated based on minimum monthly hours committed to in the agreement. Fees are paid in the month prior to service delivery and recorded in deferred income until the month of services provided. Should the participant choose to attend more hours than the minimum committed to in the agreement, those hours are invoiced separately in the month services are rendered. Service agreements are for a term of one year or less. The hourly rate is fixed and the same for each participant.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (Continued)

The Therapeutic Horsemanship program provides opportunities for children and adults with disabilities to experience the enjoyment and therapeutic benefits of riding horses. Individual and small group lessons are provided over seven sessions. Individuals sign up for a session, pay in advance of the session. Fees are fixed for each level of service and the same for all participants.

Gateway Special Recreation Association promotes the full participation of people with disabilities in meaningful activities that maximize their health, well-being and quality of life. Formed through an intergovernmental agreement, it is an extension of park districts throughout DuPage County and contracts with the Association to provide recreation for people with disabilities. The Association contracts with the park districts for the majority of the cost of the programming. The Association is paid quarterly for those services. Revenue is recognized in the month services are rendered. The contract sets the rate and is for a one-year term. Additional participant fees are due from individuals participating in activities offered. The cost is set per activity and the same for each participant. Participants pay in advance or at the time of the event.

Life's Plan Inc. manages special needs trusts in a pooled investment for meeting the supplemental service needs of people with disabilities and the elderly without jeopardizing state and federal benefits. Life's Plan has retained the Association to manage the business and operations of Life's Plan including but not limited to paying wages, providing human resources support, trust document review and financial statement preparation. The two-year agreement provides for a fixed fee paid monthly and recognized in the month services are rendered.

The following table disaggregates the Association's revenue from contracts with customers and noncontractual revenue for the year ended June 30, 2023 and 2022:

	2023	2022
Contracts with customers	\$ 20,947,186	\$ 17,701,714
Noncontractual revenues	4,247,180	4,863,047
	\$ 25,194,366	\$ 22,564,761

All revenue from contracts with customers as described above is based on performance obligations that are satisfied at a point in time.

The beginning and ending balances of contract assets and liabilities from contracts with customers are as follows:

	June 30, 2023	June 30, 2022	July 1, 2021
Accounts receivable	\$ 2,578,698	\$ 2,918,766	\$ 2,826,262
Deferred revenues	17,023	6,668	-

Contract liabilities consists of payments made in advance of the period services are rendered.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

NET ASSETS WITHOUT DONOR IMPOSED RESTRICTIONS

Net assets without donor restrictions are those funds presently available for use by or on behalf of the Association, including amounts available for general and administrative expenses. These net assets without donor restrictions include board designated funds intended for capital improvements. The balance of the Capital Fund as of June 30, 2023 and 2022 was \$4,065,851 and \$3,608,496, respectively.

DONOR IMPOSED RESTRICTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Association reports the support as without donor restrictions.

Net assets with donor restrictions are available for the following:

	<u>2023</u>	<u>2022</u>
Purpose restrictions, available for spending:		
CILA Homes	\$ 82,218	\$ 159,097
Community Learning Centers	107,435	81,980
ABLE Capital Fund	448,841	-
Horsemanship	63,637	95,589
Other	199,553	207,535
	<u>\$ 901,684</u>	<u>\$ 544,201</u>

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONOR IMPOSED RESTRICTIONS (Continued)

Net assets released from restriction due the year ended June 30, 2022 and 2021 were as follows:

	2023	2022
CILA Homes	\$ 84,782	\$ 38,278
Community Learning Centers	34,156	30,315
ABLE Capital Fund	15,282	-
Horsemanship	165,511	49,749
Other	249,692	10,476
	\$ 549,423	\$ 128,818

IN-KIND CONTRIBUTIONS

The Association receives in-kind contributions of auction and event items and horse care supplies related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. The Association recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Equipment and auction items are valued using estimated wholesale prices of identical or similar products if purchased in the region and are without restriction.

A substantial amount of time is donated by volunteers and others to support various programs for which no value has been assigned as these services did not meet the criteria for recognition.

EXPENSE RECOGNITION AND ALLOCATION

The Association allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; transportation costs, which are allocated based on number of vehicles at program location, and program support, which is allocated on the individual program's direct costs to the overall total direct costs. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Association. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Association generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expense in accordance with standards for accounting for costs of activities that include fundraising.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Assets reserved for property improvements on the statements of financial position include restricted cash received with restrictions imposed by donors (but not yet spent) for Ray Graham Association.

The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,550,467	\$ 6,005,826
Cash, restricted	162,086	280,106
Capital funds	<u>2,531,364</u>	<u>2,175,773</u>
	<u>\$ 10,243,917</u>	<u>\$ 8,461,705</u>

CONCENTRATION OF CERTAIN RISK

The Association has cash and cash equivalents in excess of federally insured limits of \$250,000 at one banking institution. These amounts potentially subject the Association to credit risk if the banking institution fails.

For the year ended June 30, 2023, approximately 75% of support and revenue of the Association was provided by various agencies of the State of Illinois and the federal government. In addition, nearly 100% of the Association's accounts receivable are from these agencies or nursing homes funded by state or federal agencies.

FEES AND GRANTS RECEIVABLE

The Association has received significant financial assistance from numerous federal, state and local government agencies. The funds received or collection of receivables under these programs require compliance with terms and conditions specified in the grant agreements and are subject to audit and retroactive adjustment. Any disallowed claims resulting from such audits could reduce related receivables or become a liability of the Association. In management's opinion, no further provision for audit or retroactive adjustment is considered necessary.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE

Accounts receivable are uncollateralized obligations of the state, grantors and other clients. These receivables are stated at the amount billed or granted and do not accrue interest. The Association maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Association’s customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management’s assessment, the Association provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Association has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The carrying amount of accounts receivable is reduced by a valuation allowance of \$208,420 and \$297,303 respectively, reflecting management's best estimate of the amounts that will be collected.

FIXED ASSETS

Fixed assets are stated at cost. Depreciation is calculated on a straight-line basis over the estimated lives of the related assets. The Association has adopted a policy to capitalize assets using a \$5,000 threshold. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Major classifications of property and equipment and their respective lives are summarized below:

	<u>Lives in Years</u>	<u>2022</u>	<u>2021</u>
Land		\$ 1,420,330	\$ 1,420,330
Construction in process		148,905	446,523
Buildings and improvements	30	11,538,538	10,717,594
Furniture and equipment	3 - 5	190,199	179,027
Vehicles	5	552,834	645,924
		<u>\$ 13,850,806</u>	<u>\$ 13,409,398</u>

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

Investment securities are stated at fair value based on quoted market prices or market prices for similar securities. Unrealized gains and losses are recognized based on the change in fair value and are reported as a component of investment income. Realized gains and losses are recognized using the average cost method and are reported as a component of investment income. In addition, external and direct internal expenses relating to investment activities have been netted against investment income.

Investments as of June 30, 2023 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Equity funds	\$ 1,534,487	\$ 1,244,328	\$ 290,159
Bond funds	5,246,448	5,287,400	(40,952)
Certificates of deposit	75,275	75,275	-
	<u>\$ 6,856,210</u>	<u>\$ 6,607,003</u>	<u>\$ 249,207</u>

Investments as of June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain</u>
Equity funds	\$ 1,432,723	\$ 1,169,417	\$ 263,306
Bond funds	4,584,007	4,652,467	(68,460)
US Government securities	74,420	74,420	-
	<u>\$ 6,091,150</u>	<u>\$ 5,896,304</u>	<u>\$ 194,846</u>

INCOME TAXES

The Association is generally exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Accordingly, no provision for income tax expense is included in the accompanying financial statements. The Association has adopted the provision of ASC Topic 740, Income Taxes, relating to the accounting for uncertainty in income taxes. The Association files income tax returns in the U.S. federal jurisdiction, and the State of Illinois. Management is not aware of any uncertain tax positions.

SUBSEQUENT EVENTS

The Association has evaluated subsequent events through October 17, 2023, the date which the financial statements were available to be issued.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association considers all expenditures related to its ongoing program activities, as well as the services undertaken to support those activities to be general expenditures. The Association regularly monitors liquidity required to meet its operation needs and other contractual commitments, while also striving to maximize the investment of its available funds. Based on analysis of its revenue cycles, the Association feels a reserve of 90 days is adequate to meet cash flow needs, with the value calculated as one fourth of budgeted annual operating expenses, less noncash items.

The following table show the total financial assets held by the Association and the amounts of which could readily be made available within one year of June 30 to meet general expenditures:

	2023	2022
Cash and cash equivalents	\$ 10,243,917	\$ 8,461,705
Accounts receivable, net	6,235,969	3,020,807
Investments	6,856,210	6,091,150
Total financial assets	23,336,096	17,573,662
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions	901,684	544,201
Restricted funds held for others	162,086	280,106
Investments maturing in more than one year	75,275	74,420
Board designations	4,065,851	3,608,496
Financial assets available to meet general expenditures within one year	\$ 18,131,200	\$ 13,066,439

The Board of Directors has directed certain funds to a capital fund reserve which is intended to fund capital purchases such as properties. However, these reserves may be drawn upon, if necessary, to meet unexpected liquidity needs in the event of financial distress with a vote of the board of directors. Additionally, the Association maintains a \$3,500,000 line of credit, as of June 30, 2023 and 2022, \$3,500,000 remained available.

NOTE D – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES
NOTES TO FINANCIAL STATEMENTS

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2023 and 2022.

Bonds Funds: Valued at the closing price reported in the active market in which the individual securities are traded.

Equity Funds: Valued at the net asset value (NAV) of shares held by the Association as of the end of the year.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets at fair value as of June 30, 2023 consist of:

	Level 1	Level 2	Level 3	Total
Equity funds	\$ 1,534,487	\$ -	\$ -	\$ 1,534,487
Bond funds	5,246,448	-	-	5,246,448
	<u>\$ 6,780,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,780,935</u>

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES
NOTES TO FINANCIAL STATEMENTS

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

Assets at fair value as of June 30, 2022 consist of:

	Level 1	Level 2	Level 3	Total
Equity funds	\$ 1,432,723	\$ -	\$ -	\$ 1,432,723
Bond funds	4,584,007	-	-	4,584,007
	<u>\$ 6,016,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,016,730</u>

NOTE E – BANK LOAN PAYABLE

The Association maintains a \$3,500,000 line of credit agreement with Beverly Bank to provide cash flow for daily operations. Interest is payable monthly at prime rate (8.25% at June 30, 2023 and 4.75% at June 30, 2022). The line is secured by a blanket lien on the business assets of the Association. At June 30, 2023 and 2022, this line of credit had a zero balance. The line of credit matures January 31, 2024.

NOTE F – LONG-TERM DEBT

Long-term debt consists of the following:

	2023	2022
A SWAP term loan, payable in in increasing monthly installments of principal and interest with a variable interest rate 5.08% at June 30, 2023 and 2.83% at June 30, 2022. The loan is collateralized by all the Association's inventory, equipment and general intangibles and matures March 31, 2031.	\$ 1,468,716	\$ 1,625,012
Less current portion	162,630	156,296
Long-term portion	<u>\$ 1,306,086</u>	<u>\$ 1,468,716</u>

The total debt maturing in years subsequent to June 30, 2023 is as follows:

Year-ending June 30,	
2024	\$ 162,630
2025	169,458
2026	176,450
2027	184,323
2028	191,886
2029 and thereafter	583,969
	<u>\$ 1,468,716</u>

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE G – FORGIVEABLE NOTES

The Association receives conditional grants from the DuPage County Community Development Commission (CDC) under its Community Development Block Grant (CDBG) Program and the City of Naperville. The terms of these grants require the Association to meet certain conditions, the most significant of which include the condition that the Association may not use the structures for any purpose other than providing affordable housing for individuals with developmental disabilities. In addition, the Association is required to maintain its programs for the secured properties. Failure to adhere to these conditions will result in the immediate repayment of the grants, plus 10% interest compounded annually from the date of the execution of the grant agreement to the date of repayment.

	2023	2022
Starling CILA purchase must meet certain conditions for 20 years following their completion (December 2022).	\$ -	\$ 75,000
Lincoln CILA renovations must meet certain conditions for 20 years following their completion (January 2024).	75,000	75,000
Circle CILA purchase must meet certain conditions for 20 years following their completion (June 2024).	75,000	75,000
Starling and Swift CILA Renovations must meet certain conditions for 5 years following their completion (September 2024).	87,000	87,000
Devine CILA purchase must meet certain conditions for 20 years following its completion (July 2025).	150,000	150,000
Elm CILA purchase must meet certain conditions for 20 years following its completion (August 2025).	150,000	150,000
Wilson CILA purchase must meet certain conditions for 20 years following its completion (August 2026).	161,500	161,500
3 CILA (Circle, Hale, and Elm) renovations must meet certain conditions for 5 years following their completion (March 2027).	271,885	271,885
SLC Renovations Lien Transferred to Madison Building (October 2027)	83,600	83,600
Starling and Swift CILA renovations must meet certain conditions for 5 years following their completion (March 2028)	61,777	-
SLC Renovations Lien Transferred to Madison Building (December 2028)	88,486	88,486
SLC Renovations Lien Transferred to Madison Building (June 2029)	260,456	260,456
SLC Renovations Lien Transferred to Madison Building (August 2030)	181,746	181,746
3 CILA (Princeton, Venard, Hale) renovations must meet certain conditions for 20 years following their completion (August 2031).	294,800	294,800

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE G – FORGIVEABLE NOTES (Continued)

	2023	2022
Ardmore Apartments renovations must meet certain conditions for 20 years following their completion (March 2034).	328,686	328,686
Madison Building renovations must meet certain conditions for 20 years following their completion (March 2034).	193,921	193,921
ECLC Parking Lot renovations must meet certain conditions for 20 years following their completion (January 2035).	141,930	141,930
5 CILA (Briargate, Wilson, Abilene, Vista, Kincaid) Renovations must meet certain conditions for 20 years following their completion (November 2038)	191,950	191,950
ECLC Renovations must meet certain conditions for 20 years following its completion (January 2039)	264,384	264,384
	\$ 3,062,121	\$ 3,075,344

NOTE H – SPECIAL EVENT REVENUES

SPECIAL EVENTS

The Association has various special events. Significant special events are reported net of cost of direct benefit to donors. Peripheral or incidental special events report revenue net of direct expenses. Details of special events are as follows:

	Gross Revenue	Benefits to Donors	2023 Net Revenue	2022 Net Revenue
Butterfly Ball	\$ 271,215	\$ 83,878	\$ 187,337	\$ 202,842
Monarch Walk	114,989	15,618	99,371	91,423
Other	142,137	42,865	99,272	78,275
	\$ 528,341	\$ 142,361	\$ 385,980	\$ 372,540

NOTE I – RETIREMENT PLAN

The Association adopted a 403(b) retirement plan covering all eligible employees, effective January 1, 1998. Employer contributions to this plan are discretionary. Currently, the Association employer contribution matches employee contributions, to a maximum of 3% of employee wages. The Association's contribution for the year ended June 30, 2023 and 2022 was \$243,945 and \$251,570, respectively.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE J – LEASE COMMITMENTS

The Association leases certain property, equipment, and vehicles from independent lessors. The leases provide for annual rentals, plus certain other costs. Rent expenses for the years ended June 30, 2023 and 2022 were \$759,275 and \$687,533, respectively

The Association has entered into leases certain property, equipment, and vehicles used for its activities. The current terms of the leases provide for annual rents of \$39,250 payable monthly, increasing to \$41,020 throughout the life of the leases. The Association may also be responsible for operating expenses and real estate taxes, which exceed the base year defined in the lease. The expiration dates of the leases range from September 2023 to February 2027. The equipment leased is collateral on certain operating leases. Lease agreements do not contain any material residual value guarantees or material restrictive covenants. The financial statements do not include operating lease payments related to the option to extend the lease term because it is not reasonably certain that the option will be exercised.

Lease expense was \$759,275 and \$687,533 the years ended June 30, 2023 and 2022, respectively. Operating lease expense included in general and administrative expense was \$759,275 and \$687,533, for the year ended June 30, 2023.

The Association has lease agreements with lease and non-lease components, which beginning in 2022, are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

Weighted Average Remaining Lease Term	
Operating leases	3.07 Years
Weighted Average Discount Rate	
Operating leases	2.13%

The maturities of lease liabilities as of June 30, 2023 are as follows:

Year-ending June 30,	
2024	\$ 458,283
2025	341,944
2026	305,232
2027	116,274
	<hr/>
Total lease payments	1,221,733
Less: Interest	(17,008)
	<hr/>
Present value of lease liabilities	<u>\$ 1,204,725</u>

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE K – CAPITAL FUND

The Association's Capital Fund includes funds designated by the Board of Directors to function as a quasi-endowment. As required by generally accepted accounting principles, net assets associated with the capital fund: including funds designated by the Board of Directors to function as endowments, are classified and reported on the existence or absence of donor-imposed restrictions. The board of directors has designated the Capital Fund an endowment to fund: capital improvements to properties owned or leased by the association, vehicles, and/or cash flows.

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to build a fund for future capital purchases and improvements while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that encourage growth while assuming a moderate level of investment risk. The Association expects its endowment funds, over time, to provide an average rate of return that exceeds the yield results for the S&P 500. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

At the close of each fiscal year, any amount in the Capital Fund exceeding \$500,000 may be used for capital improvements to properties owned or leased by the Association; or In the event of a major emergency, the Association can authorize use of the principal of the Capital Fund with a two-thirds vote of the Board of Directors. This is consistent with the Association's objective to maintain the purchasing power of the capital fund assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Capital Fund consists wholly of board designated funds for all periods presented. Changes in endowment net assets for the fiscal years ending June 30, 2023 and 2022 is as follows:

	Without Donor Restrictions	
	2023	2022
Capital fund net assets, beginning of year	\$ 3,608,496	\$ 2,771,539
Investment return, net	141,348	(99,869)
Designations to the fund	478,257	1,098,706
Appropriation of assets for expenditure	<u>(162,250)</u>	<u>(161,880)</u>
Capital fund net assets, end of year	<u>\$ 4,065,851</u>	<u>\$ 3,608,496</u>

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE L – UNEMPLOYMENT TAXES

The Association has elected the reimbursement method for payment of Illinois unemployment taxes. Payment is based on actual reimbursements of claims filed, as determined by the State of Illinois. No accrual for unfilled claims has been included in the financial statements as it is not determinable.

NOTE M – PRIOR PERIOD ADJUSTMENT

Unrestricted net assets as of July 1, 2021, has been adjusted to include the Employee Retention Credit that should have been recognized in the year ended June 30, 2021. The effect of the restatement was to increase beginning net assets by \$3,218,878.

The Association is eligible for the Employee Retention Credit (ERC) under the CARES ACT, which is a refundable tax credit against certain employment taxes. As modified by additional relief provisions, the ERC is equal to 70% of qualified wages paid to employees during 2021 for a maximum credit of \$7,000 per employee for each calendar quarter through September 30, 2021. During the year ended June 30, 2023, the Association determined that it satisfied the eligibility for the quarters ended March 31, and June 30, 2021 which totaled \$3,218,878 and is reflected in Employee Retention Credit receivable on the Statement of Financial Position. The tax credit revenue is included in Other government awards and is recognized in the period earned; \$3,218,878 for the year ended June 30, 2021. In addition, at the date of acceptance and notification by the IRS, an additional \$315,959 of interest income has been determined to be due to the Association in relation to the ERC and is included in Interest income and Other receivables as of June 30, 2023.

NOTE N – ACCOUNTING CHANGE

LEASES

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) and subsequently issued additional ASUs to amend and clarify Topic 842. As of January 1, 2022, the Association elected to adopt these ASUs using a modified retrospective approach and utilized all of the available practical expedients. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. As a result of adopting the new standards, the Association recorded additional net lease assets and lease liabilities of approximately \$1,233,022 and \$1,249,659, respectively. Adoption of the new standard did not materially impact the Association's net income and had no impact on cash flows.

RAY GRAHAM ASSOCIATION FOR PEOPLE WITH DISABILITIES

NOTES TO FINANCIAL STATEMENTS

NOTE O – RECENT ACCOUNTING PRONOUNCEMENTS

MEASUREMENT OF CREDIT LOSSES ON FINANCIAL INSTRUMENTS

ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments becomes effective for fiscal years beginning after December 15, 2022, including interim periods with those fiscal years, for non-public entities, but early adoption is permitted at any time. The standard requires entities to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The new guidance affects loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Association is currently evaluating the impact this standard will have on the financial statements when adopted.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Ray Graham Association for People with Disabilities
901 Warrenville Road, Suite 500
Lisle, IL 60532

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ray Graham Association for People with Disabilities (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ray Graham Association for People with Disabilities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ray Graham Association for People with Disabilities' internal control. Accordingly, we do not express an opinion on the effectiveness of Ray Graham Association for People with Disabilities' internal control.

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 Association's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ray Graham Association for People with Disabilities' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in black ink that reads "Porte Brown LLC". The signature is written in a cursive, flowing style.

Elk Grove Village, Illinois
October 17, 2023

2023-2025 Strategic Priorities

Ray Graham Association
September 2022



RGA Strategic Priorities

Ray Graham Association 2023-2025 Strategic Priorities

Legend ★ Capital Campaign | ☆ Core | ☆ Advanced

RGA will offer innovative person-centered services to the people we serve and their support systems, empowering our dedicated team members, partners, and advocates with the financial freedom, knowledge, and opportunities they need to impact their communities

OBJECTIVE	STRATEGIES	TACTICS
<p> Secure long-term financial stability and freedom</p> <p>★ Complete and operationalize the results of the Capital Campaign</p> <ul style="list-style-type: none"> Enhance financial operations efficiency and transparency Maximize fundraising opportunities through wider engagement <p>★ Develop new funding models and revenue streams</p>	<p> Champion team member growth, development, and retention</p> <ul style="list-style-type: none"> ★ Enhance team member rewards structure Structure team listening program ★ Develop success at RGA career planning program Formalize DEIA strategies Assess and enhance team members and HR tools 	<p> Strengthen portfolio of innovative, people-centered services and opportunities</p> <ul style="list-style-type: none"> ★ Develop and enhance services portfolio Increase partner collaboration ★ Develop services around the behavioral health clinic Enhance needs and feedback capture program Grow communication and leadership education
	<p> Empower people served and team members through tools and technology</p> <ul style="list-style-type: none"> Formalize IT roadmap Digitize processes to enable a paperless experience Educate team members on existing tools ★ Invest in assistive technology for people served Implement further technology to aid team members 	<p> Modernize and set leading standards for locations</p> <ul style="list-style-type: none"> Refine leading standard for homes and centers Develop a consistent look and feel across RGA centers Enhance accessibility in homes Operationalize the home portfolio evaluation and investment process Maintain and expand usage of RGA locations Facilitate an enjoyable living experience for people supported
	<p> Grow RGA's voice at the family, community, and State level</p> <ul style="list-style-type: none"> Increase events and education in local communities Develop social media strategy to increase brand recognition Enhance measurement program to track impact of advocacy efforts Enhance volunteering opportunities program Establish champions program for RGA team members Develop family involvement and contribution expectations 	

RGA Strategic Priorities



Tactics Details

Secure long-term financial stability and freedom



Tactic	Description
<p>Complete and operationalize the results of the Capital Campaign</p>	<p>Conduct the identified Capital Campaign activities and refine the structure and governance model needed to deploy the funds gathered to meet the facilities investments planned</p>
<p>Enhance financial operations efficiency and transparency</p>	<p>Assess and identify opportunities to improve financial operations efficiency in recognizing revenue and cost and providing transparent reporting to support financial planning</p>
<p>Maximize fundraising opportunities through wider engagement</p>	<p>Expand and deepen donor pool beyond families, recruiting, educating and involving in RGA activities donors from corporate, community and other partners backgrounds</p>
<p>Develop new funding models and revenue streams</p>	<p>Explore and define new funding and revenue streams to promote long-term financial independence, stability, and flexibility for RGA (e.g., increased family involvement, mixed or targeted pay-for-service, development of for-profit activities, establishment of an endowment, behavior health clinic services).</p>

RGA Strategic Priorities



Tactics Details

Champion team member growth, development, and retention



Tactic	Description
Enhance team member rewards structure	Evaluate and enhance compensation and benefits components of the team member total rewards structure, and refine the value proposition of working for RGA and attract and retain talents
Structure team listening program	Define and implement structured listening program to capture feedback and insights from team members and better understand concerns and opportunities to support team member satisfaction and retention
Develop success at RGA career planning program	Review current HR and career planning experience for team members and develop an end-to-end "career at RGA" program that accompanies team members from onboarding and expectations setting through career planning
Formalize DEIA strategies	Identify and evaluate opportunities for RGA to improve current DEIA efforts at every level of the organization (e.g., services, team member, leadership, board) and develop a strategies to implement these efforts
Assess and enhance team members and HR tools	Evaluate and enhance RGA's current team member and HR ecosystem of tools (e.g., learning hub, HR tools, team members HR services) to improve team member satisfaction while increasing efficiency and scalability



RGA Strategic Priorities



Tactics Details

Strengthen portfolio of innovative, people-centered services and opportunities



Tactic	Description
<p>Develop and enhance services portfolio</p>	<p>Review and update portfolio of RGA services and associated partners services focusing on fit to the individual, innovation (e.g., embedded technologies, flexible content delivery options), and opportunities for revenue generation</p>
<p>Increase partner collaboration</p>	<p>Identify opportunities to partner with communities and develop collaboration with organizations to provide additional services, expand the use of RGA locations, and deepen RGA's integration in the communities we serve</p>
<p>Develop services around the behavioral health clinic</p>	<p>Build opportunity for increased revenue and profitability for the behavioral health clinic by refining and enhancing the services offered to the people we serve and prospective individuals</p>
<p>Enhance needs and feedback capture program</p>	<p>Explore opportunities to formalize the system and processes around needs and feedback capture for the people we serve and their support systems</p>
<p>Grow communication and leadership education</p>	<p>Develop communication and leadership education about RGA's impact and the services provided for people served to help them grow as champions and advocates for the organization</p>



RGA Strategic Priorities



Tactics Details



Empower people we serve and team members through tools and technology

Tactic	Description
Formalize IT roadmap	Prioritize IT needs to formalize the implementation timeline and identify specific team who will be able to support the growing technology and maintenance of IT systems
Digitize processes to enable a paperless experience	Create a digital ecosystem to reduce manual effort of collecting and maintaining paper forms, utilizing technology such as Quick Mar and Therap for team members to capture documentation and information in a consolidated system and decrease chance of human error when processing.
Educate team members on existing tools	Host trainings and support RGA team members to learn best practices on utilizing current tools (e.g., Microsoft Teams and Zoom) and increase user adoption
Invest in assistive technology for people served	Acquire technology that will make the lives of people served by RGA easier such as enhancing RGA homes with smart technology and developing adaptive communication opportunities for those that maybe non-verbal or use facilitative communication to support individual independence and independent living
Implement further technology to aid team members	Further invest in technology and smart home options to enhance people's lives in all areas, including those that will allow the RGA team members to work more efficiently and effectively



RGA Strategic Priorities



Tactics Details

Modernize and set leading standards for locations



Tactic	Description
Formalize leading standard for homes and locations	Become a leader in the standards that are set for all RGA locations with enhanced privacy and security and technology enhancements in all homes and centers
Develop a consistent look and feel across RGA centers	Implement a consistent interior design across all centers so that members and people walking in feel a sense of familiarity with the organization and experience a consistently high standard of environment
Enhance accessibility in homes	Continuously adapt RGA homes to be easy to live in for the people RGA serves according to their various needs through their lifetime; incorporate technology to help enable independence and accessibility for people supported
Operationalize the home portfolio evaluation and investment process	Leveraging the key RGA standards for homes, operationalize the homes portfolio evaluation process with a focus on accessibility needs and home capacity reduction; developing a formal and repeatable process to a making reallocation investment decisions adhering to standards
Maintain and expand usage of RGA locations	Host and partner with local community organizations to utilize RGA locations such as the Hanson Center for RGA, partner, and community services/events to increase community engagement and involvement

Facilitate an enjoyable living experience for people supported

Develop RGA's ability to capture, understand, and act based on the living habits and interests of the people they serve to help shape an enjoyable living experience for people living at home or at RGA's homes.



RGA Strategic Priorities



Tactics Details

Grow RGA's voice at the family, community, and State level



Tactic	Description
Increase events and education in local communities	Utilize education and events in local communities to spread awareness of RGA's work and mission, engage new potential families, begin developing connections with the local communities and neighborhoods, and deepen existing relationships
Develop social media strategy to increase brand recognition	Define role of social media strategy beyond current efforts and develop content that will share the mission, values, and programming of RGA through social media platforms (e.g., Youtube and Instagram) to maintain and engage the audience
Enhance measurement program to track impact of advocacy efforts	Further develop advocacy specific KPIs, mechanisms, and governance process to measure and report on impact of advocacy efforts; identify gaps and opportunities
Enhance volunteering opportunities program	Review and refine current involvement opportunities process and determine more opportunities and roles for volunteers and families to be involved, while enhancing RGA's ability to anticipate and coordinate volunteer events
Establish champions program for RGA team members	Establish champion program expectations and structure to grow team members' role as RGA advocates with regards to families, communities, and at the State level
Develop family involvement and contribution expectations	Further develop involvement, contribution and advocacy expectations and structure to grow families' role as RGA advocates with regards to other families, communities, and at the State level

Gateway Special Recreation Association

Contractual Agreement for Service Provision

This Agreement is entered into between the Gateway Special Recreation Association, whose business address is 1450 Forest Gate Road, Oak Brook, IL 60523 hereinafter referred to as "Gateway" and the Ray Graham Association for People with Disabilities, whose address is, 901 Warrenville Road, Suite 500, Lisle, IL 60532, hereinafter referred to as "Service Provider." {the "Agreement"}

WHEREAS both parties warrant the following to be true and accurate on the date of signing:

That the SERVICE PROVIDER is in substantial compliance with all federal, state and local laws, rules and regulations regarding the provision of Special Recreation Programming and related services.

NOW, THEREFORE, in consideration of mutual covenants and promises contained herein, GATEWAY and the SERVICE PROVIDER agree to enter into this Agreement subject to the following:

CONTRACTUAL SERVICES

Gateway hereby retains the Service Provider to perform services as further defined in Attachment A, in accordance with the terms and conditions set forth in this Agreement.

TERM OF AGREEMENT

This Agreement will commence on July 1, 2024 and end on December 1, 2025 provided that the terms of the vehicle lease between Midwest Transit Equipment, Inc. and the Service Provider, dated January, 2016, shall continue in full force and effect notwithstanding the expiration of the Term of Agreement. The amount of the annual service contract would not exceed a 5% increase or the amount of CPI whichever is less to be paid for services rendered on the basis of the years' approved joint budget.

TERMINATION OF AGREEMENT

Gateway reasonably believes that funds sufficient to make all payments during the term of this Agreement can be obtained and made available; however, expenditures of funds under this Agreement are subject to prior appropriation by the governing bodies of the agencies that are members of Gateway ("Member Agencies"). The Member Agencies' obligation to make payments under this Agreement will be a current expense of each Member Agency, and such obligation is not intended to be, and shall not be construed as a debt in violation of applicable law or limitations. Nothing contained in this Agreement shall be interpreted as a pledge of the Member Agencies' general tax revenues, funds or moneys. If sufficient funds are not budgeted or appropriated by the Member Agencies, or the Member Agencies have

exhausted all funds legally available for such payments, Gateway will provide written notice thereof to the Service Provider as promptly as practical, and this Agreement will terminate as of the last day of which such funds are/were available. Such termination shall not constitute a default under this Agreement. Gateway agrees that, to the extent permitted by law, it will not spend funds for services which are the same as those contracted for in this Agreement during any period covered by this Agreement if Gateway has asserted that funds are legally unavailable to make payments for such period under this Agreement.

Either party may terminate this Agreement on written notice. No termination shall be effective until the end of the program session following the session in which the notice was given. Upon termination, Gateway will pay the Service Provider prorated through the date of termination based upon the current joint budget. Upon termination of this Agreement, Service Provider will request authorization from program participants and their parents/guardians to release copies of the participant program records to Gateway. Each participant program record will be released to Gateway within no more than three (3) business days after receipt of authorization to release. Upon termination of this Agreement, all non-participant records concerning services the Service Provider performed for Gateway will be released to Gateway.

Anything aforesaid notwithstanding, either party may cancel this Agreement for cause during its term, and said termination for cause shall be effective immediately upon notification thereof. Cause for termination includes failure to abide by the terms of this Agreement for a period of thirty (30) days, or on a repeated basis over a longer period; a breach of the terms of this Agreement that endangers participants in the programs or results in the other party's inability to carry out its obligations under this Agreement; or failure to provide required insurance coverage.

The vehicle lease between Midwest Transit Equipment, Inc. and the Service Provider, dated January, 2016, shall continue in full force and effect, and Gateway shall be obligated to make payments on such vehicle lease notwithstanding the provisions of this Section.

PAYMENT TO SERVICE PROVIDER

The Service Provider will be paid quarterly for services rendered pursuant to this Agreement, on the basis of the year's approved joint budget and amendments thereto. The first payment to the Service Provider from Gateway for the fiscal year will be due on July 1, and will be in amount of one quarter (1/4) of the most recent budget or amended budget for that fiscal year.

Other quarterly payments shall be due on October 1, January 1 and April 1. The Service Provider shall invoice Gateway quarterly.

The only exception is the reimbursement for the vehicle lease between Midwest Transit Equipment, Inc. and the Service Provider dated January, 2016. Gateway has

chosen annual payments on the lease and as such will be billed 30 days in advance of the next scheduled payment.

For each quarterly payment to RGA, Gateway SRA shall retain 5% of the payment due until it has been determined that services pledged in the signed contract, attachments and RGA's service proposal are progressing in an appropriate manner. The Board shall schedule retainage review discussions for meeting agendas on December 2024, April 2025 and September 2025. At these times, the Board shall consider retainage reimbursement to RGA for services delivery occurring in the months preceding each review discussion.

In the event that any invoice is not paid within thirty (30) days of the invoice having been received, the Service Provider will have the right to assess 1 % per month on the unpaid balance, all in accordance with the Local Government Prompt Payment Act.

The Service Provider shall use Gateway SRA funds exclusively for Gateway SRA purposes.

Gateway shall also be obligated to make payments for the vehicle lease between Midwest Transit Equipment, Inc. and the Service Provider, dated January, 2016, pursuant to the terms of such lease.

INSURANCE

The Service Provider shall provide Gateway with copies of a certificate or certificates of insurance from an insurance carrier providing for the following coverages:

1. Workers' Compensation Insurance with limits as prescribed by federal and state laws.
2. Comprehensive General Liability Insurance with limits of at least \$2,000,000 for the Service Provider, with Gateway named as an additional insured. Such coverage shall cover the Service Provider and Gateway for any claim, liability, cost, expenses, or damages on account of personal injuries or death, or damages to property occurring, arising out of, incident to, or resulting directly or indirectly from the conduct of the programs and the performance of the services required to be performed by the Service Provider hereunder. The policy or policies of insurance and certificates of insurance shall provide that no cancellation or change of insurance will be effective without thirty (30) days written notice to Gateway. The Service Provider shall provide notice of reinsurance annually upon renewal date, no later than October 1.
3. Comprehensive Automobile Liability Insurance covering all vehicles utilized by the Service Provider for the transportation of program participants, with limits of at least \$1,000,000 for bodily injury for each person and each accident, and at least \$1,000,000 for property damage for each occurrence.

MUTUAL HOLD HARMLESS AGREEMENT

Gateway, its agents, officers and successors shall not be liable and the Service Provider shall hold Gateway harmless and indemnify Gateway from any and all claims, liabilities, costs, expenses or damages, including but not limited to attorneys' fees and litigation costs, on account of personal injuries or death, or damages to property occurring, arising out of, incident to, or resulting directly or indirectly from the conduct of the programs, the performance of the services required to be performed hereunder, or any other acts of the Service Provider, its directors, officers, volunteers, agents or employees in the performance by the Service Provider of its duties hereunder, except for intentional or negligent acts of Gateway, its agents, officers and successors. The Service Provider, its directors, officers, volunteers, agents or employees shall not be liable, and Gateway shall hold the Service Provider harmless and indemnify the Service Provider from any and all claims, liabilities, costs, expenses or damages, including but not limited to attorneys' fees and litigation costs, arising out of, incident to, or resulting directly or indirectly from the acts of Gateway, its agents, officers and successors, in the performance by Gateway of its duties hereunder, except for intentional or negligent acts of the Service Provider, its directors, officers, volunteers, agents, or employees.

INDEPENDENT CONTRACTOR

The Service Provider shall be deemed an independent contractor, and nothing in this Agreement is intended or to be construed to create an agency, employment, or joint venture relationship, or any other relationship which could allow Gateway to exercise control or direction over the manner or method by which the Service Provider performs services hereunder. The Service Provider hereby warrants that all personnel provided by it with respect to such services shall be employees of the Service Provider and, at all times during the course of performing services hereunder, the Service Provider's employees shall be and remain employees of the Service Provider and not employees of Gateway. The Service Provider, and not Gateway, shall be solely and exclusively responsible to pay wages; salaries; pensions; overtime, holiday, sick and vacation pay; federal and state withholding and unemployment taxes; FICA; Social Security; Medicare; health, accident and life insurance; or any other claim, obligation, demand, tax, benefit, wage or other payroll-related expense or penalty. that may occur under local, state or federal law. The Service Provider shall defend, indemnify and hold Gateway harmless from any and all claims, demands, judgments and awards for such items and any other employment obligations for the Service Provider's employees. The Service Provider shall also have the sole obligation to make or cause to be made payments which may be due under the Worker's Compensation Act (820 ILCS 305/1, et seq.), and to meet any and all other obligations which an employer may have under local, state and federal laws. The Service Provider expressly waives any right or claim it might have, including those set forth in the Worker's Compensation Act, and especially those set forth in 305/1(a)(4) thereof, to recover from Gateway any worker's compensation claims, attorneys' fees, expenses or other costs on account of any injury or worker's

compensation claim made by any employee of the Service Provider providing services pursuant to this Agreement.

SERVICE PROVIDER RESPONSIBILITIES AS INDEPENDENT CONTRACTOR

As an independent contractor, the Service Provider shall be solely responsible for adhering to, and fulfilling, the terms and conditions as established in Attachment A.

OTHER CONTRACTS FOR SERVICE PROVIDER

Gateway acknowledges that the Service Provider can provide special recreation services to other agencies or organizations that are the same or similar to those services rendered under this Agreement. The Service Provider agrees that in the course of providing like services to other organizations or agencies, the Service Provider shall not diminish nor affect services provided under this Agreement with Gateway.

CONFIDENTIAL INFORMATION

During any furtherance of the Service Provider's obligations in accordance with this Agreement, the Service Provider agrees that any information received by the Service Provider that concerns the personal, financial or other affairs of individuals served by Gateway will be treated by the Service Provider in full confidence and will not be revealed to any other persons, or organizations, except as may be required by law.

HIPPA COMPLIANCE

Since the Service Provider is a Covered Entity subject to the Health Insurance Portability and Accountability Act of 1996 ("HIPPA") it is necessary to enter into a Business Associate Agreement. A Business Associate Agreement is essentially a confidentiality and nondisclosure agreement with respect to Protected Health Information of a Covered Entity.

The Parties to this Agreement agree that records related to individuals served by the Service Provider are confidential and shall be handled in compliance with all State and Federal Laws governing such records. The Parties to this Agreement further agree that to the maximum extent reasonably possible, services will be provided in compliance with the Health Insurance Portability and Accountability Act of 1996 ("HIPPA").

APPLICABLE LAW

This Agreement and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of Illinois. This Agreement constitutes the entire agreement between the parties and is intended as a complete and exclusive statement of the promises, representations, negotiations and agreements that have been made in connection with the subject matter hereof. No modification or amendment of this Agreement shall be binding upon the parties, except by a written document, signed by the parties to this Agreement. The

prevailing party in any litigation shall be entitled to recover its reasonable attorneys' fees from the other party.

SUCCESSORS AND ASSIGNS

Gateway and the Service Provider each bind their successors, assigns and legal representatives to the other party to this Agreement with respect to all covenants of this Agreement. The Service Provider shall not assign this Agreement without the written approval of Gateway.

THIS AGREEMENT will be in full force and effect beginning July 1, 2024 as authorized by the representative of all parties whose signatures appear below.

Gateway Special Recreation Association

Ray Graham Association for
People With Disabilities

By: _____

By: _____

Title

Title

Date

Date

ATTACHMENT A

PLANNING AND PROGRAMMING ELEMENTS

Policies The Gateway Board shall define areas in which it wishes to have formal policies. The Service Provider shall conduct policy research and develop policies for approval by the Board.

Service Delivery Level The Service Provider will, at a minimum, maintain the current level of offerings (as defined by previous season's brochures) to Gateway participants and families. Program distribution may be adjusted according to the Service Provider's philosophy and beliefs to provide services to the entire Gateway participant population in the best possible manner. It is the Gateway Board's desire that this Agreement will result in increased opportunities for all participants with disabilities who live in the Gateway communities.

Program Registration The Service Provider shall conduct portions of the registration process for Gateway programs. This process will include a mail-in component, as well as a drop-off component that takes place within the Gateway boundaries. Online program registration is also available via the Gateway website.

Program Brochure The Service Provider will plan three program sessions annually. The Service Provider will coordinate the development, printing and distribution of three brochures annually, which will include detailed program information on Gateway SRA services. The cost of the brochure will be incorporated into the annual payment to RGA. At a minimum, the brochure quality will reflect the current production quality, and will be distributed to the homes of the participant data base, as maintained by RGA and member agencies, 2 weeks in advance of registration deadlines.

Participant Emergency Medical Information The Service Provider shall maintain detailed medical emergency profiles for each Gateway participant, and such information shall be the property of Gateway. Such information shall be readily available and accessible to all appropriate staff of the Service Provider and Gateway Board members upon completion of the appropriate release form by the participant and/or parent/legal guardian of the participant in question. The participant and/or parent/guardian will be requested to update the information annually or more often as necessary. Immediate access to information about an individual or a participant

shall be granted to the program participant and/or parent/legal guardian of the participant in question. Confidentiality will be maintained.

Program Transportation The Service Provider shall continue to provide transportation for Gateway utilizing vehicles made available for such usage by Gateway, supplemented by vehicles owned by the Service Provider when necessary. The Service Provider shall insure that each vehicle utilized for transporting Gateway participants is in good repair, safe and has a two way communication system that is independent of the vehicle' ability to function. For vehicles made available by Gateway, the Service Provider shall 1) arrange for and pay for vehicle insurance, inspections and license plates as covered in the budget; 2) directly bill Gateway for fuel, maintenance and repairs; 3) seek advanced approval for any non-routine maintenance or repair which exceeds \$300.

The Service Provider shall take appropriate measures to insure that adequate supervision exists at all time during Gateway sponsored transport. All drivers employed or contracted by the Service Provider shall be qualified and licensed per Illinois law. Emergency procedures shall be in place for breakdowns, accidents, extreme temperatures/weather, and other potential emergencies.

The Gateway Board reserves the right to change the way in which transportation is provided to its participants during the term of this Agreement. Such change(s), if any, shall be made at a point in time that provides the least amount of disruption to program participants, and the Service Provider agrees to assist with any such transition and to negotiate the appropriate. adjustments, if necessary, to the financial terms of this Agreement.

Program Staff-Participant Ratios The Service Provider shall be responsible to insure adequate levels of supervision and assistance during all programs and activities. Staff-to-participant ratios will be provided upon request by the Service Provider via the individual program budgets submitted with brochure copy for each program session.

Staffing plans will be based on an appropriate staff-to-participant ratio for the maximum number of participants in each program or event. Staffing plans may be adjusted following registration due to the following circumstances:

- a) program/events which will not be held due to low enrollment,
- b) programs/events which do not meet minimum enrollment levels but which are held,
- c) 1:1 or other accelerated staffing needs, and
- d) staffing above the maximum to remove names from a wait list.

Following the first week of programs, the Service Provider shall provide the Gateway Board with a staffing plan report including an estimated cost to meet 1:1 staffing needs. Thereafter, the Service Provider shall prepare an invoice for

additional staffing costs and present it to the Gateway Board at the end of each session, to accompany the end of session status report.

Program Locations The Service Provider shall:

- 1) make every attempt to provide an equitable geographic distribution of services,
- 2) make every attempt to utilize the facilities of member agencies in accordance with the Gateway By-Laws, and
- 3) secure the appropriate contracts for all program locations.

Program Cancellations/Rescheduling The Service Provider shall endeavor to keep program location changes to an absolute minimum. When a program is canceled for any reason, all participants will be given no less than 24 hour notice, whenever possible. Program cancellations and rescheduling are to be included in seasonal summary reports.

Additional Programs Both parties are encouraged to present new initiatives to be discussed jointly.

BUDGET ELEMENTS

Budget Parameters Budget parameters will be mutually established and agreed upon by the parties on an annual basis.

Budget Schedule The Service Provider shall develop and submit to the Gateway Board a preliminary fiscal year proposed budget on or before March 1 and a final fiscal year proposed budget for Gateway Board approval at the May meeting. The budget shall include anticipated costs and revenues for services for the fiscal year beginning July 1 and ending June 30.

Fee Policy Participants in programs may be charged a fee for their participation. Some events by their nature or sponsorship may not incur a fee. Gateway's current schedule of fees is based on the following:

Residents of member agencies shall be charged no more than the following percentages of the total calculated costs of running a program-100% admission fees, 100% of program supplies, 50% of facility and equipment rental, 40% of all direct program staff, and 50% for any transportation costs, excluding summer day camp. All direct program costs not covered by program fees are included in contract payments made to the service provider. Those not residing within a member agency shall be charged 125% of the total calculated costs for the program.

The Gateway Board reserves the right to adjust fee component percentages at any time. In the event of any changes, the Service Provider will receive no less than 60 days notice in advance of the beginning of the next programming season.

Late Fee Policy The Service Provider may implement a late pick-up procedure for parents who disregard scheduled pick-up times. This procedure may include a late pick-up fee, as deemed appropriate by the Service Provider.

INCLUSION ELEMENTS

Inclusion in Programs The Gateway Agencies and Board recognize and value the benefits of inclusion in all recreation programs. Requests for inclusion of non-special needs populations will be evaluated on a case by case basis and all decisions will be made in accordance with all applicable laws, and based on what is in the best interest of the program and the participants. In accordance with the purpose of the specific program offering, and subject to the review and approval of the Gateway Board, the Service Provider will determine which program offerings are eligible for inclusive opportunities, including non-disabled sibling participation.

Registration Procedures The mission of the Gateway SRA is to accommodate all participants with disabilities. Priority placement shall be given to people with disabilities over people without disabilities in programs that reach their maximum number of participants prior to the start of the program. In addition, priority to register shall be given to Gateway community residents over non-residents and registration cut-off dates shall be established by the Service Provider to ensure adequate time for program preparation.

Inclusion Training for Member Agencies The Service Provider will provide inclusion training sessions as requested by member agencies. When such assistance is likely to cause the Service Provider to incur direct costs beyond allocations made in the general budget, those costs and the reimbursement thereof will be identified in advance of the implementation of these services, and will be the responsibility of the requesting member agency.

Provision of Inclusion Aides to Member Agencies The Service Provider will refer inclusion aides to member agencies on an as-needed basis, with the cost for the inclusion aide to be paid by the respective member agency.

STAFFING ELEMENTS

Staffing The Service Provider will ensure that there is adequate staff to provide quality services and to provide a forum for addressing staffing issues.

Qualifications -Staff The Service Provider shall provide administrative and program staff to directly administer and evaluate programs offered under this Agreement. Staff should be qualified via education, experience and certification for the level of the position which they occupy (Certified Leisure Professional and Certified Therapeutic Recreation Specialist preferred for administrative staff). The Service Provider shall maintain job description for all employees.

Evaluations The Service Provider shall conduct regular performance evaluations of all staff.

REPORTING ELEMENTS

Assessment of User Satisfaction The Service Provider will conduct user satisfaction surveys for all programs and services. The survey results will be shared with the Gateway Board.

Program Data The Service Provider will provide the Gateway Board with program data after each session which describes 1) number of participants served by the program and their city or village of residence, and 2) an actual participant analysis. The Gateway Board may request additional data from the Service Provider.

Financial Data The Service Provider will provide the Gateway Board with detailed year end financial reports. The Gateway Board may request additional data from the Service Provider.

GENERAL PERFORMANCE EXPECTATIONS OF THE SERVICE PROVIDER

1. The Service Provider demonstrates a commitment to using positive approaches in all service and support activities.
2. The Service Provider's practices and staff demonstrate sensitivity and concern for personal dignity and respect.
3. The Service Provider implements procedures for investigation and intervention in all instances of alleged abuse and neglect.
4. The Service Provider owns, operates or leases buildings that comply with all applicable fire and sanitation codes.
5. The Service Provider is in compliance with state and federal physical accessibility codes.
6. The Service Provider is in compliance with the provisions and requirements of the American with Disabilities Act (ADA) as these relate to the provision of recreation opportunities and services.
7. The Service Provider implements procedures for meeting all emergencies, such as fire, severe weather and health.
8. The Service Provider implements employment screening procedures that minimize unnecessary or unreasonable risk.
9. The Service Provider has a budgeting and accounting system in place.
10. The Service Provider has an annual independent audit of its fiscal activities.

11. The Service Provider's personnel practices meet all state and federal Fair Labor regulations.
12. The Service Provider provides opportunities for staff training and personal development.
13. The Service Provider regularly evaluates and provides feedback to its staff on their performance.
14. The Service Provider trains its employees to be individual-oriented and service focused.
15. The Service Provider conducts an ongoing evaluation of success in achieving desired outcomes.
16. The Service Provider includes input and involvement from people served and others in its evaluation and planning activities.
17. The Service Provider has high programming standards and reacts in a timely fashion if found to be deficient.
18. The Service Provider provides a healthy and safe working environment for staff and programming environment for participants.
19. In all of the above, the Service Provider respects the dignity, confidentiality and rights of the disabled population it serves.